GRI SUPPLEMENT 2015

Valmet◆

Contents

Valmet reports 2015

ANNUAL REVIEW 2015 (AR)
The report describes Valmet's market environment and the progress of its strategy, operations and sustainability in 2015.

FINANCIAL STATEMENTS 2015 (FS)
The report includes Valmet's Financial Statements for 2015 and information about its shares, shareholders and management.

GRI SUPPLEMENT 2015 (GR)
The report defines Valmet's sustainability reporting scope and principles, and alignment with the Global Reporting Initiative (GRI).

Valmet's sustainability reporting in 2015

Valmet has been reporting its sustainability performance since 2002. The sustainability data is published annually.

Valmet's sustainability reporting in 2015 is in accordance with the Core option of the G4 guidelines from the Global Reporting Initiative (GRI). Standard disclosures for 2015 in English with a reference to external assurance in the GRI content index have been externally assured by an independent third party, PricewaterhouseCoopers Oy. The Finnish-language data has been checked for conformity.

Valmet's annual reporting in 2015 consists of the Annual Review, Financial Statements, GRI Supplement and Corporate Governance Statement. The GRI Supplement defines the scope and principles of Valmet's GRI reporting, the selected aspects and the aspect boundaries. The GRI content index included in the GRI supplement specifies where the information for each indicator can be found and explains any omissions to the reported data.

Reporting principles

Our reporting covers the Valmet Group, unless otherwise stated. The group sustainability reporting excludes associated companies and joint ventures. Data on suppliers is provided to the extent required by the reported GRI indicators. Any other division of the data reported is noted separately.

Automation became Valmet's fourth business line on April 1, 2015, as a result of the acquisition of the Process Automation Systems business from Metso, and it has since that been included in Valmet's reporting.

Financial reporting

In our group financial reporting, we follow the International Financial Reporting Standards (IFRS). Figures describing economic responsibility are mainly based on the financial statements. The "purchases by country" data has been collected separately from the reporting units, and the country division is determined on the basis of the supplier's domicile.

Support for non-profit organizations data is collected annually from the relevant Valmet units.

Health, safety and environment

Valmet's Health, Safety and Environment (HSE) organization is responsible for collecting and reporting HSE data. Harmonized global HSE reporting principles and a systematic data validation process form the basis for data quality for our HSE reporting.

Incident data is reported continuously by all employees in a global incident management system. The data is consolidated and analyzed in accordance with the European Statistics on Accidents at Work (ESAW) methodology. This methodology is based on the code of practice of the International Labor Organization (ILO) "Recording and notification of occupational accidents and diseases".

Environmental data based on local invoice and consumption records is reported annually for all 53 of our foundries, technology centers and assembly, manufacturing and service workshops using a global sustainability management system. We added 5 workshops in businesses acquired during 2015 to our reporting scope. We apply the financial control method outlined in the GHG Protocol "Corporate Accounting and Reporting Standard" of the World Business Council for Sustainable Development (WBCSD). CO_2 emission factors are based on an average value from 2009–2011 as given by the International Energy Agency (IEA) in "CO_2 Emissions from Fuel Combustion Highlights 2013". The 2014 data has been restated based on minor errors noted.

Personnel data

Valmet's Human Resources organization is responsible for collecting and reporting personnel data. The personnel and payroll data published in the financial statements is obtained in conjunction with financial reporting and is managed by Valmet's reporting specialists using a global HR reporting system. Valmet's global HR system allows access to versatile and comparable HR data globally.

Harmonized global HR reporting principles and a systematic data validation process form the basis for data quality for our personnel related reporting. The employee data reported in our sustainability reporting for 2015 includes all active Valmet employees. The number of employees not included in the published data, namely all inactive employees on leave of absence (e.g. study leave, long-term sick leave, parental leave) is still minor and amounts to less than 2% of the total number of employees.

GRI content index

GENERAL STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
STRATEGY AND ANALYSIS					
G4-1	Statement from the President and CEO	AR 4–6			
ORGANIZATIONAL PROFILE					
G4-3	Name of the organisation	See comments	Valmet Corporation		
G4-4	Primary brands, products and services	AR 24			
G4-5	Location of headquarters	See comments	Keilasatama 5 / PO Box 11, 02150 Espoo, Finland		
G4-6	Countries in which operations are located	AR 22–24, GR 21			
G4-7	Nature of ownership and legal form	See comments	Valmet Corporation is a public company and its shares are listed on the Nasdaq Helsinki.		
G4-8	Markets served	AR 22-23			
G4-9	Scale of organisation	Personnel and net sales: AR 3. Total capitalization, FS 20: Consolidated Statement of Financial Position	Total number of operations is 163.		
G4-10	Breakdown of employees by contract type, employment type, region and gender	GR 10		Valmet does not collect information about supervised workers/contractors in its Global HR Reporting System. Valmet's business model has no significant seasonal variations.	x
G4-11	Percentage of total employees covered by collective bargaining agreements	GR 10			x
G4-12	Description of supply chain	AR 31–32, GR 13			
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	See comments	Valmet agreed to acquire Metso's Process Automation Systems business on January 15, 2015. The acquisition was completed on April 1, 2015.		
G4-14	Addressing the precautionary approach or principle	www.valmet.com /riskmanagement	Valmet has in place a comprehensive risk management process which enables Valmet to efficiently manage risks in order to avoid any harm to the environment and to ensure the continuity of its operations.		
G4-15	External charters, principles or initiatives endorsed	AR 43–44			
G4-16	Memberships in associations	GR 11			

GENERAL STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4-17	Entities included in the organisation's consolidated financial statements	FS 69–70	All group companies are included in Valmet's sustainability reporting.		
G4-18	Process of defining the report content	GR 11–12			
G4-19	Material aspects identified	GR 11–12			
G4-20	Aspect boundary within the organization	GR 13–21			
G4-21	Aspect boundary outside the organization	GR 13–21			
G4-22	Restatements of information provided in previous reports	See comments	No restatements.		
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	See comments	No significant changes.		
STAKEHOLDER ENGAGEMENT					
G4-24	List of stakeholder groups engaged in the organization	GR 22–23			
G4-25	Identification and selection of stakeholders	GR 22–23			
G4-26	Organization's approach to stakeholder engagement	GR 22–23			
G4-27	Key topics and concerns raised through stakeholder engagement	GR 22–23			
REPORT PROFILE					
G4-28	Reporting period	See comments	January 1, 2015 - December 31, 2015		
G4-29	Date of the most recent previous report	See comments	Valmet's Annual Review describing the company's operations and sustainability in 2014, and a GRI supplement for 2014, were published on March 5, 2015.		
G4-30	Reporting cycle	See comments	Annual		
G4-31	Contact point for questions	Back cover			
G4-32	GRI content index	GR 4–9	Valmet's sustainability reporting in 2015 has been prepared to meet the GRI G4 "core" option.		
G4-33	Organization's policy with regard to external assurance	Assurance report: GR 35	The GRI content index indicates the Standard Disclosures which have been externally assured.		
GOVERNANCE					
G4-34	Governance structure Corporate	Corporate Governance Statement			
ETHICS AND INTEGRITY					
G4-56	Organization's values, principles and codes	AR 14–15, AR 43–44			

SPECIFIC STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
CATEGORY: ECONOMIC					
MATERIAL ASPECT: ECONOMIC PERFORMANCE					
G4-DMA	Disclosure of management approach (DMA)	CEO review: AR 4–6, Strategy and financial targets: AR 14–16, GR 20–21	At Valmet economic responsibility refers to creating long-term economic benefits to our stakeholders. Financial reporting and planning are based on the group management system, and development monitored through financial reporting.		
G4-EC1	Direct economic value generated and distributed	AR 45	Taxes are reported by the 10 largest countries to give a comprehensive overview of Valmet's tax footprint globally. Read more about Valmet's Value creation: AR 18–19.		x
MATERIAL VALMET TOPIC: PURCHASES					
G4-DMA	Disclosure of management approach (DMA)	GR 13			
Purchases	Purchases by 10 largest countries	AR 32			x
CATEGORY: ENVIRONMENTAL					
MATERIAL ASPECT: ENERGY					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15			
G4-EN3	Energy consumption within the organisation	GR 24			x
G4-EN5	Energy intensity	GR 24			x
MATERIAL ASPECT: WATER					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15			
G4-EN8	Total water withdrawal by source	GR 25			x
MATERIAL ASPECT: EMISSIONS					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	GR 25			x
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	GR 25			x
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	GR 25		Valmet reports business travel under scope 3 emissions. Other categories are reported in Valmet's CDP response.	x
G4-EN18	Greenhouse gas (GHG) emissions intensity	GR 25			x
MATERIAL ASPECT: EFFLUENTS AND WASTE					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15			
G4-EN21	No$_x$, So$_x$ and other significant air emissions	GR 26			x
G4-EN23	Total weight of waste by type and disposal method	GR 26			x
G4-EN24	Total number and volume of significant spills	GR 27			x
MATERIAL VALMET TOPIC: ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES					
G4-DMA	Disclosure of management approach (DMA)	GR 18–19			
	Environmental impacts of products and services	GR 27	Impacts are calculated per project or solution.		

SPECIFIC STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15, GR 18–19			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	See comments.	No significant fines or sanctions regarding non-compliance in 2015.		x
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT					
G4-DMA	Disclosure of management approach (DMA)	GR 13			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	AR 31–32		Valmet has a systematic process to evaluate all its suppliers' environmental management. However, due to our system development accurate data is not available from 2015, but will be available from 2016.	
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15, GR 18–19			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	See comments	No grievances about environmental impacts were filed, addressed or resolved through formal mechanisms during 2015.		x
CATEGORY: SOCIAL					
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK					
MATERIAL ASPECT: EMPLOYMENT					
G4-DMA	Disclosure of management approach (DMA)	GR 16–17			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	GR 28–29			x
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15			
G4-LA5	Percentage of total workforce represented in formal management-worker health and safety committees	GR 29	Safety committees typically operate at location level within legal units. In larger locations there may exist sub-committees with focus on for example production or office, that report to a central committee for that location.		x
G4-LA6	Injuries, lost days, absenteeism and fatalities	GR 30–31		Incident data is collected for supervised/independent contractors, however their workhours are not collected in Valmet's Global HR reporting system. Incident frequencies are available for supervised/independent contractors in the Asia Pacific and South America Areas as well as in the Pulp and Energy business globally based on local reporting systems. Incident frequencies regarding supervised workers/contractors for all regions are expected to be available in 2016. Gender data is not collected as it is not relevant for Valmet.	x
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	GR 32			x

SPECIFIC STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
MATERIAL ASPECT: TRAINING AND EDUCATION					
G4-DMA	Disclosure of management approach (DMA)	GR 16–17			
G4-LA9	Average hours of training that the organization's employees have undertaken during the reporting period by gender and by employee category	GR 32		Training hours are not reported by gender and employee category. In 2016 we will upgrade the Valmet Training Database to allow more detailed reporting.	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	GR 32, AR 39	Read more AR 40		x
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GR 32		Annual review discussion completion data is currently not available for blue collar employees. Information will be available from 2016 onwards.	x
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY					
G4-DMA	Disclosure of management approach (DMA)	GR 16–17			
G4-LA12	Composition of governance bodies and employee breakdown	GR 33		As Valmet's HR principles are based on equal treatment of all employees, collecting data on minority groups is not material for Valmet.	x
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES					
G4-DMA	Disclosure of management approach (DMA)	GR 13			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	AR 31–32		Valmet has a systematic process to evaluate all its suppliers labor practices. However, due to our system development accurate data is not available from 2015, but will be available from 2016.	
SUB-CATEGORY: HUMAN RIGHTS					
MATERIAL ASPECT: FORCED OR COMPULSORY LABOR					
G4-DMA	Disclosure of management approach (DMA)	GR 13			
G4-HR6	Measures taken to eliminate forced or compulsury labor in risk areas	Idetified risk areas GR 34, Measures taken AR 31–32			x
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT					
G4-DMA	Disclosure of management approach (DMA)	GR 13			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	GR 31–32		Valmet has a systematic process to evaluate all its suppliers human rights management. However, due to our system development accurate data is not available from 2015, but will be available from 2016.	

SPECIFIC STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
SUB-CATEGORY: SOCIETY					
MATERIAL ASPECT: ANTI-CORRUPTION					
G4-DMA	Disclosure of management approach (DMA)	GR 20–21			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	GR 34	Read more: www.valmet.com/ riskmanagement		x
SUB-CATEGORY: PRODUCT RESPONSIBILITY					
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY					
G4-DMA	Disclosure of management approach (DMA)	GR 14–15			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	AR 42			x
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING					
G4-DMA	Disclosure of management approach (DMA)	GR 18–19			
G4-PR5	Results of surveys measuring customer satisfaction	GR 34			x
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	Disclosure of management approach (DMA)	GR 20–21			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	See comments	No significant fines regarding non-compliance in 2015.		x

Information on general standard disclosures

This section provides information on the general standard disclosures that are not reported in the Annual Review or the GRI content index.

Breakdown of employees by contract type, employment type, region and gender (G4-10)

G4-10: Total number of employees by employment contract and gender

	Female	Male	Total
Permanent	2,078	8,831	10,909
Temporary	425	972	1,397
Total	**2,503**	**9,803**	**12,306**

G4-10: Total number of permanent employees by employment type and gender

	Female	Male	Total
Full-time	1,972	8,767	10,739
Part-time	106	64	170
Total	**2,078**	**8,831**	**10,909**

G4-10: Total workforce by region and gender

	Female	Male	Total
North America	190	1,177	1,367
South America	97	434	531
EMEA	1,663	6,084	7,747
China	468	1,490	1,958
Asia-Pacific	85	618	703
Total	**2,503**	**9,803**	**12,306**

Employees covered by collective bargaining agreements (G4-11)

Valmet supports its employees' right to freedom of association and collective bargaining. Overall, 70% of Valmet employees are covered by collective bargaining agreements. Participation in collective bargaining agreements varies significantly between regions, with the highest participation in South America (95%), EMEA (89%) and China (56%) and the lowest participation in North America (6%) and Asia-Pacific (5%). This reflects common practice in these regions.

Memberships in associations (G4-16)

The following table lists Valmet's key memberships by country or area. Valmet is also involved in the work of several national associations of engineers', technical and R&D networks, standardization institutes, chambers of commerce and business forums.

Finland
Federation of Finnish Technology Industries
Confederation of Finnish Industries (EK)
Bioenergy Association of Finland
Cleantech Finland
Finnish Business & Society (FiBS)

Sweden
Teknikföretagen
Confederation of Swedish Enterprise
Swedish Bioenergy Association (Svebio)
Föreningen Sveriges Skogsindustrier
Swedish District Heating Association
Sustainability Circle

EU
European Power Plant Suppliers Association (EPPSA)
European Biomass Association (AEBIOM)

North America
Energy Recovery Council
Council of Industrial Boiler Owners (CIBO)
American Boiler Manufacturers Association (ABMA)
International District Energy Association (IDEA)
American Forest and Paper Association (AF&PA)
Association of Suppliers to the Paper Industry (ASPI)

South America
Brazilian Machinery and Equipment Association (ABIMAQ)
Associação Brasileira da Construção Metálica (ABCEM)
Associação Brasileira da Infraestrutura e Indústrias de Base (ABDIB)
Corporación Chilena de la Madera (CORMA)

China
China National Household Paper Industry Association
China Paper Associations

Reported aspects, aspect boundaries and management approach (G4-18, G4-19, G4-20, G4-21, G4-DMA)

Reported aspects and aspect boundaries

The Principles for Defining Report Content were applied when assessing material aspects and boundaries. The process conducted in the end of 2013 included a stakeholder survey sent to 9,000 stakeholders, including customers, Valmet employees and institutional investors and owners; interviews with customers and a benchmark study. The current business environment and the most important market drivers affecting the industries in which Valmet and its customers operate were also reviewed as part of the process to build a comprehensive understanding of all potential sustainability aspects.

The topics were then assessed on the basis of their importance to Valmet and its stakeholders in an internal workshop with key experts and management. As a result of the process we defined five sustainability focus areas covering the most material sustainability topics for Valmet. The results of Valmet's stakeholder survey in 2015 indicated that Valmet's main stakeholders – such as customers, investors, suppliers and Valmet's own personnel – confirm Valmet's current view of what is important with regard to the company's sustainability performance.

Sustainability agenda

The aspects included in Valmet's 2014 and 2015 reporting are based on the process described above and create the basis for Valmet's sustainability agenda which was initially defined in 2014. The material aspects are grouped according to the five focus areas of Valmet's sustainability agenda with corresponding goals, targets and KPIs.

The aspects and indicators related to each focus area are presented in the following tables, which also define the aspect boundaries. More information about each focus area and specific roadmaps, targets and achievements can be found in the dedicated sustainability section of the Annual Review (AR 27–46).

The Sustainability Agenda has been approved by Valmet's Executive Team. The agenda will be reviewed in early 2016.

Management approach

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

Valmet's Sustainability team is part of the Corporate Marketing, Communications, Sustainability and Corporate Relations function. The Sustainability team is responsible for coordinating and developing sustainability and related processes at the Valmet level and manages the group-wide sustainability agenda and the initiatives

within it. It also co-ordinates the reporting and third party assurance of sustainability data according to GRI reporting guidelines, engages with stakeholders and communicates sustainability issues to internal and external stakeholders.

Our business lines and area organizations are responsible for ensuring that all the group-wide initiatives are implemented in order to meet Valmet's sustainability targets. They are responsible for reporting sustainability data to the Group Head Office and for assuring the accuracy of the data.

Valmet ties selected sustainability topics, such as health and safety and sustainable supply chain KPIs, to remuneration. Safety targets are part of team performance targets in bonus plans for selected employee groups and top management. Individual performance targets might also include targets for emissions reductions or other sustainability-related topics. Sustainable supply chain targets are part of selected groups' performance targets in Valmet's global procurement.

The management approach of the selected GRI aspects is described in more detail in the following tables.

Sustainable supply chain

Management approach	We constantly work to improve the transparency of our value chain to ensure responsible purchasing practices and to mitigate any risks to us or our stakeholders related to potential violations in such practices. Realization of such risks could impact Valmet's financial position and/or reputation. Through comprehensive supply chain management, we also aim to minimize the environmental impacts of our value chain.
Reported aspects and indicators	Supplier environmental assessment: G4-EN32 Supplier assessment for labor practices: G4-LA14 Forced or compulsory labor: G4-HR6 Supplier human rights assessment: G4-HR10 Material Valmet Topic: Purchases by ten largest countries
Policies and commitments	• Valmet's Sustainable Supply Chain policy • Valmet's Code of Conduct • Valmet is a signatory of the UN Global Compact (UNGC) • We support and promote the principles set in the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and OECD's Guidelines for Multinational Enterprises.
Goals and Targets	• We enhance our supply chain management and the transparency of our value chain • We integrate supplier sustainability aspects into procurement processes • We strive to ensure that the materials and components we use do not include legally restricted chemicals or minerals from conflict areas See more about the "Sustainable supply chain" focus area on pages 31–33 of the Annual Review.
Responsibilities	The Sustainability function develops and coordinates Valmet's Sustainability Agenda within the company. The Procurement function manages purchases and is responsible for ensuring that all purchasing is done in a sustainable and cost-effective manner. The initiatives under the "Sustainable supply chain" focus area are coordinated jointly by the sustainability and global procurement functions. • The Senior Vice President for Marketing, Communications, Sustainability and Corporate Relations, is responsible for driving Valmet's brand and marketing performance, internal and external communications, sustainability and corporate relations; she is a member of Valmet Management Team and reports to the CEO. • The Head of Sustainability is responsible for sustainability at corporate level and reports to the SVP of Marketing Communications, Sustainability and Corporate Relations. • The Vice President of Procurement is responsible for procurement operations across the four business lines and five areas.
Specific actions	• Execute sustainable supply chain activities according to the established roadmap and its detailed action plans. • Follow developments in the industry and in regulations, as well as in customer needs, to develop Valmet's approach to more sustainable supply chain management
Evaluation of management approach	We continuously assess the impact of our processes and tools concerning our sustainable supply chain activities. We have a systematic method for supplier sustainability risk assessment that enables assessment of suppliers by country of origin and by purchasing category. The aim is to assess the potential negative indirect impacts and risks related to human rights, labor practices, ethical business practices, environmental performance, and health and safety. Based on the supplier sustainability risk assessment, we may request that our suppliers self-assess their sustainability performance and management. The self-assessment may lead to a supplier audit conducted by an independent third party and Valmet. With the self-assessments and audits, we aim to enhance risk management and ensure compliance with the policy.
Aspect boundaries	**Within the organization** (entire Group): Valmet's Procurement organization manages purchases and is responsible for ensuring that all purchasing is done in a responsible and cost-effective manner. **Outside the organization:** Valmet purchases components, products, materials and services from some 9,000 active suppliers in more than 50 countries. Special attention is paid to assessing human rights and environmental issues in risk countries. Valmet's strategic target is to increase procurement close to customer projects and its own operations. All indirect purchases supporting Valmet's operations are procured locally. The ten largest countries in terms of purchases (MEUR) are Finland, Sweden, USA, China, Germany, Brazil, Estonia, Poland, Italy and Japan. China, India and Thailand are defined as having the highest potential for human rights violations.

Health, safety and environment (HSE)

Management approach	Since we spend about a third of our time at work, the quality of our working lives is an important aspect of our overall wellbeing. Our people, and the contractors in our operations, are potentially exposed to health and safety hazards at work in our workshops, in our offices, during business travel and when working at our customer's construction sites, mills and plants. The main risks of occupational injury and illness are associated with the unexpected start-up of machinery, use of tools and equipment, mechanical lifting, working at height or in confined spaces, hazardous manual handling, exposure to hazardous substances and road travel. Our operations also impact the local environment, as well as contributing to global environmental challenges. The main operational aspects are energy consumption, water consumption, waste production, emissions into the air, discharges of effluent, use of hazardous substances, material consumption and noise. Based on the above-mentioned impacts, we intend to provide a fulfilling, fair, open, inclusive, respectful, safe, healthy and well-managed work environment that enhances the wellbeing of our people. We intend to operate in an environmentally responsible manner and to continuously reduce our impacts in accordance with best practices. We believe all injuries, illnesses and non-compliance incidents are preventable and can be eliminated. Our approach is aimed at ensuring appropriate systems, competence and behaviors are in place to identify and control hazards and impacts before they cause harm. Compliance with applicable laws and regulations, as well as with our internal standards and customer requirements, is the basis for all operations.
Reported aspects and indicators	Energy: G4-EN3, G4-EN5 Water: G4-EN8 Emissions: G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN21 Effluents and waste: G4-EN23, G4-EN24 Compliance: G4-EN29 Environmental grievance mechanisms: G4-EN34 Occupational health and safety: G4-LA5, G4-LA6, G4-LA7
Policies and commitments	• Valmet's Code of Conduct • Valmet's Health, Safety and Environment Policy • Valmet's Quality Policy • Valmet's Sustainable Supply Chain Policy • Anti-drugs guidelines at Valmet • Valmet's Global Travel Policy • Valmet's Equal Opportunity and Diversity Policy • Valmet's Minimum Safety Standards • Valmet's HSE management system guidelines • Valmet is a signatory of the UN Global Compact (UNGC) • We support and promote the principles set in the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and OECD's Guidelines for Multinational Enterprises. • Valmet promotes and encourages compliance with international standards for health and safety, environmental and quality management such as OHSAS 18001, ISO 14001 and ISO 9001.
Goals and targets	Our goal is zero harm, wherever we operate. We focus on; • Cultural change: We systematically enhance leadership, engagement and mindset to drive our HSE culture forward. • Excellence in processes: We ensure processes for effective HSE management are in place in all operations with a focus on defining global standards. We implement best practice as common practice. • Competent people and teams: We ensure training, competency and awareness are delivered and maintained to effectively manage HSE hazards and impacts. • Sustainable performance: Our strategic HSE targets and initiatives, translated into local action plans, drive continuous and sustained improvements in safe systems of work, employee wellbeing and our operational footprint. See more about the "Health, safety and environment (HSE)" focus area and targets on pages 34–37 of the Annual Review.

Responsibilities and resources	The HSE function within the Strategy and Operational Development is responsible for continuously improving HSE processes, awareness and ways to operate. Valmet remuneration is partly tied to sustainability topics. • The Valmet Executive team has overall responsibility for the management and oversight of Valmet's day-to-day business, including HSE aspects and impacts. • The Senior Vice President for Strategy and Operational Development owns Valmet's strategy processes and drives further development of Valmet's operations in Procurement, Sales Management, Project Management, Quality, HSE and Real Estate; he is a member of the Valmet Executive Team and reports to the CEO. • The Valmet QHSE Director is responsible for the further development of Valmet's operations in terms of Quality and HSE and heads the Lean transformation program. He reports to the SVP for Strategy and Operational Development. • Valmet's HSE Manager is responsible for Valmet's HSE standards, procedures and systems, including reporting processes, as well as for ensuring HSE compliance, driving HSE performance development and leading the global HSE team; she reports to the Director of QHSE. • The global HSE team (Valmet's HSE Manager together with the relevant business line and area HSE experts) is a matrix management team responsible for developing common processes, procedures and tools and for sharing best practices to accelerate improvement across all operations. This expert team are the company's serious incident investigators and lead HSE auditors. • Local HSE managers/specialists provide HSE support to the organization and co-ordinate and facilitate development of unit/location-based HSE activities. • All Valmet managers are responsible for ensuring the health and safety of their employees and for the management and compliance of their operations with applicable HSE regulations and standards. • All Valmet employees are responsible for taking care of their own health and safety and for looking out for the health and safety of others. All employees are accountable for following the company's rules and procedures.
Specific actions	Corporate-level, global activities include: • An initiative to improve health and safety initiative as part of the strategic Must-Win "Excellence in processes 2014–2016" • Valmet's operational eco-efficiency program for 2010–2020 • The annual corporate HSE assurance program – all workshop locations every four years; 5–10 selected customer sites each year • Internal controls for HSE aspects • Program for joint management–employee committees in all locations with more than 50 employees • Program for certified operations that follow the ISO 9001, ISO 14001 and OSHAS 18001 standards in all locations with significant HSE impacts. See more about the specific actions taken in the above activities on pages 34–37 of the Annual Review.
Evaluation of management approach	We continuously assess the effectiveness of our HSE management processes through constant monitoring of HSE KPIs and non-compliance cases, and through regular assessment via engagement, stakeholder and reputation surveys. Local HSE compliance with internal standards, regulations and customer requirements is audited in regular daily, weekly and monthly HSE inspections, periodic evaluations of compliance, inspections by authorities, internal and external management system audits, corporate HSE audits, risk management audits, and as an element of corporate internal audits. We also regularly benchmark the approach and performance of our peers and customers for best practices. The results of HSE performance, including highlights and challenges, are consolidated and necessary actions planned for on a monthly basis in management reviews held in the Executive Team, in business line and area management teams, and continuing down to the department meetings. HSE is reviewed in Board of Director meetings on an annual basis.
Aspect boundaries	**Within the organization** (entire Group): Valmet's environmental reporting covers 53 foundries, technology centers and assembly, manufacturing and service workshops worldwide. **Outside the organization:** Valmet serves close to 2,000 customer mills and plants globally. Services are provided especially in Europe and North America which both have a large installed base. Valmet delivers new installations and rebuilds to all its market areas.

People and performance

Management approach	We develop an engaged and performance-driven community, and we continuously drive the development of our employees' capabilities globally. We see that success starts with people – strong teams form the foundation for strong performance. We recognize the business benefits of having a diverse workforce and we aim to create and sustain a work environment that values diversity and provides equal opportunities for everyone.
Reported aspects and indicators	Employment: G4-LA1 Training and education: G4-LA9, G4-LA10, G4-LA11 Diversity and equal opportunity: G4-LA12
Policies and commitments	• Valmet's Code of Conduct • Valmet's Health, Safety and Environment Policy • Valmet's Equal Opportunity and Diversity Policy • Valmet is a signatory of the UN Global Compact (UNGC) • We support and promote the principles set in the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and OECD's Guidelines for Multinational Enterprises.
Goals and targets	• Nurture shared values: We encourage our people to live our shared values by connecting them to our way forward as a company. • Drive performance: We look for ways to improve the performance of our people. We develop processes with which to recognize and reward top performance, improve our managerial skills, and encourage individuals to take an active role in driving their own performance. • Globalization of our capabilities: In addition to developing our knowledge base we strive to ensure that we have the right competence in the right place at the right time. See more about the "People and performance" focus area on pages 38–40 of the Annual Review.
Responsibilities	The Human Resources function defines and guides the processes surrounding talent management, learning and development, compensation and benefits, and human resources reporting. Remuneration at Valmet is partly tied to sustainability topics. • The Senior Vice President for Human Resources is responsible for Human Resources at Valmet; she is a member of the Valmet Management Team and reports to the CEO. • The Director of Compensation and Benefits is responsible for the performance review process. • The Director of Talent Management is responsible for processes related to talent attraction and training and education, including learning programs and career development reviews.

Specific actions	• Utilize regular engagement survey results to build engagement, drive performance and strengthen values. • Continuously develop the annual review discussion process to drive performance and plan development. • Develop training alternatives to improve management and managerial skills, locally and globally. • Define strategic competencies for each business line and area.
Evaluation of management approach	We continuously assess the impact of our processes and tools on our material aspects. We use regular assessment and reporting tools, including our engagement, stakeholder and reputation surveys, and our anonymous reporting channel to enhance the positive impacts and to avoid, mitigate and remediate any negative impacts on our most material aspects.
Aspect boundaries	**Within the organization** (entire Group): Valmet has 12,306 employees in 33 countries around the world. The largest countries in terms of headcount are Finland, China, Sweden, the USA and Brazil. **Outside the organization** ("Employment" only): Valmet's strategic goal is to strengthen its local presence close to customers and growth markets, which is an important consideration when hiring new employees in the respective areas such as South America, China and Asia-Pacific.

Cost-effective sustainable solutions

Management approach	Based on life cycle analysis (LCA) of two product families, we estimate that around 95% of the environmental impacts of Valmet's entire value chain are emitted when Valmet's solutions are being used for production at the customer sites. For this reason, choosing efficient production technologies play a key role in mitigationg climate impacts. We intend to provide our customers with safe, reliable, cost-effective, sustainable solutions that improve environmental and process efficiency and respond to the needs of the changing market environment and legislative requirements. Our approach is that we have created, and are continuously developing, management systems to ensure that the whole business chain works as one for customer success. We design our solutions, products, innovations and services to help our customers improve their safety and environmental performance. We establish and adhere to environmentally sound policies and practices in product design and engineering, and we follow product and process safety standards. We offer our customers product life-cycle support that ensures the best long-term environmental performance. We educate and encourage our customers to use the products they purchase from us in environmentally responsible and safe ways. We encourage all our personnel to participate in innovation and finding ways to reduce the environmental impact of our products and services.
Reported aspects and indicators	Customer health and safety: G4-PR1 Product and service labeling: G4-PR5 Compliance: G4-PR9 Material Valmet topic: Environmental impacts of products and services
Policies and commitments	• Valmet's Code of Conduct • Valmet's Health, Safety and Environment Policy • Valmet's IPR Policy • Valmet's Quality Policy • Valmet is a signatory of the UN Global Compact (UNGC) • We support and promote the principles set in the OECD's Guidelines for Multinational Enterprises. • In our operations, we promote and seek compliance with international standards for health and safety, environmental and quality management such as OHSAS 18001, ISO 14001 and ISO 9001.
Goals and targets	Valmet's mission is to convert renewable resources into sustainable results. This means that our technology and services will make it possible for our customers to manufacture products sustainably and for us and our customers to make profit responsibly. We focus on: • Environmental efficiency and safety of solutions: We continuously improve energy, water and raw material efficiency of solutions and ensure product safety. • New offering: We develop and commercialize new solutions to increase the sustainability and economy of customer processes and to create new revenue streams. • Customers' sustainability needs: We actively engage in dialogue with our customers about their sustainability needs to meet the changing market needs. • Intellectual property rights (IPRs): We actively protect our own product rights and monitor and respect those of others. See more about the "Cost-effective sustainable solutions" focus area on pages 41–42 of the Annual Review.

Responsibilities	• Technology development and product management are managed by the respective technology organizations of the business lines, supported by the sales, marketing and engineering functions. • Each business line has a person coordinating R&D within the business line. • Each technology unit within the business line has a VP of technology and/or R&D responsible for product development. • The Valmet technology matrix management team, consisting of Business unit VPs, coordinates joint technology management issues. • R&D managers are responsible for systematic research and development activities associated with the search for and discovery of new knowledge and expertise required in developing new and existing products, services, processes or technologies.
Specific actions	• "Leader in technology and innovations" is one of Valmet's strategy Must-Wins setting the strategic targets for R&D. Based on these strategic goals, the business line management define the key R&D initiatives and key actions for the coming year. • We apply Lean and visual R&D management (Pulse), together with a gate process to manage most of the individual R&D projects.
Evaluation of management approach	The management approach is assessed continuously as part of our operations, and processes are improved accordingly to ensure that the goals that have been set are achieved. The improvement actions taken in 2015 include: • Expanding the use of a visual and Lean management model (Pulse) in R&D • Implementation of a new software tool for evaluation of new R&D initiatives and management of the R&D project portfolio. • Updated group-wide instructions for R&D process and metrics. • Modular Way program implemented to develop our way of operations from sales to delivery based on modular design of our products • KPIs such as net promoter score (NPS) and average customer experience satisfaction score of service customers were included in the "Customer Excellence" Must-Win target setting.
Aspect boundaries	**Within the organization** (entire Group): Valmet's technology organization is responsible for product development and for ensuring that Valmet's solutions meet all applicable environmental and safety requirements. Valmet's sales organizations globally are responsible for ensuring that the solutions we deliver meet customer needs and support their safety and environmental targets. **Outside the organization:** Valmet provides services, automation and process technologies for the pulp, paper and energy industries around the world. The majority of the life cycle environmental impacts arise from the use of Valmet's technologies and services. Valmet delivers new installations and rebuilds in all its market areas. Services are provided particularly in Europe and North America, which both have a large installed base.

Corporate citizenship

Management approach	We strive to ensure that our operations are globally aligned and socially responsible, and create added value for all our stakeholders in a sustainable manner.
Reported aspects and indicators	Economic performance: G4-EC1 Anti-corruption: G4-SO3
Policies and commitments	• Valmet's Code of Conduct • Valmet's Anti-Corruption Policy • Valmet's Competition Compliance Guidelines • Valmet is a signatory of the UN Global Compact (UNGC) • We support and promote the principles set in the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and OECD's Guidelines for Multinational Enterprises.
Goals and targets	• We aim to create long-term added value for our stakeholders • Globally aligned principles: We operate in compliance with laws and regulations and respect globally acknowledged ethical values, principles and human rights. See more about the "Corporate citizenship" focus area on pages 43–46 of the Annual Review.
Responsibilities	• The Accounting and Finance function is headed by the CFO. Financial reporting and planning are based on the group management system, and development is monitored through financial reporting. • The Legal function is part of Valmet's Group Finance and responsible for the legal governance of Valmet and for monitoring the proper and consistent application of and adherence to the rules and principles of the company such as the Code of Conduct. The Code of Conduct and related policies are reviewed and approved by the Board of Directors and/or the Executive Team on a regular basis. • The Group Risk Management function is part of Valmet's Group Finance and is responsible for supporting and controlling the implementation of the Enterprise Risk Management Policy and the annual Risk Management Program as well as for developing the common processes, practices, instructions and tools to be enforced throughout Valmet. • The Internal Audit function acts as an independent and objective assurance and consulting function for evaluating and improving the effectiveness of risk management, control, and governance processes such as the reporting of misconduct to AC.
Specific actions	• Regular training on Valmet's Code of Conduct, anti-corruption principles and competition compliance guidelines • Assessment of corruption risks as part of compliance and crime-related risks in the Flexible Risk Management Evaluation (FRIME) audits and in Valmet's annual group-level risk assessment process. • Evaluation of the control environment and the anti-bribery programs in the internal audit areas

Evaluation of management approach	The management approach to anti-corruption is assessed continuously as part of our operations, and processes. The improvement actions taken in 2015 include: • Valmet updated its Code of Conduct and related processes supported by a training for management and obligatory global e-learning for all employees in 2015. • Valmet established a new reporting channel for reporting suspected misconduct. The channel is maintained by a third party to guarantee anonymity, to the extent permitted by local laws, and it enables Valmet's employees and any of our stakeholders to make a report via telephone or the Internet 24/7 in their native language.
Aspect boundary	**Within the organization** (entire Group): All Valmet functions and employees work in compliance with our Code of Conduct to create added value in an ethical manner for our broad stakeholder base globally. **Outside the organization:** Valmet has truly global operations in over 30 countries and a broad stakeholder base in all market areas. We provide added value for our stakeholders in the form of dividends, jobs and business opportunities, for instance. The biggest countries in terms of headcount and net sales are Finland, China, Sweden, the USA and Brazil.

Stakeholder engagement (G4-24, G4-25, G4-26, G4-27)

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

The stakeholders are defined on the basis that the specified entities or individuals can reasonably be expected to be significantly affected by Valmet's activities, products, and/or services, and that their actions can reasonably be expected to affect the ability of Valmet to successfully implement its strategies and achieve its objectives.

Stakeholder dialogue

Valmet promotes its own and its stakeholders' operations through active stakeholder dialogue on sustainability themes such as the development and implementation of energy and climate policy, legislation and regulation, and research and technology development in environmental technology. Valmet promotes the development of energy-efficient technology and has a long tradition of supporting e.g. universities in researching sustainable production technologies and finding new solutions. We also share our knowledge and raise awareness of eco-efficient products among our stakeholders to initiate further discussion.

We maintain the dialogue with our customers through regular meetings and other direct contact such as fairs, seminars and customer satisfaction surveys, and through specific industry organizations.

With our own employees, we conduct annual review discussions where we emphasize open and active dialogue. We also conduct regular engagement surveys to measure how engaged we are as a company, which is also a cornerstone of our 'Winning Team' Must-Win. The survey gives everyone at Valmet the opportunity to be part of the discussion and influence how we move the company forward. The results of the 2015 survey have been discussed with our personnel and will be used to develop the company further. They will also serve as a benchmark for future surveys.

We meet our suppliers regularly. In 2015, we held a global supplier roadshow including three area events in Thailand, Asia-Pacific, China and Poland. The topic mainly addressed was design-to-cost. The events targeted current and potential key suppliers for each area, focusing on building long-term and close relations with selected suppliers. We also audit and assess our global suppliers regularly.

Valmet engages its investors and analysts in dialogue to ensure that the markets have correct and sufficient information for determining the value of Valmet shares. The dialogue includes financial statements, interim reviews, the company website, stock exchange releases, press releases, investor meetings, seminars, webcasts, results news conferences, site visits and general meetings. Valmet is also active in social media, for example in Twitter and Linkedin, and also publishes videos dedicated to investor community. Valmet also arranges Capital Markets Days for investors and analysts. In 2015 Valmet's IR team engaged with investors and analysts approximately 250 times through different channels such as conference calls, roadshows, and face to face meetings.

Valmet meets with various media representatives through regular meetings and interviews and direct contact at fairs, seminars and other events. Valmet shares timely information about its operations through press and trade releases, the company website, and several publications and social media channels.

In research and development, Valmet collaborates closely with its customers to collect information on their product development needs and to innovate new solutions. We also engage in dialogue with research institutes, universities and vocational schools through joint development projects and through specific industry organizations.

Continuous improvement through active feedback gathering

In addition to the feedback gathered through regular business relationships, Valmet actively collects feedback from its stakeholders with specific surveys to meet their needs. For instance, suppliers, investors and customers are systematically asked for feedback at various events. We also participate in externally conducted surveys assessing Valmet's reputation and employer image. In addition, our customers are regularly asked for feedback regarding how the company's is perceived in the market, its products and services, and customer relations. By reporting to selected third party sustainability ratings schemes, Valmet wants to help its stakeholders assess its performance. The rankings also serve as a management tool in helping to continuously enhance our sustainability performance and define areas for improvement.

Online tool for collecting stakeholder views

Valmet has a comprehensive web-based brainstorming tool for collecting and analyzing stakeholder opinions. The process allows our stakeholders to express their views on Valmet's sustainability performance and propose ideas for further development. The web-based tool is open to all stakeholders and is utilized in annual reporting and one-off meetings with stakeholders to gather feedback from as many stakeholder groups as possible.

In 2015, 595 external stakeholders and Valmet employees participated in the brainstorming process. The feedback received through the tool indicates that Valmet's main stakeholders, such as customers, investors, suppliers and own personnel, confirm Valmet's current view of what is important with regard to the company's sustainability performance.

The most important topics concern safety, sustainable solutions, ethical behavior and employee wellbeing. All stakeholders share the view that safety is important in all respects: product safety and the safety of Valmet's personnel and subcontractors were chosen as the top topics. Valmet's offering is considered important especially with regard to understanding customer's sustainability needs and innovations supporting more sustainable operations.

The high importance of topics such as compliance with the company's Code of Conduct, respecting human rights and anti-corruption work indicate that our stakeholders emphasize ethical behavior in all operations throughout the supply chain. Employee well-being and good leadership come up both in internal and external responses. Training and development of employees as well as talent management also appear in the top selections.

In 2015, the most active of Valmet's stakeholder groups participating in the dialogue were Valmet's own personnel and its customers and suppliers.

Main topics highlighted in 2015

The topics highlighted most in our stakeholder dialogue in 2015 continued to be the environmental efficiency and safety of Valmet's products, the importance of ethical guidance and processes for managing ethical violations, employee well-being and training, and the elimination of restricted materials from our products.

Valmet reviews the results of the online stakeholder survey and other stakeholder feedback on a regular basis. All information received is gathered and analyzed for the annual strategy review process. Valmet´s sustainability agenda and its focus areas and actions are broadly based on the feedback from our stakeholders. Valmet responds to the issues raised in stakeholder dialogue in its Annual Review and through its company website.

Information on specific standard disclosures

This section provides information on the specific standard disclosures that are not reported in the Annual Review or the GRI content index.

Energy consumption within the organization (G4-EN3[1], G4-EN5[2])

G4-EN3: Fuel consumption

TJ	2015	2014	2013
Renewable fuels	1	0	0
Non-renewable fuels	259	285	352
Total	**260**	**285**	**352**

G4-EN3: Energy consumption by source

TJ	2015	2014	2013
Electricity	748	705	722
District heating	229	228	268
Steam	33	42	32
Total	**1,010**	**975**	**1,022**

G4-EN3: Energy sold

TJ	2015	2014	2013
Electricity	20	31	46
District heating	22	5	9
Steam		9	9
Total	**42**	**45**	**64**

G4-EN3: Total energy consumption

TJ	2015	2014	2013
	1,270	1,260	1,374

G4-EN5: Energy intensity

	2015	2014	2013
TJ/ MEUR Net sales	0,43	0,51	0,53

[1]Consumption is reported based on local invoicing. Standard conversion factors are used in our reporting system. Electricty is consumed in production processes, use of equipment and facility services such as lighting, cooling and heating. Fuel used for internal transportations is comparatively minor and is excluded from fuel consumption amounts.

[2]The ratio uses energy consumed within the organization from the following types: electricity, heating, steam and fuel (excluding fuel for internal transportations).

Total water withdrawal by source (G4-EN8[1])

G4-EN8: Total water withdrawal by source

1,000 m³	2015	2014	2013
Municipal water	514	505	539
Surface water	2,470	2,763	3,263
Other[2]	48	37	22

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

[2]Ground water, rainwater, water from other organizations.

Greenhouse gas emissions (G4-EN15[1], G4-EN16[1], G4-EN17, G4-EN18[2])

G4-EN15 and G4-E16: Greenhouse gas (GHG) emissions (Scope 1 and 2)

1000 tCO_2	2015	2014	2013
Scope 1	15.4	17.4	23.9
Scope 2	72.7	68.3	76.2

G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)

Valmet´s business travel emissions are part of Valmet´s scope 3 disclosure and counted for ca. 30,000 tCO_2 in 2015. The travel data currently covers Finland, Sweden, North America, China and India and represents 78.6% of Valmet´s global workforce.

Emissions from business travel are reported in CO_2 equivalent. For Scope 3 emissions, emission factors from databases and publicly available sources have been applied. Read more in the Reporting Principles on page 3.

G4-EN18: Greenhouse gas (GHG) emissions intensity

	2015	2014	2013
1,000 tCO_2/MEUR Net sales	0.030	0.035	0.038

[1]Only CO_2 is included in the calculation. There are no biogenic CO_2 emissions in Valmet's operations. The base year reference is the yearly average CO_2 emissions for 2005–2009: 32 000 tCO_2 (Scope 1) and 91 600 tCO_2 (Scope 2). A yearly average is taken to ensure that the baseline is a representative yearly consumption across the business cycle. The methodology used to calculate emissions is direct measurement of energy sources consumed based on invoicing at the location level and conversion to CO_2 emissions.

[2]The ratio covers includes CO_2 gases from direct (Scope 1) and energy indirect (Scope 2) emissions.

NO$_x$, SO$_x$, and other significant air emissions (G4-EN21)[1]

(G4-EN21)[1]: NO$_x$, SO$_x$ and other significant air emissions

t	2015	2014	2013
Hazardous air pollutants (HAP)	3.2	-	-
NOX	11.7	-	-
Particulate Matter (PM)	10.7	-	-
SOx	1.8	-	-
Volatile organic compunds (VOC)	50.1	-	-
Others standard categories	3.9	-	-
Total	**81.4**	**-**	**-**

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

Total weight of waste by type and disposal method (G4-EN23[1])

G4-EN23: Hazardous waste

1,000 t	2015	2014	2013
Reuse	0	0	-
Recycling	0.23	0.14	0.25
Energy recovery	0.10	0.03	-
Incineration	0.70	0.97	1.23
Landfill	0.38	0.37	0.76
Other[2]	0.41	0.45	-
Total	**1.82**	**1.96**	**2.24**

G4-EN23: Non-hazardous waste

1,000 t	2015	2014	2013
Reuse	0	0	-
Recycling	12.87	12.63	15.41[3]
Energy recovery	1.98	1.91	-
Incineration	0.36	0.31	1.99
Landfill	21.62	23.07	12.02
Other[2]	0.17	0.01	-
Total	**37.00**	**37.93**	**29.42**

G4-EN23: Total waste

	2015	2014	2013
1,000 t	38.82	39.89	31.66

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

[2]Other includes composting, deep well inject or on site storage.

[3]Includes energy recovery

Total number and volume of significant spills (GR-EN24)

Valmet identifies, evaluates and controls environmental impacts during both normal and abnormal operations in local environmental aspect registers. Detection, recovery, protection, containment and escape and rescue controls are defined and implemented to mitigate the impact of unplanned events such as spills.

Two significant spills with a total volume of 1100 liters, were reported to the local regulating authorities in 2015. Both two spills were contained by control barriers and the contamination was then removed and managed as waste.

Environmental impacts of products and services (Material Valmet topic)

Based on life cycle analysis (LCA) of two product families, we estimate that around 95% of the environmental impacts of Valmet's entire value chain are emitted when Valmet's solutions are being used for production at the customer sites.

Since Valmet's solutions are relatively complex in nature, their environmental impacts, such as energy, water and raw material use as well as the amount of emissions, depend on the project specifications. The actual impact of the technologies also depends on factors such as how they are operated and the selection of raw materials.

The following recent examples demonstrate quantified actions concerning the mitigation of the environmental impact of Valmet's products and services.

Advantage™ ReTurne™ energy recovery system

The Advantage™ ReTurne™ energy recovery system is used in the forming section of tissue production lines. It helps to raise energy efficiency to a new level by returning energy back into the process. The heart of this energy-saving innovation is a turbine combined with a generator that converts the water flow power into electrical power. The results of the first commercial installation confirm that it is possible to recover 50% of the pumping energy, and in some cases even more.

OptiProof forming fabric

The forming section of a packaging paper machine is responsible for approximately 19% of the total energy consumption of the machine. OptiProof is a new generation of thin forming fabric with good wear resistance designed to meet the requirements of the most demanding packaging grades. Based on customer experiences, annual savings in energy of up to EUR 200.000 compared to conventional solutions have been achieved due to thin structure and engineered drainage properties.

Valmet OptiOx

OptiOx is a new product in the recausticizing area of the pulping process to partly oxidize components of white liquor and consequently convert it into orange liquor. Orange liquor, which contains polysulfide, significantly increases the yield in the kraft cooking process, especially when cooking softwoods. The result is that less wood is needed to produce the same amount of pulp. In addition, the process efficiency can be enhanced by using OptiOx due to the fact that a higher yield in cooking means a lower load on the recovery boiler, enabling capacity increases. Also, the softwood pulp strength increases as a result of applying OptiOx. The typical annual saving on wood for a 2% higher pulp yield at a 1 million tonne-per-year pulp mill is 150,000 m^3.

Valmet Total Solids Transmitter

Valmet Total Solids Transmitter (Valmet TS) represents a new microwave technology for measuring and controlling total solids for optimum process performance in municipal and industrial wastewater treatment. TS is based on microwave time of flight measurement of total solids with an internal correction measurement of sludge conductivity. A thicker sludge decreases the total flow and the number of treatment units, minimizing energy consumption. With a continuous measurement, the sludge can be thickened without operator involvement to an optimum point, which can result in energy and CO_2 savings of up to 10% and chemical savings of up to 25%.

GASCON™ flue gas scrubber

In Finland Valmet has supplied a flue gas cleaning and condensation system to the Naistenlahti power plant of Tampereen Energiantuotanto. The scrubber is used to wash SO_2, dust and hydrogen chloride (HCl) emissions and to recover heat from flue gas. It has been calculated that the plant is able to decrease SO_2 emissions by 98% and HCI and dust emissions by 90% respectively. In addition, the plant's total energy efficiency and production capacity will increase significantly due to the fact that the heat that was previously released into the atmosphere with flue gases can now be utilized for district heating through the flue gas heat recovery technology.

Total number and rates of new employee hires and employee turnover by age group, gender, and region (G4-LA1)

New hires[1]

G4-LA1: Total number and rate of new employee hires by age

Years	New hires	New hire %
Under 30	719	49.9
30–50	602	41.8
Over 50	119	8.3
Total	**1,440**	**100.0**

G4-LA1: Total number and rate of new employee hires by gender

Gender	New hires	New hire %
Female	359	24.9
Male	1,081	75.1
Total	**1,440**	**100.0**

G4-LA1: Total number and rate of new employee hires by region

Region	New hires	New hire %
North America	159	11.0
South America	97	6.7
EMEA	900	62.6
China	212	14.7
Asia-Pacific	72	5.0
Total	**1,440**	**100.0**

[1] New hires calculation: (new hires per category/total number of new hires as of December 31, 2015) *100. The calculation methods used for the new hires reflects the way we report on the topic internally.

Turnover[2]

G4-LA1: Total number of leavers and turnover rate by age

Years	Number of leavers	Turnover %
Under 30	507	37.9
30–50	472	6.7
Over 50	306	7.8
Total	**1,285**	**10.4**

G4-LA1: Total number of leavers and turnover rate by gender

Gender	Number of leavers	Turnover %
Female	319	12.7
Male	966	9.9
Total	**1,285**	**10.4**

G4-LA1: Total number of leavers and turnover rate by region

Region	Number of leavers	Turnover %
North America	154	11.3
South America	60	11.3
EMEA	745	9.6
China	274	14.0
Asia-Pacific	52	7.4
Total	**1,285**	**10.4**

[2]Turnover rate calculation: (number of leavers/total number of employees per category as of December 31, 2015) *100. The calculation method chosen for turnover shows the regional turnover based on the number of employees in the specific region as of December 31, 2015. The calculation method used is consistent for all turnover-related reporting categories specified in G4-LA1.

Percentage of total workforce represented in formal joint management-worker health and safety committees (G4-LA5)

G4-LA5: Percentage of employees represented in health and safety committees

%	2015
North America	94
South America	94
EMEA	92
China	29
Asia-Pacific	41
Total	**80**

Injuries, lost days, absenteeism and fatalities (G4-LA6[1])

G4-LA6: Fatalities by gender (employees and supervised workers)

	2015	2014	2013
Male	0	0	0
Female	0	0	0
Total	**0**	**0**	**0**

G4-LA6: Fatalities by area (employees and supervised workers)

	2015	2014	2013
North America	0	0	0
South America	0	0	0
EMEA	0	0	0
China	0	0	0
Asia-Pacific	0	0	0
Total	**0**	**0**	**0**

G4-LA6: Fatalities by gender (independent contractors[2])

	2015	2014	2013
Male	0	0	1
Female	0	0	0
Total	**0**	**0**	**1**

G4-LA6: Fatalities by area (independent contractors[2])

	2015	2014	2013
North America	0	0	0
South America	0	0	1
EMEA	0	0	0
China	0	0	0
Asia-Pacific	0	0	0
Total	**0**	**0**	**1**

G4-LA6: Lost time incident frequency, LTIF[3], by area (own employees[10])

	2015	2014	2013
North America	3.2	2.3	1.4
South America	4.6	1.2	0
EMEA	4.1	7.7	8.6
China	1.1	2.6	4.4
Asia-Pacific	0.8	0	0.9
Total	**3.3**	**5.5**	**6.5**

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

[2]Independent contractors working on site to whom organization is liable for general safety of the working environment.

[3]LTIF reflects the number of injuries resulting in an absence of at least one workday per million hours worked. LTIF is based on fatalities, lost time incidents resulting in one to three calender days absense, and lost time incidents resulting in four or more calender days absense.

[4]Supervised and independent contractors working on site to whom organization is liable for general safety of the working environment. Incident frequencies for supervised/ independent contractors are calculated based on both theoretical and actual workhours. Incidents are reported, but workhours are not collected for all operations.

[5]LTIF+medical treatment and restricted work cases. TRIF is based on fatalities, lost time incidents, medical treatment and restricted work cases (first aid cases are excluded).

G4-LA6: Lost time incident frequency, LTIF[3], by area (supervised and independent contractors[4])

	2015	2014	2013
North America[9]	-	-	-
South America	2.1	0.8	-
EMEA*	12.3	-	-
China	4.9	-	-
Asia-Pacific	0.8	-	-
Total	**3.9**	**-**	**-**

G4-LA6: Total recordable incident frequency by area, TRIF[5], (own employees[10])

	2015	2014	2013
North America	7.2	4.1	8.5
South America	6.8	1.2	2.8
EMEA	10.3	13	13.8
China	6.1	7.6	10
Asia-Pacific	3.1	7	5.1
Total	**8.7**	**10.3**	**11.8**

G4-LA6: Total recordable incident frequency, TRIF[5], by area (supervised and independent contractors[4])

	2015	2014	2013
North America[9]	-	-	-
South America	8.6	10.3	-
EMEA	18.4	-	-
China	9.8	-	-
Asia-Pacific	2.5	-	-
Total	**9.4**	**-**	**-**

G4-LA6: Absentee rate[6] by area (own employees)

%	2015	2014	2013
North America	2.0	2.3	-
South America	1.1	1.4	-
EMEA	3.0	3.2	-
China	1.4	1.5	-
Asia-Pacific	1.3	1.3	-
Total	**2.5**	**2.6**	**-**

G4-LA6: Occupational disease[7] rate by area (own employees)

	2015	2014	2013
North America	0	-	-
South America	0	-	-
EMEA[8]	0.05	-	-
China	0	-	-
Asia-Pacific	0	-	-
Total	**0**	**-**	**-**

[6]Absentee rate reflects the actual absentee days lost expressed as a percentage of total days scheduled to be worked by the workforce for the same period

[7]Occupational disease rate reflects the number of occupational diseases registered at the local social insurance authorities per million hours worked.

[8]No data available for Germany

[9]No workhour data available for North America

[10]Incident frequencies for Valmet employees are calculated according to theoretical workhours based on active headcount.

Workers with high risk of diseases related to their occupation (G4-LA7)

Valmet maintains up-to-date risk maps for all its operations to identify health hazards, implements necessary controls with the aim of preventing ill-health and continuously monitors health. Workers in production and construction environments have risk for:

- · Hearing impairment caused by noise
- · Diseases caused by vibration
- · Skin disease caused by physical, chemical or biological agents at work
- · Repetitive strain injury
- · Respiratory diseases

Training hours (G4-LA9)

The average number of training hours for a Valmet employee in 2015 was 17 hours. Training hours are reported for all employee groups based on the information available in the Valmet Training Database. Training hours are not reported by gender and employee category. In 2016, we will upgrade the Valmet Training Database to allow more detailed reporting.

Learning programs (G4-LA10)

We encourage development throughout an employee's career at Valmet, making sure our people develop their competence continuously. We follow a 70-20-10 learning philosophy, with 70% occurring through on-the-job learning, 20% through learning relationships and 10% through formal learning.

We always adhere to legal requirements and country practices regarding the management of career endings. In situations that have a significant impact on individuals and local communities, we take steps to provide additional support in the form of outplacement training, individual skill development, financing for new enterprises, entrepreneur training and compensation for relocation costs.

Performance reviews (G4-LA11)

Valmet carries out a documented annual review discussion comprising a performance review and development plan for its permanent white-collar employees. Annual review discussions are also encouraged for Valmet's blue-collar employees, some of which take place as documented group discussions. In 2015, we launched a new annual review discussion tool that allows more detailed reporting for white-collar employees. Annual review discussion completion data is not available for blue-collar employees.

G4-LA11: Employees receiving regular performance and career development reviews

	Female %	Male %	Total %
White Collar	87.7	90.5	89.8
Senior Management	100.0	100.0	100.0
Managerial and Specialist	87.5	90.3	89.7
Blue Collar	Currently no information available.		

Employee category definitions

White Collar has the following two sub-categories:

• Senior Management: Executive and senior management roles responsible for strategy development and long-term operational plans.

• Managerial and Specialists: Functional and department managers, team leaders, supervisors and white-collar specialist roles.

Blue Collar: Workers in operational roles, mainly in manufacturing and field service.

Composition of governance bodies and employee breakdown (G4-LA12)

G4-LA12: Board of Directors

Years	Female Total %	Male Total %
Under 30	0	0
30–50	16.7	0
Over 50	16.7	66.7
Total	**33.3**	**66.7**

G4-LA12: Executive Team

Years	Female Total %	Male Total %
Under 30	0	0
30–50	15.4	30.8
Over 50	0	53.8
Total	**15.4**	**84.6**

G4-LA12: Breakdown of employees by employee category and gender

	Female Total %	Male Total %	Total	Total %
White Collars	15.3	52.4	8,336	67.7
Senior Management	0.2	1.1	162	1.3
Managerial and Specialist	15.1	51.3	8,174	66.4
Blue Collar	5.0	27.3	3,970	32.3
Total	**20.3**	**79.7**	**12,306**	**100.0**

G4-LA12: Breakdown of employees by employee category and age group

	Age in years				
	Under 30 Total %	30–50 Total %	Over 50 Total %	Total	Total %
White Collars	6.2	39.4	22.2	8,336	67.7
Senior Management	0	0.6	0.7	162	1.3
Managerial and Specialist	6.2	38.8	21.5	8,174	66.4
Blue Collars	4.7	17.9	9.6	3,970	32.3
Total	**10.9**	**57.3**	**31.8**	**12,306**	**100.0**

G4-LA12: Breakdown of employees by nationality and language for the largest employee groups

Nationality	Total %
Finnish	37.8
Chinese	15.7
Swedish	12.3
American	9.1
Brazilian	4.1
Portuguese	2.6
Indian	2.4
German	2.0
Spanish	1.7
Canadian	1.7

Language	Total %
Finnish	37.6
Chinese	15.5
English	15.5
Swedish	12.4
Portuguese	6.7
German	2.5
Spanish	2.0
French	1.9
Italian	1.2
Thai	1.0

Anti-corruption (G4-SO3)

Group level risk assessments cover 100% of Valmet's operations. The FRIME audits cover ca. 10% and 5 legal units covering about 80% of Valmet's turnover within 5-year evaluation cycle. Corruption risks are assessed as part of compliance and crime-related risks, e.g. fraud and misconduct, in the FRIME audits and in Valmet's annual group-level risk assessment process. The most significant corruption risks relate to financial impacts and reputation.

Customer satisfaction (G4-PR5)

Valmet conducts a global customer survey annually to collect information about perceptions of the company in the market, customer relations and the company's solutions and services. The survey covers all business lines and geographical areas. We also receive customer feedback through our everyday operations with customers and at occasions such as customer events.

Based on the 2015 survey, Valmet is perceived as a reliable professional/expert company with good, high-quality and good products. It is seen as having a cooperative and service-oriented role with customers. Areas with higher ratings associated with Valmet are good understanding/expertise and industry-leading technology and innovations. An increasing share of respondents see Valmet as a responsible company. The feedback in 2015 mainly concerned pricing, reaction times, communication and deliveries.

Valmet has a separate global Customer Experience Survey process for its Service business that measures customers' experience of service deliveries on a continuous basis. With ten questions and two open responses, the survey focuses on quality, added value, customer needs and interaction. The feedback process covers all service product areas. The feedback is sent directly to the person responsible for sales to ensure immediate improvement actions in the process. All results are analyzed with an online reporting tool and utilized to help develop service operations and processes.

In 2015, most of the feedback in all the Services business units continued to concern delivery times, but Valmet's technical expertise was highly appreciated. Customer communication and cooperation was also considered good. In North America, the net promoter score was relatively high: however, area comparisons are not considered appropriate as the feedback process is still developing.

Measures taken to eliminate forced or compulsory labor in risk areas (G4-HR6)

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

Independent Practitioner's Assurance Report

To the Management of Valmet Corporation

We have been engaged by the Management of Valmet Corporation (hereinafter also the Company) to perform a limited assurance engagement on selected sustainability information for the reporting period 1 January 2015 to 31 December 2015, disclosed in Valmet Corporation's Annual Review 2015 and GRI Supplement 2015 on the Company's website (hereinafter Sustainability information). The assured information is indicated in the Company's GRI content index 2015.

Management's responsibility

The Management of Valmet Corporation is responsible for preparing the Sustainability information in accordance with the Reporting criteria as set out in Valmet Corporation's reporting instructions and the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative. The Management of Valmet Corporation is also responsible for such internal control as the management determines is necessary to enable the preparation of Sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 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.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". That standard requires that we plan and perform the engagement to obtain limited assurance about whether the Sustainability information is free from material misstatement.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Sustainability information. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Sustainability information.

Our work consisted of, amongst others, the following procedures:
- Interviewing senior management of the Company.
- Visiting the Company's Head Office as well as three sites in China, Thailand and the United States of America.
- Interviewing employees responsible for collecting and reporting the Sustainability information at the Group level and at the different sites where our visits took place.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Valmet Corporation's Sustainability information for the reporting period ended 31 December 2015 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Valmet Corporation for our work, for this report, or for the conclusions that we have reached.

Helsinki, 22 February 2016

PricewaterhouseCoopers Oy

Maj-Lis Steiner
Authorised Public Accountant

Converting renewable resources into sustainable results

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