

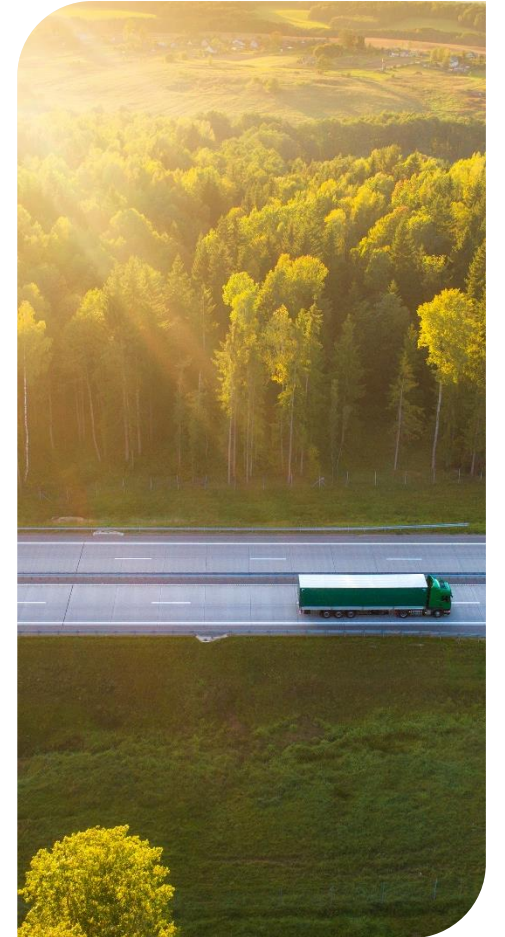
An aerial photograph showing a dense forest of green trees on the left, with a dark river flowing through it. The sky is blue with white clouds, reflected in the water. A semi-transparent green box is overlaid on the right side of the image.

Valmet – Converting renewable resources into sustainable results

Sustainability equity story
December 2022

Agenda

- 1 Valmet today
- 2 Sustainability highlights from investor perspective
- 3 Valmet's R&D addresses global megatrends
- 4 Summary





Valmet today

Valmet has unique offering and strong market shares in the growing market of converting renewables

- Unique offering for pulp, paper and energy industries
- Enabler for carbon neutral pulp and paper processes and fossil free bioenergy production
- Leading market positions globally
- Valmet's customers promote circular bioeconomy
 - Pulp producers
 - Packaging board and tissue producers
 - Heat and power producers
- Differentiation from competitors with the market's widest offering consisting of process technologies, services and automation
- Potential to enable significant CO₂ emission reductions for customers by
 - Eliminating the need for fossil energy in the production process
 - Increasing energy efficiency

Illustrative key figures LTM Q3/2022

Net sales
EUR 5,073 million

Comparable EBITA
EUR 537 million

Comparable EBITA margin
10.6%

Order backlog
EUR 4,672 million

Employees
17,511

Including Flow control, which was added to Valmet on April 1, 2022.

Valmet's Way Forward

Mission

Converting renewable resources into sustainable results

Strategy

Valmet develops and supplies competitive and reliable process technologies, services and automation to the pulp, paper and energy industries.

Our automation business covers a wide base of global process industries.

We are committed to moving our customers' performance forward with our unique offering and way to serve.

Continuous improvement and renewal

Must-Wins

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

Business accelerators

Vision

To become the global champion in serving our customers and in moving the industries forward

Our Values



Customers

We move our customers' performance forward



Renewal

We promote new ideas to create the future



Excellence

We improve every day to deliver results




People

We work together to make a difference

Megatrends

- Resource efficient and clean world
- Digitalization and new technologies
- Urban, responsible and global consumer



Sustainability highlights from investor perspective

Valmet's business is supported by several favorable global sustainability trends

Targets for CO₂ emission reductions



Replacing plastics in packaging products by renewable materials



Circular economy

- Efficient use of sidestreams, recycling, recovery and reduction of waste
- Maintenance and re-use of equipment



Replacing fossil fuels with renewables



CO₂ neutral energy and heat production



Emission reductions



Energy efficiency



Water efficiency



Raw material efficiency



Chemical efficiency



Occupational safety



Updated Sustainability Agenda

Sustainability 360° agenda covers the entire value chain

Environment

We enhance circularity and environmental efficiency and reduce CO₂ emissions through the entire value chain. Valmet aims to enable fully carbon neutral production for its customers by 2030.

Social

We promote an engaging work environment, commit to the health and safety of our people and partners, and strive to be a responsible corporate citizen.

Governance

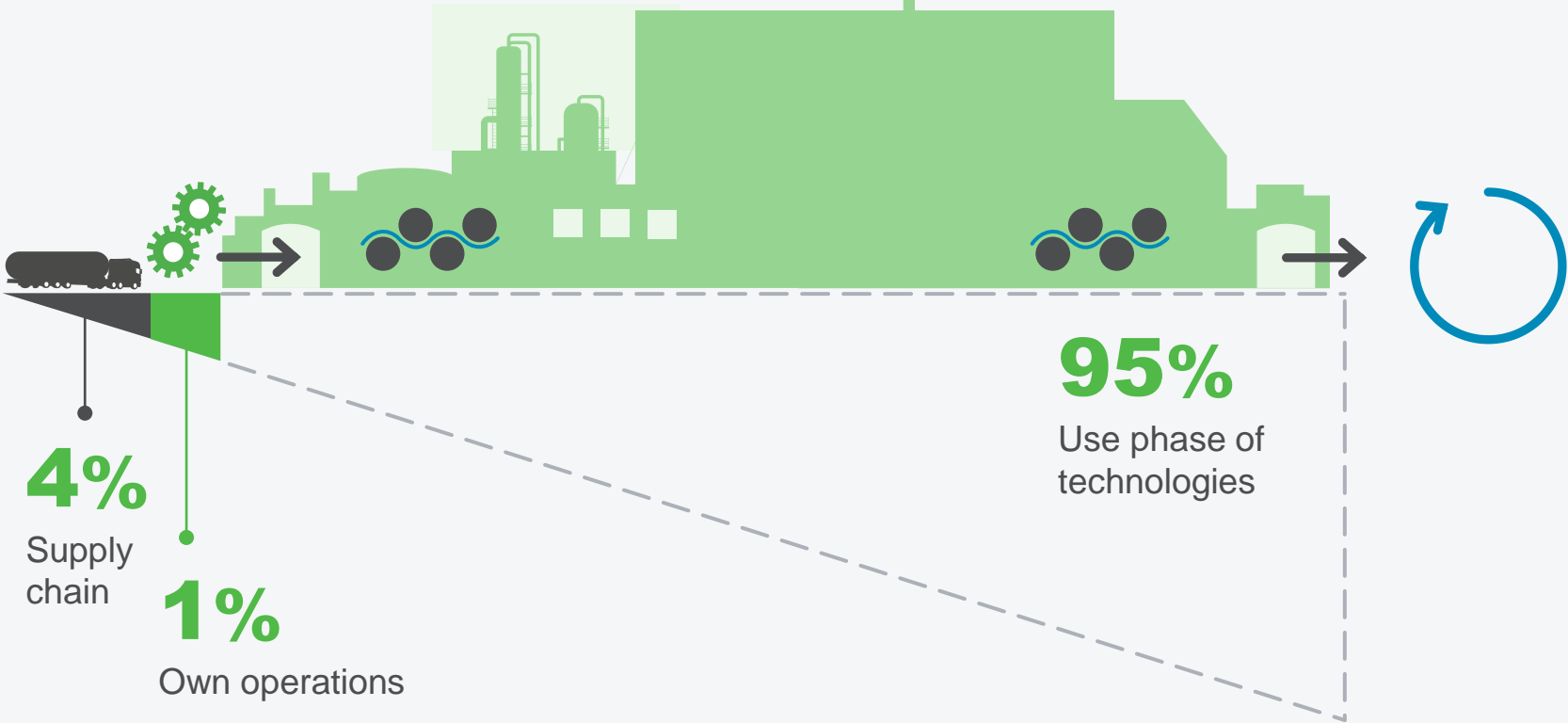
We follow ethical business practices, ensure a sustainable supply chain and report in a transparent manner.



The main environmental impacts of Valmet's products are caused when they are used

Learn more about Valmet's value creation:
<https://www.youtube.com/watch?v=SsntF7P5Avs&t=6s>

Product life cycle is 10 – 100 years



Valmet's climate program: Forward to a carbon neutral future

- Separate CO₂ targets for the entire value chain by 2030: supply chain, own operations and use phase
 - The biggest impact comes from the use phase of Valmet's technologies
- In the use phase, the program targets 20% energy efficiency improvement in selected current technologies and enabling 100% carbon neutral production for Valmet's pulp and paper customers
- Already today, the heat and power producers can produce carbon neutral energy with Valmet's biofuel-based energy boilers
- The targets are approved by the Science Based Targets initiative (SBTi) and the program is aligned with
 - Paris Climate Agreement's 1.5-degree pathway
 - United Nations Sustainable Development Goals

TARGETS BY 2030

SUPPLY CHAIN

-20%

CO₂ emission reduction¹

OWN OPERATIONS

-80%

CO₂ emission reduction¹

USE PHASE OF VALMET'S TECHNOLOGIES

-20%

Further reduced energy use of Valmet's current technologies¹

100%

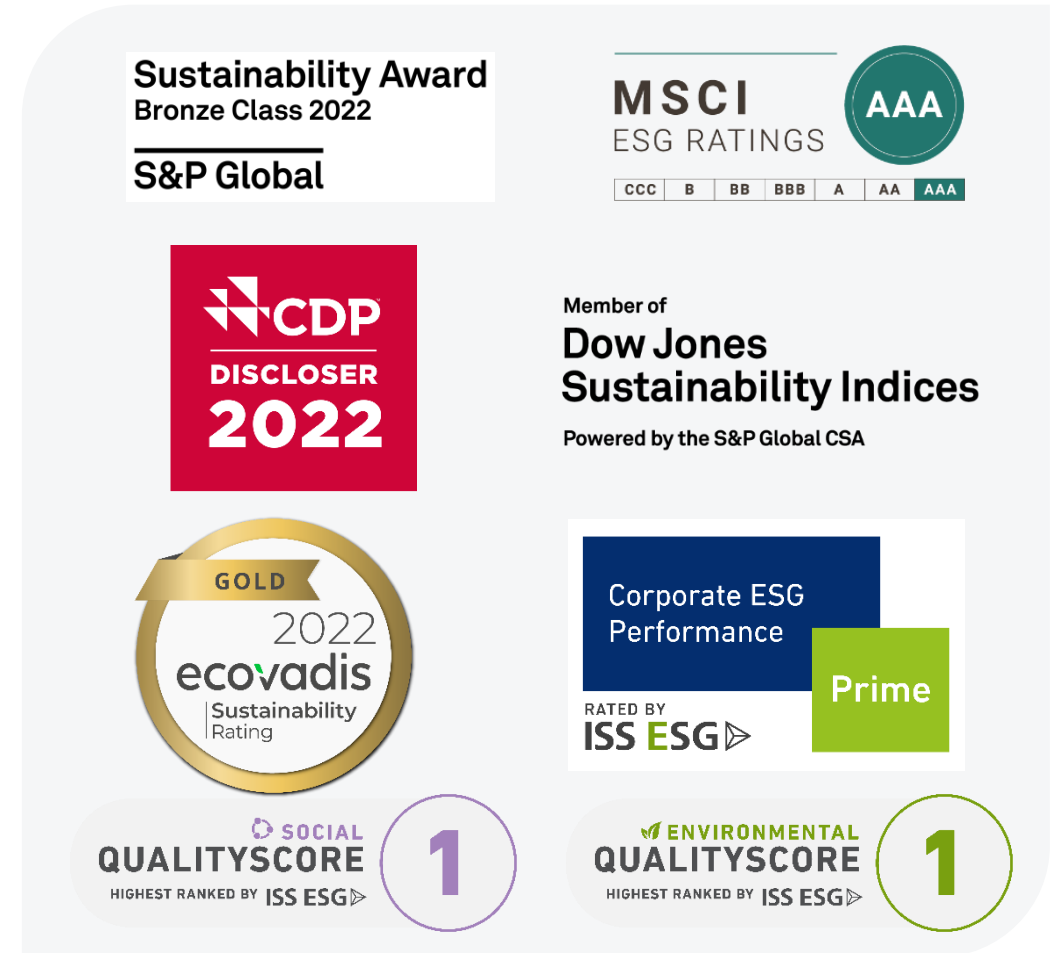
Carbon neutral production


1) Baseline 2019

Acknowledged leader in sustainability

Good sustainability rankings

- In Dow Jones Sustainability Index for the ninth consecutive year
- AAA rating in the MSCI ESG Ratings assessment 2022
- Achieved A- rating in CDP's climate program ranking in 2022





Valmet's R&D addresses global megatrends

Valmet's R&D addresses global megatrends

R&D focus areas

- Promotion of renewable materials
- Raw material, water and energy efficiency
- Emission reductions
- Circularity
- Productivity and environmental improvements with digitalization

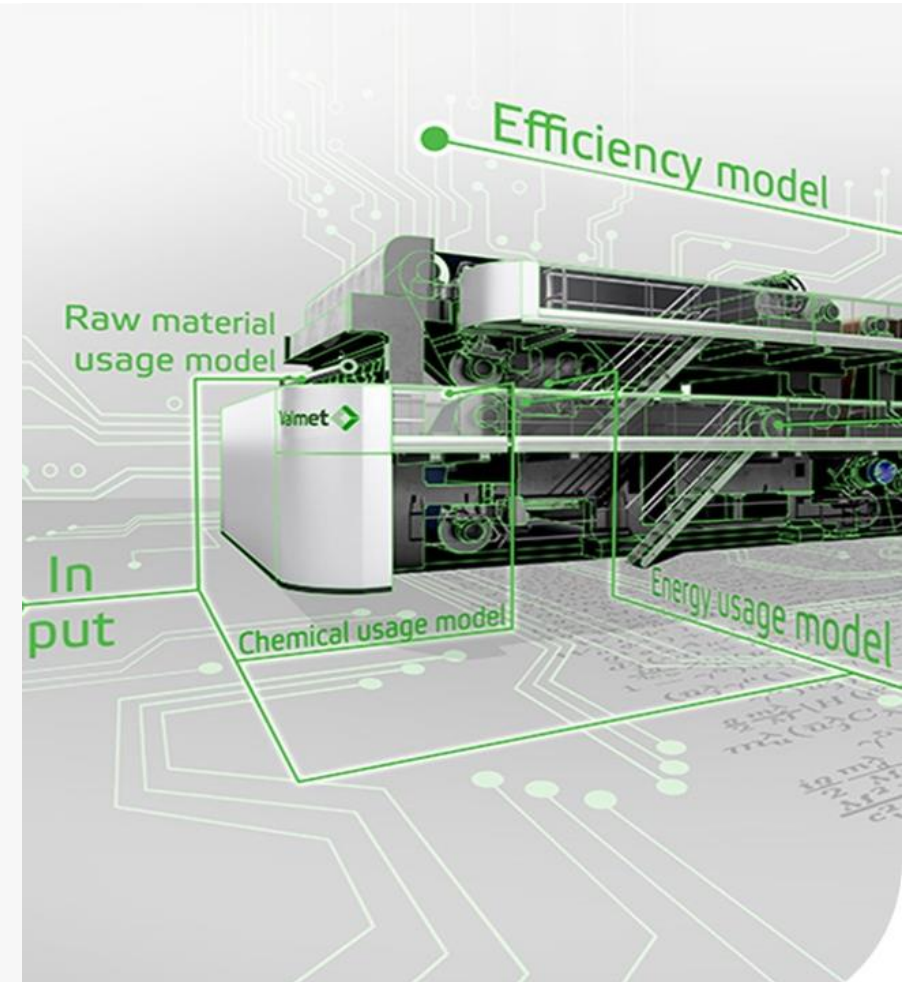
16
research and
development centers



EUR **82** million
R&D spending
in 2021



~1,300
protected
inventions



Case examples



OptiConcept M modular board production line

- **30%** lower energy consumption compared to average
- Less fiber through light-weight end product
- **30%** Saving in fresh water consumption
- Smaller carbon footprint through compact design
 - Up to 40% less hall space, up to 430,000 kg less CO₂ emissions



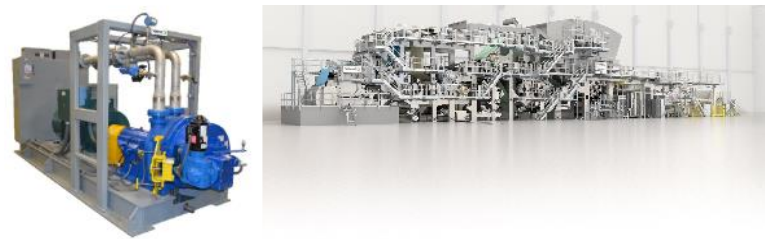
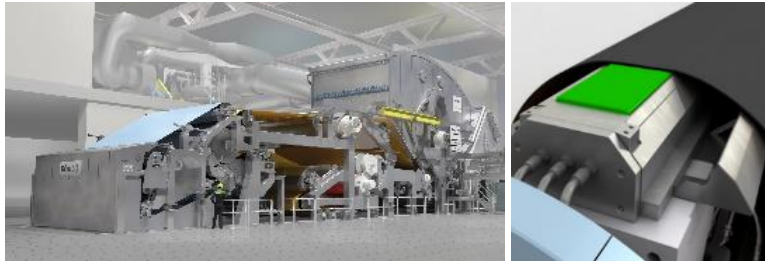
Valmet's biomass-fired power boiler to Høfor in Copenhagen

- Valmet is supporting Copenhagen to become CO₂ neutral by 2025
- **1.2 m ton** decreased CO₂ emissions per year
- **~3%** reduction in Denmark's annual CO₂ emissions

Example: Driving development of resource efficient tissue production

Progress in reduced environmental foot print

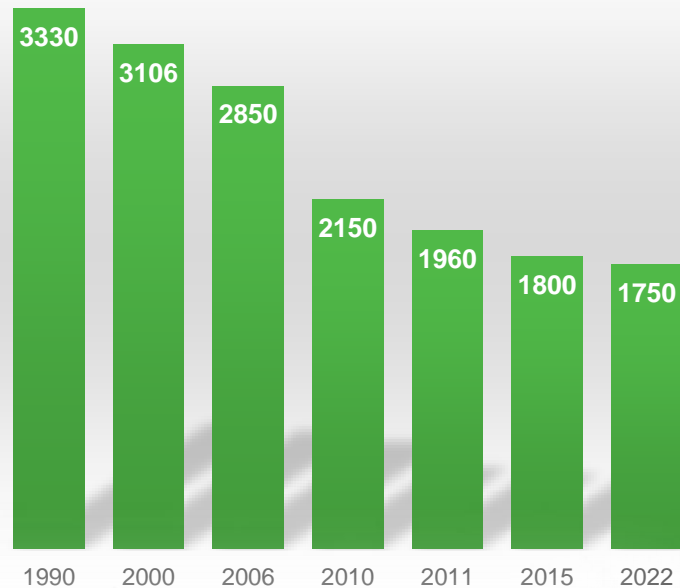
Less fibre consumption**



- Hybrid Technologies,
- ViscoNip press
- Non Wood fibers & MFC

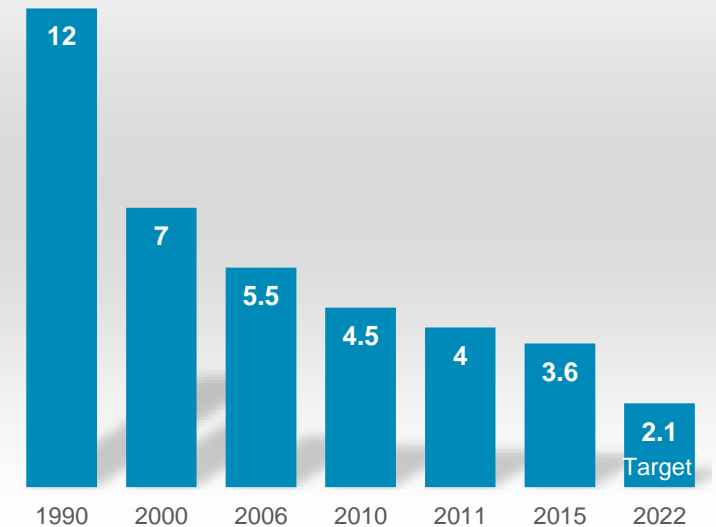
47% less energy*

Energy /ton paper [kWh/ton]



80% less water*

Water /ton paper [m³/ton]



* DCT type of mill, same production and basis weight

** Achieving the same main tissue specific paper properties

Advantage DCT 200, 18gsm, 2 000 m/min. 234 TPD

Future growth possibilities from new sustainable innovations



Cellulose based textile fibre

- SPINNOVA® fibre is produced from cellulose or waste streams without involving any harmful chemicals, with minimal water use and emissions, and zero waste
- Valmet provides Spinnova the drying machines with high-technology air dryers
- The technology is utilized already today in paper and board making, and it is adapted to the cellulose based textile fibre production

Photo: Spinnova



Recycled textile fibre

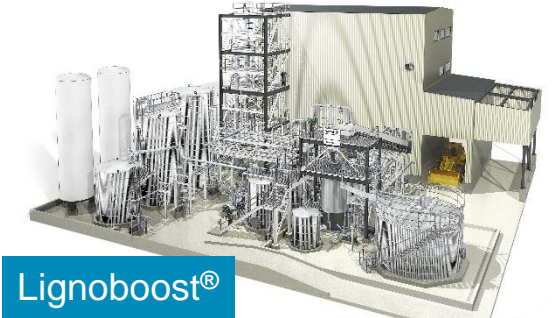
- Renewcell produces dissolving pulp from cellulosic textile waste, such as cotton and viscose clothes
- The end product is produced fully from recycled textiles
- Renewcell's product is used by its customers to make regenerated cellulose fibers for textile applications
- Valmet provides the main equipment for Renewcell's new plant in Sweden
- The equipment is commonly used in large scale state-of-the-art dissolving pulp plants and it is tailored for this project

Photo: Renewcell / Alexander Donka



Molded Fibre

- Pilot plant built together with Metsä Spring in Finland
- The plant produces ready-made 3D fibre packages directly from wet wood fibre pulp without intermediate steps
- The 3D products could replace plastic in various packaging solutions



Lignoboost®

- LignoBoost is Valmet's technology for extracting lignin from the pulping process
- Until today, almost all the lignin separated during pulping has been used as a non-fossil-based fuel to generate steam and power for the mill processes and local communities
- For example, in lithium-ion batteries, synthetic graphite (a non-renewable material) can be replaced by lignin-derived carbon-based anode materials



Summary

Summary

- 1 Valmet's business is supported by several favorable global sustainability trends
- 2 Sustainability is integrated to Valmet's processes through the Sustainability 360° agenda
- 3 The main environmental impacts of Valmet's products are caused when they are used
- 4 Valmet's climate program covers its entire value chain and targets CO₂ emission reductions and carbon neutral production for Valmet's customers by 2030
- 5 Valmet is acknowledged leader in sustainability





Appendix

Sustainability key figures

	2021	2020	2019
Environment			
Scope 1-3 CO ₂ emissions (1,000 t) ¹	103,802	61,750	47,355
Total energy consumption (tJ)	1,524	1,362	1,339
Water withdrawal (1,000 m ³)	1,554	1,408	1,441
Waste (1,000 t)	43	44	39
NO _x , SO _x , and other significant air emissions (1,000 t)	0.1	0.1	0.1
R&D Costs (MEUR) ²	82	75	71
Social			
Employees globally	14,246	14,046	13,598
Employee turnover (%)	9.0	6.8	10.3
Personnel expenses (MEUR)	948	891	897
Total recordable incident frequency (TRIF) for own employees ³	3.1	3.1	4.3
HSE walks, inspections and conversations	3,250	1,850	2,000
HSE observations	33,000	24,500	26,000
Support of non-profit organizations (MEUR)	0.31	0.26	0.14
Governance			
Net sales (MEUR)	3,935	3,740	3,547
Comparable EBITA margin (%)	10.9%	9.8%	8.9%
Balance sheet total (MEUR)	4,420	3,959	3,452
Income taxes paid (MEUR)	99	75	67
Dividend per share (EUR)	1.20	0.90	0.80
Female board members (%)	37%	43%	43%
Supplier sustainability audits	41	34	46

¹ Location based Scope 1-2 CO₂ emissions (1,000 t) were 73.4 in 2021, 60.5 in 2020 and 59.8 in 2019

² Valmet is investing every year to the development of new energy and resource efficient solutions products and services through R&D. All Valmet's new products and services have a positive environmental impact. Valmet launches around 100 new products onto the market every year and it has around 1,300 protected inventions.

³ TRIF is based on the number of recordable work-related injuries per million hours worked.

Valmet enables circular bioeconomy

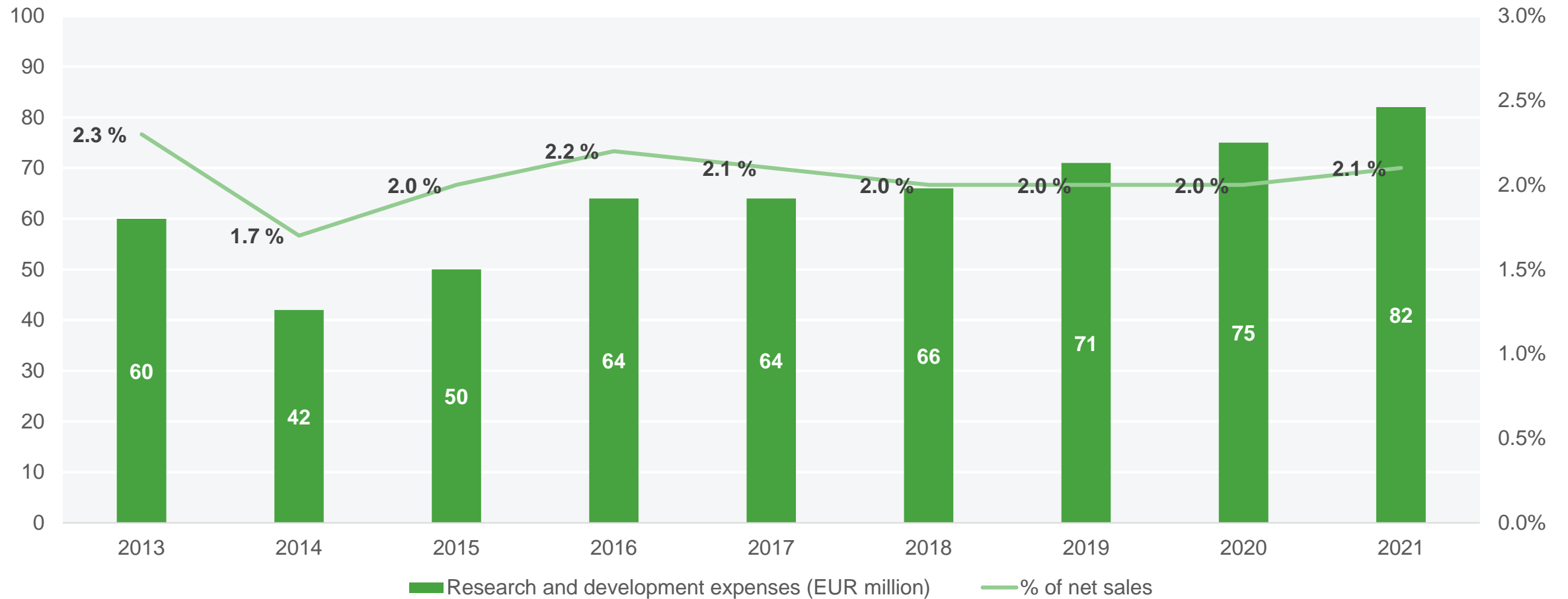
Implementing circular economy in own operations

- Preventive maintenance
- Use of recycled metals
- Continuous improvement of energy and water efficiency
- Shared laboratory and piloting facilities with customers

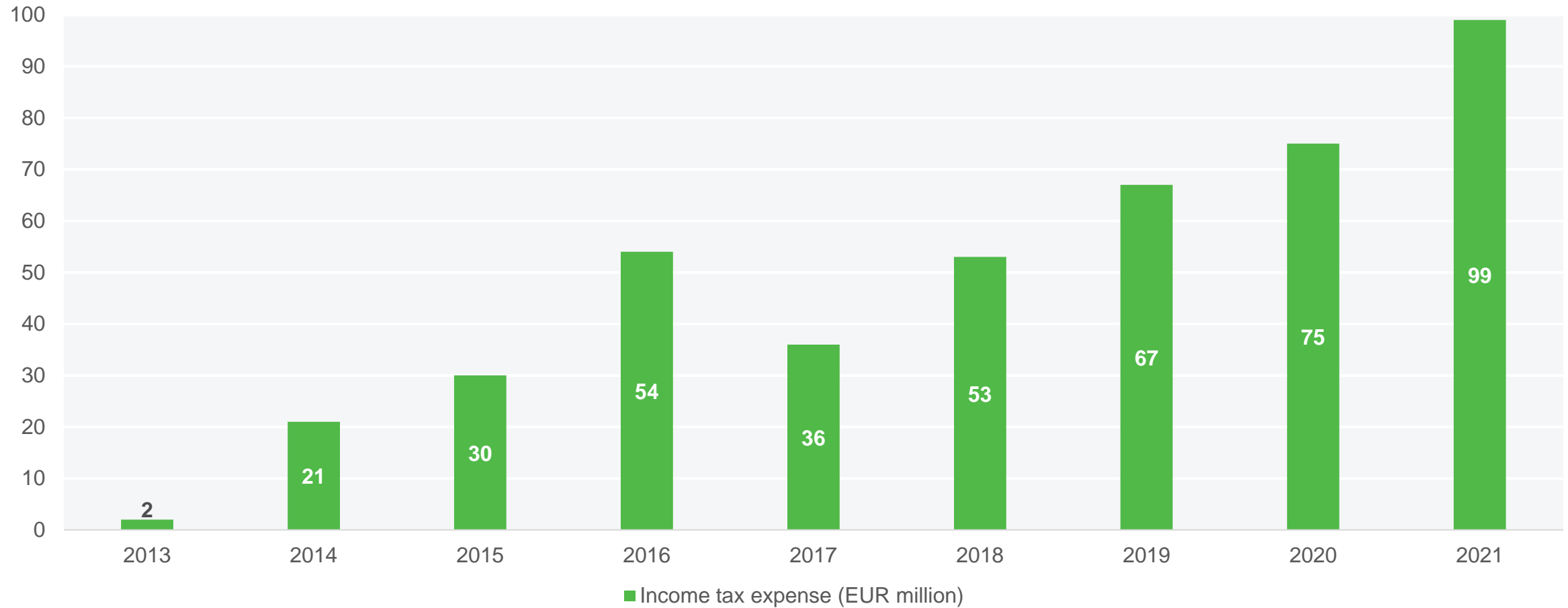
Enabling circular economy for customers

- Resource efficiency with focus on improved and optimized use of resources and on flexible energy production
- Closed circles enabled through recovery of energy and chemicals
- Longer circulation with focus on design enabling reuse and conversion and on maintenance and modernization of production technology
- Solutions for new bio-based products that decrease the need for non-renewable materials
 - For example LignoBoost®

Research and development costs



Income tax expenses paid



Board of Directors



Mikael Mäkinen
(b. 1956)
Chairman of the Board
Finnish citizen

- M.Sc. (Eng.)
- Other positions of trust:
 - Chairman of the Board of AkerArctic Technology Inc. and Corvus Energy
 - Board member in SSAB and Finnlines Oyj
- Share ownership: 7,462
- Independent of company: Yes
- Independent of owners: Yes



Jaakko Eskola
(b. 1958)
Vice-Chairman of the Board
Finnish citizen

- M.Sc. (Eng.)
- Other positions of trust:
 - Chairman of the Board of Enersense International Oyj, Varma Mutual Pension Insurance Company, Suominen Oyj and Cargotec Oyj
- Share ownership: 2,423
- Independent of company: Yes
- Independent of owners: Yes



Aaro Cantell
(b. 1964)
Vice-Chairman of the Board
Finnish citizen

- M.Sc. (Tech.)
- Other positions of trust:
 - Chairman of the Board of Normet Group Oy and Technology Industry Employers of Finland
 - Vice-Chairman of the Board of Solidium Oy
- Share ownership: 8,408
- Independent of company: Yes
- Independent of owners: No



Anu Hämäläinen
(b. 1965)
Board member
Finnish citizen

- M.Sc. (Econ.)
- VP, Group Treasury and Financial Services at Kesko
- Other positions of trust:
 - Board member of Finnish Fund for Industrial Cooperation Ltd. and Vähittäiskaupan Tilipalvelu VTP Oy
- Share ownership: 2,239
- Independent of company: Yes
- Independent of owners: Yes



Pekka Kemppainen
(b. 1954)
Board member
Finnish citizen

- Lic.Sc. (Tech.)
- Other positions of trust:
 - Chairman of the Board of Nestor Cables Oy
 - Board member in Bittium Oyj and Junttan Oy
- Share ownership: 4,578
- Independent of company: Yes
- Independent of owners: Yes



Per Lindberg
(b. 1959)
Board member
Swedish citizen

- M.Sc. Mechanical Engineering
- PhD, Industrial Management and Economics
- Other positions of trust:
 - Chairman of the BoD of Permascand AB and Nordic Brass Gusum AB
 - Board member in Boliden AB
- Share ownership: 1,634
- Independent of company: Yes
- Independent of owners: Yes



Monika Maurer
(b. 1956)
Board member
German citizen

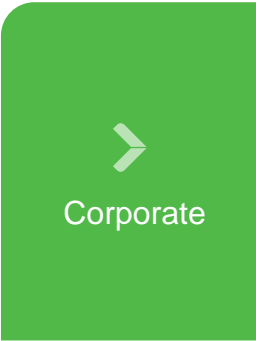
- Diploma in Physics and Chemistry
- Diploma in Pedagogy
- CEO of Radio Frequency Systems
- Other positions of trust:
 - Vice Chairman of the Board in Nokia Shanghai Bell, Co. Ltd
- Share ownership: 4,578
- Independent of company: Yes
- Independent of owners: Yes



Eriikka Söderström
(b. 1968)
Board member
Finnish citizen

- M.Sc. (Econ.)
- Other positions of trust:
 - Board member of Bekaert, Kempower Oyj and Amadeus IT Group
- Share ownership: 5,708
- Independent of company: Yes
- Independent of owners: Yes

Executive Team



Pasi Laine
President and CEO
Share ownership: 177,137



Katri Hokkanen
CFO
Share ownership: 5,598



Julia Macharey
SVP, Human Resources and
Operational Development
Share ownership: 38,319



Anu Salonsaari-Posti
SVP, Marketing, Communications,
Sustainability and Corporate Relations
Share ownership: 31,350



Aki Niemi
Business Line President,
Services
Share ownership: 63,222



Business Line President,
Automation Systems
(recruitment ongoing)



Simo Sääskilahti
Business Line President,
Flow Control
Share ownership: 1,437



Sami Riekkola
Business Line President,
Pulp and Energy
Share ownership: 16,433



Jari Vähäpesola
Business Line President,
Paper
Share ownership: 61,348



Jukka Tiitinen
Area President,
North America
Share ownership: 94,330



Celso Tacla
Area President,
South America
Share ownership: 94,129



Vesa Simola
Area President,
EMEA
Share ownership: 52,971



Xiangdong Zhu
Area President,
China
Share ownership: 30,617



Petri Paukkunen
Area President,
Asia Pacific
Share ownership: 8,418

Remuneration of the President and CEO

- The remuneration of the President and CEO is comprised of
 - fixed base salary (incl. taxable benefits¹)
 - short-term and long-term incentives, and
 - pension and insurance benefits
- The relative proportion of the variable pay elements at maximum level is 2–3 times the fixed pay
- The President and CEO is recommended to own and hold Company shares equaling to the CEO's gross annual base salary (100 percent ownership recommendation)
- The notice period for the President and CEO is six months for both parties
- Severance pay (if the company terminates the agreement) equals to six months' notice period plus severance pay corresponding to the last total monthly salary multiplied by 18
- In 2021, the President and CEO's monthly fixed compensation was EUR 55,326 and the fixed annual salary EUR 697,106 (incl. taxable benefits¹)

- More information can be found in Valmet's Remuneration policy and Remuneration report available at [valmet.com](https://www.valmet.com)

¹) A company car and phone allowance.

Remuneration of the Executive Team

- The remuneration of the Executive Team members comprises
 - fixed base salary (incl. monthly salary and taxable benefits¹)
 - short-term and long-term incentives, and
 - a supplementary pension plan
- Additional pension benefit in the form of a defined contribution pension plan equaling 15–20% of base salary depending on role
- Notice period is six months for both parties. If the company terminates the agreement, there is an additional severance pay equaling six times the last total monthly salary

¹) Such as a company car and a phone allowance, according to the local legislation and market practice.

The Performance Share Plan for Executive Team members

- Includes a three-year performance period parallel to a one-year performance period
- One-year performance measures are based on long-term strategic and financial targets. They are measured independently and have remained the same for the past eight years.
- One-year performance period followed by a two-year restriction period, vesting after three years
- Includes a recommendation for the members of Valmet’s Executive Team to own and hold an amount of Company shares equaling their gross annual base salary (100% ownership recommendation)

	Long-term incentive plans 2021–2023		Long-term incentive plans 2022–2024	
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan	Performance Share Plan and Deferred Share Plan	Performance Share Plan
Performance period	2021	2021–2023	2022	2022–2024
Incentive based on	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	Predefined strategic target	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	ESG Index, targets linked to implementing Valmet’s Climate Program and Sustainability Agenda
Reward payment	In spring 2022	In spring 2024	In spring 2023	In spring 2025

