

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, containing text.

# Valmet – Converting renewable resources into sustainable results

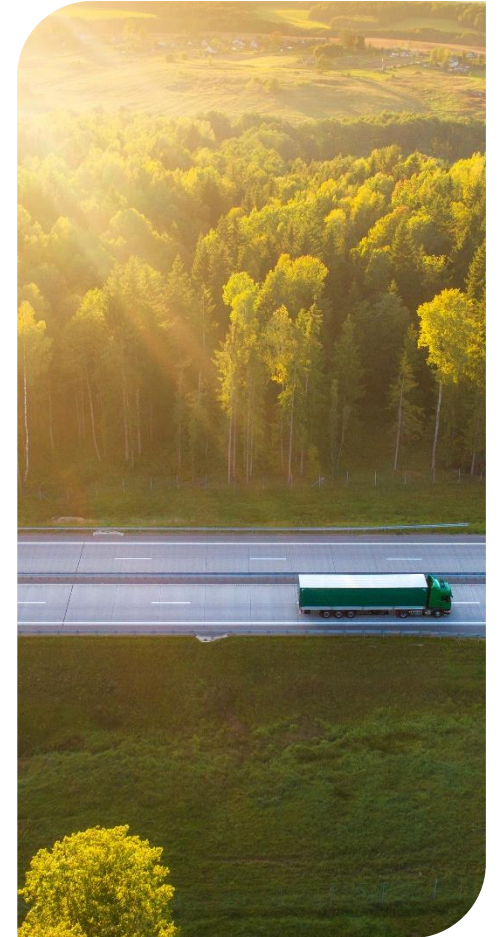
Sustainability equity story

November 2023



# 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 CO<sub>2</sub> emission reductions for customers by
  - Eliminating the need for fossil energy in the production process
  - Increasing energy efficiency

## Key figures for 2022

### Net sales

EUR 5,074 million

### Comparable EBITA

EUR 533 million

### Comparable EBITA margin

10.5%

### Order backlog

EUR 4,403 million

### Employees

17,548

# 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 CO<sub>2</sub> 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



CO<sub>2</sub> 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 CO<sub>2</sub> 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.

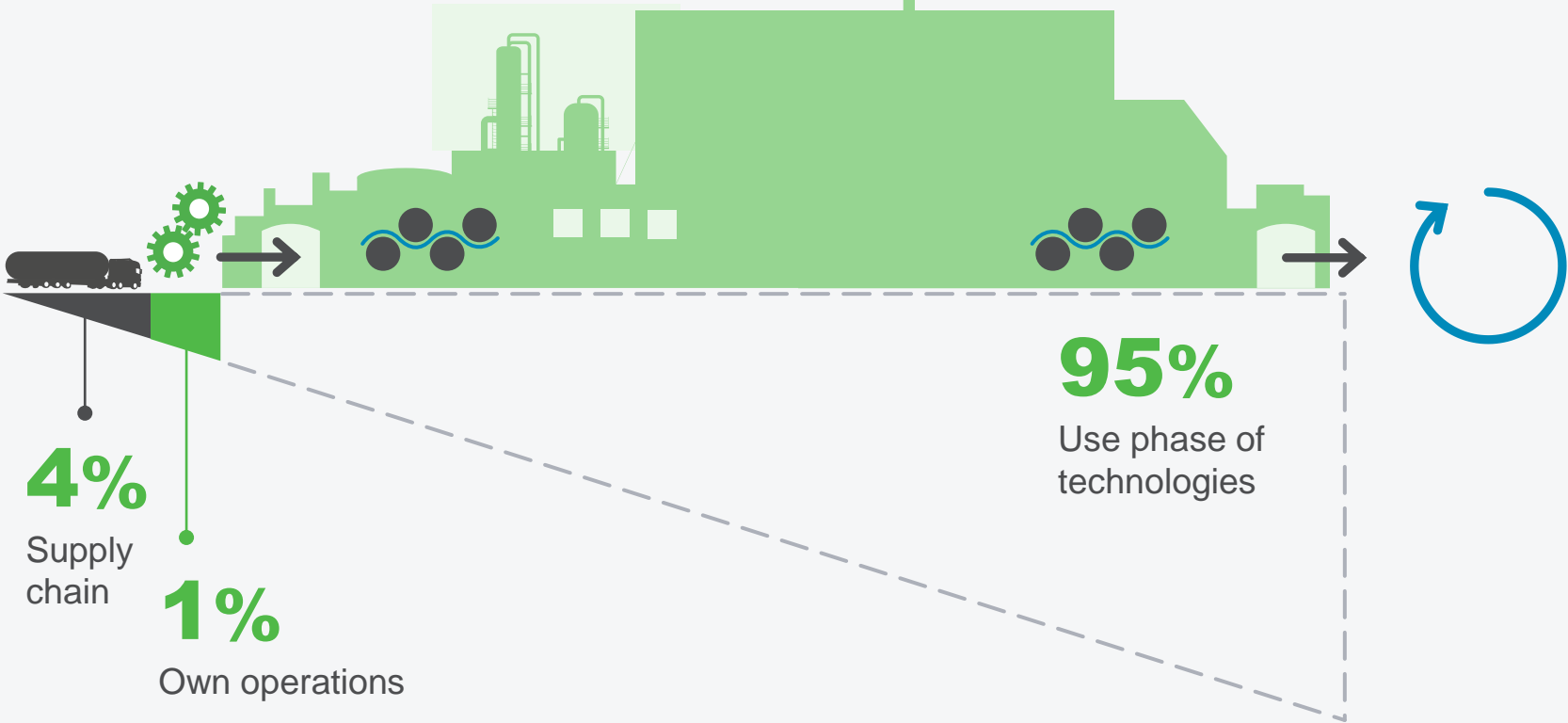




# The main environmental impacts of Valmet's products are caused when they are used

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 CO<sub>2</sub> 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%**

CO<sub>2</sub> emission reduction<sup>1</sup>

### OWN OPERATIONS

**-80%**

CO<sub>2</sub> emission reduction<sup>1</sup>

### USE PHASE OF VALMET'S TECHNOLOGIES

**-20%**

Further reduced energy use of Valmet's current technologies<sup>1</sup>

**100%**

Carbon neutral production process for pulp and paper industry customers

1) Baseline 2019

# Valmet's Climate Program has progressed well

The target to enable carbon neutral production for pulp and paper industry customers achieved seven years ahead of schedule

## Targets by 2030 for the entire value chain

### SUPPLY CHAIN

**- 20%**

CO<sub>2</sub> emission reduction<sup>1</sup>

- The target to engage 30 most relevant suppliers in terms of CO<sub>2</sub> emissions reached and exceeded
- Today already 45 suppliers engaged to the program
- Engagement of more suppliers continues with high focus

### OWN OPERATIONS

**- 80%**

CO<sub>2</sub> emission reduction<sup>1</sup>

- Roadmaps proceeding for
  - purchasing of CO<sub>2</sub> free electricity
  - replacing fossil fuels in locations
  - implementing energy efficiency improvements in locations
  - reducing business travel flights
  - promoting low carbon commuting

### USE PHASE OF VALMET'S TECHNOLOGIES

**- 20%**

Further reduced energy use of Valmet's current technologies

- Continuous R&D work to further enhance energy efficiency of existing technology offering

**100%**

Carbon neutral production process for pulp and paper industry customers

- We have reached this target seven years ahead of schedule

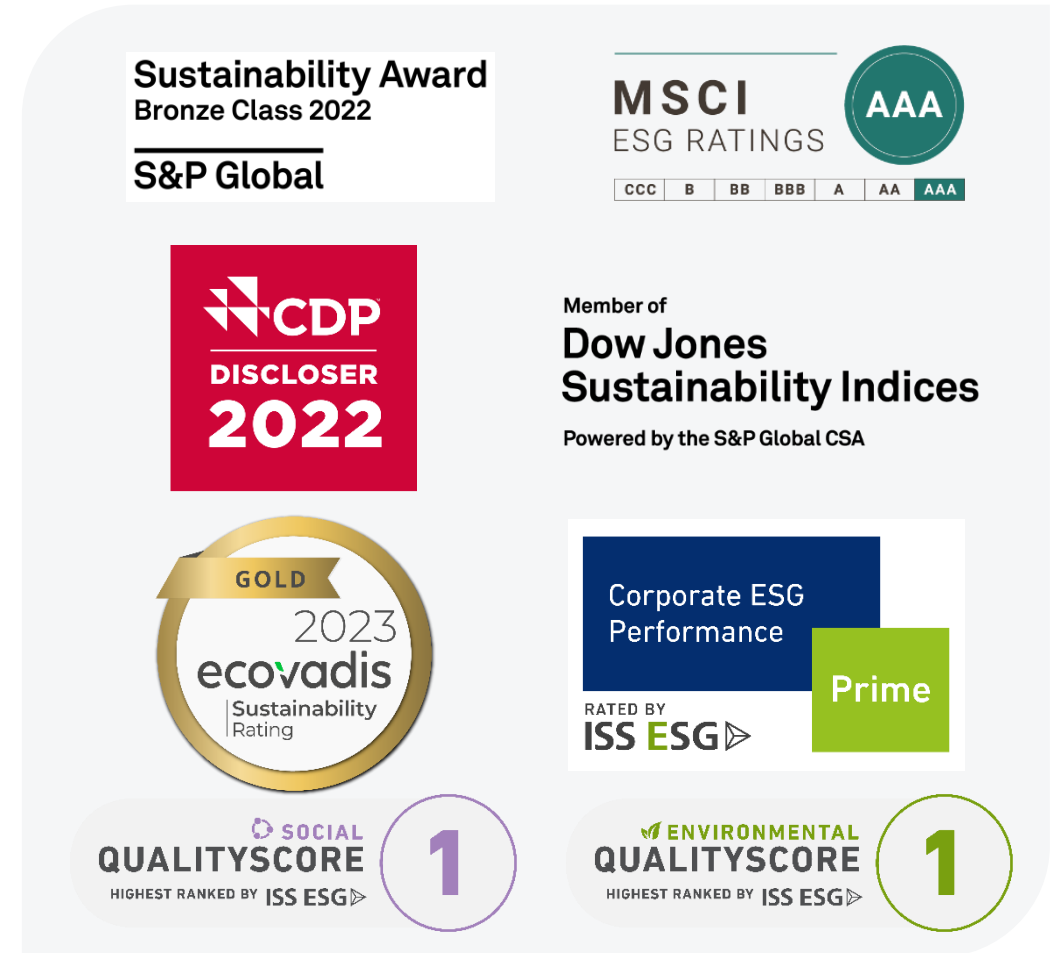
<sup>1</sup>) Baseline 2019




# 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 is aiming to address 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

**28**

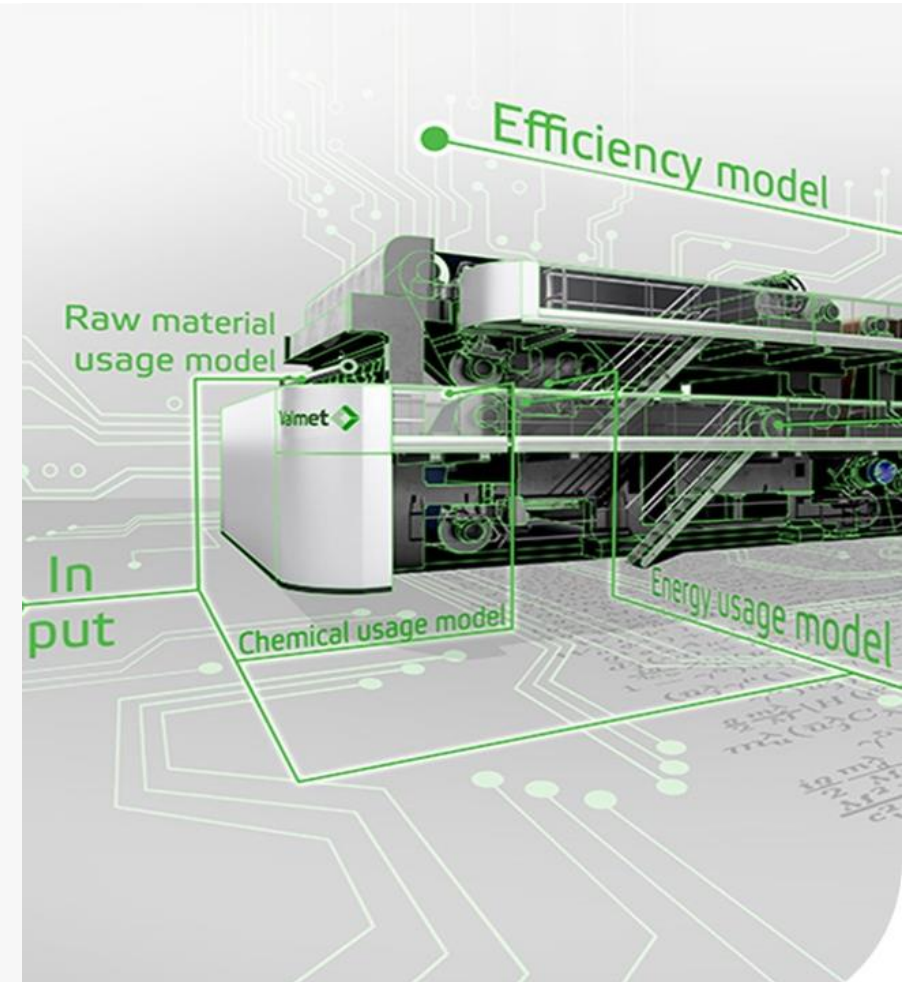
research and  
development centers



EUR **95** million  
R&D spending  
in 2022



**~1,300**  
protected  
inventions



Illustrative figures of the combined company.



# 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 CO<sub>2</sub> emissions



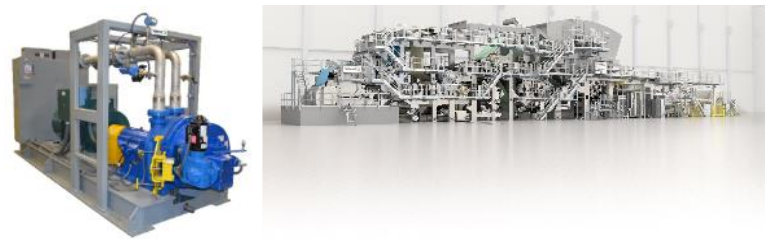
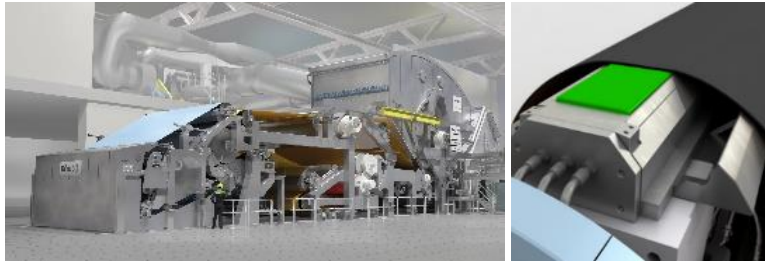
Valmet's biomass-fired power boiler to Høfor in Copenhagen

- Valmet is supporting Copenhagen to become CO<sub>2</sub> neutral by 2025
- **1.2 m ton** decreased CO<sub>2</sub> emissions per year
- **~3%** reduction in Denmark's annual CO<sub>2</sub> emissions

# Example: Driving development of resource efficient tissue production

## Progress in reduced environmental footprint

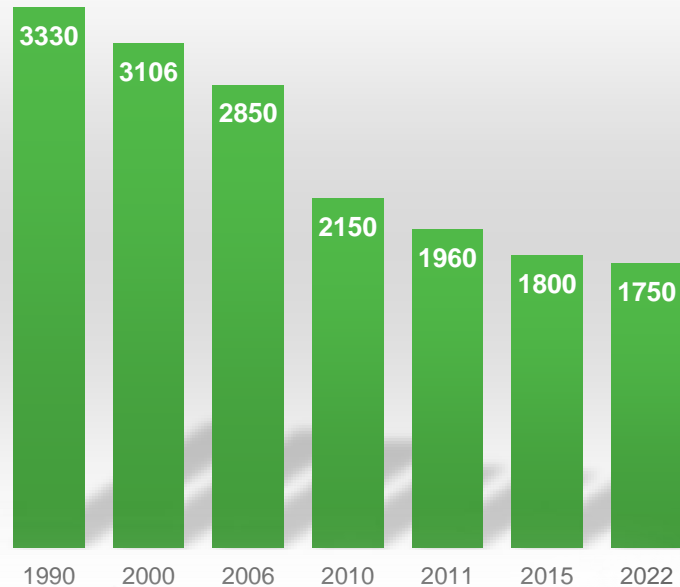
Less fibre consumption\*\*



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

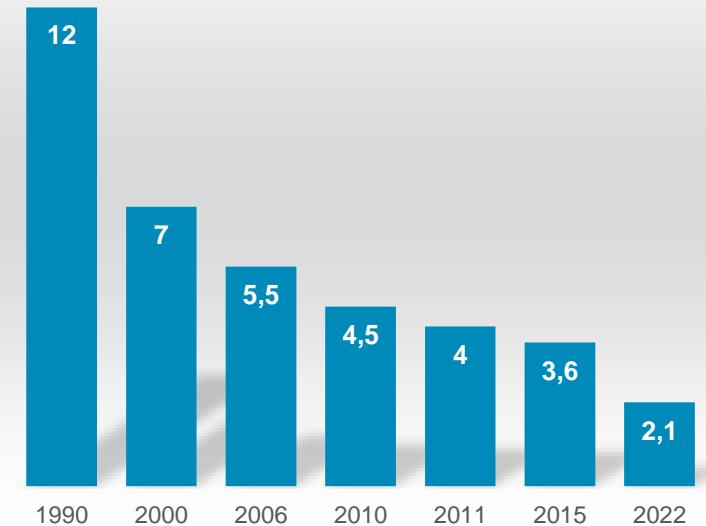
47% less energy\*

Energy /ton paper [kWh/ton]



80% less water\*

Water /ton paper [m<sup>3</sup>/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



- 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

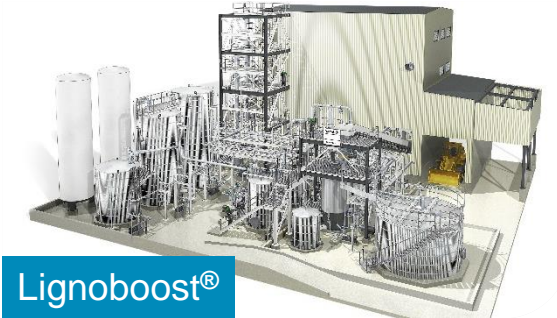


- Renewcell produces dissolving pulp from cellulosic textile waste, such as cotton and viscose clothes
- The end product is produced fully from recycled textiles
- Renewcell's product is used by its customers to make regenerated cellulose fibers for textile applications
- Valmet provides the main equipment 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



- 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 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 CO<sub>2</sub> emission reductions and carbon neutral production for Valmet's customers by 2030
- 5 Valmet is acknowledged leader in sustainability





# Appendix



# Sustainability key figures

	2022	2021	2020
<b>Environment</b>			
Scope 1-3 CO <sub>2</sub> emissions (1,000 t) <sup>1</sup>	76,431	72,860	56,065
Total energy consumption (tJ)	1,519	1,524	1,362
Water withdrawal (1,000 m <sup>3</sup> )	1,681	1,554	1,408
Waste (1,000 t)	43	43	44
NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions (1,000 t)	0.1	0.1	0.1
R&D Costs (MEUR) <sup>2</sup>	95	82	75
<b>Social</b>			
Employees globally	17,548	14,246	14,046
Employee turnover (%)	9.7	9.0	6.8
Personnel expenses (MEUR)	1,171	948	891
Total recordable incident frequency (TRIF) for own employees <sup>3</sup>	3.2	3.1	3.1
HSE walks, inspections, conversations	12,400	4,100	2,600
HSE events	42,200	34,100	25,700
Support of non-profit organizations (MEUR)	0,41	0.31	0.26
<b>Governance</b>			
Net sales (MEUR)	5,074	3,935	3,740
Comparable EBITA margin (%)	10.5%	10.9%	9.8%
Balance sheet total (MEUR)	6,273	4,420	3,959
Income taxes paid (MEUR)	93	99	75
Dividend per share (EUR)	1.30	1.20	0.90
Female board members (%)	37%	37%	43%
Supplier sustainability audits	45	41	34

<sup>1</sup> Market based Scope 1-2 CO<sub>2</sub> emissions (1,000 t) were 86.2 in 2022, 102.7 in 2021 and 106.4 in 2020. The figures for 2020 and 2021 have been restated due to updated emissions factors and improved data quality

<sup>2</sup> 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. For 2022, illustrative figure of the combined company.

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

# Valmet enables circular bioeconomy

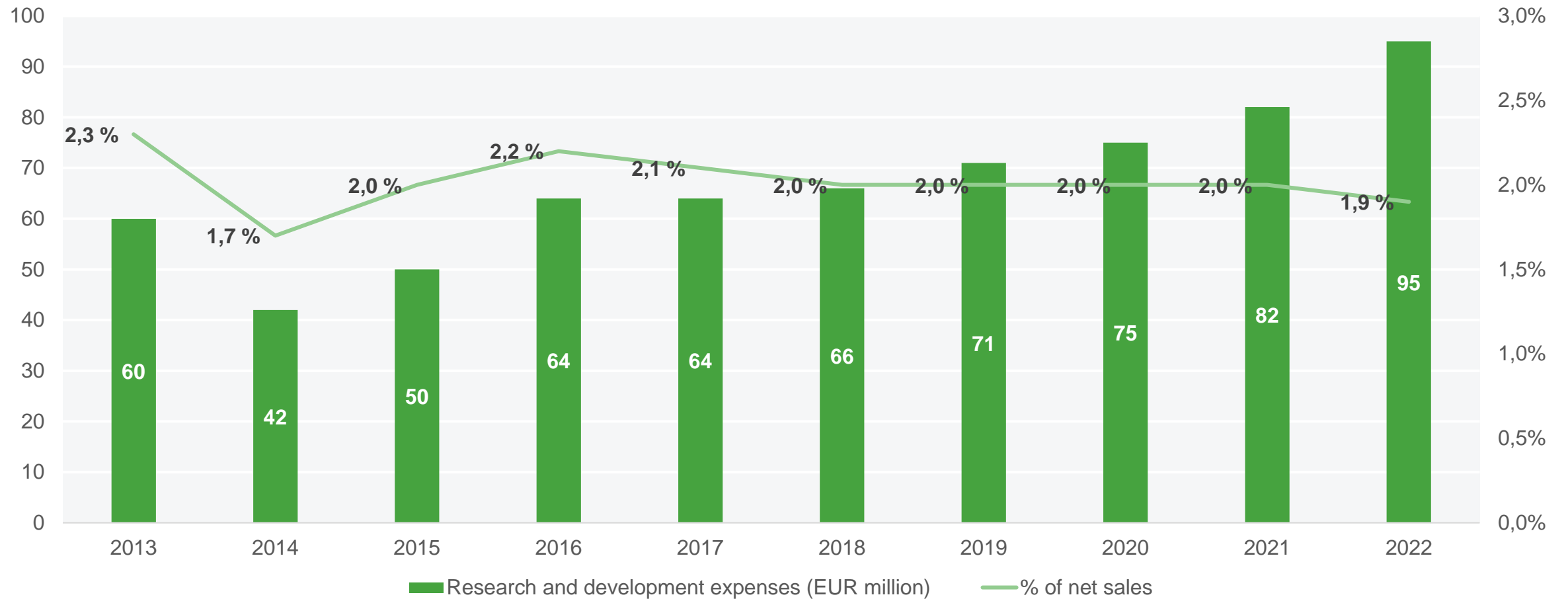
## Implementing circular economy in own operations

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

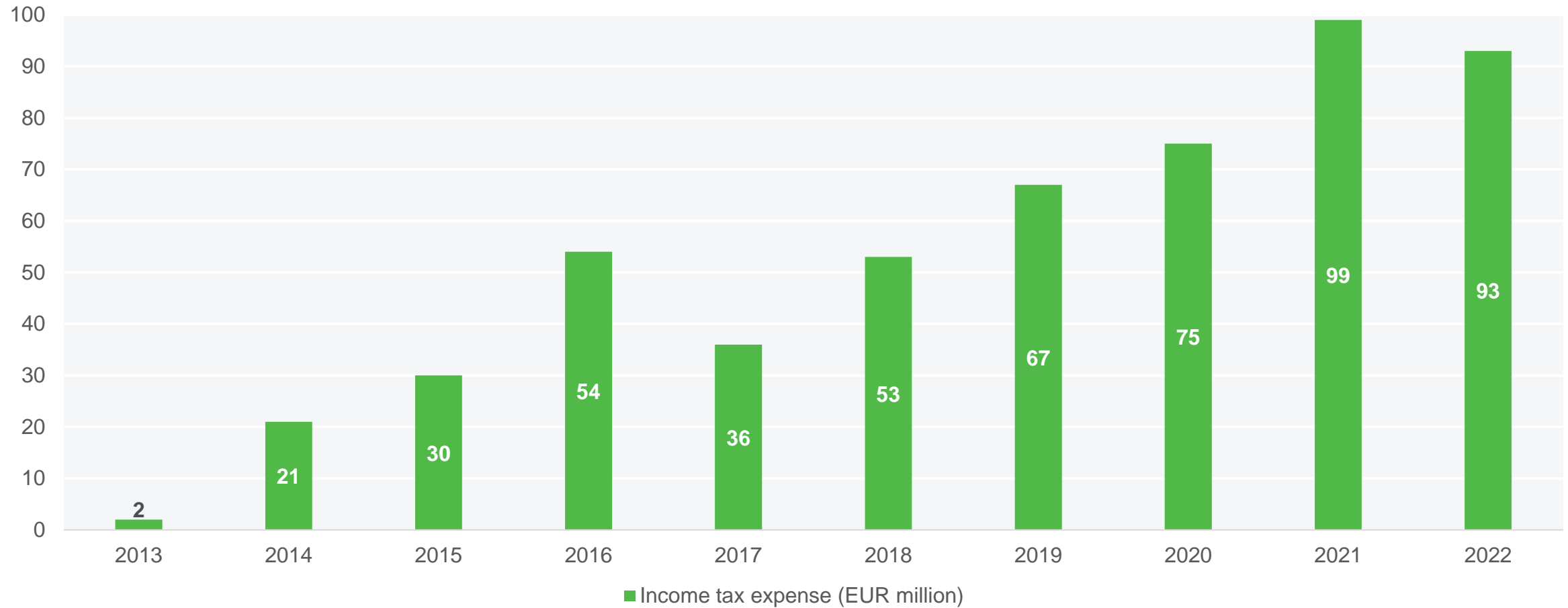
## Enabling circular economy for customers

- 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 AB and Finnlines Oyj
- Share ownership: 9,364
- 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: 3,472
- Independent of company: Yes
- Independent of owners: Yes



**Aaro Cantell**  
(b. 1964)  
Board member  
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: 9,247
- 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. (FINNFUND) and Vähittäiskaupan Tilipalvelu VTP Oy
- Share ownership: 3,078
- Independent of company: Yes
- Independent of owners: Yes



**Pekka Kemppainen**  
(b. 1954)  
Board member  
Finnish citizen

- Lic.Sc. (Tech.)
- Other positions of trust:
  - Board member in Bittium Oyj and Junttan Oy
- Share ownership: 5,417
- 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: 2,473
- Independent of company: Yes
- Independent of owners: Yes



**Monika Maurer**  
(b. 1956)  
Board member  
German citizen

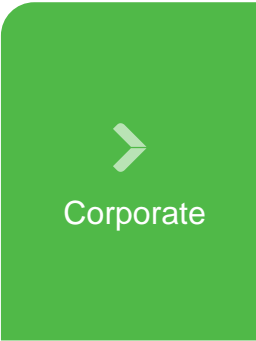
- Diploma in Physics and Chemistry
- Diploma in Pedagogy
- CEO of Radio Frequency Systems
- Other positions of trust:
  - Vice Chairman of the Board of Nokia Shanghai Bell, Co. Ltd
- Share ownership: 5,417
- Independent of company: Yes
- Independent of owners: Yes



**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: 6,547
- Independent of company: Yes
- Independent of owners: Yes

# Executive Team



**Pasi Laine**  
President and CEO  
Share ownership: 185,946



**Katri Hokkanen**  
CFO  
Share ownership: 7,145



**Julia Macharey**  
SVP, Human Resources and  
Operational Development  
Share ownership: 41,110



**Anu Salonsaari-Posti**  
SVP, Marketing, Communications,  
Sustainability and Corporate Relations  
Share ownership: 33,693



**Aki Niemi**  
Business Line President,  
Services  
Share ownership: 65,762



**Emilia Torttila-Miettinen**  
Business Line President,  
Automation Systems  
Share ownership: 734



**Simo Sääskilahti**  
Business Line President,  
Flow Control  
Share ownership: 4,401



**Sami Riekkola**  
Business Line President,  
Pulp and Energy  
Share ownership: 19,105



**Petri Rasinmäki**  
Business Line President,  
Paper  
Share ownership: 1,717



**Jukka Tiitinen**  
Area President,  
North America  
Share ownership: 96,822



**Celso Tacla**  
Area President,  
South America  
Share ownership: 97,742



**Tero Kokko**  
Area President,  
EMEA  
Share ownership: 2,608



**Xiangdong Zhu**  
Area President,  
China  
Share ownership: 33,607



**Petri Paukkunen**  
Area President,  
Asia Pacific  
Share ownership: 11,658

# Remuneration of the President and CEO

- The remuneration of the President and CEO is comprised of
  - fixed base salary (incl. taxable benefits<sup>1</sup>)
  - short-term and long-term incentives, and
  - pension and insurance benefits
- In 2022, the President and CEO's monthly fixed compensation was EUR 60,859 and the fixed annual salary EUR 766,817 (incl. taxable benefits<sup>1</sup>).
- The relative proportion of the variable pay elements at maximum level is 2–3 times the fixed pay
  - The maximum short-term incentive for the President and CEO corresponds to 100 percent of the annual base salary and the maximum long-term incentive is 150 percent of annual base salary determined as a number of shares at grant.
- 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)
  - Current ownership ca. EUR 5.6 million (calculated with EUR 30.00 share price)
- The additional pension plan is 20% of the annual base salary
- 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

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 benefits<sup>1</sup>)
  - 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

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



# The Performance Share Plan for CEO and Executive Team members

- Includes a three-year performance period parallel to a one-year performance period
- Measures for the one-year performance period are based on long-term strategic and financial targets. The measures have remained the same for the past eight years to ensure continuity and support to the long-term business performance.
- One-year performance period followed by a two-year restriction period, full vesting after three years
- Three-year performance period has a strategic target supporting our long-term strategy. Strategic target can be for example a strategic acquisition, progress according to our ESG action plan and long-term climate program or similar
- The Performance Share Plan includes a recommendation for the members of Valmet's Executive Team to accumulate, and once achieved, hold an amount of Company shares equaling their gross annual base salary (100% ownership recommendation)

