

ESG questionnaire

March 2024

General Industry

Q1: Please list the industry's three biggest sustainability (ESG) related challenges and briefly describe the process for identifying these challenges?

- Circularity
- Climate including GHG emissions in both own operations and supply chain
- Environmental efficiency

Valmet has a Sustainability360° agenda that takes a comprehensive approach to sustainability across Valmet's value chain. The agenda covers Valmet's entire value chain including the supply chain, own operations and the use phase of Valmet's technologies at customer sites. The agenda is based on the assessment and evaluation of the topics that are most material to the company's business and stakeholders within Valmet's value chain. The nine main material topics of the agenda are grouped around three focus areas: Environment, Social and Governance. For all the material topics, Valmet has defined targets, actions and KPIs, and they are integrated into Valmet's strategy process and annual planning.

Q2: Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?

Valmet discloses information according to Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021, supplementing Regulation (EU) 2020/852 ("EU Taxonomy for sustainable activities") of the European Parliament and of the Council.

Valmet has reviewed its offering against the EU Taxonomy based on the eligible economic activities listed in the Climate and Environmental Delegated Acts and related Annexes. As a result of the 2023 assessment, the following economic activities in the EU Taxonomy, from *Climate change mitigation* ("CCM") and *Transition to a circular economy* ("CE") objectives, were identified to be relevant for Valmet:

- CCM 3.1 Manufacture of renewable energy technologies,
- CCM 3.6 Manufacture of other low-carbon technologies,
- CE 4.1 Provision of IT/OT data-driven solutions and
- CE 5.1 Repair, refurbishment and remanufacturing.

Valmet reports eligibility and alignment for the *Climate change mitigation* objective in accordance with the Taxonomy Regulation. For the *Transition to a circular economy* objective, the requirement is to report eligibility, but not alignment, for 2023. Valmet will continue to develop taxonomy related reporting and comply with new guidance when it is required and updated by the EU.

Valmet's Taxonomy-aligned revenue is 5.3% and Taxonomy-eligible revenue is 31.1% in 2023. Valmet's Taxonomy-aligned capex is 0.6% and Taxonomy-eligible capex is 11.6% in 2023. Valmet's Taxonomy-aligned opex is 0.9% and Taxonomy-eligible opex is 26.9% in 2023. Full Taxonomy disclosure is available in Valmet's most recent financial statements.

Environment

Q3: Please list the firm's three primary risks related to climate change and if any, the firm's climate related opportunities.

Management of sustainability and climate-related risks is integrated into the multidisciplinary group-wide risk management process at Valmet. Each Valmet business line annually assesses the probability and impact of e.g. climate-related and environmental risks, and defines the need and priority of the actions to remove, mitigate, minimize, retain or utilize risks using Valmet's risk profile, which lists company risks on the headline level. Since 2020, Valmet has been developing its climate-related financial disclosures and implementing the Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations to increase reporting of climate-related financial information. The top prioritized climate risks and opportunities are presented in Valmet's TCFD report published in Valmet's website. As TCFD has been merged with IFRS Foundation's International Sustainability Standards Board's (ISSB) new standards, Valmet will evaluate alignment with ISSB's standards.

Valmet believes that technology plays a key role in mitigating climate change and global warming in the transition to a carbon neutral economy. That is why Valmet has created a comprehensive Climate program - Forward to a carbon neutral future, which includes ambitious CO2 emission reduction targets and concrete actions for the whole Valmet's value chain. Valmet is mitigating climate change, adapting to global warming, and driving the transition of the pulp and paper industry towards carbon neutrality by enabling energy and resource-efficient, carbon neutral pulp, paper, and energy production. As Valmet sees transition to carbon neutral economy as an opportunity, Valmet has identified the development and expansion of low carbon and environmental efficiency technologies and services as a possibility to increase revenue.

Q4: Does the firm anticipate any climate related investments, and if so to what extent?

Valmet is constantly increasing climate related investments as customer needs and global megatrends such as pursuing a more resource-efficient and cleaner world drive our R&D work. Valmet's process technology, automation and services are designed to improve raw material, energy, water and chemical efficiency and reduce emissions.

In 2022, Valmet launched a new R&D and innovation program called Beyond Circularity, which improves Valmet's readiness to support the green transition in Valmet's customer industries based on the company's technology vision 2030. The project aims to further strengthen Valmet's R&D work in order to develop process technologies, automation and services for utilizing renewable materials and recycled waste and side streams. Valmet plans to invest EUR 40 million in the project during the upcoming four-year period. The project is partly funded by Business Finland and is part of the "Veturi" initiative.

Q5: Circular Economy: how are purchases and waste managed? If the firm relies on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?

For Valmet, circularity is a way to build a sustainable future for us, our stakeholders and society. The fundamental idea of circularity is embedded in our mission: Converting renewable resources into sustainable results. Circularity is an integral part of our solutions for pulp, paper and energy production. Valmet have systematically developed circularity through our process technology, automation and services as well as in our own operations and the supply chain.

Circularity has been embedded into our Sustainable Supply Chain policy requirements, which sets the basis for Valmet's Supplier Sustainability Engagement Program. Through environmental management requirements, we support and urge our suppliers to reduce their environmental impacts and reuse and increase the share of recycled materials in their operations. Valmet's supplier sustainability management process is an integral part of the supplier approval process. It includes gates and controls to ensure Valmet cooperates only with suppliers that share the same ethical principles and ideology of responsible business practices. The supplier evaluation process is mandatory in evaluating new suppliers before starting cooperation. To ensure alignment with the Sustainable Supply Chain Policy, suppliers' sustainability practices are reviewed as a part of the contract renewal process. Suppliers are excluded from contracting if they cannot achieve policy requirements within a set timeframe. Valmet's Executive Team is monitoring the implementation of the supplier sustainability process.

Q6: Transition related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon neutral society? Is there any risk of the firm's offer being negatively affected? If yes, how has the firm positioned itself to handle that risk?

Valmet has analyzed the potential impact of climate change on its operations and business environment by 2030 across the value chain, including the supply chain, own operations, and customers' use phase of Valmet's technologies. Valmet is seen to benefit from its energy and water efficient technologies and its position as one of the enablers of climate change mitigation. Demand for technologies enabling carbon neutral pulp, paper, and energy production together with alternative energy sources, such as biomass and CO₂ free electricity, are likely to increase rapidly. There are also reputational opportunities to Valmet, if pulp and paper and bioenergy industries reach carbon neutrality enabled by Valmet's technologies.

Q7: Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?

Valmet has science-based emissions reduction targets for scope 1, 2, and 3, validated by the SBTi. Our climate program includes ambitious CO₂ emission reduction targets and concrete actions for the whole value chain, including the supply chain, our own operations, and customers' use of our technologies. Valmet's commitments are aligned with the 1.5 degree climate scenario and will be achieved without emission compensation.

Valmet has estimated that around 95 percent of its carbon footprint originates from the use phase of Valmet's technologies by its customers and emphasize this part of the value chain with two targets: to enable 100 percent carbon neutral production for all pulp and paper industry customers and to improve the energy efficiency of Valmet's current technology

offering by 20 percent by 2030. Valmet has already reached the first one of these two targets and our technology enables carbon-free production for customers with access to fossil-free energy sources already today.

Q8: Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

During 2021, Valmet renewed its Sustainability360° agenda based on an analysis of the business environment, benchmarks and peer reviews, industry and corporate sustainability trends, future regulatory requirements, and stakeholder expectations. Through this analysis, we defined new focus areas and identified and updated material topics for Valmet's value chain. The renewed Sustainability 360° agenda takes a comprehensive approach to sustainability across Valmet's value chain, including the supply chain, own operations and the use phase of Valmet's technologies at customer sites.

We have identified the SDGs on which Valmet can have the most positive impact, or where we aim to minimize our negative impact.

SDG 6, Clean water and sanitation: Efficient water management plays a key role in Valmet's technologies that can help customers to recycle process water and reduce freshwater use and water pollution. Improving water efficiency and decreasing water consumption are also part of Valmet's environmental targets for its own operations by 2030.

SDG 7, Affordable and clean energy: Valmet impacts this goal through energy technologies, e.g. by enabling heat and power production in biomass, waste and multifuel boilers, increasing the use of different fuel mixes, and air emission control systems for pulp mill and power plant flue gases. Valmet is also contributing to this goal by replacing fossil fuels with renewables, purchasing CO2-free electricity, and improving energy efficiency in its own operations.

SDG 12, Responsible consumption and production: Valmet develops process technologies, automation, and services to enable replacement of fossil materials with renewables and to support customers in producing high-value end products. Valmet's technologies are designed for maximum resource and raw material efficiency, enabling the circular economy.

SDG 13, Climate action: Valmet has validated science-based CO2 emissions reduction targets and concrete actions for the whole value chain. By 2030, our target is to enable 100 percent carbon neutral production for customers. We have reached this target seven year ahead of the schedule. In addition, our target is to reduce CO2 emissions by 80 percent in our own operations and 20 percent in our supply chain by 2030.

Social

Q9: Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

We believe a safety-first mindset paired with a commitment to robust standards is critical to ensuring that everyone return home healthy and safe at the end of every day. We protect people by investing in a positive safety culture, collaborating with customers and partners, and constantly improving our safety-related processes and practises. Health and safety topics are also covered in Valmet's Code of Conduct. Valmet emphasizes the importance of everyone in our work community to take responsibility for a safe, healthy and well managed workplace wherever we operate by working safely, following HSE procedures, taking care of each other, participating in HSE activities and contributing to continuous improvement.

Valmet safety campaigns are rooted in the firm belief that all incidents can be prevented, and our goal of zero harm is achievable. Valmet's overall focus on health and safety continued throughout 2023, and our Total Recordable Incident Frequency (TRIF) for external workers was at its lowest ever at 4.6 (2022: 4.7). For our own employees it declined to 3.0 (2022: 3.2). In 2023, we held safety campaigns centered on hand safety and working at heights and significantly increased the number of walks, inspections and conversations promoting health and safety to eight per manager.

Q10: If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team.

We continuously work to build and develop diverse teams of different backgrounds, genders and cultures. We value different perspectives and believe diversity creates a more dynamic and fun work environment and leads to new ideas and more competitive products. In 2022, we put together a diversity roadmap, which we continued to implement in 2023, focusing on putting policies and practices in place to create a more diverse and inclusive work community and on promoting strong local diversity initiatives within the company.

An example of our ongoing diversity initiatives is that we are closely following our gender balance, including the share of women in the workforce. We, for example, have a target to increase the share of women in science, technology, engineering and mathematics (STEM) positions. In 2023, 21% of all employees were women. From the Executive team, 28.6% are women (4 out of 14 members in total) and 33.3% are women in the Board of Directors (3 out of 8 members in total).

Q11: Does the company conduct any other community engagement activities aside from those directly connected to the business?

With operations in over 40 countries and a global network of partners and stakeholders, Valmet carries significant responsibility as a corporate citizen. In 2022, Valmet renewed its Social Responsibility Program and in 2023 continued to implement local programs linked to key themes. Based on a systematic selection process involving Valmet employees, several local projects were started at the end of the year, covering all the geographical areas in which Valmet operates. The renewed program aims to increase the local impact of donated funds, enhance Valmet's visibility in communities, and open up more opportunities for local Valmeteers to engage in local program activities

Valmet's sponsorships and donations and related Social Responsibility programs focus on supporting non-profit organizations, in areas where Valmet operates, in the following key

themes: "Towards the future with science," "Protecting the planet for next generations" and "Equal opportunities for wellbeing." Valmet works in close cooperation with selected universities and research organisation globally. .

Q12: How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?

Valmet's Sustainable Supply Chain Policy sets the basic themes and requirements for all steps in the process, covering business ethics and compliance, human and labor rights, occupational health and safety, climate and environmental management, and sustainable products and services. We expect all our suppliers to comply with the principles defined in the policy; it is the starting point for all business relationships with Valmet.

To ensure compliance with the requirements of our Sustainable Supply Chain Policy and with related local and international laws, we have a systematic auditing framework in place, based on SMETA. Valmet has conducted around 400 supplier sustainability audits globally since 2015 together with a certified third-party auditor. We also have a reporting tool that gives us a direct insight into the coverage of Valmet's Sustainable Supply Chain Policy over our total procurement spend. Coverage is currently over 90 percent, with a target to reach 95% by 2025.

Q13: Please list the firm's (1-2) primary means of making a positive social impact or minimising negative social impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

In alignment with our materiality analysis, the most relevant social themes for Valmet are to promote engaging workplace, commit to the health and safety of our people and partners, and strive to be a responsible corporate citizen. We have identified the SDG on which Valmet can have the most positive impact, or aim to minimize our negative impact.

SDG 8, Decent work and economic growth: Valmet's goal is zero harm to people and the environment. Valmet aims for a positive, safe, and fair working environment, full and productive employment, and decent work for all. We have a human rights management process for our own operations and the supply chain, e.g. to ensure human rights and protect labor rights. Valmet contributes to global economic productivity through investments in R&D, manufacturing high value-adding and resource-efficient technology, and fostering innovation.

Governance

Q14: Do all staff members receive continuing education on anti-corruption? Is there an external whistle blower function? Are there an ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?

Valmet has a zero-tolerance approach towards all forms of corruption and bribery. We are committed to conducting our activities in accordance with applicable anti-corruption laws. Valmet arranges regular training on its Code of Conduct, anti-corruption principles and competition compliance guidelines to enforce the principles set in the policies. We have e-

learning courses on the Valmet Code of Conduct, Anti-Bribery and Corruption, Competition Law Compliance and Data Privacy. By the end of 2023, 89 percent of 19,160 employees have completed the current mandatory Code of Conduct e-learning course. All Valmet's suppliers are required to commit to the principles set in the sustainable supply chain policy, to which compliance is assessed by potential self-assessments and audits.

Valmet has in place an anonymous reporting channel that enables our stakeholders to report any violations or breaches of the Code. A report can be made 24/7 via telephone or Internet in native language. The reporting channel is maintained by a third party to guarantee anonymity. All reported cases will be taken seriously, investigated, and resolved appropriately with confidentiality.

Q15: Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen.

Valmet's tax residence is Finland, as we are a Finnish Corporation with headquarters in Espoo, Finland.

Q16: How many independent members sit on the Board of Directors?

100% (8/8) of Valmet's board members are independent of the company and 87.5% (7/8) are independent from significant shareholders.

Q17: Please state if and to what extent, the company has transactions with related parties.

The related party transactions are described in the notes to the consolidated financial statements. For 2023, see section 25 Related party information in our most recent financial statements.

Q18: Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?

For key personnel and top management, Valmet's remuneration comprises both a short-term and long-term incentive plan. Valmet's variable pay schemes support sustainable business by linking selected sustainability topics, such as health and safety and sustainable supply chain, to remuneration.

The most recent long-term incentive plans takes ESG performance into account in our share-based incentive plans. The reward for the performance period 2022–2024 is based in part on ESG performance as measured by the progress of the implementation of Valmet's comprehensive Sustainability Agenda and Climate Program and rewards plan participants for achieving our ambitious environmental, social and governance targets.

Q19: Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken.

Valmet has a strategic approach to sustainability, and therefore sustainability related issues are discussed as part of Valmet's Sustainability agenda by the Board of Directors and the President and CEO. The Board of Directors of Valmet have oversight on sustainability. The President and CEO oversees the progress of Valmet's targets set in Valmet's Sustainability agenda. More detailed sustainability management model is described on our website under 'sustainability management' section.

Valmet's Sustainability 360° agenda covers nine main material topics that are grouped around the focus areas: Environment, Social and Governance. All the material topics have defined targets, actions and KPIs and are integrated into Valmet's strategy process and annual reporting.

In addition to the sustainability metrics reported in annual reporting, Valmet follows and reports key metrics in quarterly reports.

Q20: Have you signed a Union agreement?

As an employer, Valmet is committed to promoting equal opportunities for everyone and respecting its employees' right to freedom of association and collective bargaining. Overall, 64% (2023) of Valmet's employees are covered by collective bargaining agreements.