

Remuneration Policy

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Introduction

This Remuneration Policy (“Policy”) on the remuneration of the President and CEO, and any Deputy CEO should such a Deputy CEO be appointed, and of the Board of Directors, is prepared and issued pursuant to the Finnish Corporate Governance Code 2020 published by the Securities Market Association. The Policy describes the decision-making procedure and remuneration principles for the Board of Directors and the President and CEO and will be presented to the General Meeting every four years, or whenever substantial changes are made to it. All remuneration paid to the Board of Directors and the President and CEO is in line with this Remuneration Policy presented to the shareholders.

The Remuneration Policy was originally presented to the General Meeting in 2020, while an update to the Policy is presented to the 2024 General Meeting. Thereafter, the Policy will be presented every four years, or whenever substantial changes are made to it.

No substantial changes to the policy are proposed. A new section has been added to explain the remuneration governance. The decision-making process regarding share-based incentives is more specific, and the elements of remuneration to the governing bodies are described in more detail than in the previous policy.

Valmet's remuneration principles

Well-functioning and competitive remuneration is an essential tool for engaging competent members at the Board level, as executives and as experts at all levels of the organization. Remuneration must be in proportion to the long-term value creation and the achievement of the strategic objectives of the Company.

In general, the same remuneration principles and practices are applied to the President and CEO as to the other Company employees, but given the President and CEO's specific role, as well as its related demands and the responsibilities, the President and CEO's remuneration may include components that differ

from those of other Company employees. The Company aims to report its remuneration elements transparently.

Remuneration governance

All shareholders are invited to attend the AGM to express their views on the Remuneration Policy and its implementation. Shareholder feedback received in relation to the AGM, during investor meetings or in any other form of correspondence is considered in the review and preparation of the Policy.

To avoid a conflict of interest, the Remuneration and HR Committee consists of non-executive Board members only.

The Committee has in its sole discretion the power to retain external advisors to assist the Committee in evaluating executive compensation.

Regarding the remuneration of the Board of Directors, the Chairman of the Board of Directors, if acting as a member of the Shareholder's Nomination Board, does not take part in the preparation or the decision making or otherwise participate in the handling of such matters in the Shareholder's Nomination Board that relate to remuneration to be paid to the Board of Directors.

Remuneration at all levels of the organization is built on the following principles:

Driving high performance

The objective of remuneration at Valmet is to encourage employees as individuals and as team members to achieve the set financial and operational targets and to strive for excellent performance. A key element of Valmet's remuneration is the implementation of a pay-for-performance culture. All employees are eligible for a performance reward or bonus, linking rewarding to performance and strengthening individual and team accountability.

For key personnel and top management, including the President and CEO, a notable part of remuneration comes from variable pay, i.e., short-term and long-term incentives, to ensure that remuneration is aligned with the Company's financial performance and linked to the successful implementation of the business strategy. Board member compensation is set at the Annual General Meeting.

Competitive remuneration to retain talent with the best fit

In determining appropriate remuneration levels, Valmet applies a benchmark approach, ensuring that remuneration is aligned with internal and external references and observing remuneration levels for similar positions among peer companies in the geographical area. Valmet's approach is not to be the market leader in pay but to offer competitive remuneration to retain talent with the best fit. Valmet also utilizes a benchmark approach when determining remuneration levels for the President and CEO and the Board of Directors.

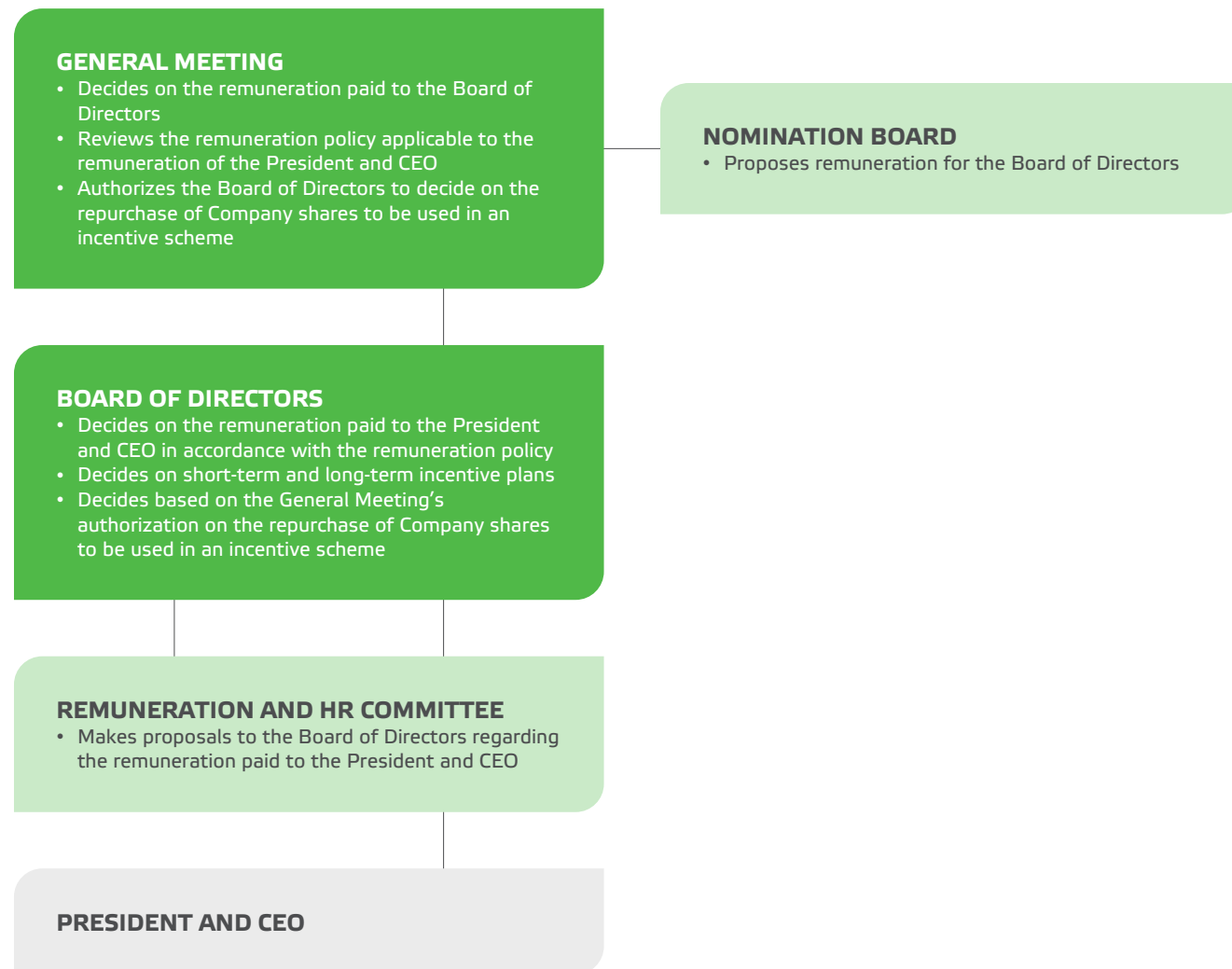
Fairness and sustainability

Valmet aims to ensure equal treatment and fair remuneration of employees at all levels of the organization by linking remuneration to role, the local salary market, and individual and/or team performance. Valmet's remuneration approval principles are designed to ensure that changes in pay are always subject to grandparent approval. This supports the equality and impartiality of decisions related to pay at all levels of the organization.

Valmet's variable pay schemes support sustainable business by linking selected sustainability topics such as health and safety and sustainable supply chain to remuneration. Sustainability is important to Valmet's overall financial success, as well as share price development, and thus affects the total remuneration of Board members, as well as the President and CEO.

Decision-making process

All remuneration-related decisions require grandparent approval. In other words, the remuneration of an employee must always be approved by the manager’s manager. The decision-making process for the remuneration of the Board of Directors and the President and CEO is summarized in the chart below.



Decision-making process regarding the remuneration of the Board of Directors

The General Meeting decides on the remuneration of the members of the Board of Directors and the Board’s Committees for one term of office at a time. The preparation of the election and remuneration of the members of the Board of Directors is delegated to Valmet’s Nomination Board, which submits its proposals to the Board of Directors. In the preparatory work, the Nomination Board may also use external experts to determine the level of remuneration.

In accordance with its charter, the Nomination Board presents its proposals and reports on its activities to the General Meeting. More detailed information describing the procedures used for the preparatory work relating to the remuneration is available on the Company’s website at www.valmet.com.

Decision-making process regarding the remuneration of the President and CEO

The Board of Directors decides on the remuneration, benefits and other terms of employment of the President and CEO based on the preparatory work by the Remuneration and HR Committee and in accordance with the guidelines set forth in this Remuneration Policy presented to the General Meeting. External market data is used to support the process according to our remuneration principles. The Board determines the total remuneration elements of the President and CEO based on market benchmarking and other relevant information available.

The Board decides on share-based incentive schemes for the President and CEO. The actual payment of shares to the President and CEO under a share-based incentive scheme is based on a decision of the General Meeting or an authorization granted by the General Meeting to the Board of Directors (based on a proposal submitted by the Board). The issuance of special rights entitling to shares of the Company requires a General Meeting decision or an authorization granted by the General Meeting to the Board of Directors (based on a proposal submitted by the Board).

Remuneration of the Board of Directors

The Shareholder’s Nomination Board reviews market benchmark data for board remuneration annually to determine the right remuneration levels for the Chair of the Board, the Vice Chair of the Board and the members of the Board.

The annual remuneration of the Board of Directors should be sufficiently competitive to attract and retain high-caliber individuals qualified to serve as members of the Board.

Given the nature of the Board’s duties and responsibilities, the members of the Board do not participate in the Company’s variable pay schemes. Board members receive fixed remuneration (annual fee) only, which can be paid in cash or shares, or a combination of cash and shares.

The remuneration of the members of the Board of Directors consists of an annual fee and a fee per meeting. Furthermore,

an additional annual fee is paid to the members of the Board’s committees. In addition, Board members’ travel expenses and daily allowances are compensated in accordance with Valmet’s travel expense policy. The Board of Directors’ personnel representative is entitled to a meeting fee for those meetings they have been invited to attend and have attended.

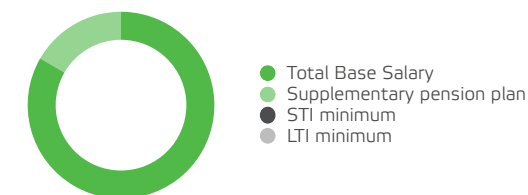
Remuneration of the President and CEO

The remuneration of the President and CEO is comprised of the total salary (monthly base salary and customary fringe benefits such as a car and a mobile phone in accordance with local legislation and market practice), short- and long-term incentives, pension benefits and customary insurances. The maximum relative proportion of the variable pay elements of the President and CEO is two to three times the fixed salary.

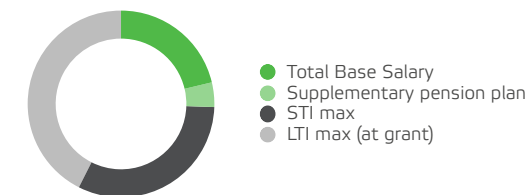
Maximum STI and LTI opportunity as a percentage of fixed salary is determined annually based on market practice and performance subject to an overall cap – maximum STI cannot exceed 100–150 percent of fixed salary, and the maximum LTI cannot exceed 150–200 percent of fixed salary at grant.

The actual pay mix based on actual STI and LTI pay-outs as a percentage of fixed salary is disclosed in the annual Remuneration Report.

Minimum



Maximum



The remuneration of the President and CEO, which illustrates the remuneration mix with described incentive opportunities and the supplementary defined contribution pension plan according to the prevailing benefit policy. Meeting the maximum level of pay requires exceptional performance from the entire Company.



REMUNERATION POLICY

The table below summarizes the elements of remuneration for the President and CEO:

Remuneration element	Purpose and link to strategy	Operation
Total Base Salary	Core reward for the role at an appropriate level to attract and retain	Valmet follows the peer company market median to set the level of total base salary, taking into consideration experience and performance. The fixed total base salary includes taxable fringe benefits in accordance with local market practice. The total base salary is normally reviewed annually with effect from January 1. Salary market movement and Company performance, as well as individual performance, are considered when determining a salary increase, if any, that is approved by the Board of Directors.
Short-term incentive	To incentivize and recognize the achievement of specific annual financial and business objectives in support of the Company's strategy	The short-term incentive is an annual performance bonus for which the Board of Directors sets the annual maximum incentive opportunity (as % of the total base salary), performance measures and target levels for the President and CEO. The CEO's annual bonus is earned in accordance with terms approved by the Board. The short-term incentive performance criteria include Company-level key financial targets with a significant weight and strategic individual targets defined by the Board of Directors.
Long-term incentives	To align the objectives of shareholders and executives to increase the value of the Company, commit executives to the Company, and offer a competitive reward plan based on long-term shareholding in Valmet.	The President and CEO is included in share-based incentive plans that are decided and implemented by the Board of Directors, and for which share repurchase and share issue authorizations are obtained from the General Meeting. The plan follows a three-year earning period with Company-level strategic and financial performance targets. The performance targets for the long-term incentive plan can be for example related to growth, profitability and sustainability as determined and decided by the Board of Directors annually. Predetermined performance targets are measurable, and the achievement of these targets determines the payout level of the share-based incentive plan. For the President and CEO, the reward for each performance period is capped at grant to a maximum number of shares.
Discretion and the possibility for the Company to reclaim compensation	To provide terms and conditions for defining the procedure to cancel short- or long-term incentives or recollect paid rewards.	In accordance with the terms and conditions of the Company's short- and long-term incentive plans, the Company has the right to reclaim any paid or due variable remuneration in certain circumstances such as a violation of law or legal obligation, or a violation of the Valmet Code of Conduct or other Company policies. Overall circumstances must be considered before exercising this right. The Company also has the right to cancel, recover or restate any paid or due variable remuneration if the financial or other calculations impacting the achievement levels for the rewards are found to be incorrect.
Share ownership recommendation	To ensure a significant shareholding in the Company to align management and shareholder interest	The President and CEO is recommended to own and hold Company shares equaling the CEO's gross annual total base salary (100 percent ownership recommendation).
Pension plans	Appropriate level of retirement benefit	Pension arrangements for the President and CEO follow local market practice and legislation. (Finland operates a statutory pension system (Finnish TyEL), in which the President and CEO participates. Under the Finnish TyEL pension, base salary, short-term incentives and other taxable benefits are included in the definition of earnings, while gains from share-based plans are not.) In accordance with local market practice, the President and CEO may receive an additional pension benefit in the form of a defined contribution pension plan calculated based on a percentage of the CEO's annual fixed base salary or a cash allowance in lieu of a pension contribution. The President and CEO's retirement age follows the local statutory retirement age.
Insurance	To protect the President and CEO in the performance of duties	Private accident, life and disability insurance, business travel, director's and officer's liability insurance in accordance with local market practice and requirements. Optional participation in the sickness fund.
Notice period and termination benefits	To have clear contractual terms in place	The notice period for the President and CEO is six months for both parties. The CEO's severance pay (if the Company terminates the agreement) equals a six month notice period plus severance pay corresponding to the last total monthly salary multiplied by 18. If the agreement of the President and CEO is terminated, the Board uses discretion as provided under the rules of the STI and LTI plans regarding STI and LTI award payments to the President and CEO.
Special reward forms or bonuses such as sign-on bonus or restricted shares	Only in special circumstances	In special circumstances to facilitate onboarding and retention. These additional awards must always be structured to reflect Valmet's remuneration principles in terms of their value, time horizon and performance requirements, and in the case of the President and CEO, they must be approved by the Board of Directors.

Conditions for temporary deviations:

In the event of unexpected or unforeseen changes in the business environment, the Company may be required to temporarily deviate from the Remuneration Policy regarding the remuneration of the President and CEO to be able to

secure the Company's long-term success. These exceptional circumstances may arise from the need to secure the Company's financial success, competitive position or the company's value development if, for example, the President and CEO of the Company changes, the Company merges with another

company, or significant changes take place in the company's regulatory environment regarding taxation. These temporary deviations from the Remuneration Policy need to be approved by the Board of Directors.

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