



GRI Supplement 2016



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Valmet reports 2016



Annual Review 2016

The report describes Valmet's market environment and the progress of its strategy, operations and sustainability in 2016.



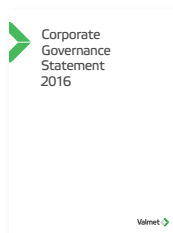
GRI Supplement 2016

The report includes Valmet's sustainability reporting indicators and principles, and its alignment with the Global Reporting Initiative (GRI) G4 framework.



Financial Statements 2016 and Information for Investors

The report includes Valmet's Financial Statements for 2016 and information about its shares, shareholders and management.



Corporate Governance Statement 2016

The report covers Valmet's governance principles and activities, Board, management and remuneration in 2016.

Valmet's sustainability reporting in 2016

Valmet has been reporting its sustainability performance since 2002. The sustainability data is published annually as part of Valmet's annual reporting.

Valmet's sustainability reporting in 2016 is in accordance with the Core option of the G4 guidelines from the Global Reporting Initiative (GRI). Standard disclosures for 2016 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 2016 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. In the GRI supplement Valmet reports three-year trend data for material indicators in respective columns. In some indicators, the 2015 numbers are shown in brackets after 2016 numbers. 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 Acci-

dents 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 54 of our foundries, technology centers and assembly, manufacturing and service workshops using a global sustainability management system. 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). The 2015 environmental data has been restated based on minor errors noted.

Valmet assesses its Scope 2 emissions based on the GHG Protocol's "Scope 2 Guidance" (2015). The Location based CO₂ emission factors used for 2014 data are based on an average value from 2009–2011 as given by the International Energy Agency (IEA) in "CO₂ Emissions from Fuel Combustion Highlights 2013". The Location based CO₂ emission factors used for 2015 and 2016 data are based on an average value from 2011–2013 as given by the International Energy Agency (IEA) in "CO₂ Emissions from Fuel Combustion (2015 edition)". Valmet calculates market based CO₂ emission for the first time in 2016 applying emissions factors from the following sources: "eGRID 2014 Subregion GHG Output Emission Rates" (United States Environmental Protection Agency), "China eGRID 2015 Emission Output Rates" (Clean Development Mechanism China), "CO₂ emission factors of the National Interconnected System of Brazil" for 2015 (Brazilian Technology and Science Ministry) and "European Residual Mixes 2015" (Association of Issuing Bodies) except for Portugal where supplier

specific emission factors for 2015 were applied. In Canada we have also applied supplier specific factors for 2015. In Thailand and Australia location based factors were applied.

Valmet assesses its Scope 3 emissions based on the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". Valmet reports data from four selected relevant categories of Scope 3: category 1: purchased goods and services, category 4: upstream transportation and distribution, category 6: business travel and category 9: downstream transportation and distribution.

The analysis of purchased goods and services is based on monetary value by category and supplier country. The emission flows have been calculated based on environmentally extended input output analysis and emission factors from Exiobase (www.exiobase.eu).

The analysis of upstream transportation and distribution emissions is based on suppliers' emission reports, and when not available, monetary value of purchased transportation services following the same calculation methodology as for category 1 emissions. Scope 3 emissions from downstream transportation and distribution are based on an estimated volume of downstream transportation services. The distribution of transportation modes and emission intensity from upstream transportations has been applied for downstream transportations.

The analysis of business travel emissions is based on emission, mileage and spend data from travel agencies. Business travel data covers 76% of Valmet employees, corresponding to a minimum of 76% of emissions related to business travel.

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 2016 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 minor and amounts to less than 1.5% 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 2–4		
ORGANIZATIONAL PROFILE				
G4-3	Name of the organization	See comments	Valmet Oyj	
G4-4	Primary brands, products and services	AR 25		
G4-5	Location of headquarters	See comments	Keilasatama 5 / P.O. Box 11, FI-02150 Espoo, Finland	
G4-6	Countries in which operations are located	AR 9, GR 18		
G4-7	Nature of ownership and legal form	See comments	Valmet Oyj is a public company and its shares are listed on the Nasdaq Helsinki.	
G4-8	Markets served	AR 6, 9		
G4-9	Scale of organization	Personnel and net sales: AR 6–7. Total capitalization, FS 20: Consolidated Statement of Financial Position	The total number of operations is 161.	
G4-10	Breakdown of employees by contract type, employment type, region and gender	GR 9		Valmet does not collect information about supervised workers/contractors in its Global HR Reporting System. Valmet's business model has no significant seasonal variations.
G4-11	Percentage of total employees covered by collective bargaining agreements	GR 9		x
G4-12	Description of supply chain	AR 28–30, GR 12		
G4-13	Significant changes during the reporting period regarding the organization'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. No significant changes in 2016.	
G4-14	Addressing the precautionary approach or principle	www.valmet.com/riskmanagement	Valmet has in place a comprehensive risk management process that 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 41–42 GR 11		
G4-16	Memberships in associations	GR 9–10		

GENERAL STANDARD DISCLOSURES	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Entities included in the organization's consolidated financial statements	FS 65–66	All group companies are included in Valmet's sustainability reporting.	
G4-18	Process of defining the report content	GR 10–11		
G4-19	Material aspects identified	GR 10–11		
G4-20	Aspect boundary within the organization	GR 12–18		
G4-21	Aspect boundary outside the organization	GR 12–18		
G4-22	Restatements of information provided in previous reports	GR 1	The 2015 environmental data is restated based on minor errors noted.	
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 19–20		
G4-25	Identification and selection of stakeholders	GR 19–20		
G4-26	Organization's approach to stakeholder engagement	GR 19–20		
G4-27	Key topics and concerns raised through stakeholder engagement	GR 19–20		
REPORT PROFILE				
G4-28	Reporting period	See comments	January 1, 2016–December 31, 2016	
G4-29	Date of the most recent previous report	See comments	Valmet's Annual Review describing the company's operations and sustainability in 2015, and a GRI supplement for 2015, were published on February 29, 2016.	
G4-30	Reporting cycle	See comments	Annual.	
G4-31	Contact point for questions	GR 33		
G4-32	GRI content index	GR 3–8	Valmet's sustainability reporting in 2016 has been prepared to meet the GRI G4 "core" option.	
G4-33	Organization's policy with regard to external assurance	Assurance report: GR 32	The GRI content index indicates the Standard Disclosures that 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, AR 32–33, AR 41–42		

Abbreviations:

AR = Annual Review 2016

FS = Financial Statements 2016 and Information for Investors

GR = GRI Supplement 2016

SPECIFIC STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
CATEGORY: ECONOMIC					
MATERIAL ASPECT: ECONOMIC PERFORMANCE					
G4-DMA	Disclosure of management approach (DMA)	CEO review: AR 2–4, Strategy and financial targets: AR 14–21, GR 10, GR 18	At Valmet, economic responsibility refers to creating long-term economic benefits for our stakeholders. Financial reporting and planning are based on the group management system, and development is monitored through financial reporting.		
G4-EC1	Direct economic value generated and distributed	AR 43	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 10–11.		x
MATERIAL VALMET TOPIC: PURCHASES					
G4-DMA	Disclosure of management approach (DMA)	GR 12			
Purchases	Purchases by 10 largest countries	AR 29			x
CATEGORY: ENVIRONMENTAL					
MATERIAL ASPECT: ENERGY					
G4-DMA	Disclosure of management approach (DMA)	GR 13–14			
G4-EN3	Energy consumption within the organization	GR 21			x
G4-EN5	Energy intensity	GR 21			x
MATERIAL ASPECT: WATER					
G4-DMA	Disclosure of management approach (DMA)	GR 13–14			
G4-EN8	Total water withdrawal by source	GR 22			x
MATERIAL ASPECT: EMISSIONS					
G4-DMA	Disclosure of management approach (DMA)	GR 13–14			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	GR 22			x
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	GR 22			x
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	GR 22			x
G4-EN18	Greenhouse gas (GHG) emissions intensity	GR 22			x
MATERIAL ASPECT: EFFLUENTS AND WASTE					
G4-DMA	Disclosure of management approach (DMA)	GR 13–14			
G4-EN21	NO _x , SO _x and other significant air emissions	GR 23			x
G4-EN23	Total weight of waste by type and disposal method	GR 23			x
G4-EN24	Total number and volume of significant spills	See comments	There were no significant spills that required reporting to the authorities in 2016.		x
MATERIAL VALMET TOPIC: ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES					
G4-DMA	Disclosure of management approach (DMA)	GR 16–17			
	Environmental impacts of products and services	GR 24	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 13–14, GR 16–17			
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 2016.		x
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS					
G4-DMA	Disclosure of management approach (DMA)	GR 13–14, GR 16–17			
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 2016.		x
CATEGORY: SOCIAL					
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK					
MATERIAL ASPECT: EMPLOYMENT					
G4-DMA	Disclosure of management approach (DMA)	GR 15			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	GR 25–26			x
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY					
G4-DMA	Disclosure of management approach (DMA)	GR 13–14			
G4-LA5	Percentage of total workforce represented in formal management-worker health and safety committees	GR 26	Safety committees typically operate at location level according to local legal obligations. Valmet has the ambition that all workshop locations and all offices with more than 50 people shall have a safety committee.		x
G4-LA6	Injuries, lost days, absenteeism and fatalities	GR 27–28		Incident data is collected for supervised and independent contractors, however, their workhours are not collected in Valmet's Global HR reporting system. Incident frequencies regarding supervised workers and contractors based on local reporting systems are available for all regions except North America 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 29			x

SPECIFIC STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
MATERIAL ASPECT: TRAINING AND EDUCATION					
G4-DMA	Disclosure of management approach (DMA)	GR 15			
G4-LA9	Average hours of training that the organization's employees have under taken during the reporting period by gender and by employee category	GR 29		Training hours are not reported by gender or employee category. In 2016, we upgraded our training database which will allow for more detailed reporting starting in 2017.	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	GR 29, AR 33-34			x
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GR 29			x
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY					
G4-DMA	Disclosure of management approach (DMA)	GR 15			
G4-LA12	Composition of governance bodies and employee breakdown	GR 30		As Valmet's HR principles are based on equal treatment of all employees, collecting data on minority groups is not material for Valmet.	x
SUB-CATEGORY: HUMAN RIGHTS					
MATERIAL ASPECT: FORCED OR COMPULSORY LABOR					
G4-DMA	Disclosure of management approach (DMA)	GR 12			
G4-HR6	Measures taken to eliminate forced or compulsory labor in risk areas	Identified risk areas GR 31, Measures taken AR 28-30			x
MATERIAL VALMET TOPIC: SUPPLIER SCREENING					
G4-DMA	Disclosure of management approach (DMA)	AR 29 GR 12			
Supplier screening	Percentage of new suppliers screened using human rights, labor rights and environmental criteria	AR 29	Screening of new suppliers from sustainability risk perspective is an automated and integrated feature in Valmet's supplier approval process globally. Valmet's key performance indicators related to sustainable supply chain are integrated in the global supplier sustainability management process. The percentage of new suppliers screened using human rights, labor rights and environmental criteria only covers the suppliers that were included in the automated supplier evaluation process. Remaining suppliers have been manually assessed on sustainability.		x

SPECIFIC STANDARD DISCLOSURES		LOCATION	COMMENTS	OMISSIONS	ASSURANCE
SUB-CATEGORY: SOCIETY					
MATERIAL ASPECT: ANTI-CORRUPTION					
G4-DMA	Disclosure of management approach (DMA)	GR 18			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	GR 31	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 13-14			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	GR 31			x
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING					
G4-DMA	Disclosure of management approach (DMA)	GR 16-17			
G4-PR5	Results of surveys measuring customer satisfaction	GR 31			x
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	Disclosure of management approach (DMA)	GR 18			
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 2016.		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	2,076 (2,078)	8,773 (8,831)	10,849 (10,909)
Temporary	360 (425)	803 (972)	1,163 (1,397)
Total	2,436 (2,503)	9,576 (9,803)	12,012 (12,306)

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

	Female	Male	Total
Full-time	1,958 (1,972)	8,696 (8,767)	10,654 (10,739)
Part-time	118 (106)	77 (64)	195 (170)
Total	2,076 (2,078)	8,773 (8,831)	10,849 (10,909)

G4-10: Total workforce by region and gender

	Female	Male	Total
North America	178 (190)	1,096 (1,177)	1,274 (1,367)
South America	91 (97)	451 (434)	542 (531)
EMEA	1,672 (1,663)	6,134 (6,084)	7,806 (7,747)
China	404 (468)	1,293 (1,490)	1,697 (1,958)
Asia-Pacific	91 (85)	602 (618)	693 (703)
Total	2,436 (2,503)	9,576 (9,803)	12,012 (12,306)

Employees covered by collective bargaining agreements (G4-11)

Valmet supports its employees' right to freedom of association and collective bargaining. We recognize and actively engage with employee representation bodies, such as the European Works Council which has representatives from Valmet countries within the European Union.

Overall, 73% 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 (94%), EMEA (91%) and China (65%) and the lowest participation in North America (7%) 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
Association of Finnish Foundry Product Industries
Finnish Marine Industries
Cleantech Finland
Finnish Business & Society (FiBS)

Sweden

Teknikföretagen
Confederation of Swedish Enterprise
Swedish Bioenergy Association (Svebio)
Föreningen Sveriges Skogsindustrier
Swedish District Heating Association
Swedish Waste Management Association (Avfall Sverige AB)

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 for the Suppliers to the Paper Industry (ASPI)

South America

Brazilian Machinery and Equipment Association (ABIMAQ)
Associação Brasileira da Construção Metálica (ABCCEM)
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 2013 included a stakeholder survey sent to 9,000 stakeholders, including customers, Valmet employees and institutional investors and owners, interviews with key 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 relevant 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 2016 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 2016 reporting are based on the materiality process described above and create the basis for Valmet's sustainability agenda which was initially defined in 2014 and renewed in 2016. Valmet has defined new action plans for its sustainability agenda for 2016–2018. The action plans include detailed actions, targets and KPIs for each sustainability focus area. The new action plans were defined based on an extensive agenda review conducted in early 2016.

Valmet's sustainability agenda is called Sustainability360° and it focuses on five core areas in our operations: sustainable supply chain; health, safety and environment; people and performance; sustainable solutions, and corporate citizenship.

The material aspects are grouped according to the five focus areas of Valmet's sustainability agenda with corresponding goals, actions 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 action plans, targets and achievements can be found in the sustainability sections of the Annual Review (AR 20, 23–44). The sustainability agenda has been approved by Valmet's Executive Team.

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 goals. 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 as well as 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.

Sustainability risk management

Valmet's business and competition environment is subject to a wide range of risks (threats and opportunities), due to the company's broad scope of global operations and its technology and industry diversity. In this context, the role of Valmet's risk management is to support the achievement of Valmet's strategic targets and business objectives and the continuity of operations.

Valmet has a systematic method for regularly assessing the probability and impact of risks and opportunities related to sustainability. The topics incl. climate change, health and safety, environmental management, human rights and labor rights and ethical business practices both in own operations and supply chain.

Management of sustainability risks and opportunities is integrated into the multi-disciplinary, groupwide risk management process at Valmet. Each of Valmet's business lines also annually assesses the probability and impact e.g. of climate change and environmental risks and defines the need and priority of the actions to remove, mitigate, minimize, retain or utilize risks by using Valmet's risk map.

Policies and commitments

- Valmet's Code of Conduct
- Valmet's Anti-Corruption Policy
- Valmet's Health, Safety and Environment Policy
- Valmet's Quality Policy
- Valmet's Sustainable Supply Chain Policy
- Valmet's Competition Compliance Guidelines
- Valmet's IPR Policy
- Valmet's HR Policy
- Drugs and Alcohol Guidelines at Valmet
- Valmet's Global Travel Policy
- Valmet's Equal Opportunity and Diversity Policy
- Valmet's Minimum Safety Standards
- 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 UN Sustainable Development Goals, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the 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.

Sustainable supply chain

Management approach	<p>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.</p>
Reported aspects and indicators	<p>Forced or compulsory labor: G4-HR6 Material Valmet topic: Supplier screening for labor rights, human rights and environmental criteria Material Valmet Topic: Purchases and CO₂ emissions by ten largest countries</p>
Goals and Targets	<ul style="list-style-type: none"> • Develop sustainable procurement practices globally <ul style="list-style-type: none"> - 100% of new direct suppliers gone through supplier approval process - 50 supplier sustainability audits per year • Support selected key suppliers to meet the level of sustainability expected by Valmet <ul style="list-style-type: none"> - Engage 100% of selected suppliers to supplier sustainability engagement program <p>See more about the Supply chain targets on pages 28–31 of the Annual Review.</p>
Responsibilities	<p>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 Group, business line and area procurement functions.</p> <ul style="list-style-type: none"> • 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	<p>The Supply chain progress table, including the action plan for 2016–18 and key achievements in 2016 can be found on page 30 of the Annual Review.</p>
Evaluation of management approach	<p>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.</p>
Aspect boundaries	<p>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.</p> <p>Outside the organization: Valmet purchases components, products, materials and services from some 10,000 active suppliers in more than 50 countries. Special attention is paid to assessing human rights, labor rights, health and safety and environmental issues, and business ethics 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, Poland, Italy, Estonia, United Kingdom and Brazil. China, India and Thailand are defined as having the highest potential for sustainability-related breaches.</p>

Health, safety and environment (HSE)

<p>Management approach</p>	<p>We are committed to protecting the health, safety and environment (HSE) of our people, partners, customers and the communities where we operate.</p> <p>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 exposed to potential 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, road travel and the psychosocial work environment.</p> <p>Our operations also impact their 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.</p> <p>Based on the above-mentioned impacts, we intend to provide safe and healthy workplaces for all and to design and operate our facilities to promote the sustainable use of resources and prevent pollution. 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 regulatory obligations, internal standards and customer requirements, is the basis for all operations. Everyone is expected to take responsibility for HSE. We integrate sound HSE management practices into all aspects of our business and promote best HSE practice with our customers, suppliers and partners. Constant emphasis is given to risk management, prevention and learning. We ensure worker participation and engage other interested parties in active and collaborative dialogue. We monitor and openly communicate our HSE performance so as to enable the continual development of our approach.</p>
<p>Reported aspects and indicators</p>	<p>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</p>
<p>Goals and targets</p>	<p>We pursue the goal of zero harm to people and environment. We focus on;</p> <ul style="list-style-type: none"> • Drive safety culture: We systematically enhance leadership, engagement and mindset to drive our safety culture forward. • Best in class HSE management practices: 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. • Secure compliance and improvements: 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. We ensure training, competency and awareness are delivered and maintained to effectively manage HSE hazards and impacts. <p>See more about the “Health, safety and environment (HSE)” targets on pages 36–40 of the Annual Review.</p>

<p>Responsibilities and resources</p>	<p>The HSE function within the Strategy and Operational Development function is responsible for continuously improving HSE processes, awareness and ways to operate. Valmet remuneration is tied to HSE performance.</p> <ul style="list-style-type: none"> • 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, Research and Development, 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.
<p>Specific actions</p>	<p>The Health, safety and environment progress table, including the action plan for 2016–18 and key achievements in 2016 can be found of page 38 of the Annual Review.</p>
<p>Evaluation of management approach</p>	<p>We continuously assess the effectiveness of our HSE management processes through 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.</p>
<p>Aspect boundaries</p>	<p>Within the organization (entire Group): Valmet’s environmental reporting covers 54 foundries, technology centers and assembly, manufacturing and service workshops worldwide.</p> <p>Outside the organization: Valmet serves close to 3,000 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.</p>

People and performance

<p>Management approach</p>	<p>We develop an engaged and performance-driven community, and we continuously drive the development of our employees' capabilities globally. Our efforts in capability development focus on ensuring we are operating with the best tools and processes and offering training opportunities to match our strategic needs. We encourage development throughout an employee's career at Valmet, making sure our people develop their competence continuously. 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.</p>
<p>Reported aspects and indicators</p>	<p>Employment: G4-LA1 Training and education: G4-LA9, G4-LA10, G4-LA11 Diversity and equal opportunity: G4-LA12</p>
<p>Goals and targets</p>	<p>Boost employee engagement: Valmet believes that an engaged and performance-driven community is built from within. We use the OurVoice survey to measure engagement, performance excellence and values awareness levels, which are important for growing as a company and for building a strong Valmet community. We encourage our people to live our shared values by connecting them to our way forward as a company.</p> <p>Develop the best talent: We continuously look for ways to enable individual performance and support development. We utilize our global training program to inspire new thinking, bring minds together, and ultimately, support growth and drive our strategic initiatives and Must-Wins.</p> <p>Increase diversity: The Valmet community is a diverse one. We continuously work to build and develop teams from different backgrounds, genders and cultures. Having a diverse workforce creates a more dynamic work environment and leads to new ideas and more competitive products.</p> <p>Responsible employer: We value teamwork as an important part of our organizations success and emphasize respectful behavior and a safe, healthy and well-managed working environment in all locations. We set clear expectations for managers through our Manager Role description, which is focused on driving performance, building engagement, supporting development and living our values.</p> <p>See more about the "People and performance" focus area on pages 32–34 of the Annual Review.</p>
<p>Responsibilities</p>	<p>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.</p> <ul style="list-style-type: none"> • 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 development, including learning programs, talent reviews and successor plans.
<p>Specific actions</p>	<p>The People and performance progress table, including the action plan for 2016–18 and key achievements in 2016 can be found on page 34 of the Annual Review.</p>
<p>Evaluation of management approach</p>	<p>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.</p>
<p>Aspect boundaries</p>	<p>Within the organization (entire Group): Valmet has 12,012 employees in 33 countries around the world. The largest countries in terms of headcount are Finland, China, Sweden, the USA and Brazil.</p> <p>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.</p>

Sustainable solutions

<p>Management approach</p>	<p>We provide our customers with sustainable solutions that help to improve their safety and environmental performance. 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 mitigating climate impacts. We provide our customers 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.</p> <p>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 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.</p>
<p>Reported aspects and indicators</p>	<p>Customer health and safety: G4-PR1 Product and service labeling: G4-PR5 Compliance: G4-PR9 Material Valmet topic: Environmental impacts of products and services</p>
<p>Goals and targets</p>	<p>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:</p> <ul style="list-style-type: none"> • Environmental efficiency and safety of solutions: We continuously improve energy, water and raw material efficiency of solutions and ensure product safety. <ul style="list-style-type: none"> - We integrate sustainability into research and development processes and tools - We ensure product compliance • New offering: We develop and commercialize new solutions to increase the sustainability and economy of customer processes and to create new revenue streams. <ul style="list-style-type: none"> - Adapting to changing market needs: We deepen our understanding of customers' sustainability needs <p>See more about the "Sustainable solutions" focus area on pages 23–25 of the Annual Review.</p>
<p>Responsibilities</p>	<ul style="list-style-type: none"> • 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 or persons coordinating R&D within the business line. • Each technology unit within the business line has technology and/or R&D responsables for product development. • The Valmet R&D Management Team, consisting of technology / R&D responsables of all business lines and areas, leads and 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	The Sustainable solutions progress table, including the action plan for 2016–18 and key achievements in 2016 can be found on page 25 of the Annual Review.
Evaluation of management approach	<p>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 2016 include:</p> <ul style="list-style-type: none"> • Development of “Guidelines for sustainable and responsible research, product development and design in Valmet” • Implementation of a 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 implementation continued to develop our way of operations from sales to delivery based on modular design of our products
Aspect boundaries	<p>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.</p> <p>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.</p>

Corporate citizenship

Management approach	We want to ensure that our operations are globally aligned and socially responsible, and create added value to all our stakeholders in a sustainable manner.
Reported aspects and indicators	Economic performance: G4-EC1 Anti-corruption: G4-SO3
Goals and targets	<ul style="list-style-type: none"> We aim to create long-term added value for our stakeholders <ul style="list-style-type: none"> We promote transparent reporting and active stakeholder collaboration Globally aligned principles: <ul style="list-style-type: none"> We operate in compliance with laws and regulations and respect globally acknowledged ethical values, principles and human rights. We ensure compliance with guiding principles 100% of existing and new employees have completed the Code of Conduct training We promote transparent reporting and active stakeholder collaboration <p>See more about the “Corporate citizenship” focus area on pages 41–44 of the Annual Review.</p>
Responsibilities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The Corporate citizenship progress table, including the action plan for 2016–18 and key achievements in 2016 can be found on page 42 of the Annual Review.
Evaluation of management approach	<p>The management approach to anti-corruption is assessed continuously as part of our operations, and processes. The improvement actions taken in 2016 include:</p> <ul style="list-style-type: none"> Valmet’s Code of Conduct and related processes are supported by a training for management and obligatory global e-learning for all employees. In 2016, Valmet’s Code of Conduct and related e-learning was implemented globally so that 99.8% of existing and new employees have completed a Code of Conduct training. Valmet has established an open channel for reporting suspected violations to Valmet’s Code of Conduct or other concerns related to fraud, abuse or 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	<p>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 to our broad stakeholder base globally.</p> <p>Outside the organization: Valmet has truly global operations in around 30 countries and a broad stakeholder base in all market areas. We provide added value to 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.</p>

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, 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 whose 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.

Valmet's biggest customer event in 2016 was our customer days with over 200 customers from 35 countries participating. The topics covered the latest innovations, Industrial Internet solutions and customer reference cases. Valmet's new services approach was introduced, as well as the renewed Sustainability360° agenda. Other themes were customer focused R&D and the future opportunities of Industrial Internet and digitalization.

With our own employees, we conduct annual review discussions and mid-year review discussions where we emphasize open and active dialogue. We also conduct regular engagement surveys to measure how engaged we are as a company. 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 in 2015 with our personnel and are being used to develop the company further. The next OurVoice survey will be conducted in January 2017.

We meet our suppliers regularly. In 2016, we held a supplier innovation day where we invited over 50 of our most innovative and collaboration-oriented suppliers globally. Topics included e.g. how to boost top-line with effective innovation and R&D, enhanced networking and end-customers and Valmet's procurement needs. Other themes of the day were sustainability and ensuring health and safety in operations throughout the value chain.

We also continued the global supplier roadshow including one area event in Brazil. The topic mainly addressed was design-to-cost. The event targeted current and potential key suppliers, focusing on building long-term and close relations with selected suppliers. We also audit and assess our 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 2016, Valmet's IR team engaged with investors and analysts approximately 230 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, customers, investors and suppliers 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 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 sustainability 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.

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 wellbeing 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 2016, 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 2016

The topics highlighted most in our stakeholder dialogue in 2016 continued to be the environmental efficiency and safety of Valmet's products, the importance of ethical guidance and processes for managing ethical violations, employee wellbeing 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 which are not reported in the Annual Review or the GRI content index.

Energy consumption within the organization (G4-EN3¹, G4-EN5²)

G4-EN3: Fuel consumption

TJ	2016	2015	2014
Renewable fuels	0	1	0
Non-renewable fuels	285	283	285
Total	285	283	285

G4-EN3: Energy consumption by source

TJ	2016	2015	2014
Electricity	772	748	705
Heating	252	229	228
Steam	38	37	42
Total	1,061	1,013	975

G4-EN3: Energy sold

TJ	2016	2015	2014
Electricity	15	20	31
Heating	5	22	5
Steam			9
Total	20	42	45

G4-EN3: Total energy consumption

TJ	2016	2015	2014
	1,346	1,297	1,260

G4-EN5: Energy intensity

	2016	2015	2014
TJ/ MEUR Net sales	0.46	0.44	0,51

¹ Consumption is reported based on local invoicing. Standard conversion factors are used in our reporting system. Electricity is consumed in production processes, use of equipment and facility services, such as lighting, cooling and heating. Fuel used for internal transportation 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, cooling, steam and fuel (excluding fuel for internal transportation).

Total water withdrawal by source (G4-EN8¹)

G4-EN8: Total water withdrawal by source

1,000 m ³	2016	2015	2014
Municipal water	532	513	505
Surface water	2,594	2,470	2,763
Other ²	23	48	37
Total	3,149	3,031	3,305

¹ Municipal supplies and other water utilities are reported by each unit based on invoicing. In some cases, surface water consumption is estimated based on pump capacity.

² Ground water, rainwater, water from other organizations.

Greenhouse gas emissions (G4-EN15¹, G4-EN16¹, G4-EN17, G4-EN18²)

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

1000 tCO ₂	2016	2015	2014
Scope 1	16.6	16.7	17.4
Scope 2 (location based)	66.8	65.6	68.3
Scope 2 (market based) ³	93.7		

¹ Only CO₂ is included in the calculation. There are no biogenic CO₂ emissions in Valmet's operations. The base year reference is the yearly average CO₂ emissions for 2005–2009: 32,000 tCO₂ (Scope 1) and 91,600 tCO₂ (Scope 2). A yearly average is taken to ensure that the baseline is representative of 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 CO₂ emissions. Emissions intensity is calculated on location-based emission factors.

² The ratio covers includes CO₂ gases from direct (Scope 1) and energy indirect (Scope 2) emissions.

³ Valmet calculates market based emissions for the first time in 2016. See the reporting principles for more information.

G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)⁴

1,000 tCO ₂	2016	2015
Category 1: CO ₂ emissions from purchased goods and services ⁵	1,288	N/A
Category 4: CO ₂ emissions from upstream transportation and distribution ⁶	49	N/A
Category 6: CO ₂ emissions from business travel ⁷	31	30
Category 9: CO ₂ emissions from downstream transportation and distribution ⁸	9	N/A

⁴ The specific emission factors used in calculating the greenhouse gas emissions are based on databases and publicly available sources using monetary values from Valmet's monitoring and reporting tools.

⁵ The purchasing spend data used covers approximately 85% of Valmet's total supplier spend.

⁶ Upstream transportation and distribution data used covers approximately 91% of Valmet's total supplier spend. The calculated transportation modes include air, train, ocean and road transportation.

⁷ Valmet's business travel emissions: the data used covers Finland, Sweden, North America, China, and India, and represents 78% (2015: 78%) of Valmet's global workforce. The calculated business travel modes include travelling by air, rented vehicle and compensated mileages as well as hotel nights.

⁸ The downstream transportation and distribution data includes air, train, ocean and road transportation.

G4-EN18: Greenhouse gas (GHG) emissions intensity (Scope 1 and 2)

	2016	2015	2014
1,000 tCO ₂ /MEUR Net sales	0.029	0.028	0.035

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	2016	2015	2014
Hazardous air pollutants (HAP)	3	3.2	-
NO _x	10.1	11.4	-
Particulate Matter (PM)	5.1	11.4	-
SO _x	0.3	1	-
Volatile organic compounds (VOC)	47.8	51.4	-
Others standard categories	2.4	1.8	-
Total	68.7	80.4	-

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	2016	2015	2014
Reuse	0	0	0
Recycling	0.29	0.25	0.14
Energy recovery	0.11	0.07	0.03
Incineration	1.18	0.76	0.97
Landfill	0.39	0.38	0.37
Other ²	0.08	0.35	0.45
Total	2.05	1.82	1.96

G4-EN23: Non-hazardous waste

1,000 t	2016	2015	2014
Reuse	0	0	0
Recycling	14.49	13.31	12.63
Energy recovery	2.52	2.19	1.91
Incineration	0.20	0.12	0.31
Landfill	19.60	21.64	23.07
Other ²	0.33	0.09	0.01
Total	37.14	37.34	37.93

G4-EN23: Total waste

	2016	2015	2014
1,000 t	39.19	39.17	39.89

¹ Waste disposal method is determined based on information provided by the waste disposal contractor in accordance with national classification regulations.

² Includes composting.

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

Advanced and competitive technologies based on innovations

Valmet has a systematic approach to research and technology development. Transforming an idea to the commercial product consists of various steps often including pilot tests in Valmet's own R&D Centers, and may in some cases take several years. Over the years Valmet has been able to introduce both small product improvements and revolutionary innovations to the market. Our innovations improve the competitiveness of our technologies and satisfy the customer needs.

Cutting lead times and time to market with 3D printing

3D printing, also called additive manufacturing, is an example of an emerging technology that we can utilize in our product development. Valmet has already taken 3D printing technology into use to manufacture molding patterns and selected spare parts. The benefits of 3D printing include shorter lead times, on demand rapid deliveries, and cutting the time to market of new products.

Renewable biomass to replace coal

One of Valmet's technologies to move from fossil to renewable energy production are steam exploded black pellets. Black pellets are safer, easier to transport, and hold about 15% more energy than conventional "white" biomass pellets. The black pellets have high moisture durability and can replace fossil coal up to 70–100% depending on the size of the power plants and thus significantly reduce carbon emissions.

Lightweighting with aqua cooling calendering

Lightweighting means that at least the same end-product quality can be produced with less raw materials. Using aqua cooling calendering in producing coated board, bulk savings of up to 5% can be gained while maintaining strength and visual properties. In this method, web cooling uses jets of cool, dry air blown over both surfaces of the web to evaporate water. This effect is boosted by spraying a controlled amount of water onto the web surfaces.

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

New hires¹

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

Age	New hires	New hires, %
Under 30	630 (719)	49.8 (49.9)
30-50	560 (602)	44.3 (41.8)
Over 50	74 (119)	5.9 (8.3)
Total	1,264 (1,440)	100.0 (100.0)

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

Gender	New hires	New hires, %
Female	310 (359)	24.5 (24.9)
Male	954 (1081)	75.5 (75.1)
Total	1,264 (1,440)	100.0 (100.0)

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

Region	New hires	New hires, %
North America	73 (159)	5.8 (11.0)
South America	82 (97)	6.5 (6.7)
EMEA	898 (900)	71.0 (62.6)
China	134 (212)	10.6 (14.7)
Asia-Pacific	77 (72)	6.1 (5.0)
Total	1,264 (1,440)	100.0 (100.0)

¹ New hires calculation: (new hires per category/total number of new hires in 2016) *100. The calculation methods used for the new hires reflects the way we report on the topic internally.

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

Age	Number of leavers	Turnover, %
Under 30	528 (507)	36.8 (37.9)
30–50	641 (472)	9.6 (6.7)
Over 50	375 (306)	9.0 (7.8)
Total	1,544 (1285)	12.6 (10.4)

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

Gender	Number of leavers	Turnover, %
Female	386 (319)	15.4 (12.7)
Male	1,158 (966)	11.9 (9.9)
Total	1,544 (1285)	12.6 (10.4)

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

Region	Number of leavers	Turnover, %
North America	166 (154)	12.6 (11.3)
South America	68 (60)	12.7 (11.3)
EMEA	840 (745)	10.7 (9.6)
China	384 (274)	20.7 (14)
Asia-Pacific	86 (52)	12.1 (7.4)
Total	1,544 (1,285)	12.6 (10.4)

² Turnover rate calculation: (number of leavers/average number of employees in 2016) *100. The calculation method used for turnover shows the regional turnover based on the average number of employees in the specific region in 2016. The calculation method used is consistent for all turnover-related reporting categories specified in G4-LA1. The calculation method was changed in 2016 from the number of year end employees to average number of employees to reflect the way we report on the topic internally.

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

%	2016
North America	100 (94)
South America	94 (94)
EMEA	93 (92)
China	91 (29)
Asia-Pacific	43 (43)
Total	91 (80)

Injuries, lost days, absenteeism and fatalities (G4-LA6¹)

G4-LA6: Fatalities by gender (own employees)

	2016	2015	2014
Male	0	0	0
Female	0	0	0
Total	0	0	0

G4-LA6: Fatalities by area (own employees)

	2016	2015	2014
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 (supervised and independent contractors²)

	2016	2015	2014
Male	2	0	0
Female	0	0	0
Total	2	0	0

G4-LA6: Fatalities by area (supervised and independent contractors²)

	2016	2015	2014
North America	1	0	0
South America	0	0	0
EMEA	1	0	0
China	0	0	0
Asia-Pacific	0	0	0
Total	2	0	0

G4-LA6: Lost time incident frequency, LTIF³, by area (own employees¹⁰)

	2016	2015	2014
North America	1.6	3.2	2.3
South America	0.9	4.6	1.2
EMEA	2.9	4.1	7.7
China	1.1	1.1	2.6
Asia-Pacific	0	0.8	0
Total	2.3	3.3	5.5

¹ The European Statistics at Work Methodology is used for recording and reporting accident statistics. This methodology 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 calendar days absence, and lost time incidents resulting in four or more calendar days absence.

⁴ Supervised and independent contractors working on site to whom the organization is liable for the 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, LTIF³, by area (supervised and independent contractors⁴)

	2016	2015	2014
North America ⁸	-	-	-
South America	2	2.1	0.8
EMEA	6.9	12.3	-
China	2.2	4.9	-
Asia-Pacific	0	0.8	-
Total	4.4	3.9	-

G4-LA6: Total recordable incident frequency by area, TRIF⁵, (own employees⁹)

	2016	2015	2014
North America	4.3	7.2	4.1
South America	4.7	6.8	1.2
EMEA	6.5	10.3	13
China	7	6.1	7.6
Asia-Pacific	2.9	3.1	7
Total	6	8.7	10.3

G4-LA6: Total recordable incident frequency, TRIF⁵, by area (supervised and independent contractors⁴)

	2016	2015	2014
North America	-	-	-
South America	7.3	8.6	10.3
EMEA	10.1	18.4	-
China	6.6	9.8	-
Asia-Pacific	0	2.5	-
Total	7.6	9.4	-

G4-LA6: Absentee rate⁶ by area (own employees)

%	2016	2015	2014
North America	1.7	2.0	2.3
South America	1.1	1.1	1.4
EMEA	3.2	3.0	3.2
China	1.2	1.4	1.5
Asia-Pacific	1.4	1.3	1.3
Total	2.5	2.5	2.6

G4-LA6: Occupational disease⁷ rate by area (own employees)

	2016	2015	2014
North America	0	0	-
South America	0	0	-
EMEA	0.2	0.05	-
China	0	0	-
Asia-Pacific	0	0	-
Total	0.1	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 workhour data available for North America.

⁹ 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 2016 was 15 hours. Training hours are reported for all employee groups based on the information available in the Valmet Training Database. In 2016, we upgraded the Valmet Training Database to allow more detailed reporting and better training management in the future.

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 white-collar employees. Annual review discussions are also encouraged for Valmet's blue-collar employees, some of which take place as documented group discussions.

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

	Female, %	Male, %	Total, %
White collar	92.7 (87.7)	94.7 (90.5)	94.3 (89.8)
Senior management	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)
Managerial and specialist	92.6 (87.5)	94.6 (90.3)	94.2 (89.7)
Blue collar	69.0	37.4	42.3

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

Age	Female total, %	Male total, %
Under 30	0 (0)	0 (0)
30–50	12.5 (16.7)	0 (0)
Over 50	25.0 (16.7)	62.5 (66.7)
Total	37.5 (33.3)	62.5 (66.7)

G4-LA12: Executive Team

Age	Female total, %	Male total, %
Under 30	0 (0)	0 (0)
30–50	14.3 (15.4)	14.3 (30.8)
Over 50	0 (0)	71.4 (53.8)
Total	14.3 (15.4)	85.7 (84.6)

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

	Female total, %	Male total, %	Total	Total, %
White collars	15.6 (15.3)	53.7 (52.4)	8,326 (8,336)	69.3 (67.7)
Senior management	0.2 (0.2)	1.1 (1.1)	155 (162)	1.3 (1.3)
Managerial and specialist	15.4 (15.1)	52.6 (51.3)	8,171 (8,174)	68.0 (66.4)
Blue collar	4.7 (5.0)	26.0 (27.3)	3,686 (3,970)	30.7 (32.3)
Total	20.3 (20.3)	79.7 (79.7)	12,012 (12,306)	100.0 (100.0)

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

	Age in years			Total	Total, %
	Under 30 Total, %	30–50 Total, %	Over 50 Total, %		
White collars	5.5 (6.2)	40.3 (39.4)	23.4 (22.2)	8,326 (8,336)	69.3 (67.7)
Senior management	0 (0)	0.6 (0.6)	0.7 (0.7)	155 (162)	1.3 (1.3)
Managerial and specialist	5.5 (6.2)	39.8 (38.8)	22.7 (21.5)	8,171 (8,174)	68.0 (66.4)
Blue collars	4.0 (4.7)	17.0 (17.9)	9.7 (9.6)	3,686 (3,970)	30.7 (32.3)
Total	9.5 (10.9)	57.3 (57.3)	33.2 (31.8)	12,012 (12,306)	100.0 (100.0)

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

Nationality	Total, %
Finnish	39.2 (37.8)
Chinese	14.0 (15.7)
Swedish	12.3 (12.3)
American	8.6 (9.1)
Brazilian	4.3 (4.1)
Portuguese	2.7 (2.6)
Indian	2.1 (2.4)
German	2.1 (2.0)
Spanish	1.9 (1.7)
Canadian	1.7 (1.7)

Anti-corruption (G4-SO3)

Group level risk assessments cover 100% of Valmet’s operations. The FRIME audits cover annually ca. 10% and 5 legal units, hence 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.

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement (G4-PR1)

Safety is an integral part of Valmet’s technologies, automation and services. The safety requirements of all Valmet’s solutions are carefully reviewed and assessed in the R&D process and must be fulfilled in each product development phase.

Valmet’s solutions are required to be safe to use, and they are designed to meet or exceed all applicable safety standards and regulations. To ensure safe operations, customer training is included in all project deliveries. Moreover, the majority of Valmet’s operations are certified to quality, health and safety and environmental management standards, and processes that ensure product safety are followed.

Customer satisfaction (G4-PR5)

Valmet conducts a global customer perception survey annually to its key customers. This survey collects 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.

Based on the 2016 survey, Valmet is perceived as a professional and expertized company with high quality and good products. Areas with higher ratings associated with Valmet are good understanding/expertise and industry-leading technology and innovations. Overall 87% of the interviewees who responded to questions saw Valmet as a leader in sustainability. The Net Promotor score improved for the third consecutive year. The feedback in 2016 mainly concerned pricing, reaction times, communication and availability of local services close to customer.

Valmet has a separate global Customer Experience Survey process for its Service business that measures customers’ satisfaction 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 customer and 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 2016, 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 as good. Net promoter score varies across customer areas but overall it has been on a good level. In 2016, over 2,000 survey requests were send.

We also receive customer feedback through our everyday operations with customers and at occasions such as customer events.

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.

Valmet has a global process in place to ensure compliance with the requirements set out in its Sustainable Supply Chain policy. All suppliers are required to sign the policy as part of their contract with Valmet. Valmet has an automated sustainability risk assessment to all its suppliers. Based on the risk assessment, Valmet may ask its suppliers to evaluate their sustainability performance by conducting a self-assessment through an online-tool, which is used as one of the criteria to define the need for a potential sustainability audit. Valmet conducts supplier sustainability audits together with an independent, certified third-party auditor.

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 2016 to 31 December 2016, disclosed in Valmet Corporation's Annual Review 2016 and GRI Supplement 2016 on the Company's website (hereinafter Sustainability information). The assured information is indicated in the Company's GRI content index 2016.

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 four sites in Finland, India, Italy and the United Kingdom.
- 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 2016 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 2017

PricewaterhouseCoopers Oy

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Design and production

Milton Oy

Paper

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Printing

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This report is made from paper and pulp that were produced on Valmet machinery and equipment. It is printed on MultiArt Silk paper, which is certified according to the FSC standard and the Nordic Ecolabel.

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