

Remuneration Report 2024



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Introduction

Valmet's Remuneration Report describes the remuneration of the Board of Directors and the President and CEO of Valmet in 2024. The report has been prepared by Valmet's Remuneration and HR Committee to openly communicate Valmet's practices and processes to ensure fair and consistent remuneration across the organization, drive high performance, and secure the Company's long-term financial success.

The remuneration of the Board of Directors and the President and CEO is implemented in accordance with Valmet's Remuneration Policy, which was reviewed in 2024 and approved for a four-year cycle by Valmet's shareholders at the Annual General Meeting (AGM) in March 2024.

This report explains how the remuneration practices set by the Remuneration and HR Committee continue to be effective in driving Valmet's long-term business performance and supporting the implementation of the Company's key strategic priorities.

The report follows the requirements outlined in the EU Shareholder Rights Directive (SRD) and the Finnish Corporate Governance Code 2020 and is presented each year at the Company's Annual General Meeting for an advisory vote.

Comments on Valmet's Remuneration Report 2023

The Remuneration Report 2023 was presented at the Annual General meeting on March 21, 2024 for an advisory vote and it received a for vote from a majority of shareholders. In preparation for this year's Remuneration Report, we have taken into consideration feedback from the proxy advisors and major shareholders regarding the elements included in the Report.

Based on the feedback, we have continued to improve our long-term incentive plan and will move to a single plan structure with a three-year performance period for all long-term incentive plan participants. Additionally, we will include a sustainability/ESG measure in the long-term incentive plan. However, we are not changing our approach to disclosing the target or threshold levels of the performance measures, even ex-post, due to Valmet's highly competitive oligopolistic market.

Valmet's remuneration approach

Valmet's remuneration approach is built around the principles of driving high performance, competitive remuneration to retain talent with the best fit, and fairness and sustainability. We are committed to developing a strong pay-for-performance culture for employees at all levels and corners of the organization, combined with a healthy mix of non-monetary rewarding practices. This leads to truly engaged and performance-driven teams – and ultimately, a more successful and profitable Company.

The President and CEO's remuneration package is aligned with and supported by our pay-for-performance culture. A significant portion of the President and CEO's remuneration package is based on variable pay in the form of short- and long-term incentives. This ensures we maintain a strong connection between the Company's financial performance and CEO remuneration. In addition, the President and CEO is expected to build and maintain a minimum shareholding in the Company to further support and align shareholder interest with management interest.

We are committed to developing a strong pay-for-performance culture for employees at all levels and corners of the organization, combined with a healthy mix of non-monetary rewarding practices.



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Chair's foreword

Dear Shareholder,

The year 2024 marked the start of a new era for Valmet. In August, we welcomed new President and CEO Thomas Hinnerskov, who has had a strong start by meeting as many Valmeteers, customers, and other stakeholders as possible to learn about the business. Additionally, the executive team continued its renewal, with two new members joining Valmet, and two members leaving Valmet – one announcing plans for retirement, the other to continue their career outside the Company.

From a business perspective, it was a mixed year overall. Valmet signed its biggest order to date in October, agreeing to deliver a complete pulp mill, including full-scope automation and flow control solutions for Arauco in Brazil. Valmet also finalized two strategic M&As, Siemens' Process Gas Chromatography and Demuth's Máquinas Industriais, again strengthening and expanding the organization. Unfortunately, however, Valmet continued to face challenging market situations in parts of the organization, leading to several negotiation processes during the year. Despite this challenging market situation, Valmet did manage to improve its profitability as measured by EBITA margin.

Valmet's renewed Remuneration Policy was approved at the Annual General Meeting held in March 2024. Based on the Policy's guidance, the Remuneration and HR Committee and the Board of Directors will actively continue to ensure Valmet has a strong set of long- and short-term incentives that drive business performance, motivate and engage key personnel, support strategy implementation, and meet shareholder expectations.

In 2024, we decided to modify our long-term incentive program and continue with only one long-term incentive plan, the Performance Share Plan (PSP), for the upcoming plan period. The PSP is for the Executive Team, including the President and CEO, and a limited group of nominated key personnel and management talents. The PSP includes both strategic and financial performance measures and has a three-year performance period to support the Company in achieving its strategic targets, while aligning the interests of management and our shareholders. The plan also includes a significant, tangible, and ambitious ESG measure.

The total earned remuneration for Valmet's new President and CEO, Thomas Hinnerskov, in 2024 was approximately EUR 1.2 million, of which 67 percent was in the form of variable pay. The variable pay percentage is directly affected by the 2024 financial result, in which absolute comparable EBITA, comparable EBITA margin, and stable business orders received were within their targeted ranges. The President and CEO did not own any Valmet shares at the end of 2024. The President and CEO, along with other Executive Team members, have a share ownership recommendation, which is set at 100 percent of annual base salary, and based on this, the share ownership recommendation for the President and CEO will accumulate shares through long-term incentive plan payments as the years pass.

To conclude, I want to thank Valmeteers around the world for their continued commitment to the Company and for giving Thomas such a warm welcome to the team. We are on a journey together, and I look forward to seeing what the coming years will bring.



Mikael Mäkinen

Chair of the Board of Directors



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Valmet's business performance has been mixed. Stable orders received have been growing steadily over the years, organically continuing the growth in 2024, as well as through mergers and acquisitions. Profitability continued to trend upward in 2024.

The paid-out compensation for the President and CEO is a combination of the compensation paid to the former President and CEO Pasi Laine at the beginning of the year and the compensation paid to the current President and CEO Thomas Hinnerskov at the end of the year.

The ratio between the paid-out compensation for the President and CEO and the median Valmet employee increased over the past year. The President and CEO's remuneration increased in 2024 due to the effects of change in variable pay, i.e., long-term incentives where payment was made related to two LTI plans, for the performance period 2021–2023 and performance period 2023. The new President and CEO did not receive any STI or LTI payment in 2024. As our performance targets for short-

and long-term incentives are linked to our business result, the business performance is directly reflected in the variable incentives paid to the President and CEO.

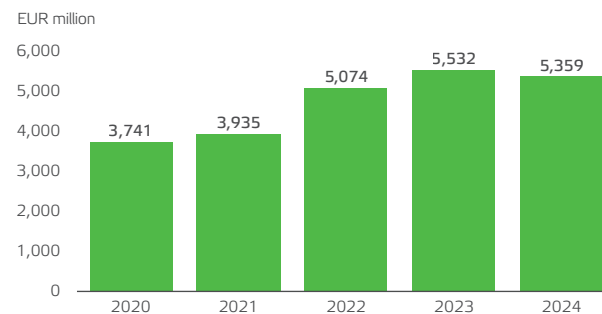
In the table, we present the paid compensation for the last five years for the members of the Board of Directors, the President and CEO, and the average Valmet employee. For members of the Board of Directors, paid-out compensation is impacted by meeting fees.

The fluctuation in the President and CEO's compensation is driven by annual changes in short- and long-term incentive achievement linked to business performance. The development of our average Valmet employees' compensation is based on all personnel expenses without indirect employee costs, divided by the average number of personnel during the year and impacted by the changes in our employee structures globally.

Paid compensation (in EUR)

	2020	2021	2022	2023	2024
Chair of Board of Directors	137,836	141,005	167,260	166,500	178,000
Vice Chair of the Board of Directors	87,332	89,198	81,558	94,500	106,200
Other members of the Board of Directors (average)	85,665	78,633	83,047	83,333	89,708
President and CEO	1,756,724	1,868,841	2,669,525	2,169,371	2,459,829
Average Valmet employee	57,784	59,182	61,801	62,376	63,561

Net sales

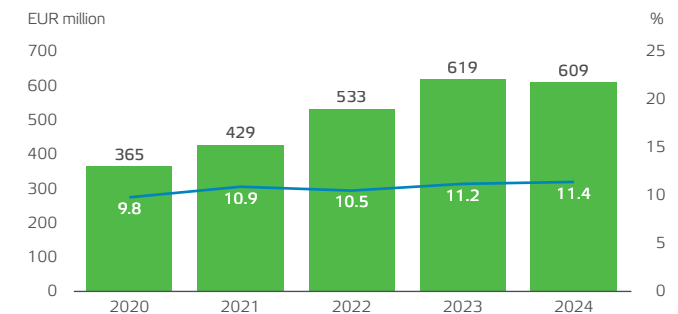


Stable business orders received and growth, %



■ Stable business orders received
— Stable business orders received growth

Comparable EBITA and EBITA margin, %



■ Comparable EBITA
— Comparable EBITA margin



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Remuneration Policy for the Board of Directors

The remuneration of the Board of Directors is decided for one term of office at a time by the General Meeting, based on the proposal of the Shareholders' Nomination Board. The remuneration of the members of the Board of Directors consists of an annual fee and a fee per meeting. An additional annual fee is paid to the members of the Board's committees. Board members' travel expenses

and daily allowances are also compensated in accordance with Valmet's travel expense policy. The Board of Directors' personnel representative is entitled to a meeting fee for the meetings to which they have been invited and have attended.

Remuneration of the Board of Directors for the previous financial year

Board of Directors' compensation in 2024 (in EUR)

Name	Total annual fee	Share reward portion	Cash portion	Committee annual fee	Meeting fees	Total
Aaro Cantell Member of the Board*	0	0	0	0	3,750.00	3,750.00
Jaakko Eskola Vice Chair of the Board	82,500.00	33,000.00	49,500.00	4,200.00	19,500.00	106,200.00
Anu Hämäläinen Member of the Board	66,000.00	26,400.00	39,600.00	16,700.00	16,500.00	99,200.00
Pekka Kemppainen Member of the Board	66,000.00	26,400.00	39,600.00	7,300.00	17,250.00	90,550.00
Per Lindberg Member of the Board	66,000.00	26,400.00	39,600.00	7,300.00	13,500.00	86,800.00
Monika Maurer Member of the Board	66,000.00	26,400.00	39,600.00	4,200.00	24,750.00	94,950.00
Annareetta Lumme-Timonen Member of the Board**	66,000.00	26,400.00	39,600.00	7,300.00	10,500.00	83,800.00
Mikael Mäkinen Chair of the Board	150,000.00	60,000.00	90,000.00	8,500.00	19,500.00	178,000.00
Annika Paasikivi Member of the Board**	66,000.00	26,400.00	39,600.00	4,200.00	12,750.00	82,950.00
Eriikka Söderström Member of the Board*	0	0	0	0	6,000.00	6,000.00
Total	628,500.00	251,400.00	377,100.00	59,700.00	144,000.00	832,200.00

* Board member until March 21, 2024.

** Board member as of March 21, 2024.

Compensation of the Board of Directors' personnel representative in 2024 (in EUR)

Name	Total annual fee	Share reward portion	Cash portion	Committee Annual Fee	Meeting fees	Total
Juha Pöllänen	0.00	0.00	0.00	0.00	8,250.00	8,250.00

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

In line with our remuneration policy, the compensation for the Board of Directors was adjusted, based on the Nomination Board's 2024 proposal. Based on the decision of the Annual General Meeting, 40 percent of the Board's annual fees were reinvested to buy Valmet shares from the market. No special terms or conditions are associated with share ownership.



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Remuneration Policy for the President and CEO at a glance

The Remuneration Policy provides a remuneration structure that aligns the remuneration for the President and CEO with the Company's long-term value creation and the achievement of its strategic objectives in accordance with its remuneration principles. The table below describes the policy's content at a glance.

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

Remuneration element	Purpose and link to strategy	Operation
Fixed 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 President and CEO's base salary level, considering experience and performance. The 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 any salary increase, which is approved by the Board of Directors.
Pension and insurance benefits	Provides a retirement benefit in addition to the statutory pensions in line with local market practices, supporting employee recruitment, engagement, and retention.	Pension arrangements for the President and CEO follow local market practice and legislation: Finland has 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. According to local market practice, the President and CEO has an additional pension benefit in the form of a defined contribution pension plan of 20 percent of annual fixed base salary. The President and CEO's retirement age follows the statutory retirement age. Other insurance benefits will be provided in line with appropriate levels indicated by the local market practice and requirements in the country of employment.
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 a percentage of the base salary), performance measures, and target levels for the President and CEO. 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 incentive	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 a long-term shareholding in Valmet.	The President and CEO is included in share-based incentive plans 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 mainly follows a three-year earning period with Company-level strategic and financial performance targets. For example, the performance targets for the long-term incentive plan can be related to growth, profitability, and sustainability as determined and decided by the Board of Directors annually. The 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.



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President and CEO total compensation in 2024 (in EUR)

	Fixed annual salary (incl. taxable benefits)	Variable Compensation		Post-retirement benefit	Total Compensation	Resignation benefits
		Short-term incentive payment	Share-based incentive payment	Supplementary pension		
President and CEO Thomas Hinnerskov**	331,627	-	-	-	331,627	-
President and CEO Pasi Laine*	565,627	717,589	664,986	180,000	2,128,202	334,373***

The Total Compensation for the President and CEO in 2024 refers to the paid compensation based on the 2023 performance period, whereas the sum on page 3 in the Chair's foreword refers to the total earned/accrued remuneration for the 2024 performance period.

* Pasi Laine until August 11, 2024.

** Thomas Hinnerskov as of August 12, 2024.

*** Payments as of August 12, 2024.

Valmet follows a peer company market median to set the base salary level for the President and CEO, considering experience and performance. Salary market movement and Company performance, as well as individual performance, are considered when determining any salary increase, which is approved by the Board of Directors. The President and CEO's remuneration and other terms of the agreement are in accordance with Valmet's Remuneration Policy.

In 2024, the President and CEO Pasi Laine's monthly fixed compensation was EUR 71,428.57. The fixed salary includes a company car and phone allowance as fringe benefits. President and CEO Thomas Hinnerskov's monthly fixed compensation was EUR 70,833.

Variable pay, meaning short- and long-term incentives, constitutes a substantial part of the President and CEO's total remuneration. In 2024, only Pasi Laine received short- and long-term incentive payments. Thomas Hinnerskov was included in these plans as of the start of the employment. There are therefore no paid short- and long-term incentives for Thomas Hinnerskov in 2024. For Pasi Laine, these corresponded to approximately 65 percent of total compensation, and the fixed annual salary to 27 percent.

The supplemental pension paid to the President and CEO Pasi Laine corresponded to approximately 8 percent of total remuneration. The President and CEO Thomas Hinnerskov's supplemental pension payment related to the year 2024 will be paid in conjunction with the 2025 payment.

The President and CEO Thomas Hinnerskov has been allocated 61,037 shares from the restricted share pool. The reward payment will take place in the Spring 2027. In addition, the President and CEO Thomas Hinnerskov's trips between Denmark and Finland have been paid by Valmet and these travel costs will be treated as taxable income for him, the total income has been approximately EUR 10,000 in 2024.

Remuneration of the President and CEO in 2025

The remuneration of the President and CEO Pasi Laine for 2024–2025 was decided in August 2023 in conjunction with his resignation. The Board of Directors decided to continue salary payments until July 2025. The Company will make a severance payment of EUR 1,125,000 to the President and CEO in July 2025. The President and CEO is considered a good leaver for the purposes of long- and short-term incentives and retains the rights to all earned incentives, as well as future incentives for the performance period 2024–2026.



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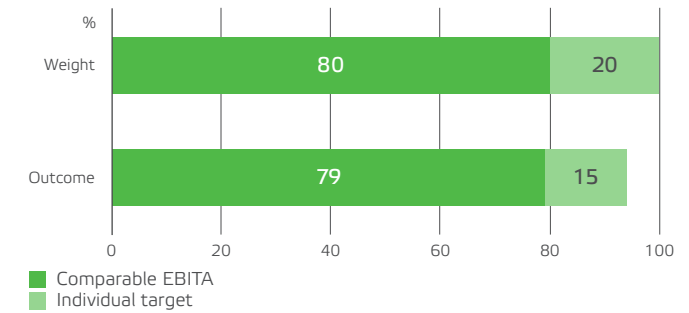
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Short-term incentives for 2023, paid in 2024

The maximum short-term incentive for President and CEO Pasi Laine corresponded to 100 percent of the annual base salary for 2023. The short-term incentive is based on the Company’s comparable EBITA development with 80 percent weighting, and strategic targets set by the Board of Directors with 20 percent weighting. The outcome of the 2023 Valmet-level comparable EBITA measure was 99 percent of the min/max range. In 2023, the Board of Directors set individual objectives for President and CEO Pasi Laine related to sustainability progress and other strategic initiatives. President and CEO Pasi Laine’s individual objectives were partially achieved in 2023 (75%). The accrued incentives for 2023 were paid in March 2024. The graph on the right presents the STI structure and outcome for President and CEO Pasi Laine for the 2023 financial year.

Short-term incentives for 2023, paid in 2024

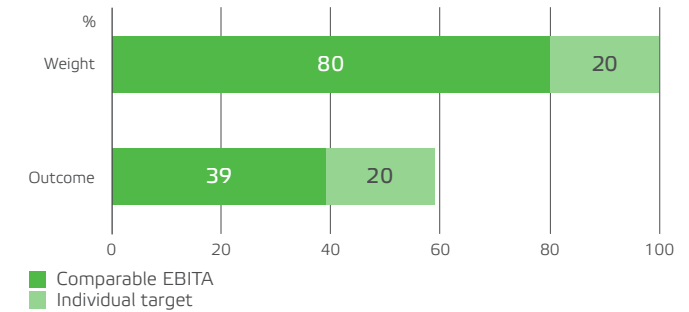


Short-term incentives for 2024, payable in 2025

Former President and CEO Pasi Laine had a short-term incentive for 2024. It was 100 percent of the annual base salary for 2024, and it was fully based on the Company’s comparable EBITA development. The outcome of the 2024 Valmet-level comparable EBITA measure was 49 percent of the min/max range.

The maximum short-term incentive for the President and CEO corresponds to 100 percent of the annual base salary for 2024 and it is not prorated to the time served for the new President and CEO Thomas Hinnerskov. The short-term incentive is based on the Company’s comparable EBITA development with 80 percent weighting, and strategic targets set by the Board of Directors with 20 percent weighting. The outcome of the 2024 Valmet-level comparable EBITA measure was 49 percent of the min/max range. In 2024, the Board of Directors had set individual targets for the President and CEO related to strategic targets. President and CEO Thomas Hinnerskov’s individual target achievement in 2024 was 100 percent. The accrued incentives for 2024 will be paid in March 2025. The graph on the right presents the STI target setting and outcome for President and CEO Thomas Hinnerskov for the 2024 financial year.

Short-term incentives for 2024, payable in 2025





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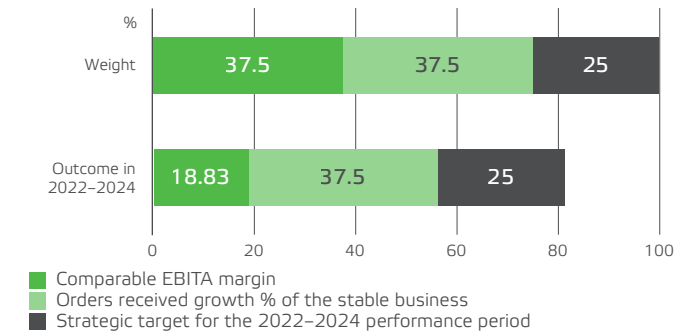
Performance Share Plan 2022–2024 (PSP 2022–2024), paid partially in 2023 and payable partially in 2025

The maximum long-term incentive reward for the President and CEO was 150 percent of annual base salary determined as a number of shares with the average share price of December 2021. The maximum reward corresponded to 31,279 shares. The potential reward for the 2022–2024 performance period was based on achieving a predefined strategic ESG performance measure, as well as measures supporting Valmet’s long-term strategic and financial development. The strategic performance measure was linked to the progress of Valmet’s comprehensive Sustainability Agenda and Climate Program, and rewards plan participants for achieving our ambitious environmental, social, and governance targets. The performance measures supporting long-term strategic and financial development are set for the full three-year period. They are the comparable EBITA margin and orders received growth (%) of the stable business, that is, Services and Automation. The outcome for the 2022 performance period was 75.1 percent of the maximum, and the share delivery took place in March 2023. The strategic performance measure’s outcome was 100 percent after the full 2022–2024 performance period. Part of the total reward was paid in the spring of 2023, and it was followed by a two-year restriction period, after which the value of this portion of the share reward is final as shares are free of restriction. A portion based on achievement of the strategic performance measure will be paid out in March 2025. The aggregate reward based on the Performance Share Plan 2022–2024 is 81.33 percent of the maximum opportunity.

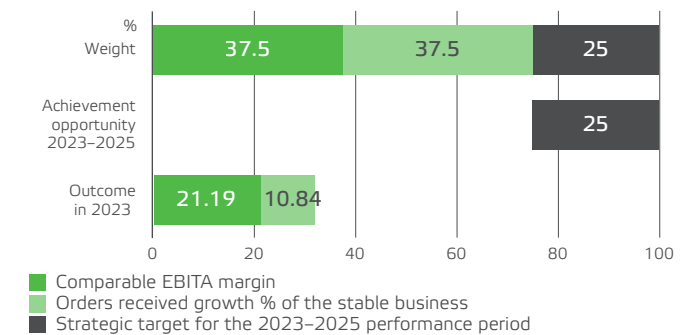
Performance Share Plan 2023–2025 (PSP 2023–2025), payable in 2024 and 2026

The maximum long-term incentive reward for the President and CEO was 150 percent of annual base salary determined as a number of shares with the average share price of December 2022. The maximum reward corresponds to 47,136 shares. The potential reward for the 2023–2025 performance period is based on the development of a valuation multiple of Valmet’s share in comparison to the peer group, as well as targets supporting the Company’s long-term strategic and financial development. They are the comparable EBITA margin and orders received growth (%) of the stable business, that is, the Services and Automation segments. The outcome for the 2023 performance period was 42.7 percent of the maximum, driven by favorable development of EBITA margin. The strategic performance measure’s outcome will be determined after the full 2023–2025 performance period. Part of the total reward was paid in the spring of 2024, followed by a two-year restriction period, which determines the final value of this portion of the share reward, while a portion based on the strategic performance measure will be paid out in the spring of 2026 after the performance measure’s final outcome has been determined. The aggregate reward based on the Performance Share Plan 2023–2025 will be available in the spring of 2026, when the reward will be paid out in full.

Performance Share Plan 2022–2024 (PSP 2022–2024), paid partially in 2023 and payable partially in 2025



Performance Share Plan 2023–2025 (PSP 2023–2025), payable in 2024 and 2026





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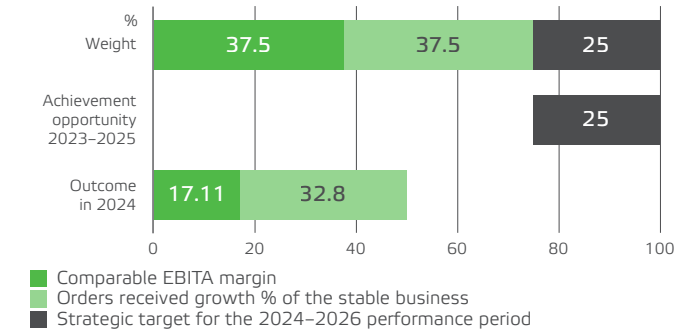
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Performance Share Plan 2024–2026 (PSP 2024–2026), payable in 2027

The maximum long-term incentive reward for former President and CEO Pasi Laine was 150 percent of annual base salary determined as a number of shares with the average share price of December 2023. The maximum reward corresponded to 52,738 shares. Pasi Laine was regarded as a good leaver regarding the PSP and will be included in the plan. The new President and CEO has the maximum reward of 150 percent prorated to 50 percent of the maximum opportunity, and the maximum reward corresponds to 24,904 shares. The potential reward for the 2024–2026 performance period is based on the development of a valuation multiple of Valmet’s share in comparison to the peer group, as well as targets supporting the Company’s long-term strategic and financial development. They are the comparable EBITA margin and orders received growth (%) of the stable business, that is, the Services and Automation segments. The outcome for the 2024 performance period was 66,6 percent of the maximum, driven by favorable comparable stable business orders received growth. The aggregate reward based on the Performance Share Plan 2024–2026 will be available in the spring of 2027, when the reward will be paid out in full.

Performance Share Plan 2024–2026 (PSP 2024–2026), payable in 2027





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Valmet reports 2024



FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS 2024

The report includes Valmet's Financial Statements and the Report of the Board of Directors for 2024.



ANNUAL REVIEW 2024

The report covers Valmet's market environment and the progress of its strategy, operations, and sustainability in 2024.



CORPORATE GOVERNANCE STATEMENT 2024

The report covers Valmet's governance principles and activities, the Board of Directors, and management in 2024.



REMUNERATION REPORT 2024

The report covers Valmet's remuneration principles and remuneration in 2024.



GREEN FINANCE REPORT 2024

The report includes information about Valmet's allocation and impact of the proceeds of green debt transactions issued under the Green Finance Framework.

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