



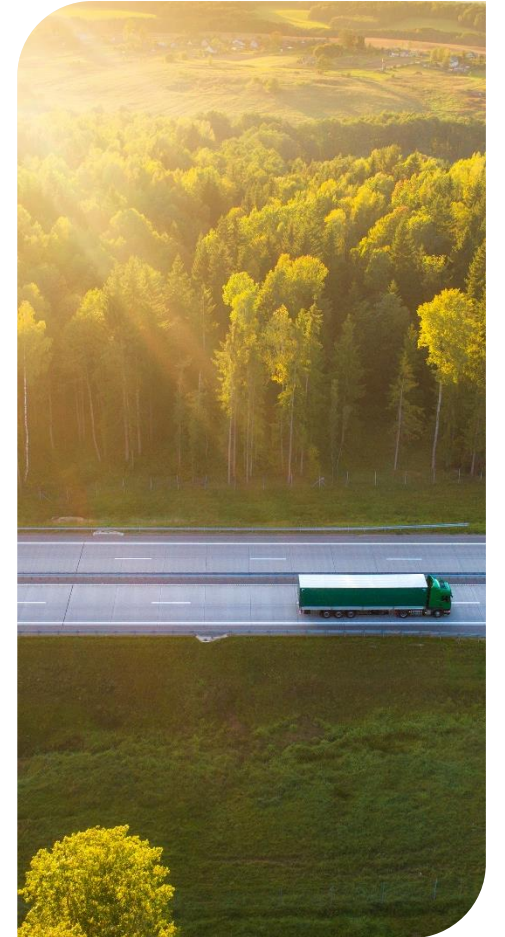
Valmet – Converting renewable resources into sustainable results

Sustainability equity story

July 2024

Agenda

- 1 Valmet today
- 2 Sustainability highlights from investor perspective
- 3 Valmet's R&D addresses global megatrends
- 4 Summary





Valmet today

Valmet has unique offering and strong market shares in the growing market of converting renewables

- Unique offering for pulp, paper and energy industries
- Enabler for carbon neutral pulp and paper processes and fossil free bioenergy production
- Leading market positions globally
- Valmet's customers promote circular bioeconomy
 - Pulp producers
 - Packaging board and tissue producers
 - Heat and power producers
- Differentiation from competitors with the market's widest offering consisting of process technologies, services and automation
- Potential to enable significant CO₂ emission reductions for customers by
 - Eliminating the need for fossil energy in the production process
 - Increasing energy efficiency

Key figures for 2023

Net sales

EUR 5,532 million

Comparable EBITA

EUR 619 million

Comparable EBITA margin

11.2%

Order backlog

EUR 3,973 million

Employees

19,160

Valmet's Way Forward

Mission

We create sustainable results by converting renewable resources and making industrial processes reliable and efficient

Strategy

Valmet develops and supplies competitive and reliable process technologies, services and automation to the pulp, paper and energy industries.

Our automation business covers a wide base of global process industries.

We are committed to moving our customers' performance forward with our unique offering and way to serve.

Continuous improvement and renewal

Must-Wins

- Customer excellence
- Leader in technology and innovation
- Excellence in processes
- Winning team

Business accelerators

Vision

To become the global champion in serving our customers and in moving the industries forward

Our Values



Customers

We move our customers' performance forward



Renewal

We promote new ideas to create the future



Excellence

We improve every day to deliver results




People

We work together to make a difference

Megatrends

- Climate change and resource efficient world
- Digitalization and new technologies
- Urban, responsible and globally connected people



Sustainability highlights from investor perspective

Valmet's business is supported by several favorable global sustainability trends

Targets for CO₂ emission reductions



Replacing plastics in packaging products by renewable materials



Circular economy

- Efficient use of sidestreams, recycling, recovery and reduction of waste
- Maintenance and re-use of equipment



Replacing fossil fuels with renewables



CO₂ neutral energy and heat production



Emission reductions



Energy efficiency



Water efficiency



Raw material efficiency



Chemical efficiency



Occupational safety



Sustainability Agenda

Sustainability 360° agenda covers the entire value chain

Environment

We enhance circularity and environmental efficiency and reduce CO₂ emissions through the entire value chain. Valmet aims to enable fully carbon neutral production for its customers by 2030.

Social

We promote an engaging work environment, commit to the health and safety of our people and partners, and strive to be a responsible corporate citizen.

Governance

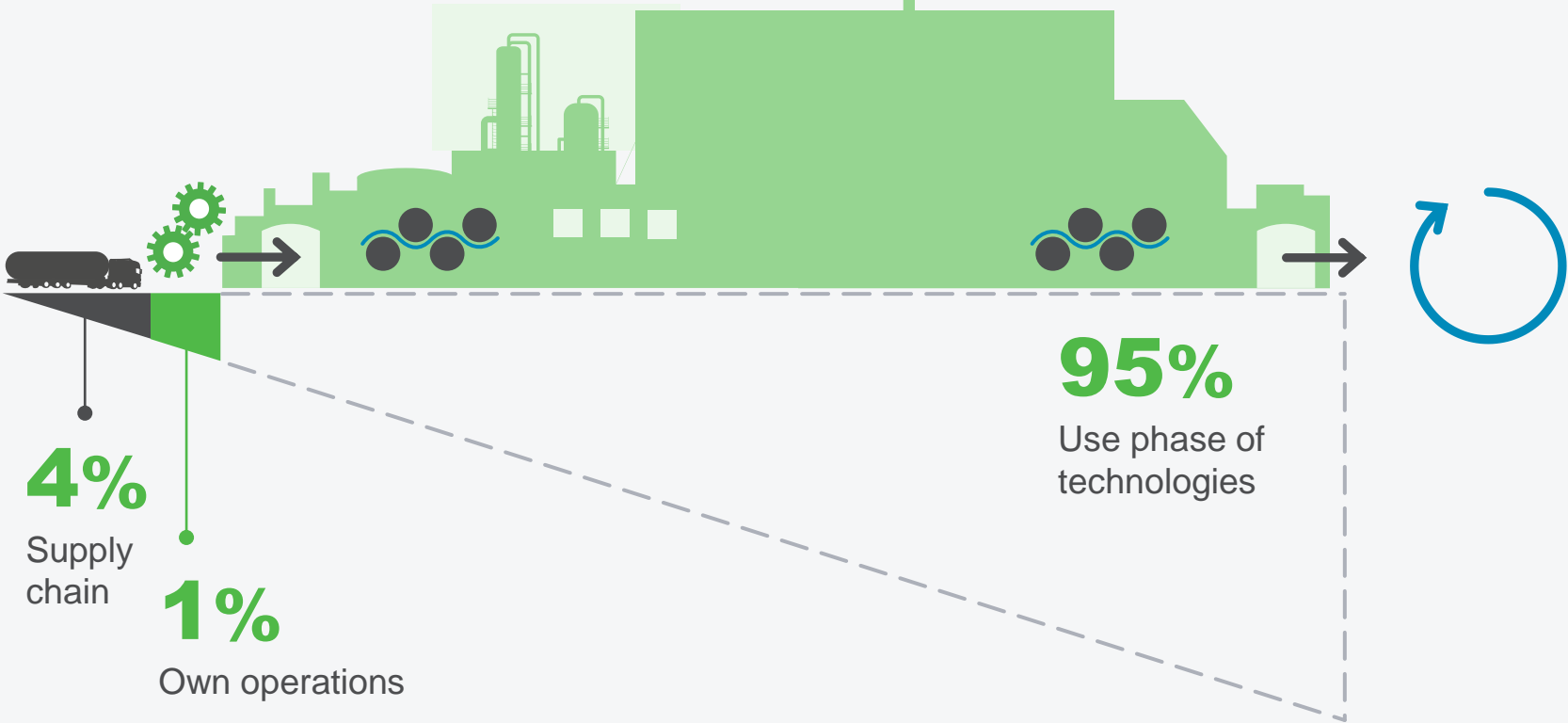
We follow ethical business practices, ensure a sustainable supply chain and report in a transparent manner.



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

Learn more about Valmet's value creation:
<https://www.youtube.com/watch?v=SsntF7P5Avs&t>

Product life cycle is 10 – 100 years



Valmet's Climate Program: Forward to a carbon neutral future

- Separate CO₂ targets for the entire value chain by 2030: supply chain, own operations and use phase
 - The biggest impact comes from the use phase of Valmet's technologies
- In the use phase, the program targets 20% energy efficiency improvement in selected current technologies and enabling 100% carbon neutral production for Valmet's pulp and paper customers
- Already today, the heat and power producers can produce carbon neutral energy with Valmet's biofuel-based energy boilers
- The targets are approved by the Science Based Targets initiative (SBTi) and the program is aligned with
 - Paris Climate Agreement's 1.5-degree pathway
 - United Nations Sustainable Development Goals

TARGETS BY 2030

SUPPLY CHAIN

-20%

CO₂ emission reduction¹

OWN OPERATIONS

-80%

CO₂ emission reduction¹

USE PHASE OF VALMET'S TECHNOLOGIES

-20%

Further reduced energy use of Valmet's current technologies¹

100%

Carbon neutral production process for pulp and paper industry customers

1) Baseline 2019

Valmet's Climate Program has progressed well

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

Targets by 2030 for the entire value chain

SUPPLY CHAIN

- 20%

CO₂ emission reduction¹

- The target to engage 30 most relevant suppliers in terms of CO₂ emissions reached and exceeded
- Today already 45 suppliers engaged to the program
- Engagement of more suppliers continues with high focus

OWN OPERATIONS

- 80%

CO₂ emission reduction¹

- Roadmaps proceeding for
 - purchasing of CO₂ free electricity
 - replacing fossil fuels in locations
 - implementing energy efficiency improvements in locations
 - reducing business travel flights
 - promoting low carbon commuting

USE PHASE OF VALMET'S TECHNOLOGIES

- 20%

Further reduced energy use of Valmet's current technologies

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

100%

Carbon neutral production process for pulp and paper industry customers

- We have reached this target seven years ahead of schedule

¹) Baseline 2019


Acknowledged leader in sustainability

Good sustainability rankings

- In Dow Jones Sustainability Index for the tenth consecutive year
- AAA rating in the MSCI ESG Ratings assessment 2023
- Achieved A rating in CDP's climate program ranking in 2023

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA





Valmet's R&D addresses global
megatrends

Valmet's R&D is aiming to address global megatrends

R&D focus areas

- Promotion of renewable materials
- Raw material, water and energy efficiency
- Emission reductions
- Circularity
- Productivity and environmental improvements with digitalization

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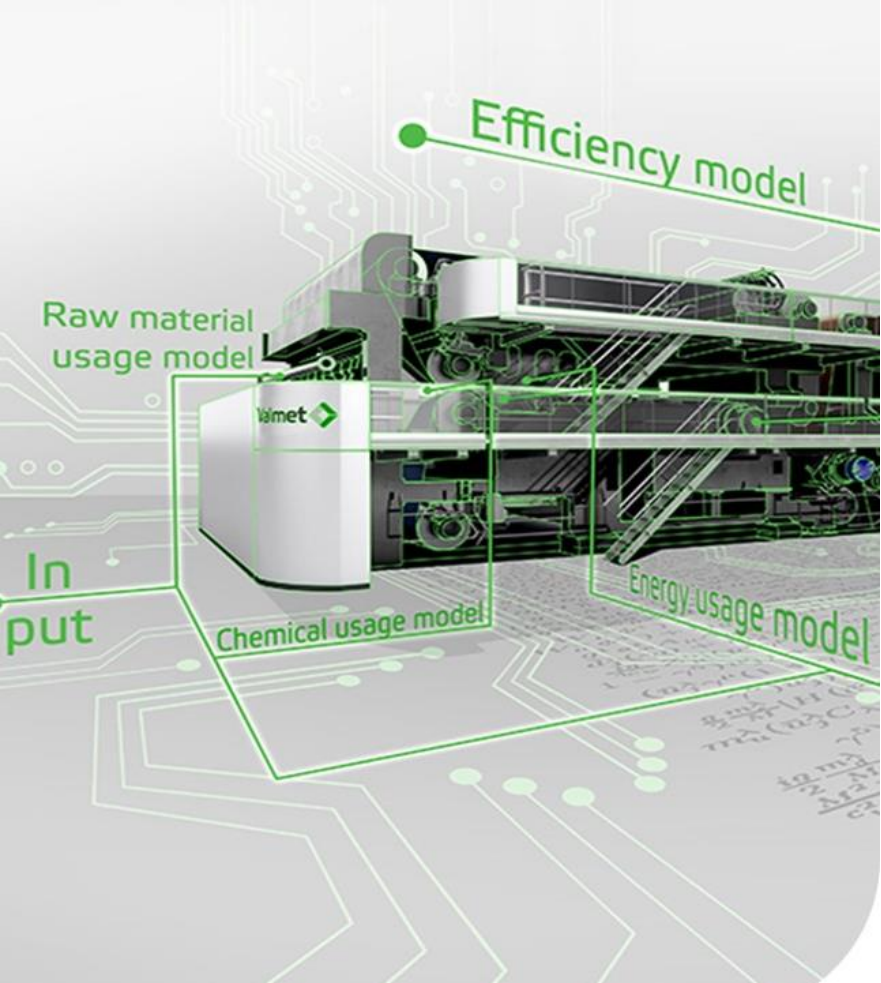
research and development centers



EUR **114** million
R&D spending
in 2023



~1,500
protected inventions



Case examples



OptiConcept M modular board production line

- **30%** lower energy consumption compared to average
- Less fiber through light-weight end product
- **30%** Saving in fresh water consumption
- Smaller carbon footprint through compact design
 - Up to 40% less hall space, up to 430,000 kg less CO₂ emissions

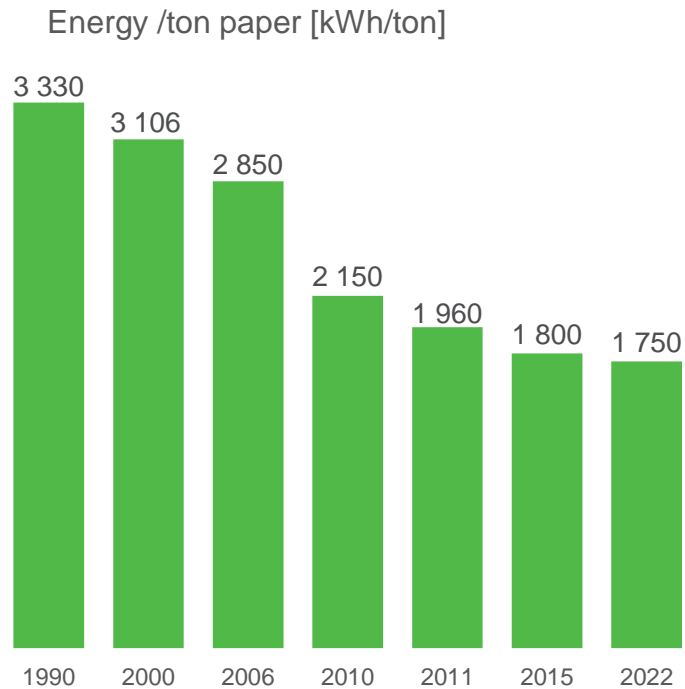


Valmet's biomass-fired power boiler to Høfor in Copenhagen

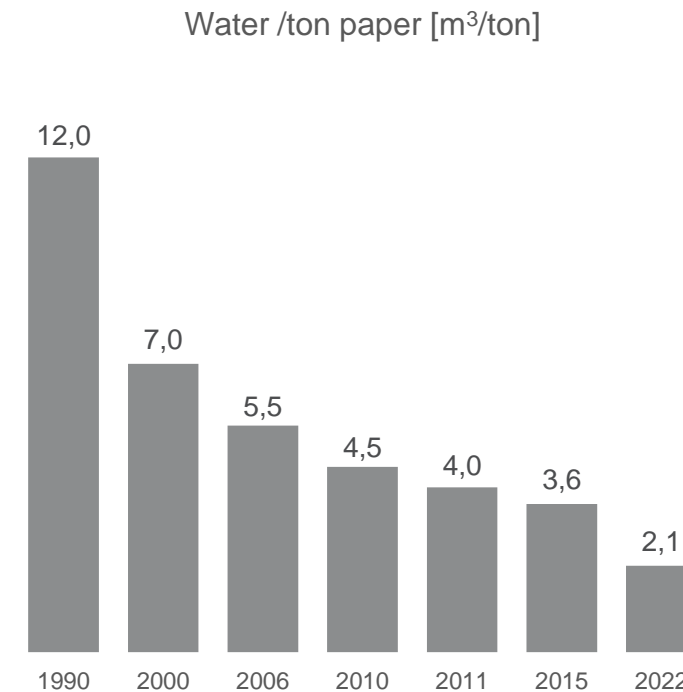
- Valmet is supporting Copenhagen to become CO₂ neutral by 2025
- **1.2 m ton** decreased CO₂ emissions per year
- **~3%** reduction in Denmark's annual CO₂ emissions

Driving development of resource-efficient tissue production

47% less energy¹



80% less water¹



Less fiber consumption²



Future growth possibilities from new sustainable innovations



- SPINNOVA® fibre is produced from cellulose or waste streams without involving any harmful chemicals, with minimal water use and emissions, and zero waste
- Valmet provides Spinnova the drying machines with high-technology air dryers
- The technology is utilized already today in paper and board making, and it is adapted to the cellulose based textile fibre production

Photo: Spinnova

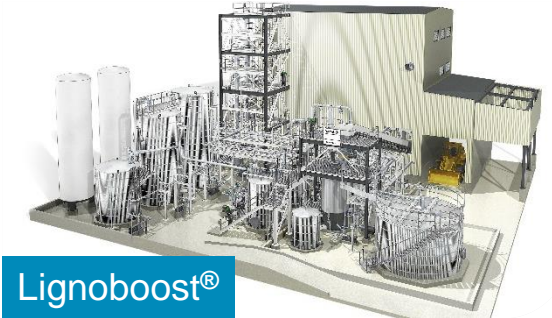


- Valmet has provided technology for producing dissolving pulp from cellulosic textile waste, such as cotton and viscose clothes
- Of dissolving pulp, textile companies can regenerate cellulose fibers for textile applications
- The equipment is commonly used in large scale state of the art dissolving pulp plants

Photo: Renewcell / Alexander Donka



- Pilot plant built together with Metsä Spring in Finland
- The plant produces ready-made 3D fibre packages directly from wet wood fibre pulp without intermediate steps
- The 3D products could replace plastic in various packaging solutions



- LignoBoost is Valmet's technology for extracting lignin from the pulping process
- Until today, almost all the lignin separated during pulping has been used as a non-fossil-based fuel to generate steam and power for the mill processes and local communities
- For example, in lithium-ion batteries, synthetic graphite (a non-renewable material) can be replaced by lignin-derived carbon-based anode materials



Summary

Summary

- 1 Valmet's business is supported by several favorable global sustainability trends
- 2 Sustainability is integrated to Valmet's processes through the Sustainability 360° agenda
- 3 The main environmental impacts of Valmet's products are caused when they are used
- 4 Valmet's climate program covers its entire value chain and targets CO₂ emission reductions and carbon neutral production for Valmet's customers by 2030
- 5 Valmet is acknowledged leader in sustainability





Appendix

Sustainability key figures

	2023	2022	2021
Environment			
Scope 1-3 CO ₂ emissions (1,000 t) ¹	64,744	92,551	72,729
Total energy consumption (tJ)	1,504	1,519	1,524
Water withdrawal (1,000 m ³)	1,524	1,681	1,554
Waste (1,000 t)	46	43	42
NO _x , SO _x , and other significant air emissions (1,000 t)	0.1	0.1	0.1
R&D Costs (MEUR) ²	114	95	82
Social			
Employees globally	19,160	17,548	14,246
Employee turnover (%)	9.7	9.7	9.0
Personnel expenses (MEUR)	1,292	1,171	948
Total recordable incident frequency (TRIF) for own employees ³	3.0	3.2	3.1
HSE walks, inspections, conversations	23,000	12,400	4,100
HSE events	58,200	42,200	34,100
Support of non-profit organizations (MEUR)	0.33	0.41	0.31
Governance			
Net sales (MEUR)	5,532	5,074	3,935
Comparable EBITA margin (%)	11.2%	10.5%	10.9%
Balance sheet total (MEUR)	7,064	6,271	4,420
Income taxes paid (MEUR)	114	94	99
Dividend per share (EUR) ⁴	1.35	1.30	1.20
Female board members (%)	37%	37%	37%
Supplier sustainability audits	43	45	41

¹ Market based Scope 1-2 CO₂ emissions (1,000 t) were 44.7 in 2023, 65.1 in 2022 and 81.2 in 2021. The 2022 data has been restated due to an error in the 2022 calculation. The figures for 2021 have been restated due to updated emissions factors and improved data quality

² For 2022, illustrative figure of the combined company.

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

⁴ Board of Directors proposal.

Valmet enables circular bioeconomy

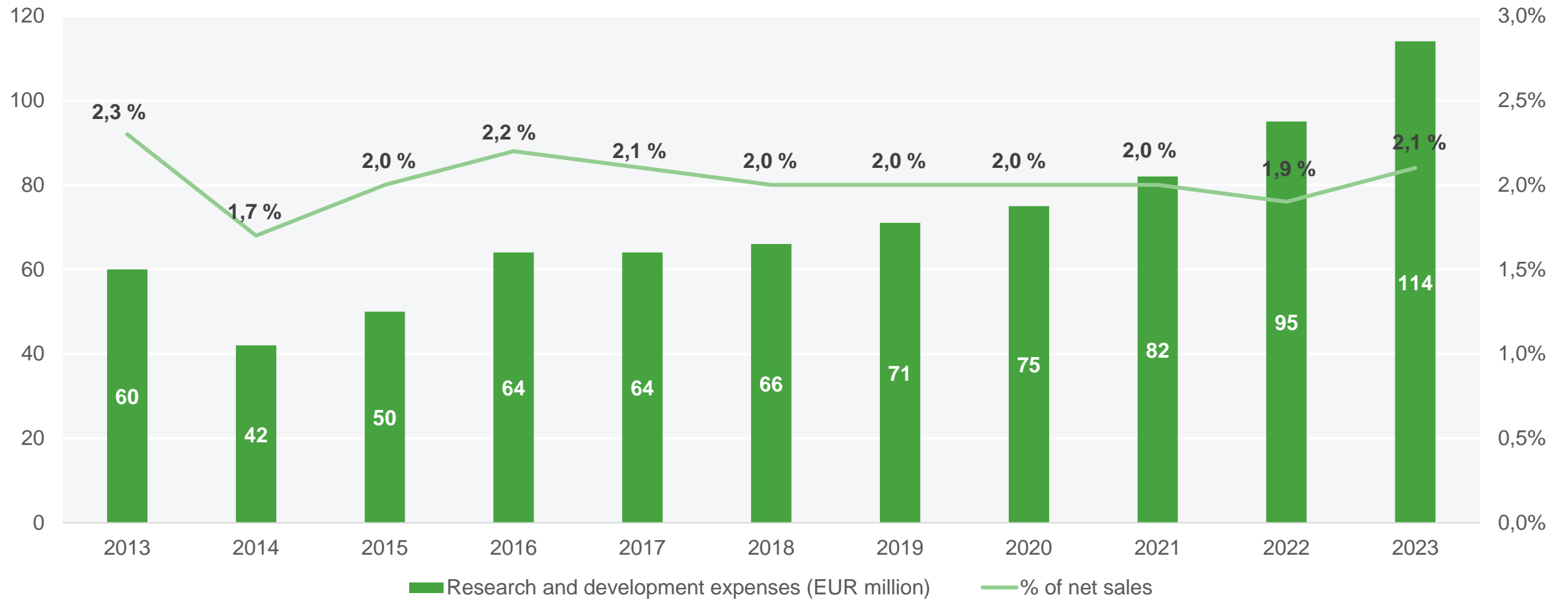
Implementing circular economy in own operations

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

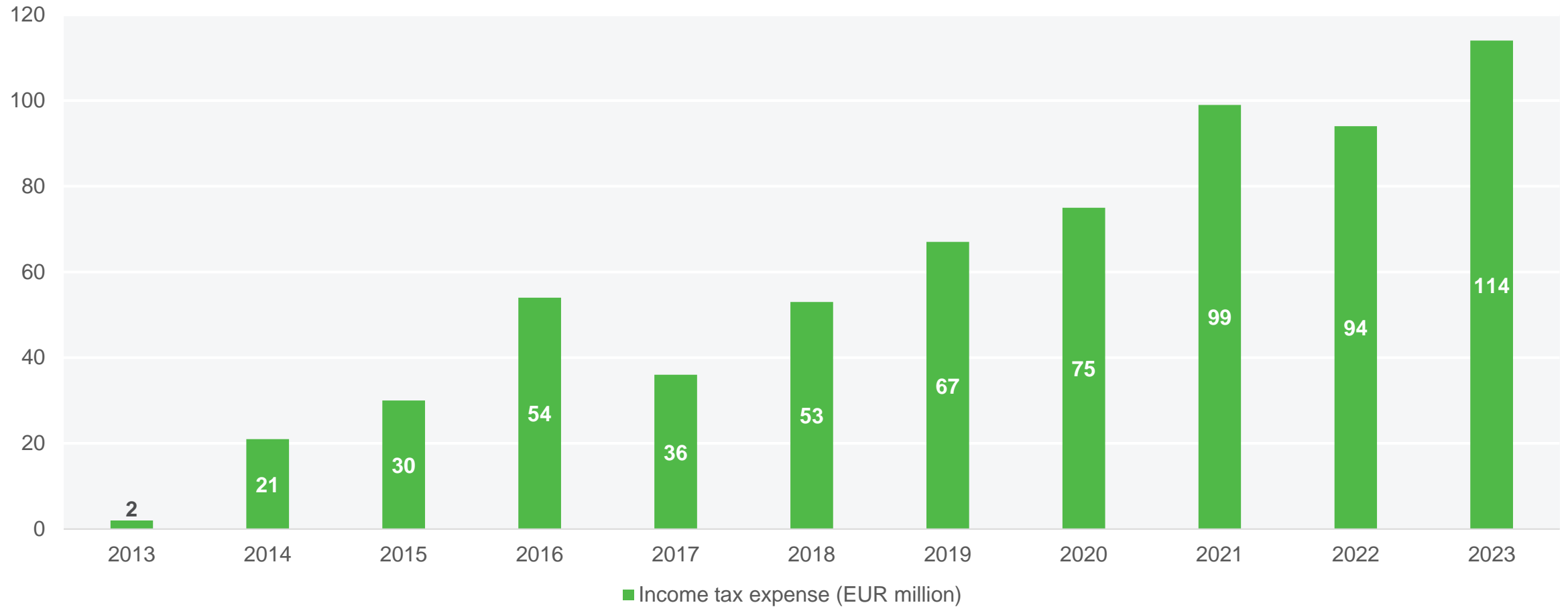
Enabling circular economy for customers

- Resource efficiency with focus on improved and optimized use of resources and on flexible energy production
- Closed circles enabled through recovery of energy and chemicals
- Longer circulation with focus on design enabling reuse and conversion and on maintenance and modernization of production technology
- Solutions for new bio-based products that decrease the need for non-renewable materials
 - For example LignoBoost®

Research and development costs



Income tax expenses paid



Board of Directors



Mikael Mäkinen
(b. 1956)
Chair of the Board
Finnish citizen

- M.Sc. (Eng.)
- Other positions of trust:
 - Chair of the Board of AkerArctic Technology Inc. and Corvus Energy
 - Board member in SSAB AB and Finnlines Oyj
- Share ownership: 11,906
- Independent of company: Yes
- Independent of owners: Yes



Jaakko Eskola
(b. 1958)
Vice Chair of the Board
Finnish citizen

- M.Sc. (Eng.)
- Other positions of trust:
 - Chair of the Board of Enersense International Oyj, Cargotec Oyj, Varma Mutual Pension Insurance Company, Technology Industries of Finland, Oyj HIFK-Hockey Ab
- Share ownership: 4,870
- Independent of company: Yes
- Independent of owners: Yes



Anu Hämäläinen
(b. 1965)
Board member
Finnish citizen

- M.Sc. (Econ.)
- CFO at Kesko Corporation
- Other positions of trust:
 - Board member of Finnish Fund for Industrial Cooperation Ltd. (FINNFUND) and Vähittäiskaupan Tilipalvelu VTP Oy
- Share ownership: 4,196
- Independent of company: Yes
- Independent of owners: Yes



Pekka Kemppainen
(b. 1954)
Board member
Finnish citizen

- Lic.Sc. (Tech.)
- Other positions of trust:
 - Board member in Bittium Oyj and Junttan Oy
- Share ownership: 6,535
- Independent of company: Yes
- Independent of owners: Yes



Per Lindberg
(b. 1959)
Board member
Swedish citizen

- M.Sc. (Eng.), PhD (Industrial Management)
- Senior Advisor at Peymar Holding AB
- Other positions of trust:
 - Chair of the BoD of Permascand AB and Nordic Brass Gusum AB
 - Board member in Boliden AB, Vattenfall AB and ReOcean AB
- Share ownership: 3,591
- Independent of company: Yes
- Independent of owners: Yes



Annareetta Lumme-Timonen
(b. 1967)
Board member
Finnish citizen

- M.Sc. (Tech.), D.Sc. (Tech.)
- Investment Director at Solidium Oyj
- Other positions of trust:
 - Board member of Anora Group Plc
- Share ownership: 1,582
- Independent of company: Yes
- Independent of owners: No



Monika Maurer
(b. 1956)
Board member
German citizen

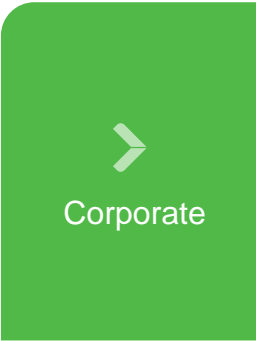
- Diploma in Physics and Chemistry
- Diploma in Pedagogy
- CEO of Radio Frequency Systems
- Other positions of trust:
 - Vice Chair of the Board of Nokia Shanghai Bell, Co. Ltd and Board member of Atos SE
- Share ownership: 6,535
- Independent of company: Yes
- Independent of owners: Yes



Annika Paasikivi
(b. 1975)
Board member
Finnish citizen

- B.A., M.Sc. (Global Politics)
- President & CEO of Oras Invest Oyj
- Other positions of trust:
 - Vice Chair of the Board of Kemira Oyj, Board member of Georg Fischer Ltd and Varova Oy
- Share ownership: 1,449
- Independent of company: Yes
- Independent of owners: No

Executive Team



Pasi Laine

President and CEO
Share ownership: 199,229



Katri Hokkanen

CFO
Share ownership: 9,295



Anu Salonsaari-Posti

SVP, Marketing, Communications,
Sustainability and Corporate Relations
Share ownership: 37,300



Janne Pynnönen

SVP, Operational Development
Share ownership: 1,087



Aki Niemi

Business Line President,
Services
Share ownership: 44,783



Emilia Torttila-Miettinen

Business Line President,
Automation Systems
Share ownership: 2,884



Simo Sääskilahti

Business Line President,
Flow Control
Share ownership: 6,855



Sami Riekkola

Business Line President,
Pulp and Energy
Share ownership: 23,187



Petri Rasinmäki

Business Line President,
Paper
Share ownership: 2,929



Jukka Tiitinen

Area President,
North America
Share ownership: 65,040



Celso Tacla

Area President,
South America
Share ownership: 78,512



Tero Kokko

Area President,
EMEA
Share ownership: 4,104



Xiangdong Zhu

Area President,
China
Share ownership: 38,079



Petri Paukkunen

Area President,
Asia Pacific
Share ownership: 15,986

Remuneration of the President and CEO

- The remuneration of the President and CEO is comprised of
 - fixed base salary (monthly base salary and customary fringe benefits¹⁾)
 - short-term and long-term incentives, and
 - pension benefits and customary insurances
- In 2023, the President and CEO's monthly fixed compensation was EUR 63,293 and the fixed annual salary EUR 797,490 (incl. taxable benefits¹⁾)
- The maximum relative proportion of the variable pay elements is 2–3 times the fixed salary
 - The maximum short-term incentive cannot exceed 100–150% of fixed salary, and the maximum long-term incentive cannot exceed 150–200% of fixed salary at grant.
- The President and CEO is recommended to own and hold Company shares equaling to the CEO's gross annual base salary (100 percent ownership recommendation)
 - Current ownership ca. EUR 5.0 million (calculated with EUR 25.00 share price)
- The additional pension plan is 20% of the annual base salary
- Severance pay (if the Company terminates the agreement) equals a six month notice period plus severance pay corresponding to the last total monthly salary multiplied by 18

¹⁾ Such as a car and a mobile phone in accordance with local legislation and market practice.

Remuneration of the Executive Team

- The remuneration of the Executive Team members comprises
 - fixed base salary (incl. monthly salary and taxable benefits¹)
 - short-term and long-term incentives, and
 - a supplementary pension plan
- Additional pension benefit in the form of a defined contribution pension plan equaling 15–20% of base salary depending on role
- Notice period is six months for both parties. If the company terminates the agreement, there is an additional severance pay equaling six times the last total monthly salary

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

