

Annual Review

PROGRESS IN OPERATIONS AND SUSTAINABILITY

2024



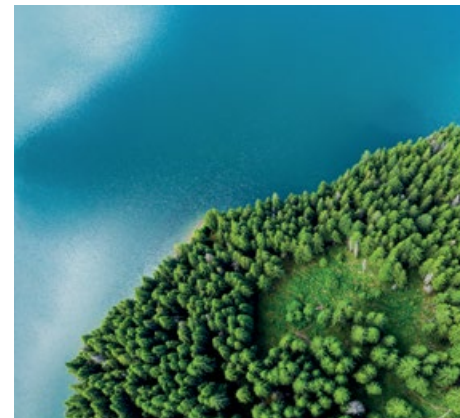
ANNUAL REVIEW 2024

About this report

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

Valmet's Annual Report 2024

PDFs of Valmet's Annual Review 2024, Financial Statements and Report of the Board of Directors 2024, Remuneration Report 2024, Corporate Governance Statement 2024 and Green Finance Report 2024 can be read and downloaded at www.valmet.com.



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Valmet in brief

Valmet has a global customer base across various process industries. We are a leading global developer and supplier of process technologies, automation and services for the pulp, paper, and energy industries. With our automation and flow control solutions we serve an even wider base of process industries. Our more than 19,000 professionals around the world work close to our customers and are committed to moving our customers' performance forward – every day.

The company has more than 225 years of industrial history and a strong track record in continuous improvement, sustainability, and renewal.

Valmet's shares are listed on the Nasdaq Helsinki, and the head office is in Espoo, Finland.



ORDERS RECEIVED
EUR MILLION
5,837



NET SALES
EUR MILLION
5,359



COMPARABLE EBITA
EUR MILLION
609



COMPARABLE
EBITA MARGIN
11.4%



PERSONNEL
19,310



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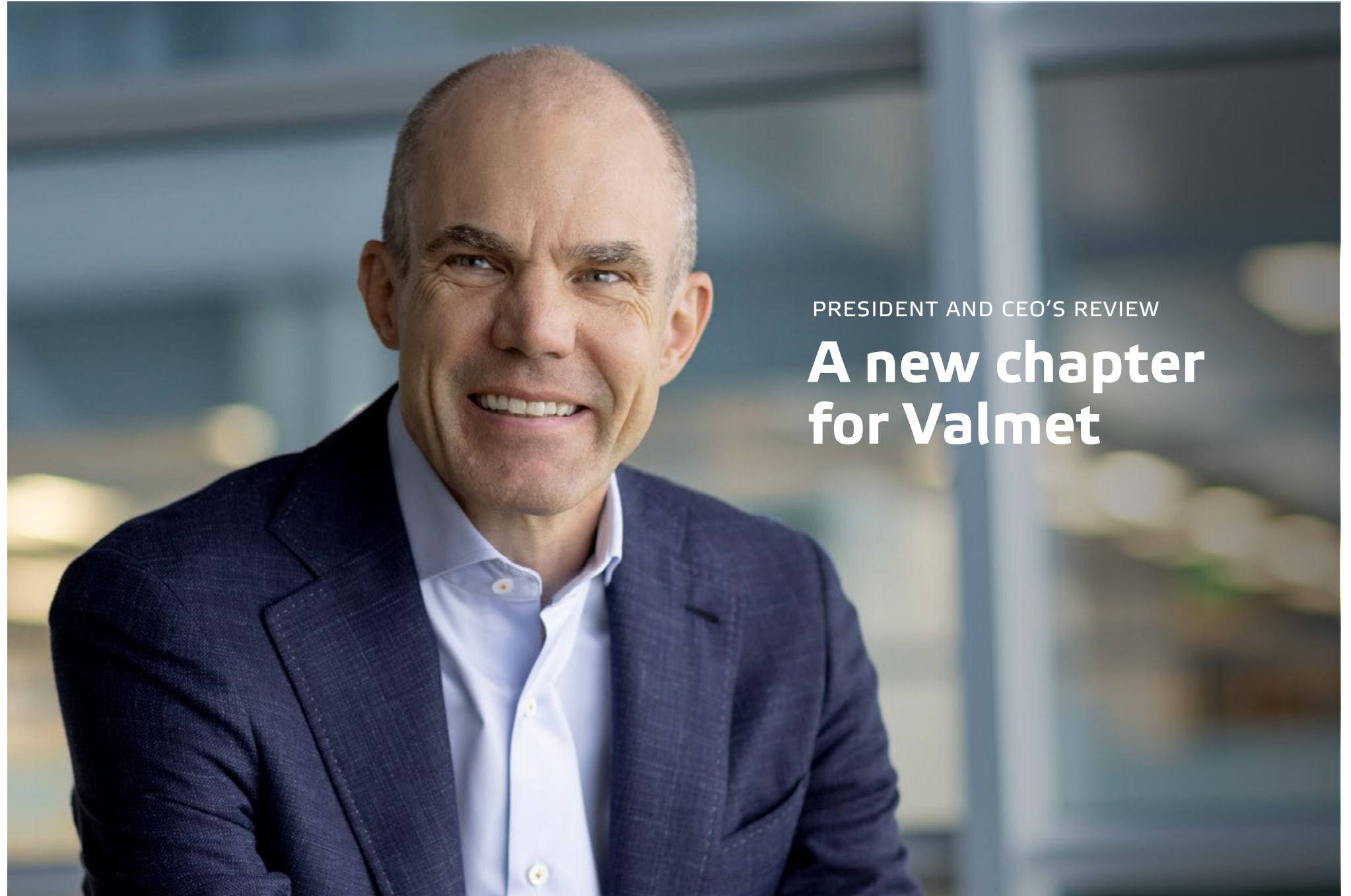
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PRESIDENT AND CEO'S REVIEW

A new chapter for Valmet



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“As we move forward, I am looking forward to the opportunities that lie ahead. I am confident that Valmet will continue to thrive and reach new heights.”

As I reflect on my start as President and CEO of Valmet, I am filled with immense pride and excitement for the future. Since joining this remarkable company in mid-August, I have had the privilege of engaging with our valued customers and committed employees across all our regions around the world. It has been rewarding and energizing to witness firsthand the passion and innovation that drive our success.

The year 2024 was marked by multiple achievements and key events for Valmet. One of the highlights was the successful launch of Valmet DNAe, our next-generation industrial automation system. With many years of research and development work behind it, Valmet DNAe is an important step in our strategy of growing the automation business further across a wide base of process industries globally. In Services, we continued to provide unique value to customers and service the growing global installed base.

We also secured a landmark project to supply the world's largest single-phase pulp mill, valued at over a billion euros, to Arauco in Brazil. Personally, it was great to be together with the team that was able to close the deal and witness the emotions following the win. This project will also feature full-scope automation and flow control solutions, serving as a showcase for Valmet's sustainable technologies, and reinforcing our commitment to moving our customers' performance forward and environmental stewardship.

Towards the end of the year, we initiated work to renew our strategy with the aim of defining our future growth areas, accelerating growth, and simplifying our ways of working. I'm excited about this and believe the changes we are planning will enable us to be faster and more focused as an organization. Our legacy, spanning more than 225 years, provides a solid foundation for the next chapter in our story.

Valmet's success is driven by its people. I am committed to fostering a culture of openness and collaboration in which Valmeteers can grow and develop further as teams and individuals. I would like to extend my heartfelt gratitude to all my colleagues at Valmet for your hard work, dedication, and passion. Your support has been invaluable as I have settled into my role.

I would like to thank our customers and partners for their cooperation and our shareholders for their continued trust. As we move forward, I am looking forward to the opportunities that lie ahead. I am confident that Valmet will continue to thrive and reach new heights. Let's continue to build on our legacy and make the world more sustainable, one innovation at a time.

Thomas Hinnerskov

President and CEO



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Key events in 2024



JANUARY 30, 2024

Tissue paper making line and biomass boiler for Suzano Papel e Celulose

Valmet is to deliver a complete tissue line including a tissue making line and converting equipment to Suzano Papel e Celulose in Brazil. The order also includes a biomass boiler. This was Valmet's first combined order with tissue making and tissue converting lines. The order also includes an extensive automation package, flow control valves and Valmet Industrial Internet solutions.

FEBRUARY 6, 2024

Best A rating in CDP's climate listing achieved

Valmet is included in the CDP Climate A List 2023. CDP is an international non-profit organization that encourages companies and governments to manage their environmental impacts. CDP's evaluation is based on the company's disclosure of its strategy, targets, governance, risks and opportunities, risk management and actions related to climate change.

FEBRUARY 19, 2024

Thomas Hinnerskov appointed President and CEO

Valmet's Board of Directors appoints Thomas Hinnerskov President and CEO of the company. Hinnerskov is a Danish citizen and was born in 1971. Hinnerskov starts as Valmet's President and CEO on August 12, 2024. He succeeds Pasi Laine, who continues as President and CEO of Valmet until August 11, 2024.



MARCH 1, 2024

Green Finance Framework published

Valmet establishes a Green Finance Framework applicable for the issuance of green debt instruments to further integrate its ambitious sustainability targets into its financing. The Green Finance Framework is designed to support financing or refinancing eligible assets and expenditures that promote two key environmental objectives: enabling the transition to a circular economy; and mitigating climate change.

MARCH 19, 2024

Second Advantage DCT 200 tissue line for Crown Paper Mill

Crown Paper Mill decides to invest in a second Valmet's Advantage DCT tissue line, including an extensive automation package, flow control valves, and Industrial Internet solutions, for its mill in Saudi Arabia. In 2016, Crown Paper Mill purchased its first Valmet's tissue machine, which was installed in Abu Dhabi. The new tissue line's start-up is scheduled for the second half of 2025.



APRIL 2, 2024

Acquisition of Siemens' Process Gas Chromatography business completed

Valmet completes the acquisition of the Process Gas Chromatography and Integration business from Siemens AG that was announced in July 2023. The business is a market leader with its MAXUM II Gas Chromatograph platform, Systems Integration, and Customer Services offering. Gas Chromatographs are used to measure the chemical composition in gases and evaporable liquids in all stages of production. The business employs around 300 people, and its main locations are in the USA, Germany, and Singapore.



APRIL 9, 2024

Launch of the next-generation Distributed Control System, Valmet DNAe

Valmet introduces the next-generation distributed control system (DCS), Valmet DNAe. The fully web-based process control system comes with a new cybersecure system architecture, control software and hardware, and engineering and analytics tools, helping customers improve their operations' efficiency, productivity, sustainability, and safety.



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MAY 30, 2024

Majority of the shares acquired in FactoryPal

Valmet and Körber announce an agreement to further strengthen the FactoryPal digital solution. FactoryPal is a unique software tool developed to improve shopfloor manufacturing performance and productivity. After the closing of the agreement in August 2024, Valmet holds the majority of the shares, and FactoryPal continues to operate as its own legal entity under the existing brand. The addition of FactoryPal further strengthens Valmet's offering of advanced Industrial Internet solutions and digital services to support customers in the tissue industry.



JUNE 10, 2024

Pellet-fired heating plant for Göteborg Energi

In a public procurement process, Valmet is selected to deliver a 50 MW pellet-fired heating plant to Göteborg Energi AB to be built at Mölndal Energi's Riskulla site in the municipality of Mölndal, Sweden. The plant will be integrated into the existing district heating plant and operated by Mölndal Energi. The pellet plant will be started up in late 2026.

JUNE 26, 2024

Supply of papermaking line and machine rebuild in Asia-Pacific

Valmet receives two orders from one of its major customers in Asia-Pacific. One order includes a complete papermaking line, from stock preparation to reel and winders, a comprehensive automation solution package, and spare parts and consumables packages. The other order includes a paper machine rebuild with automation and services. Both will produce uncoated woodfree grades, and the start-ups are scheduled for 2026.

AUGUST 2, 2024

Acquisition of Demuth in Brazil completed

Valmet completes the acquisition of Demuth following the agreement that was announced on December 22, 2023. Demuth is a Brazilian company specializing in wood handling solutions for the pulp industry. Demuth operates two manufacturing facilities in southern Brazil in the state of Rio Grande do Sul. The company employs around 400 people.



AUGUST 13, 2024

Recovery boiler and ash crystallization plant for Klabin

Valmet is to deliver a new recovery boiler, an ash crystallization plant, and an odorous gas handling system to Klabin's Monte Alegre pulp and paper mill in Brazil as part of Klabin's announced modernization project. The delivery includes automation and flow control solutions consisting of extensive optimization systems and control valves. The new equipment is expected to be in operation by the end of 2026.



SEPTEMBER 3, 2024

New service center in Beihai, China opened

Valmet opens a new service center in Beihai to serve and be close to its customers in the fast-growing pulp and paper industry in the Guangxi Zhuang Autonomous Region, Western China. The center is a vital service point for Valmet's customers across China. The Beihai Service Center serves pulp, board, and paper customers, focusing on fiber workshop services, roll maintenance, and field services, including shutdown planning management.

AUGUST 16, 2024

Partnership agreement with Spinnova signed

Valmet and Spinnova Plc have signed a strategic partnership agreement in which Valmet is appointed as the exclusive partner to supply process equipment for textile fiber production to Spinnova's technology customers. Valmet has previously supplied drying technology to Woodspin, a joint venture between Spinnova and Suzano, for its factory producing wood based SPINNOVA® fiber in Jyväskylä, Finland.



Photo: Spinnova



SEPTEMBER 25, 2024

A complete pulp mill with full-scope automation and flow control solutions for Arauco in Brazil

Arauco selects Valmet as the supplier for a complete pulp mill, including full-scope automation and flow control solutions. The new pulp mill will be the world's largest single-phase pulp mill project, with a pulp production capacity of 3.5 million tonnes per year. The new mill is expected to start up in the second half of 2027. The pulp mill will be built in Inocência, in the state of Mato Grosso do Sul, Brazil. The value of the order for Valmet is over EUR 1 billion. The supply contracts are signed officially in late October 2024.

NOVEMBER 12, 2024

A complete papermaking line for Asia-Pacific

Valmet is to supply a complete papermaking line, from stock preparation to reel and winders, with services and a comprehensive automation solution package for one of its major customers in Asia-Pacific. The papermaking line will produce uncoated woodfree grades. The start-up is scheduled for 2026. This order follows the customer's previous papermaking line order for the same site, announced in June 2024.



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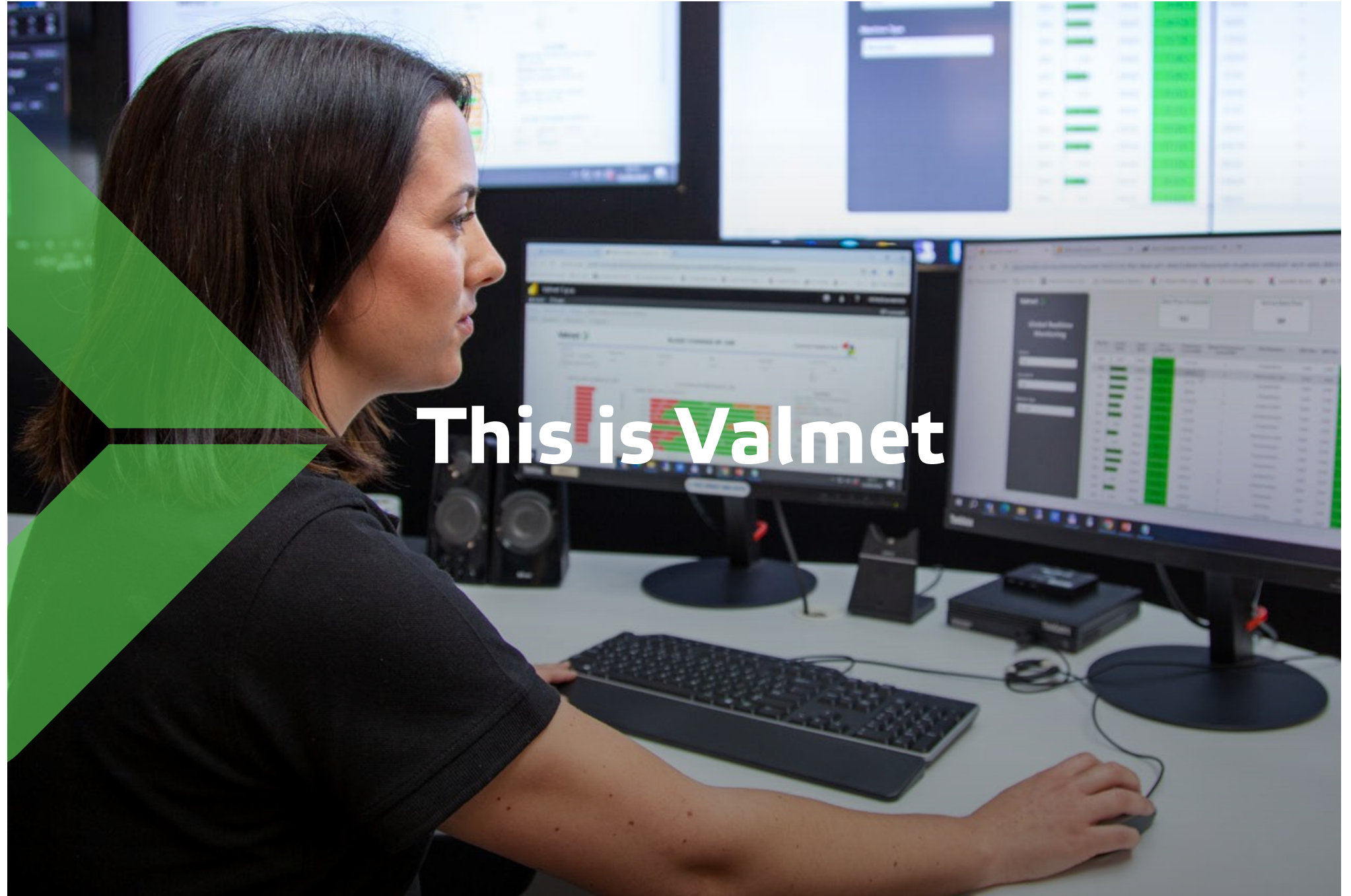
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Financial¹

	2024	2023	CHANGE
Orders received, EUR million	5,837	4,955	18%
Services	1,915	1,760	9%
Automation	1,446	1,340	8%
<i>Flow Control</i>	763	789	-3%
<i>Automation Systems</i>	683	551	24%
Process Technologies	2,477	1,856	33%
<i>Pulp and Energy</i>	1,581	854	85%
<i>Paper</i>	897	1,002	-11%
Order backlog ² , EUR million	4,452	3,973	12%
Net sales, EUR million	5,359	5,532	-3%
Comparable EBITA ³ , EUR million	609	619	-2%
% of net sales	11.4%	11.2%	
Operating profit (EBIT), EUR million	449	507	-11%
% of net sales	8.4%	9.2%	
Dividend per share, EUR	1.35⁴	1.35	0%
Return on capital employed (ROCE) before taxes EUR million	11.4%	14.2%	
Research and development expenses, net, EUR million	123	114	8%

Social

	2024	2023	CHANGE
Personnel ²	19,310	19,160	1%
Total recordable incident frequency (TRIF) ⁵			
Own employees	3.2	3.0	7%
External workers	4.8	4.6	4%
Health, safety and environmental committee coverage, % personnel	95	92	3%
Support for non-profit organizations, EUR thousand	322	327	-2%
Number of supplier sustainability audits	45	43	5%

Environmental

	2024	2023	CHANGE
GHG emissions ⁶ , 1,000 tCO ₂ e	66	64	3%
Energy consumption, GWh	426	418	2%
Water withdrawal, 1,000 m ³	1,650	1,524	8%
Waste, 1,000 t	38	46	-17%

¹ Group figures: the formulas for calculating the key financial figures are presented in the Financial Statements 2024.

² At the end of the period.

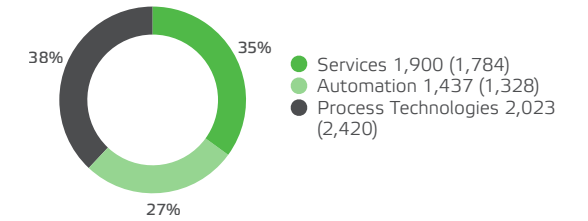
³ Comparable earnings before interest, taxes and amortization.

⁴ Board of Directors' proposal.

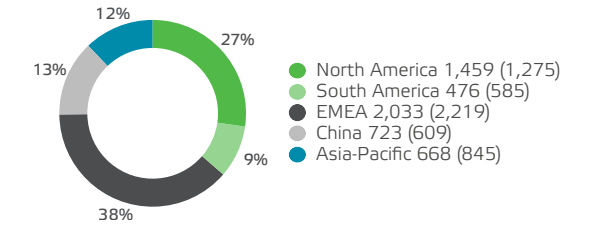
⁵ TRIF reflects the number of injuries resulting in medical treatment, restricted work or an absence of at least one workday per million hours worked.

⁶ Scopes 1 and 2 (market-based) emissions.

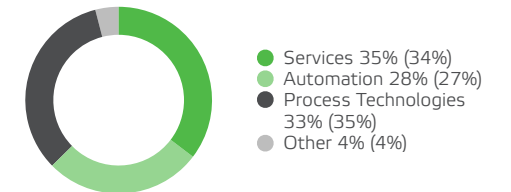
Net sales by segment, EUR million



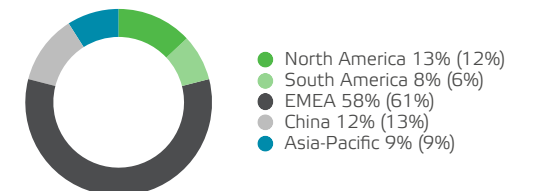
Net sales by area, EUR million



Personnel by segment, %



Personnel by region, %





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INPUTS

Resources we need to create value



Financial

Financial

- Total equity EUR 2,614 million
- Net interest-bearing debt EUR 1,032 million
- Cash and cash equivalents EUR 482 million



Natural

Natural

- Purchased metals, polymers, electronics and manufactured components
- Energy consumption 426 GWh
- Water withdrawal 1,650,000 m³



Human

Human

- Number of employees 19,310
- FTE¹ of subcontractors and supervised workers
- Investment in development and expertise
- Investment in occupational health and safety
- Investment in capabilities and competences



Infrastructure

Infrastructure

- More than 240 locations in approximately 40 operating countries²
- 76 production units and more than 110 service centers
- More than 160 sales offices
- Suppliers in more than 60 countries
- Distributors



Brand and intellectual

Brand and intellectual

- Proven customer references
- Technology expertise
- Product portfolio
- 34 technology centers and pilot facilities
- R&D expenses EUR 123 million
- 1,400 protected inventions
- Valmet brand



Social and relationship

Social and relationship

- Open dialogue with stakeholders (e.g., customer events, investor meetings, supplier days, stakeholder surveys)
- Cooperation with approximately 40 universities and research institutes
- More than 150 memberships in associations
- Relationships and partnerships
- Collaboration with local communities

BUSINESS MODEL

Our dedicated employees work close to our customers around the world



Customers

- Pulp and paper industry
- Energy industry
- Other process industries

Key processes



Our employees, expertise and experience

Valmet's Way Forward:
Mission, Strategy, Must-Wins, Vision and Values

OUTPUTS

We develop and supply process technologies, automation and flow control solutions, and services

Process technologies

- Pulping process equipment, process islands and complete pulp mills
- Individual board, paper, tissue and tissue converting machine sections, complete production lines and machine rebuilds
- Boiler islands, power plants, heating plants
- Environmental solutions
- Technologies for converting biomass to fuels, chemicals and materials

Automation systems

- Distributed Control Systems (DCS)
- Quality Management Systems (QMS)
- Analyzers and measurements
- Industrial applications
- Automation services and Industrial Internet solutions

Flow control solutions

- Valves
- Pumps
- Valve controls, actuators and limit switches
- Valve spare parts
- Services and Industrial Internet solutions

Services

- Spare and process parts
- Workshop and roll services
- Fabrics
- Maintenance development and outsourcing
- Field services
- Process upgrades
- Industrial Internet solutions

Environmental outputs

Greenhouse gas (GHG) emissions

- Scope 1³: 20,395 tCO₂e
- Scope 2⁴: 45,923 tCO₂e
- Scope 3⁵: 39,559,000 tCO₂e

Waste

- Non-hazardous waste 34,500 t
- Hazardous waste 3,700 t

OUTCOMES

We aim to enhance the positive impacts and minimize the negative impacts on society and the environment

Economic

- Wages and benefits EUR 1,393 million
- Payments to suppliers EUR 2,371 million
- Taxes EUR 119 million
- Support for non-profit organizations EUR 0.3 million
- Retained equity EUR 14 million
- Payments to shareholders and creditors EUR 340 million
- More efficient and profitable customer processes

Social

- Direct and indirect employment
- Improved employee competences
- Direct and indirect occupational health and safety
- Customer loyalty
- Trust and reputation
- License to operate
- Influence on operating environment and regulations

Environmental

- More efficient processes enable the use of fewer natural resources and reduce the GHG emissions in customers' operations
- Valmet's technologies and services enable the production of customers' products with less energy and water, fewer raw materials, and improved flexibility in fuel source selection to replace fossil fuels with renewable ones

CUSTOMERS' END PRODUCTS

Our technologies help customers produce their products more sustainably



Pulp



Board, paper and tissue



Energy and industrial gas



Biomaterials and fuels



Chemicals



Minerals



¹ Full-time equivalent.

² Includes technology centers.

³ Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by Valmet, such as fossil fuels burned on site.

⁴ Scope 2 (market-based) emissions are indirect GHG emissions resulting from the generation of electricity, heating, cooling, and steam generated off site but purchased by Valmet.

⁵ Scope 3 data covers four selected relevant categories – category 1: purchased goods and services; category 4: upstream transportation and distribution; and category 6: business travel, and category 11: use of sold products.

➤ **READ MORE:**
valmet.com/value-creation



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Global presence

Valmet has a strong global presence, which enables us to meet our customers' needs in the best possible way and to leverage the growth potential in different markets. We employ more than 19,000 professionals around the world and have customers in more than 100 countries. We have more than 110 service centers, more than 160 sales offices, 76 production units, and 34 R&D centers around the world.*

NORTH AMERICA

6 R&D centers
32 service centers
11 production units
7 sales offices

2,497
NET SALES
EUR MILLION **1,459**

SOUTH AMERICA

8 service centers
8 production units
11 sales offices

1,519
NET SALES
EUR MILLION **476**

EMEA

23 R&D centers
52 service centers
43 production units
100 sales offices
Head office

11,188
NET SALES
EUR MILLION **2,033**

CHINA

3 R&D centers
7 service centers
7 production units
12 sales offices

2,388
NET SALES
EUR MILLION **723**

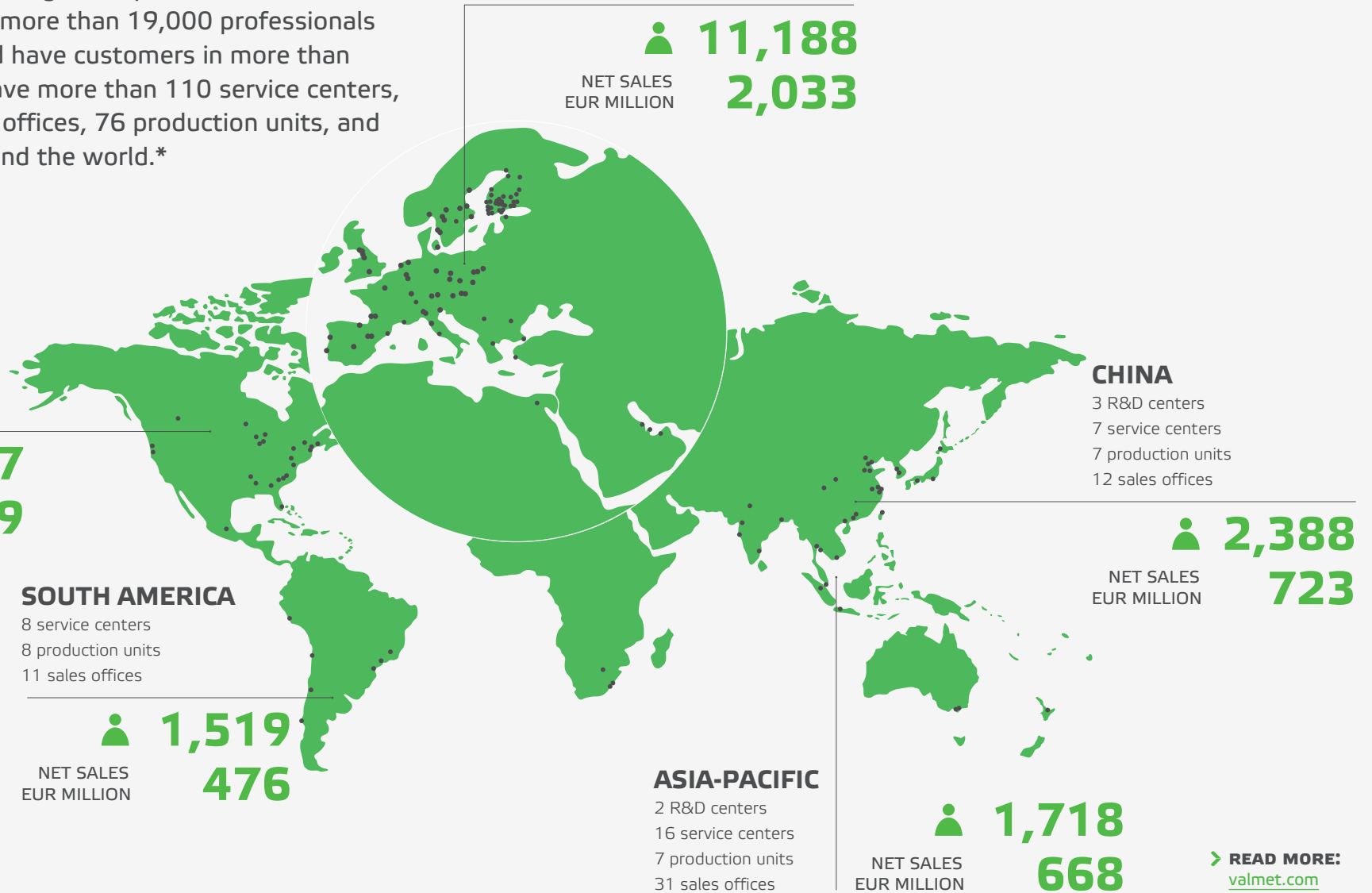
ASIA-PACIFIC

2 R&D centers
16 service centers
7 production units
31 sales offices

1,718
NET SALES
EUR MILLION **668**

* Excluding customer sites where Valmet is operating.

> READ MORE:
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Market data by area

AREA	MARKET CHARACTERISTICS	VALMET'S POSITION
North America	<ul style="list-style-type: none"> Mature market with large aging installed base creating service and automation demand, as well as demand for renewals and rebuilds In Services, continued customer focus on availability, reliability, and operating costs, including energy and environmental savings in mills In Process Technology business, rebuild and new capacity demand in board and tissue grades. Rebuild and upgrade demand in pulp. Automation demand in various process industries, while expanding service by installed base management. 	<ul style="list-style-type: none"> Net sales: EUR 1.5 bn (27% of total net sales of the company) Net sales range 2020–2024: EUR 0.7–1.5 bn Employees¹: 2,497 Leading position in pulp and paper process technology Well-established position in the services and automation business.
South America	<ul style="list-style-type: none"> Service growth driven by demand for higher availability, reliability, lower operational costs, environmental considerations, agreements-based business, and serving new installed capacity Process technology business driven by large pulp mill investments and continuous demand in rebuilds and upgrades. Demand for board and tissue with new lines and rebuilds. In Automation, demand in pulp and paper, and metals and mining. 	<ul style="list-style-type: none"> Net sales: EUR 0.5 bn (9% of total net sales of the company) Net sales range 2020–2024: EUR 0.4–0.7 bn Employees¹: 1,519 Valmet has a strong position in pulp and paper process technology Well-established position in the services and automation business Competition from regional players and global competitors in large investment projects Local presence important, especially in Brazil due to customs duties.
EMEA (Europe, Middle East and Africa)	<ul style="list-style-type: none"> Valmet's largest area, with significant services, process technology and automation markets in all Valmet's businesses and the largest installed base Services growth potential through a broader service offering, agreements-based business, and new value added solutions to increase customers' productivity, efficiency, energy savings, and environmental impact Process technology demand in board, tissue, pulp and energy, driven by an increasing focus on sustainability and energy savings, and growth in packaging and tissue consumption Automation demand in board, pulp and tissue, and other process industries driven by large installed base and new investments. 	<ul style="list-style-type: none"> Net sales: EUR 2.0 bn (38% of total net sales of the company) Net sales range 2020–2024: EUR 1.5–2.2 bn Employees¹: 11,188 Leading position in pulp and paper process technology, as well as in biomass boilers in energy Leading position in the more fragmented services market and in pulp and paper automation.
China	<ul style="list-style-type: none"> Growing services market driven by new board and tissue capacity, demand for energy savings, efficiency improvements and reliability, and a growing mill maintenance outsourcing trend Process technology demand in board, tissue, pulp, and energy impacted by growing consumption, stricter environmental regulation and demand for CO₂-neutral energy Automation growth from growing installed base and new investments in pulp and paper. 	<ul style="list-style-type: none"> Net sales: EUR 0.7 bn (13% of total net sales of the company) Net sales range 2020–2024: EUR 0.5–0.8 bn Employees¹: 2,388 Valmet is the leader in pulp and paper process technology Strong position in services and the pulp and paper automation market Competition from local and global competitors.
Asia-Pacific	<ul style="list-style-type: none"> Large geographical area covering multiple countries with differing market situations and dynamics Service growth potential in both emerging and mature markets in growing installed base and market share Process technology demand in rebuilds and new capacity in pulp, board and tissue, and renewable energy projects Automation demand in new pulp and paper capacity and other process industries. 	<ul style="list-style-type: none"> Net sales: EUR 0.7 bn (12% of total net sales of the company) Net sales range 2020–2024: EUR 0.4–0.8 bn Employees¹: 1,718 Leading position in pulp and paper process technology, and increasing local presence Strong position in services and the pulp and paper automation market.

¹ Includes employees from the Area organization and other employees in the geographical region.



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Segments

Valmet has a financial reporting structure consisting of three reportable segments. The segments are Services, Automation and Process Technologies.

The Services segment consists of the Services business line, the Automation segment of the Flow Control and Automation Systems business lines, and the Process Technologies segment of the Pulp and Energy, and Paper business lines.

The segments' structure reflects how Valmet's operational model's alignment with how Valmet's management follows the operational performance of Valmet's segments. Each segment has a strong position in the growing market for converting renewables into sustainable results, and long-term growth possibilities supported by favorable megatrends.

In its reporting, Valmet discloses the segments' orders received, net sales and profitability. Valmet also reports its business lines' orders received and net sales.

SERVICES

The Services segment provides customers with flexible and fit-for-purpose services throughout the lifecycle to improve process performance, reliability and to extend product lifetime. The Services segment consists of the Services business line.

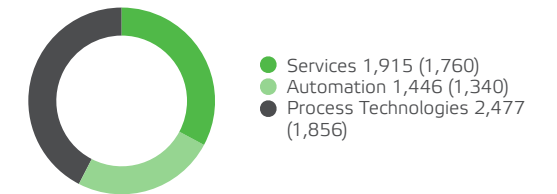
AUTOMATION

The Automation segment delivers flow control technologies and services, as well as automation solutions, ranging from single measurements to mill- or plant-wide process automation systems. The Automation segment consists of the Flow Control and Automation Systems business lines.

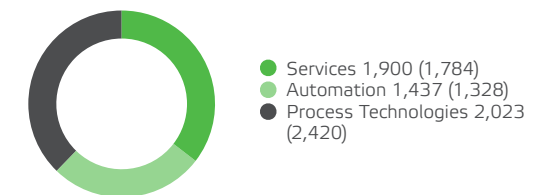
PROCESS TECHNOLOGIES

The Process Technologies segment provides technology solutions for pulp and energy production, as well as for biomass conversion and emission control, and complete production lines, machine rebuilds, and process components for board, tissue, and paper production. The Process Technologies segment consists of the Pulp and Energy, and Paper business lines.

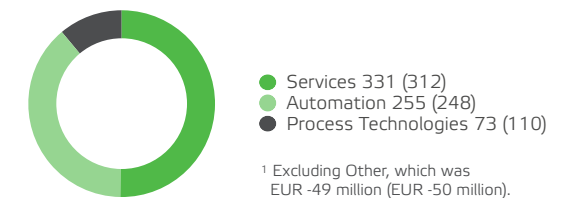
Orders received by segment, EUR million



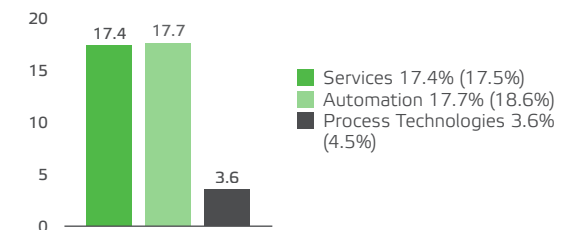
Net sales by segment, EUR million



Comparable EBITA by segment, EUR million¹



Comparable EBITA by segment, % of net sales





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SEGMENT	MARKET SIZE	MARKET DRIVERS	VALMET'S POSITION	COMPETITION
Services	EUR 8.0 bn	<ul style="list-style-type: none"> • Large and aging global installed base • Customers' CO₂ reduction targets • Energy and resource efficiency • Productivity and end-product quality • Digitalization, remote services and Industrial Internet. 	#1-2	Albany, Andritz, AstenJohnson, Bellmer, Kadant, Sumitomo SHI FW, Voith
Automation	EUR 17.5 bn	<ul style="list-style-type: none"> • Automation and digitalization as global megatrends • Aging machines and installed automation systems • Demand for raw material savings, process efficiencies and sustainability • Customers' demands on safety, reliability, and emissions. 	#1-3 in pulp and paper	Flow Control: Circor, Crane, Emerson, Flowserve, IMI, Rotork, Samson, Velan
			#1-10 in other process industries	Automation Systems: ABB, Emerson, Honeywell, Siemens, Voith, Yokogawa
Process Technologies	EUR 6.5-8.0 bn	<ul style="list-style-type: none"> • E-commerce and global trade • Renewable materials replacing plastic packaging • Conversions from paper to board • Energy transition and CO₂ neutral energy production • Energy supply security • Stricter air emissions legislation and stricter directives. 	#1-3	Andritz, PCMC, Sumitomo SHI FW, Voith, Voith-Toscotec



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SERVICES SEGMENT

SERVICES

The Services business line provides customers with flexible fit-for-purpose services to sustainably improve process performance and reliability throughout the lifecycle. Our Services offering increases the environmental efficiency and cost-effectiveness of our customers' production processes, while ensuring safe and reliable operations.

NET SALES, EUR MILLION

1,900

#1-2 IN SERVICES

ORDERS RECEIVED,
EUR MILLION

1,915

> **READ MORE:** valmet.com

AUTOMATION SEGMENT

FLOW CONTROL

The Flow Control business line delivers mission-critical flow control technologies and services for the continuously evolving needs of various process industries. We help our customers to improve their process performance and environmental efficiency, and to ensure the safe flow of materials.

NET SALES, EUR MILLION

791

#1 IN PULP AND PAPER
#1-2 IN INDUSTRIAL GASES

ORDERS RECEIVED,
EUR MILLION

763

AUTOMATION SYSTEMS

The Automation Systems business line delivers automation solutions ranging from single measurements to mill- or plant-wide process automation systems. They are designed to maximize the profitability and sustainability of customers' businesses by improving production performance, quality management, raw material and energy efficiency, and cost-effectiveness.

NET SALES, EUR MILLION

646

#1-2 IN PULP AND PAPER
#2-4 IN ENERGY AND
PROCESS

ORDERS RECEIVED,
EUR MILLION

683

PROCESS TECHNOLOGIES SEGMENT

PULP AND ENERGY

The Pulp and Energy business line provides technology solutions for pulp and energy production, as well as for biomass conversion and emission control. The technologies maximize the value of renewable raw materials, while increasing production efficiency and minimizing the environmental impact.

NET SALES, EUR MILLION

870

#1 IN PULP
#1-3 IN ENERGY

ORDERS RECEIVED,
EUR MILLION

1,581

PAPER

The Paper business line delivers complete production lines, machine rebuilds, and process components for board, paper, and tissue production as well as tissue converting and packaging lines. The technologies are designed for high process and environmental efficiency, flexibility, reliability, and safety. The solutions have a modular structure with as much standardization as possible, and they are easy to use and cost-effective.

NET SALES, EUR MILLION

1,152

#1 IN TISSUE
#1-2 IN BOARD AND PAPER

ORDERS RECEIVED,
EUR MILLION

897



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BUSINESS LINE REVIEW

Services

Valmet's Services business line provides customers with flexible fit-for-purpose services to sustainably improve process performance and reliability throughout the lifecycle. In 2024, we continued our strong focus on developing new services that enhance sustainability, promoting the existing offering, and expanding our presence in China.

ORDERS RECEIVED
EUR MILLION

1,915

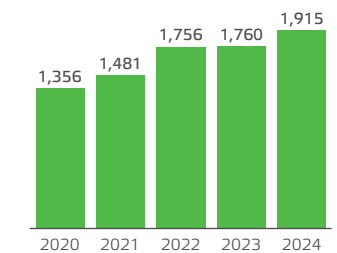
NET SALES
EUR MILLION

1,900

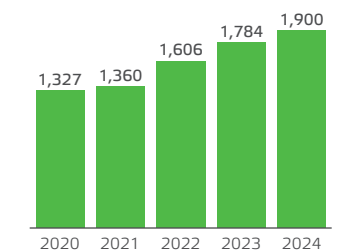
NUMBER OF
EMPLOYEES

6,714

Orders received, EUR million¹



Net sales, EUR million¹



¹ Year 2020 figures have not been restated to reflect the new segment reporting structure, which Valmet implemented as of January 1, 2022.



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SERVICES KEY INNOVATIONS IN 2024

- Sustainable low-friction doctor blades – to improve the energy efficiency of board and paper machines
- Valmet TwinRoll Perforated Plate HF – to maximize efficiency in pulp washing and bleaching
- Valmet Vacuum Filter Drum HD – to increase vacuum filter drum reliability and performance
- Valmet Feeder Monitoring – for low and high-pressure feeders: Easy adjustments, trouble-free operation and increased lifetime
- Valmet Press Felt EMX M Bioneer – produced using 10 percent bio-based yarns.

Valmet's services are designed to match the customer's specific requirements. This can be targets such as improving overall environmental performance, specifically reducing energy and raw material costs, optimizing quality and production, or reducing process variability. We provide services both as one-time deliveries and as part of long-term agreements to systematically improve customers' performance. In 2024, the demand for Valmet Performance Center services grew steadily, and customers were increasingly supported through the remote expert services that complement Valmet Industrial Internet solutions.

The Services business line delivers services and solutions mainly for board and paper, pulp, energy, tissue, and tissue converting. Our portfolio includes spare and process parts, workshop and roll services, fabrics, maintenance development and outsourcing, field services, and process upgrades. Services are complemented by onsite and remote Industrial Internet solutions. Valmet's learning services offer a range of innovative

training products that make education more accessible and convenient for our customers. These products include competency mapping, e-learning, in-person training, and simulator training.

Services are offered globally by more than 110 service centers and by approximately 6,700 service professionals.

Lifecycle services and collaboration bring long-term value

Valmet's "way to serve" services approach focuses on long-term collaboration. The aim is to provide the best experience at all the touchpoints of the customer journey and emphasize the value provided through collaboration over the lifecycle. Valmet's service professionals are bound to our four core commitments: Safety comes first; Close to you; People you can trust; and Solutions to your needs.

Valmet offers a combination of sustainable services and capabilities that precisely meet customer needs in each phase of production. When planning the investment, we can already set the foundation for optimized operational results with the customer. Services help accelerate the start-up curve when ramping up production. Working together in maintenance and operations, we ensure the maximized reliability and optimized performance of the entire production lifecycle.

New service center and service agreements alongside worldwide deliveries

In 2024, Valmet opened a new service center in Beihai to serve its customers better in the fast-growing pulp and paper industry in the Guangxi Zhuang Autonomous Region, Western China. Besides the new center in Beihai, Valmet has six other service centers in China.

Valmet delivers services to all corners of the world. Early in 2024, Valmet signed a major deal with Papierfabrik Palm in Germany for a three-year Service Agreement and a one-year

Performance Agreement to further improve the performance of Palm's Aalen PM5 and Wörth PM6 production lines.

Several other significant service deliveries were announced during 2024. In the United Arab Emirates, Valmet delivered a wide range of shutdown services to the Ittihad Paper Mill, including a comprehensive selection of field services both prior to and during the annual shutdown, a machine alignment check, and the inspection and maintenance of several paper machine sections and parts. For the UK energy sector, Valmet completed a boiler rebuild to E.ON's power station in Scotland to secure the boilers' reliable operation in the future. For Asia Paper Mfg. Sejong mill in Korea, Valmet will deliver a belt roll doctor upgrade and overhaul for an existing third-party roll including on-site service. In Spain, Valmet received an order to deliver a comprehensive fiberline technology upgrade to Lecta's combined pulp and paper mill in Zaragoza during the spring of 2025.

Services were also included in many new technology project orders and deliveries like the complete pulp mill to Arauco in Brazil during 2024.

> **READ MORE:**
valmet.com/servicesbusiness



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BUSINESS LINE REVIEW

Flow Control

The Flow Control business line delivers mission-critical flow control technologies, and services for the continuously evolving needs of various process industries. In 2024, Valmet delivered flow control solutions to several innovative decarbonization projects, including Hycamite's new hydrogen plant in Finland.

ORDERS RECEIVED
EUR MILLION

763

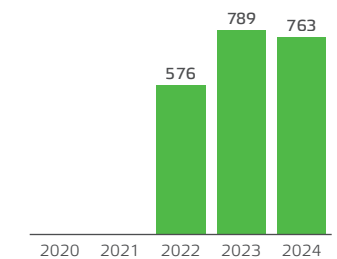
NET SALES
EUR MILLION

791

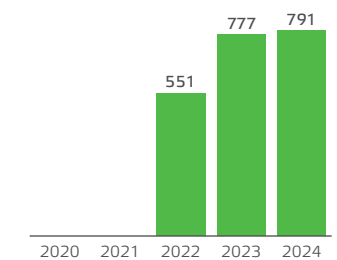
NUMBER OF
EMPLOYEES

2,883

Orders received, EUR million¹



Net sales, EUR million¹



¹ The merger with Neles took place on April 1, 2022, so Flow Control was not yet part of Valmet before that date.



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FLOW CONTROL KEY INNOVATIONS IN 2024

- More than 180 innovation disclosures across the Flow Control organization
- Full-scale introduction of Neles™ XH metal-seated ball valve series for global distribution
- Introduction of the IO-Link technology to Stonel™ valve communication and control products.

The Flow Control business supplies valves, pumps and valve automation technologies for a wide range of industries. Known for their quality, reliability and the highest safety, Valmet's flow control solutions help customers improve process performance and environmental efficiency, while ensuring the safe flow of materials. Valmet's Flow Control customers operate in a variety of process industries such as refining and chemicals, pulp and paper, as well as mining, gas, and energy.

Energy transition drives new growth

Demand for cleaner more responsible energy production is higher than ever before. In addition to the expanding renewable energy sector, existing operators in the energy market are facing new environmental production and distribution requirements.

From process management of new energy plants and battery manufacturing to conversions and upgrades of existing fossil fuel facilities, Flow Control plays a key role. Examples in 2024 include Hycamite's new hydrogen production plant in Kokkola, Finland. Valmet's valve solutions help Hycamite achieve critical process performance and scalability targets.

Emerging carbon neutral value chains rely on processes that need safe, highly reliable flow control solutions. Gases and liquids feature in every phase, from energy production to

transportation, storage, and delivery. Valmet supplies mission-critical valves, pumps and valve automation that ensure these processes deliver much needed sustainable energy.

The Flow Control business line is also helping established energy producers in their green transition projects. In November 2024, Valmet announced an order from Fortum, one of the cleanest energy producers in Europe. Valmet will supply critical control valve solutions for projects where Fortum expands its CO₂ emission-free, electricity-based district heat production and utilizes excess heat from two large data centers.

In addition to energy producers, mining companies need to meet the growing demand for strategic metals vital to clean energy solutions. In 2024, Adriatic Metals' Vares mine in Bosnia, a multi-year mining project, reached the final stage as its advanced metal processing plant started operating. Seamless cooperation between Valmet and our local channel partner IBEJ helped Vares stay on schedule and delivered robust, high-quality valves, pumps, and valve controllers, ensuring reliable operations at the plant. The Vares processing plant produces silver-lead and zinc concentrates that are used globally in various applications, from mobile phones and electric vehicles to other electronics and the energy transition.

New partners to support expansion

In addition to direct sales and services, the Flow Control business line has developed an extensive partner network to reach customers around the world. A global community of nearly 300 partners in over 65 countries, Flow Control channel partners provide high-quality support and service to ensure customer success.

In 2024, Valmet welcomed nine new partners to the community. These new partners further strengthen customer support and increase the availability of Valmet's renowned flow control product brands – Neles™, Jamesbury™, Neles Easyflow™, Flowrox™, Stonel™, and Valvcon™.

Fostering a strong culture of innovation

Flow Control business line promotes innovation and creative thinking through i.e., its Innovation Champions Program, which encourages employees to share new ideas. Submitted inventions can lead to new products, new IPR in the form of registered patents, and improved operational efficiency.

In 2024, we celebrated the fifth anniversary of the program, which saw a record number of submissions, more than 180. These ideas and innovations cover everything from new products to improvements in existing offerings, manufacturing and business process enhancements, and new tool suggestions.

In addition to formal R&D projects and employee inventions, our Flow Control team is continuously experimenting with new manufacturing methods to improve material and energy efficiency. One exciting element is additive manufacturing. In 2024, leveraging over a decade of experience in 3D printing valve components and parts, we piloted wire arc additive manufacturing technology (WAAM) in printing and machining a pressure-containing valve body. The target of the pilot was to test and evaluate WAAM printed parts against traditional manufacturing methods.

> READ MORE:

valmet.com/flowcontrolbusiness



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BUSINESS LINE REVIEW

Automation Systems

The Automation Systems offering ranges from single measurements to plant-wide process automation systems, products, and services that maximize the profitability and sustainability of our customers' businesses. In 2024, we launched Valmet DNAe, a completely new distributed control system for the modern era of connected data-driven operations.

ORDERS RECEIVED
EUR MILLION

683

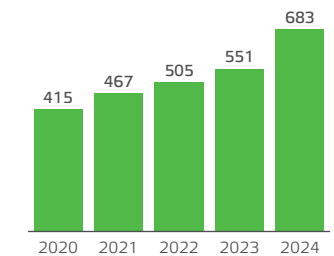
NET SALES
EUR MILLION

646

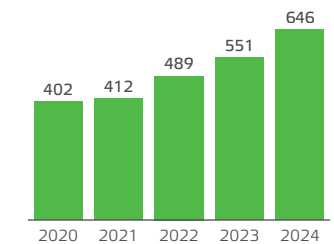
NUMBER OF
EMPLOYEES

2,565

Orders received, EUR million¹



Net sales, EUR million¹



¹ Year 2020 figures have not been restated and include internal orders received and net sales.



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AUTOMATION SYSTEMS KEY INNOVATIONS IN 2024

- Valmet DNAe – next-generation fully web-based distributed control system
- Valmet Polymer Concentration measurement for wastewater treatment
- Four new Valmet IQ Quality Control System measurements for raw material components, color, and ash content measuring in packaging and nonwoven production.

The Automation Systems business line develops and supplies automation and information management systems, applications, products, and services to a wide base of global process industries, as well as the marine sector.

The main Automation products and solutions are Distributed Control Systems (DCS), industrial applications, Quality Management Systems (QMS), analyzers and measurements, Industrial Internet solutions, and automation services. We offer lifetime systems compatibility with guaranteed upgrade paths, delivered with a global network of experts to support our customers.

Maximizing profitability and sustainability

Valmet's automation solutions are designed to maximize the profitability and sustainability of customers' businesses by improving production performance, quality, energy, and material efficiency. We have delivered nearly 5,000 automation systems and more than 100,000 analyzers and measurements. More than 1,200 power plants worldwide feature Valmet's process automation.

Automation Systems employed more than 2,500 professionals in more than 30 countries at the end of 2024. The most

important geographical markets for the Automation Systems business line are EMEA (Europe, Middle East and Africa), and North America. Almost half the business consists of services.

A new era of automation begins

In April 2024, Valmet launched Valmet DNAe, our next-generation Distributed Control System. A culmination of over a decade of innovation and research and development, Valmet DNAe is a significant milestone in Valmet's roadmap for growing its business and bringing unrivalled future-proof automation solutions to a wide base of process industries globally.

Built entirely from scratch following secure-by-design principles, Valmet DNAe addresses current and future demands for data, connectivity, cybersecurity, and ease-of-use. The fully web-based DCS comes with a new cybersecure system architecture, control software and hardware, engineering and analytics tools that help customers improve their operational efficiency, productivity, sustainability, and safety. The system features a unified interface for control functions, analytics, configuration, and maintenance.

The first Valmet DNAe deliveries have already been completed, with several more planned deliveries included in other 2024 orders. These include a full-scope automation delivery to Arauco's completely new pulp mill in Brazil, announced in September 2024.

Strong results from data-driven optimization

Automation Systems solutions and services aim to empower people to perform and collaborate better across organizational and geographic boundaries. We employ this philosophy across the portfolio to deliver new value-adding solutions such as Valmet Mill-Wide Optimization to our customers.

Launched in 2023, Valmet Mill-Wide Optimization enables production teams to collaborate and boost mill performance. In 2024, customer cases such as Metsä Fibre's pulp mill in Rauma,

Finland, tangibly demonstrated the advantages of mill-wide data sharing and collaboration. The solution supports making practical informed decisions across process area teams that ensure the whole production facility moves toward shared optimization goals.

Expanding through acquisition

In April 2024, Valmet announced the completion of the acquisition of Siemens AG's Process Gas Chromatography and Integration business. The market-leading process gas chromatographs and integration solutions from this acquisition were integrated into the Automation Systems business line as the Analyzer Products and Integration business unit.

The acquisition represented a major step in further expanding Valmet's automation systems offering toward process industries outside pulp and paper.

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valmet.com/automationbusiness



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BUSINESS LINE REVIEW

Pulp and Energy

The Pulp and Energy business line provides technology solutions for pulp and energy production, as well as for biomass conversion and emission control. In 2024, Valmet received many new orders and reached several major project and innovation milestones. These include the first pilot transportation fuel tests from pyrolysis, completion of the Demuth acquisition, project handovers in China, Finland, and Sweden, alongside Valmet's largest ever order.

ORDERS RECEIVED
EUR MILLION

1,581

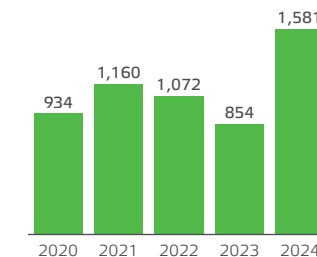
NET SALES
EUR MILLION

870

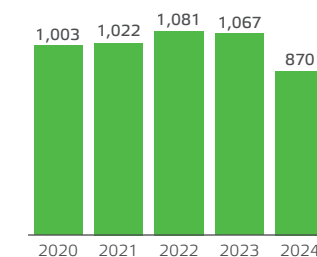
NUMBER OF
EMPLOYEES

1,953

Orders received, EUR million¹



Net sales, EUR million¹



¹ Year 2020 figures have not been restated to reflect the new segment reporting structure, which Valmet implemented as of January 1, 2022.



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PULP AND ENERGY KEY INNOVATIONS IN 2024

- Development of recycled MDF processing system
- High-concentration of sulfuric acid plant concept ready
- Concept development of pyrolysis for chemically recycled plastics with partners
- Flue gas pretreatment solution offering for post-combustion carbon capture
- New biomaterial press.

The Pulp and Energy business line supplies complete pulp mills and process equipment for chemical and mechanical pulp production, as well as biomass- and waste-fueled power plants, boiler islands, and related environmental systems. Its customers are mainly pulp producers, and power and heat producers. The most important geographical markets are Europe, South America, and Asia.

Valmet's pulp production solutions are designed for high raw material efficiency and low chemical and water consumption. Pulp is used mainly as a raw material in producing various paper grades, including board, tissue, and printing paper. It is also used for other applications such as textiles and hygiene products.

Valmet's energy products include boilers, gasifiers, environmental protection systems, technology rebuilds, and fuel conversion projects. Valmet's energy solutions are especially designed for challenging biomass-based fuels, as well as waste-derived fuels such as RDF and SRF.

Valmet's emission control solutions are designed to secure safe operation with low emissions. The solutions are often combined

with heat recovery, improving overall energy efficiency. In addition to pulp and energy applications, Valmet has developed technology for various industrial processes and marine exhaust gas emissions.

Innovation and project deliveries

Valmet continues to focus on commercializing new biomass conversion technologies such as lignin extraction technology for replacing fossil chemicals, biomass pretreatment for producing bioethanol and biochemicals, and pyrolysis technology.

Work with pyrolysis technology development accelerated in 2024. Our R&D center in Tampere, Finland, conducted the first public pilot of transportation biofuel produced using the Valmet Pyrolyzer thermal conversion technology. Development for biochemical production and chemical plastic recycling also continued.

Valmet also continued to develop its lignin mill concept with a target of seamlessly integrating kraft lining production into pulp mills' energy and chemical processes. Valmet LignoBoost® technology can be tailored to produce different lignin qualities.

In August 2024, Valmet completed the acquisition of Demuth, a Brazilian provider of wood handling technology and services. The acquisition significantly strengthens Valmet's wood handling technology offering and services presence in South America.

Ensuring our customers' success drives both innovation and project deliveries. Valmet completed a major modernization and upgrade project of the CMPC Guaíba pulp mill line II in Brazil and was proud to see CMPC win project of the year at the PMI Global Summit 2024 for the project.

Supplier for the world's largest single-phase pulp mill project

During 2024, a strong order flow was maintained for all technology units. These came from South America, Europe,

and Asia. Valmet received several new energy solution orders in 2024. One of the highlight projects is the delivery of a 50 MW pellet-fired heating plant with extensive air emission control solutions to Göteborg Energi AB for the Riskulla plant in Sweden. Valmet's turnkey delivery will be integrated into the existing district heating plant and operated by Mölndal Energi.

In September 2024, the Board of Directors of Arauco approved an investment for a complete pulp mill in Inocência, Brazil, and selected Valmet as the supplier. Valued at over one billion euros, this will be the world's largest single-phase pulp mill project with an annual production capacity of 3.5 million tonnes. The contracts were finalized, and the project kicked off, in October 2024. The new mill is scheduled to start up during the second half of 2027.

> **READ MORE:**
valmet.com/pulpandenergy



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BUSINESS LINE REVIEW

Paper

The Paper business line delivers complete production lines, machine rebuilds, and process components for board, tissue and paper production. The key benefits for customers are high process and environmental efficiency, flexibility, reliability, and safety. In 2024, Valmet has continued to expand its offering through acquisitions and partnerships.

ORDERS RECEIVED
EUR MILLION

897

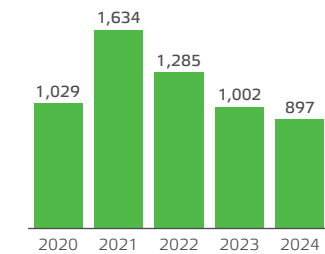
NET SALES
EUR MILLION

1,152

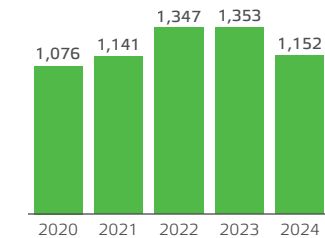
NUMBER OF
EMPLOYEES

4,402

Orders received, EUR million¹



Net sales, EUR million¹



¹ Year 2020 figures have not been restated to reflect the new segment reporting structure, which Valmet implemented as of January 1, 2022.



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PAPER KEY INNOVATIONS IN 2024

- Productization of Valmet 3D fiber technology for molded products
- Production ramp-up of technology for forming with sleeve roll
- OptiSizer Curtain with new curtain sizer process for high stiffness and quality.

The Paper business line supplies equipment and solutions for the entire board, tissue, and paper making processes, including tissue converting and packaging lines, rebuilds, and upgrades. The solutions are designed to be fit for purpose, focusing on energy and raw material savings, efficiency, flexibility, quality, and safety.

Growing tissue orders

Year 2024 saw Valmet's first orders for combined tissue making and converting deliveries after the acquisition of the tissue converting business from Körber Group in 2023. For example, Valmet announced a complete tissue line delivery in January 2024, including a tissue making and converting equipment, to Suzano Papel e Celulose in Brazil. The order also includes a biomass boiler, an extensive automation package, flow control valves, and Valmet Industrial Internet solutions.

Valmet will deliver tissue making equipment to Metsä Tissue's new mill in Mariestad, Sweden, covering the complete technology offering, from fiber to finished product, including stock preparation, quality control and monitoring systems, and remote services from the Valmet Performance Center.

Investments in the tissue industry are continuing on a global scale, and Valmet is contributing to capacity growth through

new installation projects received in 2024 from customers in North and South America, Europe, and the Middle East, as well as the Asia-Pacific region.

Orders received for board and paper lines and rebuilds

During 2024, Valmet received orders for board and paper lines and rebuilds, particularly in the Asia-Pacific region, where the company received three significant orders from a large customer during 2024. Two of them are for a complete papermaking line, from stock preparation to reel and winders, including automation systems, spare parts and consumables. The third order includes a paper machine rebuild with automation and services. All three lines will produce uncoated woodfree grades.

In October 2024, Valmet received an order from Anhui Linping Circular Development in China to supply an OptiConcept M board making line with automation and services. The new PM 8 board line will produce recycled liner and fluting grades. Valmet's delivery will include a high-speed container board making line from headboxes to reel.

Additionally, in 2024, Valmet received orders to supply a high-capacity winder to Wuzhou Special Paper and key technology to Shandong Jin Tian He Paper's PM 13 board machine food-grade folding boxboard line, both in China.

Strategic partnerships and acquisitions fuel new opportunities

In August 2024, Valmet and Körber closed an agreement to further strengthen the FactoryPal digital solution, making Valmet the majority shareholder. The addition of FactoryPal, a unique software developed to improve shopfloor manufacturing performance and productivity, will further strengthen Valmet's offering of advanced Industrial Internet solutions and digital services to support customers in the tissue industry.

Valmet also expanded cooperation with Spinnova Plc to increase the competitiveness of cellulose and recycled fiber production

technology. In 2024, a strategic partnership agreement was signed, appointing Valmet as the exclusive partner supplying process equipment for their textile fiber production.

Where transforming cellulose into textile fiber reduces the environmental impact of the textile industry, many pulp and paper producers face freshwater shortages. To help address this challenge, in May 2024, Valmet signed a partnership agreement with Flootech. Through the partnership, Flootech will provide technical and commercial expertise to Valmet's customers, including water treatment and recycling solutions, process water treatment, effluent treatment and reuse, and sludge dewatering.

In 2024, Valmet also reached the final stages of productization for new 3D fiber technology, which will significantly improve the competitiveness of fiber-based packaging in the international packaging markets.

> **READ MORE:**
valmet.com/paper



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Valmet's Way Forward

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. In 2024, Valmet completed the acquisitions of the Process Gas Chromatography business from Siemens AG, and Demuth, a Brazilian company specializing in wood handling solutions for the pulp industry.

Valmet's Way Forward is our strategic roadmap, a guide for achieving our vision of becoming the global champion in serving our customers and moving the industries forward. It identifies megatrends and lays out our mission and strategic goals, along with the initiatives we undertake to achieve them.

In 2024, Valmet's mission statement was refined to reflect the changes in our business portfolio and customer base. Valmet's mission is to create sustainable results by converting renewable resources and making industrial processes reliable and efficient. Megatrends impact Valmet's global business environment, generating new opportunities and exposing potential risks. We have identified three key megatrends in the areas of resource

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

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

VISION

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

efficiency, digitalization, and consumer behavior that influence our strategic choices.

In 2024, we further strengthened our business through acquisitions. We completed the acquisitions of Siemens AG's Process Gas Chromatography business and Demuth, a provider of wood handling technology and services in South America. We also closed the agreement to acquire majority shares in FactoryPal, a subsidiary of Körber. FactoryPal is a software developed to improve shopfloor manufacturing performance and productivity. These acquisitions play an important role in

our strategy by further strengthening our Process Technologies, Services, and Automation segments, as well as creating further growth possibilities across targeted customer industries.

The integration of Tissue Converting, the acquired Körber's Business Area Tissue, has been proceeding well, with the first synergy orders in which we deliver both our existing tissue making and the newly acquired converting solutions to customers realized during 2024.



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Towards the end of the year, we initiated work to renew our strategy with the aim of defining our future growth areas, accelerating growth, and simplifying our ways of working.

The pulp, paper, and energy industries form a common customer base for all Valmet's businesses, and we are committed to improving our customers' performance by leveraging our unique offering, combining process technologies, automation, and services. Valmet also serves a wide base of other global process industries with our globally leading automation and flow control solutions.

Our Services and Automation segments form a significant part of Valmet, and they are characterized by predictable and growing demand and long-term customer relationships, with recurring business driven by the installed base and customer operating rates. These businesses provide resilience to business cycles and make Valmet's net sales growth more stable. Meanwhile, our Process Technologies segment is driven by customers' investments in board, tissue, and paper machines, pulp mills, and heat and power boilers. This segment is stable in the long term, but more cyclical in the short term. The development of this segment should therefore be observed with a longer-term time horizon.

Strategy implementation

We implement our strategy through defined Must-Wins. These provide structure and focus for our strategic initiatives, decisions, and performance indicators. Our Sustainability Agenda is an integral part of our Must-Wins. Valmet's Climate Program – Forward to a carbon neutral future – is part of our Sustainability Agenda and setting ambitious emissions reduction targets and establishing tangible actions for the whole value chain. The Climate Program's implementation is fully integrated into our strategic initiatives.

To keep driving the accelerated development of selected businesses, we are continuing to implement our growth

program, called "Business Accelerator," which was launched in 2020.

Further developing customer excellence

Our "Customer excellence" Must-Win focuses on providing the best customer service and delivering solutions that bring customers the most benefit. This is achieved by strong, capable, and committed teams close to customers that can identify and implement optimal solutions comprising process technology, automation, and services. We have continued to develop our "Valmet's way to serve" approach for our Services business and a "Valmet as the automation partner" approach for our Automation Systems business to improve the customer experience.

Efficient internal operations play an important role in the customer experience. To achieve customer excellence, we systematically develop our sales capabilities and common processes to drive efficient growth and ensure a positive customer experience from the very first touchpoint. We continue to enhance our local sales and service presence to strengthen key account management, as well as to increase our efforts in segments with high growth potential, and segments where Valmet needs a stronger presence.

Customer-driven solutions

Valmet's "Leader in technology and innovation" Must-Win is central to our Climate Program and our customers' sustainability progress. The innovative products and services we develop aim to reduce our customers' operating and investment costs, improve performance, and enable low-carbon operations.

We are continuously renewing our existing product portfolio and developing new solutions, often in close collaboration with customers, that improve our customers' sustainability and performance, creating new revenue streams, both for our customers and for Valmet.

Being a leader in technology and innovation is also about optimizing cost structures to boost our competitiveness and profitability. We achieve this through modularization, standardization, and design optimization. In turn, this gives us flexibility and new opportunities to improve our supply chain and onsite work.

Efficient global processes

Our "Excellence in processes" Must-Win focuses on increasing our efficiency and cost-competitiveness by improving our operations. We have continued to globally unify our processes as part of our global management system implementation.

Our global project management and project delivery initiative aims to continuously improve gross profit. We are strengthening project management and execution by developing project and site management competences and utilizing common tools and processes.

To improve the quality of our products, processes, and services, we proactively manage and continuously improve quality throughout our internal operations and global supply chain. This includes strengthening our safety culture, our collaboration with customers and partners, and our practices to minimize our environmental footprint and protect people from harm.

Throughout our supply chain, we target significant cost savings by further developing global category management and our supplier base. Through initiatives to improve supplier quality and delivery performance, we increase the efficiency of our supply chain. To keep our cost structure competitive, we collaborate closely with our suppliers to increase our supply flexibility by utilizing supplier innovations and onboarding suppliers close to key customers, and by optimizing our own operations and logistics, we aim to respond quickly to changes in demand.



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The implementation of a centralized enterprise resource planning (ERP) system continued in 2024 across the USA, Canada, China, Poland, Italy, Thailand, Malaysia, Vietnam and throughout the newly acquired Analyzer Products and Integration business, with rollouts prepared in Valmet's other locations. With an ERP system, we are targeting benefits through the unification of key processes and ways of working across Valmet.

Performance-driven teams close to customers

Our "Winning Team" Must-Win seeks to ensure that Valmet's capabilities are globally balanced, and that we build engaged and performance-driven teams close to our customers. Using

the results of Valmet's regular OurVoice employee survey, we implement targeted actions and systematically strengthen employee engagement.

Every Valmet employee plays an essential role in turning strategy into reality. In 2024, we continued our global training programs, designed to further strengthen the execution of our strategy, as well as to drive continuous renewal and improvement within the organization.

We also continued to develop our approach to strategic resource planning, which will serve as a foundation for future strategic competence and workforce development.



Photo: Metsä Group

Business Accelerator

In the spring of 2020, we introduced a new growth program called "Business Accelerator" for selected businesses. The focus of this program is on the one hand on finding new applications and customer segments for existing products and expanding our offering to existing segments, and on the other, on developing new technologies and offerings for emerging new market segments. In 2024, growth programs were active in the Industrial Internet, Emission Control, Biomass Concepts, Recycled and Cellulose-based Textile Fibers, and 3D/Molded Fiber businesses.

The 3D/Molded fiber Business Accelerator is tackling global environmental challenges by creating sustainable solutions for the world's packaging needs. The novel molded fiber products are manufactured from wood fiber with the objective of replacing plastic. In 2024, Valmet and Metsä Group's innovation company Metsä Spring continued operations at the 3D fiber product pilot plant in Äänekoski, Finland.

Valmet has developed technology for both recycling textile waste and making textile fiber from biomass or organic waste, thus helping the textile industry become more sustainable. In 2024, Valmet and Spinnova signed a strategic partnership agreement in which Valmet was appointed as the exclusive partner to supply process equipment for textile fiber production to Spinnova's technology customers.

In our Industrial Internet offering, we combine our expertise in process technology, automation, and services with data-driven solutions to boost the performance of our customers' mills and plants. We are also developing our digital channels and services to offer a positive experience throughout the customer journey. In addition, to give us the ability to serve our customers more effectively, digitalization opens new opportunities to optimize our operations as we launch new digital platforms and tools to drive internal efficiency, quality, and productivity.



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Operational development

Valmet targets the continuous improvement and enhancement of the efficiency of its processes and operations in areas like Research & Development (R&D), Supply Chain, Quality, [Health, Safety and Environment \(HSE\)](#), Sales and Project Management.

Company-wide research and development efforts for new technology, solution cost reduction, and performance improvements are coordinated across Valmet. Supply Chain processes, tools, and supplier engagement are managed and continuously developed with the target of achieving savings, high supplier performance, and innovations. A strong quality culture, reduction of quality costs and impactful quality processes and ways of working are also a strong focus.

Innovation and hard work bring results in Research and Development

Research and development (R&D) is carried out mainly in Finland and Sweden by the R&D organizations in our business lines. Valmet operates 34 R&D centers that are also pilot facilities for customer projects and internal testing. At the end of 2024, Valmet's R&D employed 564 people, while R&D spend for the year totaled EUR 123 million, with approximately 400 active projects.

In 2024, we saw tangible outcomes from long-running efforts. In one of the biggest development projects ever undertaken by Valmet, the next generation Valmet DNAe distributed control system was launched in April 2024.



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R&D HIGHLIGHTS IN 2024

- Strong innovation ecosystem established through Beyond Circularity
- First Beyond Circularity internal and ecosystem projects completed
- Next generation DCS, Valmet DNAe, successfully launched.

SUPPLY CHAIN 2024 HIGHLIGHTS

- New record procurement savings
- Faster more predictable lead times
- In total 250 engaged suppliers in our Climate Program.

QUALITY HIGHLIGHTS IN 2024

- Established minimum supplier requirements for quality, health, and safety
- Continuous Improvement (CI) metrics on target indicating steady gains in quality operations
- Quality dashboard development completed and deployed.

Valmet DNAe is the culmination of over a decade of innovation and development. Built entirely from a clean slate, Valmet DNAe comes to market ready to meet the demands of big data, advanced automation, and crucially, strict cybersecurity standards.

Our Beyond Circularity R&D and ecosystem program, launched in 2022, has already spawned nearly 100 internal development projects and generated 35 projects in an ecosystem spanning 280 partners by the end of 2024. With the involvement of hundreds of R&D specialists, we achieved results in 2024,

such as high-performance cellulose-based composites and the UrbanMill concept for recycling plastics.

Outside the program, we continued to build our innovation capabilities through strong partnerships. In 2024, Valmet and Saipem began working on the joint development of integrated solutions to support the decarbonization of hard-to-abate industries. Valmet also signed a new partnership agreement with Spinnova to be the exclusive partner supplying process equipment for textile fiber production to Spinnova's technology customers.

A record year for supply chain

Valmet has more than 50,000 active suppliers in more than 60 countries, making direct and indirect purchases of over EUR 3 billion annually. Our procurement, logistics and warehouse workforce totals 1,450 employees in over 30 countries.

2024 was another successful year for Valmet's supply chain. On the back of record procurement savings in 2023, we achieved even higher savings in 2024. Price deflation combined with increasing purchases from cost-competitive countries (CCC) and a strong focus on stock management contributed to this result.

Ensuring a sustainable supply chain also continued to be a top priority for Valmet in 2024. Our supplier engagement was accelerated through our Climate Program. In 2024, we engaged 181 suppliers through training, in-person workshops, and tangible action planning. The total number of engaged suppliers by the end of the year was 271.

Good operational efficiency

Despite regional conflicts forcing suppliers to use longer routes for intercontinental deliveries, Valmet saw supply lead times drop and predictability improve in 2024. Overall, on-time deliveries approached our target of 90 percent for the year. This is also a good achievement in light of the impacts on Valmet's supply chain from the newly acquired businesses.

Each acquisition brings in new suppliers and new operational teams to integrate into Valmet's systems and ways of working. In 2024, we continued to plan and make progress in these areas while maintaining a stable and efficient operation.

Steady quality progress

Our quality work aims to strengthen customer satisfaction and loyalty through continuous improvement across the value chain. Quality is a cornerstone of the Valmet culture and is fundamental to the success of our customers and our business.

In 2024, we focused particularly on supplier quality by strengthening quality assurance practices. We built a standardized framework for transparently addressing quality with suppliers, including for example, notification practices, tracking claims, monitoring types of mistakes, and corrective actions.

One of Valmet's key performance indicators, Cost of Poor Quality (COPQ), measured as a percentage of net sales, improved slightly in 2024. Along with supplier quality control, COPQ was positively impacted by new customer project steering practices. In 2024, we made several adjustments, including requiring explicit quality plans for customer projects. This enables teams to be more forward-looking and predictable with quality control. Furthermore, the quality dashboard development was finalized and deployed in 2024.

> **READ MORE:**
[Research and Development](#)



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GROWTH

2X

- Net sales for Services and Automation segments to grow over two times the market growth
- Net sales for Process Technology segment to exceed market growth.

NET SALES 2024,
EUR BILLION

5.4

PROFITABILITY

12–14%

- Comparable EBITA: 12–14%

PROFITABILITY 2024

11.4%

COMPARABLE ROCE

>15%

- Comparable return on capital employed (ROCE) before taxes¹: at least 15%

COMPARABLE ROCE 2024

12.7%

DIVIDEND POLICY

≥50%

- Dividend payout at least 50% of net profit

DIVIDEND 2024

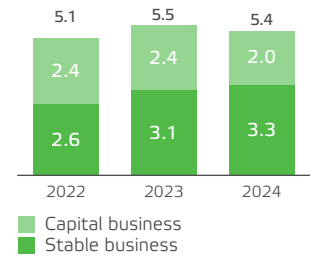
89%²

¹ Comparable ROCE before taxes = (Profit before taxes + interests and other financial expenses +/- items affecting comparability) / (Total equity + interest-bearing liabilities [average for the period]) × 100

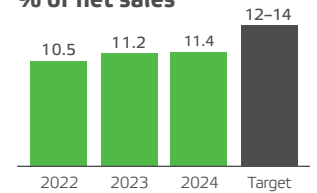
² Proposal by the Board of Directors.



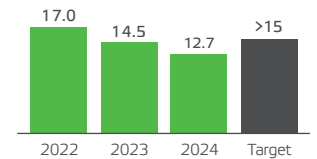
Net sales, EUR billion



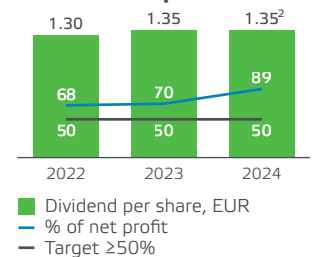
Comparable EBITA, % of net sales



Comparable ROCE, %



Dividend per share, EUR / % net profit





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SUSTAINABILITY360° AGENDA HIGHLIGHTS IN 2024

- Already more than 270 key suppliers engaged to the Climate Program
- Green Finance Framework established to integrate sustainability into Valmet financing
- First Beyond Circularity ecosystem projects delivered innovations in cellulose-based composites and plastic recycling
- Solid progress with the Climate program: Valmet achieved 10 percent average energy efficiency improvement in existing pulp, paper, board and tissue technologies since base year 2019
- Successful sustainability reporting transition to meet the Corporate Sustainability Reporting Directive (CSRD) requirements.



Sustainability360° Agenda

Sustainability is fully integrated into Valmet's strategy and operations through the comprehensive Sustainability360° Agenda. In 2024, we continued to progress on all of the main topics in our Agenda and undertook consistent actions in our Climate Program. We accelerated engagement with our suppliers and customers to collaborate on joint sustainability targets.

Valmet's Code of Conduct, related policies, and all-encompassing Sustainability360° Agenda create a solid foundation for sustainable business operations. Sustainability is a fundamental part of our strategy and related Must-Wins that provides structure and focus for our strategic initiatives, decisions and performance indicators. Valmet's Sustainability360° Agenda has been the backbone for building the company's acknowledged sustainability work over the years. The agenda covers the company's entire value chain, including the supply chain, our own operations, and the use phase of the technologies Valmet provides to its customers.

The Sustainability360° Agenda has nine main topics that are grouped around three focus areas: Environmental, Social, and Governance (ESG). The main topics under the Environmental focus area are Circularity, Climate, and Environmental efficiency. Under the Social dimension, we focus on Engaged workplace, Health and safety, and Corporate citizenship. The main topics under the Governance focus area are Ethical business practices, Sustainable supply chain, and Transparent reporting.

All the main topics integrate tangible targets and action plans into the company's annual planning process as part of strategy implementation.

In 2024, Valmet began reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). The Sustainability360° Agenda will be updated to reflect the changes brought by the CSRD. More targets and additional information can be found in the 2024 Sustainability Statement, which is available alongside the company's Financial Statements.

A year of excellent performance and solid results

We continued to drive the transition of the pulp and paper industry to carbon neutrality by enabling energy- and resource-efficient pulp, paper, and energy production with fossil-free energy sources for our customers. We maintained 100 percent carbon-free electricity purchases for our operations in Finland and Sweden throughout 2024. We also introduced a [Green Finance Framework](#) to better integrate sustainability into Valmet financing. In addition, we strengthened our due diligence framework and continued to progress with social and human rights impact assessments. This was accompanied by excellent results from our supplier engagement effort, which included a renewed Supplier Code of Conduct and over 40 third party supplier sustainability audits. Valmet was included in the CDP Climate A List 2023 and 2024, and received the Gold level in the EcoVadis rating in 2024.



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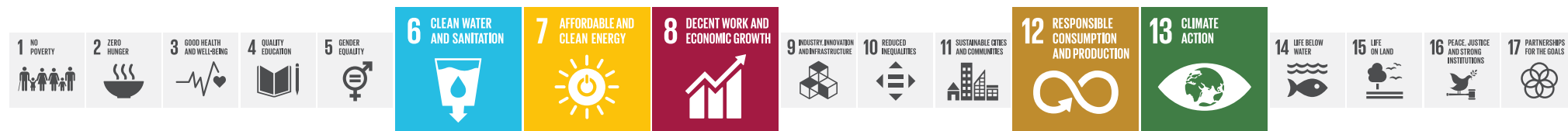
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Most impactful UN Sustainable Development Goals for Valmet

Valmet supports the United Nations (UN) Sustainable Development Goals (SDGs). We have identified the SDGs on which Valmet can have the most positive impact, or where we aim to minimize our negative impact. Our Sustainability360° Agenda and related targets have been aligned with selected SDGs.



Goal 6: Clean water and sanitation

Efficient water management plays a key role in Valmet's technologies, e.g., evaporation and condensate treatment solutions, ultrafiltration solutions and tissue, and board and paper machines can help customers recycle process water and reduce freshwater use and water pollution. Improving water efficiency and decreasing water withdrawal are also part of Valmet's environmental targets for our own operations by 2030.

Goal 7: Affordable and clean energy

Valmet's energy solutions are based on biomass, waste, or a mixture of different fuels. Valmet impacts this goal through energy technologies, e.g., by enabling heat and power production in biomass, waste, and multifuel boilers, increasing the use of different fuel mixes, and air emission control systems for pulp mill and power plant flue gases. Valmet is also contributing to this goal by replacing fossil fuels with renewables, purchasing carbon-free electricity and improving energy efficiency in its own operations.

Goal 8: Decent work and economic growth

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

Goal 12: Responsible consumption and production

Valmet develops process technologies, automation, and services to enable the use of recycled and renewable materials and to support customers in producing high-value end products. We also aim to improve resource efficiency throughout the value chain to ensure responsible consumption and production processes. Valmet's technologies are designed for maximum resource and raw material efficiency, enabling the circular economy. Lightweight technologies that reduce fiber in board production, hybrid technologies that save fiber in tissue production, high-yield chemical pulp cooking, and fiberlines and power boilers that use residues impact this goal by significantly increasing the efficient use of resources. Valmet has a waste management target for its own operations by 2030. Valmet's sustainable supply chain management also contributes to this goal.

Goal 13: Climate action

Valmet has validated science-based emissions reduction targets and tangible actions for the whole value chain. Valmet contributes to this goal by offering bioenergy self-sufficient chemical pulp mills and enabling biomass-based heat and power production. In 2021, we set a target of developing pulp, paper and energy technologies and solutions for customers that enable fossil-free energy use. In addition, our target is to reduce GHG emissions by 80 percent in our own operations and 20 percent in our supply chain by 2030. Valmet has also analyzed the potential long-term climate-related physical and transitional risks and their financial impact on its operations and business environment with various climate scenarios to support the strategy and the capability of adapting to and mitigating climate change.





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Environmental

We enhance circularity and environmental efficiency and reduce emissions throughout the value chain. In 2024, we continued to drive the transition of our customers' industries towards carbon neutrality.

Circularity

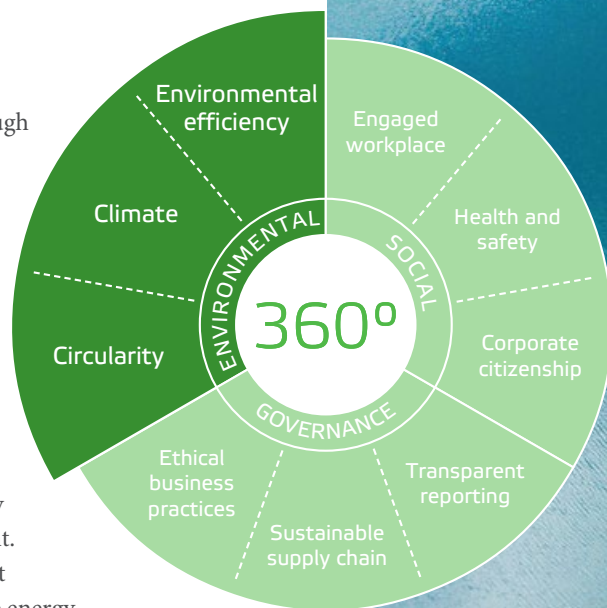
- We enable our customers to apply circularity through longer circulation, closed cycles, and the use of renewable and recycled raw materials.
- We constantly increase the resource efficiency of our own processes and maximize the use of recycled materials in our technology.

Climate

- Our climate program includes ambitious emissions reduction targets and tangible actions for the whole value chain for 2030.
- We aim to reduce emissions in our supply chain by 20 percent and in our own operations by 80 percent.
- Our goal is to enable energy- and resource-efficient pulp, paper, and energy production with fossil-free energy sources for our customers. We target to improve the energy efficiency of our current offering by 20 percent.

Environmental efficiency

- We continuously enhance environmental efficiency in our own operations and with our suppliers.
- Our process technology, automation and services are designed to improve raw material, energy, water and chemical efficiency.





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Progress in Sustainability360° Agenda

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TOPIC	TARGET	KEY PERFORMANCE INDICATOR	2024 (2023)	PROGRESS DESCRIPTION
Climate	20 percent reduction of GHG emissions from supply chain by 2030 ¹	GHG emissions from purchased goods and services (Scope 3 category 1), 1,000 tCO ₂ e	1,462 (1,736)	In 2024, Valmet's absolute GHG emissions from direct purchased goods and services decreased by 16 percent. Actions included increasing the share of recycled steel in products, redesigning lightweight steel products, introducing alternative raw materials and optimizing components' manufacturing methods.
		GHG emissions from transportation (Scope 3 category 4), 1,000 tCO ₂ e	144 (166)	In 2024, absolute GHG emissions from transportation decreased by 13 tCO ₂ e due to freight planning and the selection of suppliers offering low-carbon transportation.
		Number of suppliers engaged in the Climate Program	271 (90)	In 2024, we engaged 181 new suppliers in our Climate Program. By the end of 2024, we had engaged a total of 271 suppliers. Our committed supply chain people enabled us to reach the set target early, and we continue the journey to engage more suppliers.
	80 percent reduction of GHG emissions from own operations by 2030 ¹	% reduction in Scope 1 and Scope 2 (market-based) GHG emissions, 1,000 tCO ₂ e	-49 (-51)	In our own operations, emissions from fuels, heating, and electricity in Valmet's offices and production units around the world have decreased by 49 percent since the baseline year 2019. Again in 2024, all electricity in Finland and Sweden, representing about 53 percent of Valmet's total consumption, was purchased as carbon-free. Valmet also took further steps in its locations, for example in Brazil and North America, to purchase more carbon-free electricity.
	Enable the use of fossil-free energy sources for all of Valmet's pulp, paper, and energy technologies and solutions by 2030	% of technologies and solutions enabling the use of fossil-free energy sources	100	All of Valmet's technologies enable fossil-free pulp, board, tissue, and paper production for customers with access to fossil-free energy sources. Development work has also continued to further reduce energy use of Valmet's current technologies, leading to reduced levels of energy consumption in Valmet's pulp and paper technologies in 2024 compared to the 2019 baseline.
	10 percent reduction in energy consumption from own operations by 2030 ¹	% reduction in energy consumption	-6.9 (-8.6)	The implementation of improvements in energy efficiency continued across Valmet locations, driven by energy management certifications, audits, and surveys, as well as focused actions to reduce energy use.
Environmental efficiency	75 percent waste from own operations diverted from disposal by 2030 ¹	% waste diverted from disposal	77 (78)	Waste reduction actions continued in locations, with the focus in 2024 on creating more detailed global guidance for locations and implementing targets and plans in recently acquired and merged operations.
	20 percent reduction in water withdrawal from own operations by 2030 ¹	% water withdrawal change	+9 (+1)	Water withdrawal reduction actions continued in locations, with the focus in 2024 on creating more detailed global guidance for locations and implementing targets and plans in recently acquired and merged operations.
Circularity	35 ecosystem project applications by 2025	Number of ecosystem project applications	18 (21)	As a part of Valmet's Beyond Circularity R&D program, Valmet is creating an ecosystem to innovate, renew, and enable customer industries in shifting to carbon neutrality and to facilitate the green transition. In 2024, 18 ecosystem project applications were submitted within the program.

¹Baseline 2019.



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Circularity

Circularity is essential for creating a sustainable future for us, our stakeholders, and society. The fundamental idea of circularity is strongly rooted in our business: enabling customers to convert renewable raw materials into sustainable products, to utilize recycled materials and recover energy, and to help customers extend the life of their equipment. In 2024, we continued implementing **Beyond Circularity**, the R&D program for accelerating the green transition.

For several decades, Valmet has been systematically enhancing circularity in its own operations, supply chain, and customer industries with the aid of its process technology, automation solutions, and services offering. Throughout 2024, we took actions to reduce waste, improve recycling, and close process cycles in the use phase of our technologies.

Valmet's solutions for more sustainable textile production and replacing fossil chemicals

In 2024, we further strengthened our expertise and offerings for textile fiber recycling and novel, cellulosic fiber production. Valmet signed a partnership agreement with Spinnova Plc to supply process equipment for textile fiber production to Spinnova's technology customers. We also started cooperation with PESCO-UP, a Horizon Europe project, and the TexirC co-research project, both of which focus on textile recycling, aligning with the EU's 2025 mandatory textile waste collection.

The ongoing joint development project between Valmet and Metsä Group's innovation company, Metsä Spring, saw good progress during the year. Together, we create sustainable, non-plastic packaging solutions using novel molded fiber products manufactured from wood fibers with the aid of innovative and resource-efficient production technology developed by Valmet. In April 2024, Metsä Spring started a pre-engineering project for the first commercial factory based on the developed technology. As demand grows for molded fiber products, Valmet has an excellent opportunity to enter a new market with its molded fiber technology, Valmet 3D Fiber.

In addition, Valmet has continued to focus on commercializing new biomass conversion technologies such as biomass prehydrolysis, lignin production technology, and pyrolysis. These solutions advance the replacement of fossil resources by enabling the production of biofuels and biochemicals.

Accelerating the green transition with Valmet's R&D program Beyond Circularity

In 2024, we continued to implement Beyond Circularity, the Valmet-led R&D program and partner ecosystem to accelerate the green transition toward targets that are closely connected with Valmet's technology vision 2035 and Climate Program – Forward to a carbon neutral future.

Beyond Circularity further strengthens our R&D work by developing process technologies, automation, and services that utilize renewable materials, as well as recycled waste and side streams. It is implemented through seven streams: program management; recycling technologies; bio-refining/value adding to waste; resource-efficient industries; automated and digitalized industry and services; service lifecycle concepts; emerging new process concepts and disruptive business.



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The program has generated a lot of interest during the last three years. More than 280 partners have already joined the program's ecosystem, and we are working on 35 joint projects co-funded by Business Finland or the EU. This year, the first ecosystem projects were completed and almost 100 internal R&D projects from all our business lines have been accepted for the program.

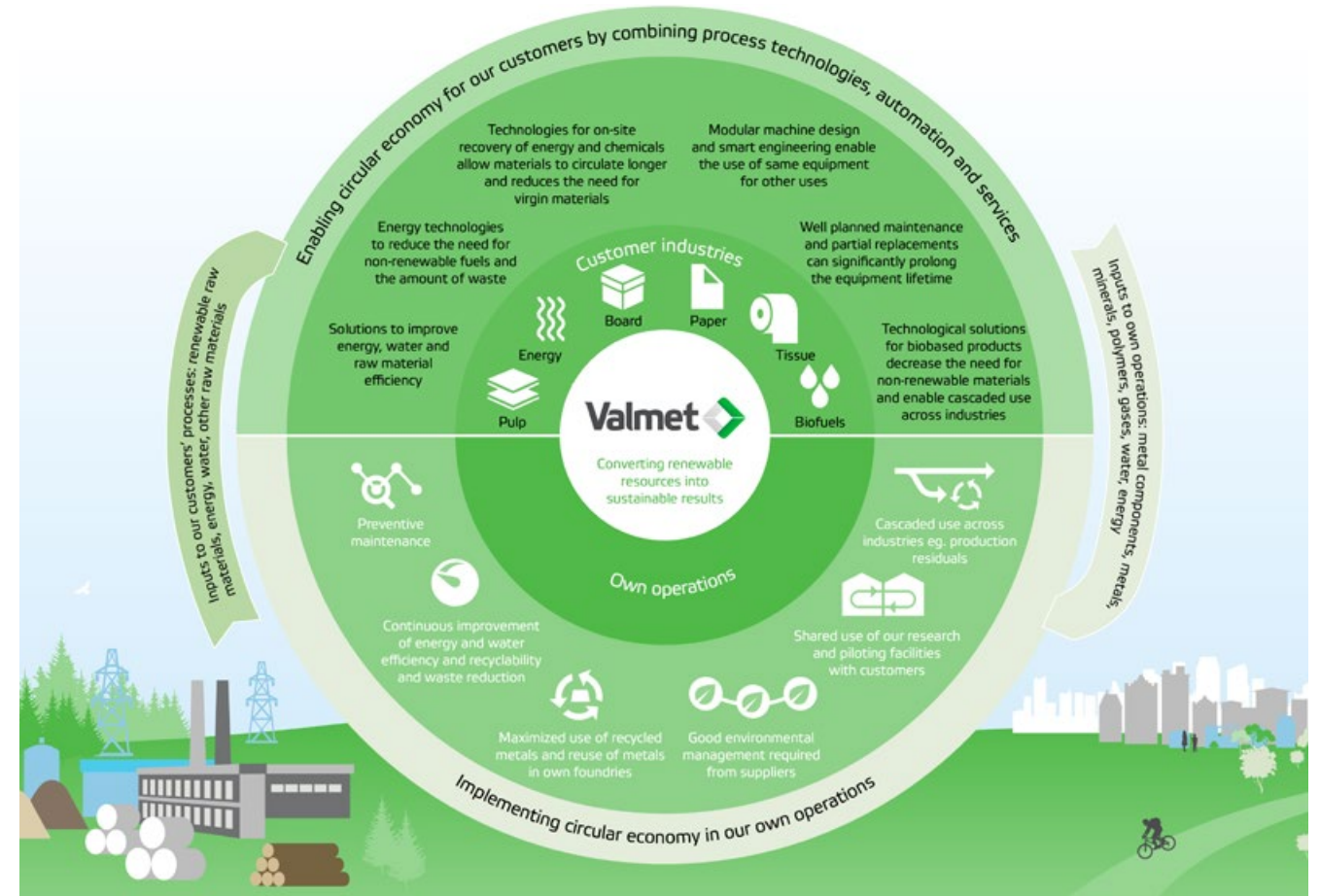
In October 2024, we hosted a virtual ecosystem event called "Forward with synergy" with over 300 participants from Valmet's ecosystem partners, our R&D professionals, and other stakeholders. The inspiring event included updates about the program and ecosystem projects, as well as a deep-dive panel discussion about ecosystem opportunities and challenges.

Valmet's maintenance and services help customers extend equipment and process lifetimes

Our services business plays an essential role in helping our customers extend the lifetime of their equipment and processes. By refurbishing, rebuilding, and maintaining the equipment, and through automation systems such as condition monitoring solutions, Valmet enables customers to significantly lower their environmental footprint while improving operational results.

A fundamental part of the circularity work at Valmet is our take-back, exchange, and reconditioning programs. Our global network of workshop services reconditions everyday rolls, refiners, feeders, shafts, and screens, extending the lifecycle for our customers. We also have exchange programs where winder units are rebuilt and upgraded. In addition, about 1,200 tonnes of refiner segments and 3,500 winder slitters are taken back for recycling each year.

In 2024, we successfully continued industrial-scale pilot recycling of used press felts by studying the climate impact of mechanical and chemical recycling of felts through lifecycle assessment (LCA) calculations. More significant piloting and new partners for collection and recycling have been identified.



Circular economy in everyday operations

Valmet has systematically developed circularity for several decades in its own operations by reducing, reusing and recycling waste. Our Lappeenranta production unit in Finland, for example, has for the last ten years reused cardboard packaging material from received components by shredding it and then using it as filling material for packaged valve and pump spare parts in customer deliveries.

More recently Jyväskylä foundry celebrated a year without scrapped castings from the molding line and increased the

amount of recycled sand in their castings. All Valmet foundries have targets for the use of recycled metal. In 2024, the share of recycled steel and iron in Valmet's foundries reached 77 percent.

During the year, recycling of internal side streams from fabrics production back to yarns was further investigated and new material streams collected and sent to partners for recycling. Production side streams can be turned into plastic pellets to be used in demanding applications such as electronics enclosures, furniture parts, and vehicle components.



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ENVIRONMENTAL

Climate

Valmet believes technology is key in mitigating climate change. In 2024, the company continued progressing well toward the 2030 targets set in its Climate Program.

Climate change drives companies to transform and reduce greenhouse gas (GHG) emissions rapidly. Valmet's ambitious Climate Program – Forward to a Carbon Neutral Future – was launched in 2021 with concrete targets for the entire value chain to address these challenges.

Using 2019 as the baseline, the program aims to reduce emissions by 80 percent in our own operations and by 20 percent in the supply chain by 2030. For the use phase of Valmet's technologies, our goal is to provide customers with technologies and solutions that enable fossil-free pulp, board, tissue, and paper production. We also target to improve the energy efficiency of our current offering by 20 percent. The work continues by developing solutions that do not depend on fossil energy.

Valmet's climate targets have been approved by the Science Based Targets initiative (SBTi), and Valmet plans to achieve them without emission compensation. The efforts are aligned with the Paris Climate Agreement's 1.5-degree pathway and the United Nations Sustainable Development Goals.

Continued progress in the third full year of the Climate program

The Climate Program has been well received by Valmet's stakeholders. In 2024, the implementation of the program

continued as an integral part of our Sustainability360° Agenda and is included in the company's strategy and related annual planning.

In 2024, we strengthened supplier collaboration and engagement, further evolved our operations, and maintained a strong focus on researching and developing technologies. Every improvement in equipment energy savings has a significant impact due to its long lifetime and the energy-intensive nature of customers' processes.

Supplier collaboration and engagement plays a key role in decarbonizing value chains

The highest emitting suppliers among our supplier base have been identified, and as part of Valmet's Supplier Sustainability engagement program, engagement continues as a high priority. By the end of 2024, more than 270 suppliers had committed to reducing their emissions. The target is for all key and main suppliers of physical goods, around 150 suppliers, to be engaged by the end of 2025. Suppliers are offered tangible tools such as e-learning material, a CO₂ calculator, and a best practice library to support their transition toward low-carbon operations.

Utilizing more recycled and low-carbon materials also plays a key role in Valmet's Climate Program. Three quarters of the steel used in our foundries is already recycled. In 2024, we continued developing freight planning to reduce transportation emissions by preferring ocean freight to air transportation. Compared to 2023, the number and weight of our air shipments in 2024 decreased by 9.3 percent.



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In 2024, the implementation of the Climate Program continued as an integral part of our Sustainability360° Agenda and is included in the company's strategy and related annual planning.

Continued transformation toward low emissions in our own operations

In our own operations, emissions from fuels, heating, and electricity in Valmet's offices and production units worldwide have decreased by more than 49 percent since the 2019 baseline year. Valmet is driving quickly toward a low-carbon future by replacing fossil fuels, purchasing CO₂-free electricity and district heating, implementing energy efficiency improvements in all locations, and promoting low-carbon commuting. We also continue to extend the use of digital tools and develop further remote working methods that reduce business travel emissions.

During 2024, all electricity in Finland and Sweden, representing 53 percent of Valmet's total consumption, was purchased as carbon-free. In addition, many other locations have switched to carbon-free and renewable electricity and district heating alternatives. Valmet continued multiple energy efficiency investment projects such as LED lighting upgrades and the installation of heat recovery systems.

Our warehouses and factories are transitioning to more sustainable operations through the use of biofuel in processes and electric forklifts, as well as solar panel installations. Behavior also matters, and Valmet employees are encouraged to engage in everyday energy-saving actions such as turning equipment and lights off at lunch, and reducing indoor temperatures. To promote low-carbon commuting, Valmet enables electric vehicle charging for employees and, starting in Finland and Sweden, a bike benefit. Valmet also provides commuting buses in larger locations in China and Brazil.

Helping customers decarbonize

Most of the carbon footprint of our value chain comes from the use phase of our technologies. Since providing customers with technologies and solutions that enable fossil-free pulp, board, tissue, and paper production, the focus has been on the customers that still do not use bioenergy or carbon-free electricity.

With its customers, Valmet looks for ways to use different energy sources with different equipment and machinery. In addition, Valmet accelerates its customers' efforts to reduce their climate impacts by focusing on reducing utilization of process chemicals and water or enhancing raw material efficiency, for example.

Valmet has set a target for the use phase to improve the energy efficiency of its current offering by 20 percent. In 2024, Valmet achieved 10 percent average energy efficiency improvement in existing pulp, paper, board and tissue technologies since base year 2019. As energy efficiency can only be improved so far, we work closely with our customers to encourage them to move to utilize fossil-free energy sources, recognized by Valmet as the ultimate path to reaching net-zero emissions. For energy customers, Valmet's biomass-based energy solutions have long enabled fossil-free heat and power production. For chemical pulp mills, Valmet offers several solutions free of fossil fuel dependencies. Furthermore, Valmet's renewable energy

technologies include flow control and automation solutions for renewable energy production, hydrogen projects and Power to X (conversion of renewable energy to other forms like hydrogen, fuels, or chemicals).

For example, the flue gas condensing solutions delivered to Helen's Vuosaari powerplant in Finland combine emissions reduction, heat recovery, and water use reduction.

To evaluate the environmental impacts of its products, Valmet has conducted two full lifecycle assessments of its products identified as eligible in the EU Taxonomy. Our solutions for lignin separation, LignoBoost®, and for steam explosion of biomass, BioTrac, were both found to be aligned under the EU Taxonomy. Both the ISO14067 compliant studies showed our products to contribute significantly to greenhouse gas emissions reductions.

Valmet achieved 10 percent average energy efficiency improvement in existing pulp, paper, board and tissue technologies since base year 2019.



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Valmet's Climate Program

TARGETS BY 2030 FOR THE ENTIRE VALUE CHAIN

SUPPLY CHAIN

-20%

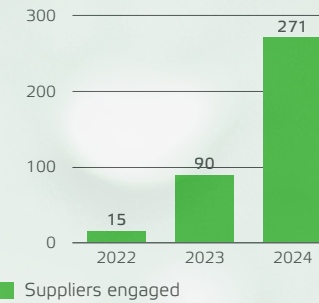
GHG emissions reduction

MAIN ACTIONS

Actions to reduce emissions in direct purchasing and logistics include

- increased share of recycled steel in products
- supporting CO₂-intensive suppliers in reducing emissions
- redesigning lightweight steel products, introducing alternative raw materials, and optimizing component manufacturing methods
- centralizing spend to selected suppliers offering low-carbon transportation
- continuing to develop freight planning.

Supply chain



OWN OPERATIONS

-80%

GHG emissions reduction

MAIN ACTIONS

Actions to reduce emissions include

- replacing fossil fuels with renewables in locations
- purchasing carbon-free electricity and district heat
- implementing energy efficiency improvements in locations
- promoting low-carbon commuting and reducing business flights.

USE PHASE OF VALMET'S TECHNOLOGIES

-20%

Further reduced energy use of Valmet's current technologies

MAIN ACTIONS

Further enhancing the energy efficiency of Valmet's existing pulp and paper technologies by 20 percent as part of Valmet's continuous R&D work.

100%

Technologies enabling the use of fossil-free energy sources

- Providing customers with Valmet's energy solutions, which enable production using biomass
- Providing technologies that enable fossil-free pulp and paper production for customers with access to fossil-free energy sources.



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Valmet's Climate Program

KEY ACHIEVEMENTS IN 2024

SUPPLY CHAIN

- The level of recycled steel has been mapped at Valmet's foundries and Valmet's biggest plate suppliers and is already above the global average.
- Suppliers with very energy-intensive operations have been identified and will be engaged in reducing emissions. More than 270 suppliers have been engaged so far.
- A specific climate change e-learning course has been launched for suppliers to support their transition toward low-carbon operations.
- The share of lower emission transportation such as sea instead of air transportation, has continued to increase.
- A new supplier innovation process and tool for collecting ideas, including emissions reductions, has been deployed globally.

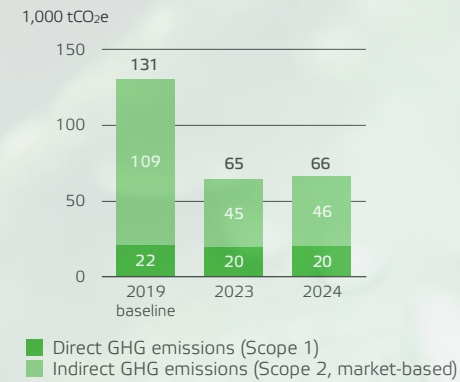
OWN OPERATIONS

- Valmet continued 100 percent carbon-free electricity purchases in Finland and Sweden. 68 percent of Valmet's annual electricity use is now carbon-free.
- Energy audits have been used to discover, plan, and implement energy efficiency improvements in Valmet's locations around the world.
- There are solar panel installations in seven Valmet locations.
- 15 significant energy efficiency investment projects have been implemented in selected Valmet locations.
- Electric vehicle charging stations for employees have been installed in Valmet locations.

USE PHASE OF VALMET'S TECHNOLOGIES

- We have progressed well with the target of enabling the use of fossil-free energy sources for our pulp and paper customers by 2030 by developing new process technologies and improving the energy efficiency of our current offering. Today, all of Valmet's technologies enable fossil-free pulp, board, tissue, and paper production for customers with access to fossil-free energy sources. Next, we continue to develop solutions that do not depend on the energy source.
- For energy customers, Valmet's biomass-based energy solutions have long enabled fossil-free heat and power production. Furthermore, many of our customers' chemical pulp mills using our technologies are bioenergy self-sufficient.
- We have seen good progress with regard to our target on reducing the energy use in our current pulp, paper, board and tissue technologies, and the average reduction in these technologies in 2024 is 10% compared to the 2019 baseline.

GHG emissions¹



¹ Baseline 2019 calculated based on emission data from 2019 and data from acquisitions from 2019 and 2020.



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ENVIRONMENTAL

Environmental efficiency

We continuously enhance environmental efficiency in our own operations, offering, and customers' processes: We do more with less.

Doing more with less is at the core of our mission to convert renewable resources into sustainable results. Our process technologies, automation solutions, and services are designed to improve customers' raw material, energy, water, and chemical efficiency and to reduce emissions.

Personal actions matter, and we encourage everyone at Valmet to understand and improve the environmental impact of their work. By promoting best practices and achievements through local environmental events, active internal communications, and regular HSE conversations in teams, we increase engagement in efficiency actions.

Environmental program accelerating progress in Valmet's own operations

During 2024, we renewed our HSE Policy and placed greater emphasis on reducing the climate and nature impacts of our value chain through the efficient and circular use of resources, and the use of carbon-free energy, waste minimization, and pollution prevention.

We continue to improve the environmental footprint of our more than 200 locations. We are on track for our target of 80 percent of employees working in locations certified to the ISO 14001:2015 environmental management system by 2025. In 2024, we certified 11 more locations to the environmental standard, increasing the total number to 97 locations and the coverage to 80 percent of employees. We firmly believe

ISO certification supports the implementation of sound and standardized environmental management practices in our operations worldwide.

To guide environmental improvement, we have had an environmental program since 2009. It sets ambitious targets for reducing energy, water, and waste in production facilities by 2030. So far, we have achieved a 7 percent reduction in energy consumption from our 2019 baseline. Process upgrades and optimization play a role in our efficiency actions. In belt manufacturing, material efficiency has been further improved with considered casting optimization. The amount of wasted raw material has thus been lowered by 26 percent compared to last year.

In our roll workshops around the world, we have continuously campaigned for energy saving behavior such as switching off lights when leaving the room and turning down the air conditioning when possible. Each year, several locations initiate projects to switch to LED lighting. Our real estate guidelines for new facilities and renovations also include environmental efficiency requirements.

Reducing waste to landfill and hazardous substances

We map our waste streams to find circularity opportunities through material reuse, recycling, and recovery. Since 2019, we have increased the share of reused or recycled waste to 77 percent from the 2019 baseline of 57 percent. For example, 9,700 tonnes of foundry sand are reused by partners in road construction and land stabilization, and the wood waste of our Helsinki plant is reused to make chipboard for furniture. We are actively shifting to more sustainable packing materials by



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minimizing packaging, reducing plastics, and increasing the use of renewable materials.

We operate our facilities to prevent pollution and apply precautionary measures to protect the environment. We continuously monitor and manage the use of hazardous substances, substituting them with less hazardous alternatives whenever possible.

Sustainability assessments embedded in R&D process

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

Sustainability assessment and criteria are built into the R&D and Product and Service lifecycle management processes and the R&D performance reporting. Our target is for 100 percent of R&D projects to have a sustainability categorization. We work in close cooperation with customers, suppliers, universities, research centers, and other partners and stakeholders regarding environmental performance and conduct benchmarking to address customer needs and progress toward our targets. We utilize feedback and engage the whole value chain in the long-term development of our strategic technology approach, where environmental efficiency is one of the key areas. Furthermore, Valmet is dedicated to applying scientifically proven methods to assess the environmental impacts of its equipment. We conduct lifecycle assessments in accordance with ISO 14067 for a selected group of end products. We aim to expand the scope, depending on legislative and customer requirements.

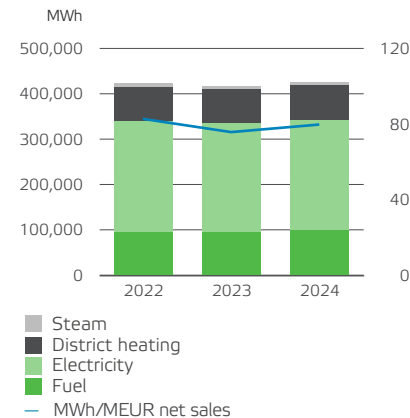
Sustainability assessment and criteria are built into the R&D and Product and Service lifecycle management processes and the R&D performance reporting.

Focusing on resource-efficient solutions

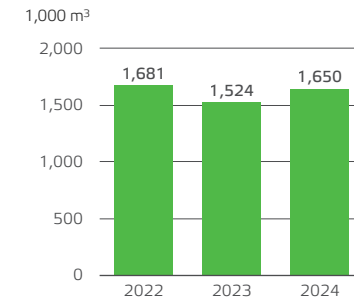
Valmet launched an R&D program and ecosystem called Beyond Circularity in 2022. It targets transforming waste and emissions into valuable resources for sustainable growth and accelerating the green transition. The program is implemented through seven streams, one of which is “Resource-efficient industries”. We are researching new technologies in this stream to find more energy-efficient solutions. For example, in the SteamDry project, funded by the EU, Valmet cooperates with VTT and other industrial partners aiming to significantly decrease energy consumption and CO₂ emissions in the paper and board manufacturing through Superheated Steam Drying (SSD) technology.

> **READ MORE:**
[Environmental program](#)

Energy



Water withdrawal



Waste reused or recycled in 2024, %





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Social

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

Engaged workplace

- We continuously look for ways to increase employee engagement and develop the best talent.
- We value diversity and promote an inclusive and well-managed work environment.

Health and safety

- We invest in a positive safety culture and leadership.
- We constantly improve our HSE processes and practices toward our common goal of zero harm.
- We collaborate with our customers and partners to improve contractor and customer site safety.

Corporate citizenship

- We participate in selected local programs under the following themes: Toward the future with science; Protecting the planet for the next generations; and Equal opportunities for wellbeing.
- We work in close cooperation with selected universities and research organizations globally.





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Progress on Sustainability360° Agenda

SOCIAL

TOPIC	TARGET	KEY PERFORMANCE INDICATOR	2024 (2023)	PROGRESS DESCRIPTION
Engaged workplace	Increase employee engagement by one percentage point per survey	Valmet engagement index % engaged	- (70)	In 2024, we continued to execute the actions set based on the survey. We plan to remeasure employee engagement in 2025.
	Increase the share of women in science, technology, engineering and mathematics (STEM) positions to 12 percent	% of women in STEM positions	12.4 (11.9) ¹	We made good progress towards our target in 2024, exceeding 12 percent for the first time since setting the target in 2021.
Health and safety	Elimination of high-consequence injuries by 2030	Number of injuries leading to permanent disability or more than 6 months' absence from work	Employees 3 (4) External workers 0 (3)	In 2024, we had a strong focus on the implementation of the Life Saving Rules and the number of high-consequence injuries reduced. One rule was promoted each quarter through internal trainings, procedure improvement, inspections, and awareness activities.
	Four HSE walks, inspections and conversations per manager per year in 2025	Number per manager per year	8.4 (8.7)	We set personal targets and provided instruction and training to support managers in more visible safety leadership. The number of HSE walks and other activities promoting a strong safety culture decreased slightly during the year.
	Four HSE event reports per employee in 2025	Number per employee per year	3.4 (3.2)	Everyone is constantly encouraged to maintain a strong safety mindset and remain aware of unsafe situations and report them. The number of the reported Health, Safety, and Environment events increased during the year to 3.4 per employee.
Corporate citizenship	Continue implementing social responsibility programs in all geographical areas through sponsorships and donations to local communities and affected stakeholders	Monetary value of sponsorships and donations, EUR k	322 (327)	Valmet's sponsorships and donations and related Social Responsibility programs focus on supporting non-profit organizations, in the areas where Valmet operates, in the following key themes: "Towards the future with science," "Protecting the planet for next generations," and "Equal opportunities for wellbeing."

¹ 2023 not including employees from the Tissue Converting business unit.



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Engaged workplace

Valmet's more than 19,000 experts around the world work together to live our shared values, execute our must-wins and strategy, and move our customers' performance forward.

Dialogue and engagement

Valmet recognizes the importance of active dialogue in the workplace and promotes practices that create dialogue in different forms. We offer guidance and agendas to support regular one-to-one and team meetings and run documented annual and mid-year review discussions. Additionally, we have a robust strategy communications process, incorporating online strategy sessions, location townhalls, and winning team discussions.

We use the OurVoice employee survey to systematically measure engagement and develop the organization. The survey takes place every two years to allow time for meaningful action on the feedback. In the year since the last survey, teams across the company have been working to execute their chosen actions. The most common themes relate to customer orientation and

simplifying and improving work processes. The effectiveness of these actions was the topic of the 2024 winning team discussion.

Manager development

Managers at Valmet play a key role in boosting engagement, driving high performance and supporting the development of our people. In 2024, we revised our manager and senior manager roles to more effectively address the constantly evolving expectations placed on leaders. This includes a greater focus on diversity and inclusion, sustainability, and continuous learning.

We also continued to use the Forward for Managers training programs to develop managerial skills. Forward for Managers sessions are intensive day-long training sessions which focus on Valmet's Way Forward, our manager role and leadership skill development. So far, more than 70 percent of managers have completed at least one of the training sessions. These training sessions are also part of manager onboarding.

Managing our knowledge base

We continuously develop our capabilities to support our strategic targets and business growth, ensuring we have the right competences in the right place to serve our customers. In 2024, we continued to actively utilize our global training portfolio, inviting more than 800 Valmeteers to participate in one of the 21 programs held during the year. Feedback on the programs was very good, averaging 4.6 out of five.

In addition to global opportunities, business lines and areas run various competence development programs. Examples of programs run in 2024 include a knowledge sharing program in Asia-Pacific, a roll maintenance school in North America,

88%

OURVOICE ACTION COMPLETION



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a chief engineer leadership development program in Paper, and a cross-organizational talent development program involving participants from four business lines, two areas, and 14 countries to foster diverse thinking and new ideas.

A strong talent pool

As a company, we work to ensure we have a strong internal and external talent pool. We use our talent review process to identify, evaluate and develop managerial, successor, and high-potential resources. We also enjoy an active culture of internal mobility which not only engages and develops our people but also strengthens our successor pipeline, especially in moves between business lines and areas. In 2024, we filled 40 percent of positions with internal candidates, five percent of which were moves between businesses and regions.

Our efforts to promote Valmet as an attractive employer continue to pay off. Valmet was included in employer ranking surveys in a few key markets, including being named the second most attractive employer among engineering professionals in Finland, according to a study by Universum in 2024. In 2024, we continued active university cooperation, which is important for bringing diversity, knowledge, skills, and fresh ideas for growth and innovation. Additionally, we offered a variety of thesis and trainee opportunities, such as the SEMEA program in Southern Europe and FirstStepForward in South America.

12.4%

WOMEN IN STEM ROLES

87

NATIONALITIES

DIVERSITY, EQUITY, AND INCLUSION

We continuously work to build and develop diverse teams of different backgrounds, genders, and cultures. We recognize the importance of diverse perspectives, as we believe that diversity fosters a more dynamic work environment and drives innovation, leading to more competitive products. In 2024, we introduced a diversity, equity, and inclusion toolbox with a particular emphasis on workplace inclusion.

We have also made progress toward our goal of increasing the representation of women in STEM (science, technology, engineering, mathematics) roles, passing the 12 percent mark for the first time. In addition, we continued with local activities such as running Good Energy at Work sessions in the UK, a diversity, equity, and inclusion workshop for employee representatives in Finland, and a cartoon series depicting different types of bias in China.

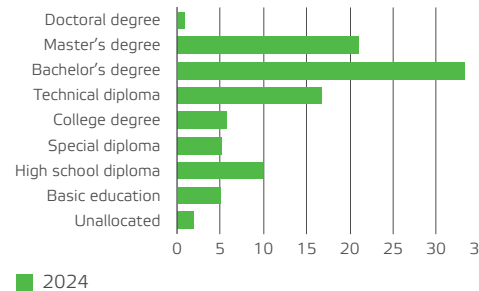
WORK-LIFE INTEGRATION

At Valmet, we aim to support work-life integration throughout an employee's career with us. Work-life integration is the approach of balancing work with other life activities, considering various life situations, generational needs, and local preferences. We provide a toolbox in our intranet containing training and best practice examples to support work-life integration.

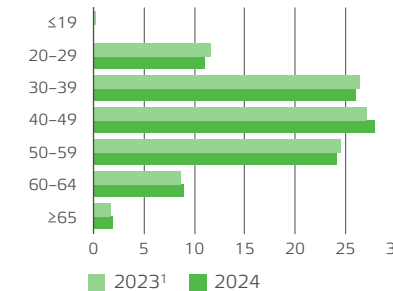
Work-life integration is an area where local influence is often the strongest and most impactful, thus creating a need for locally driven practices. Examples of local work-life integration initiatives taking place in the year include family and sport-themed days in China, a Corporate Step Challenge in Valmet's USA locations, and continuing with the Live Life + Health program in South America.

PERSONNEL DATA

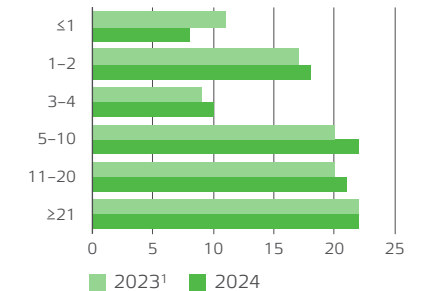
Education structure, %



Age structure, %



Service years, %

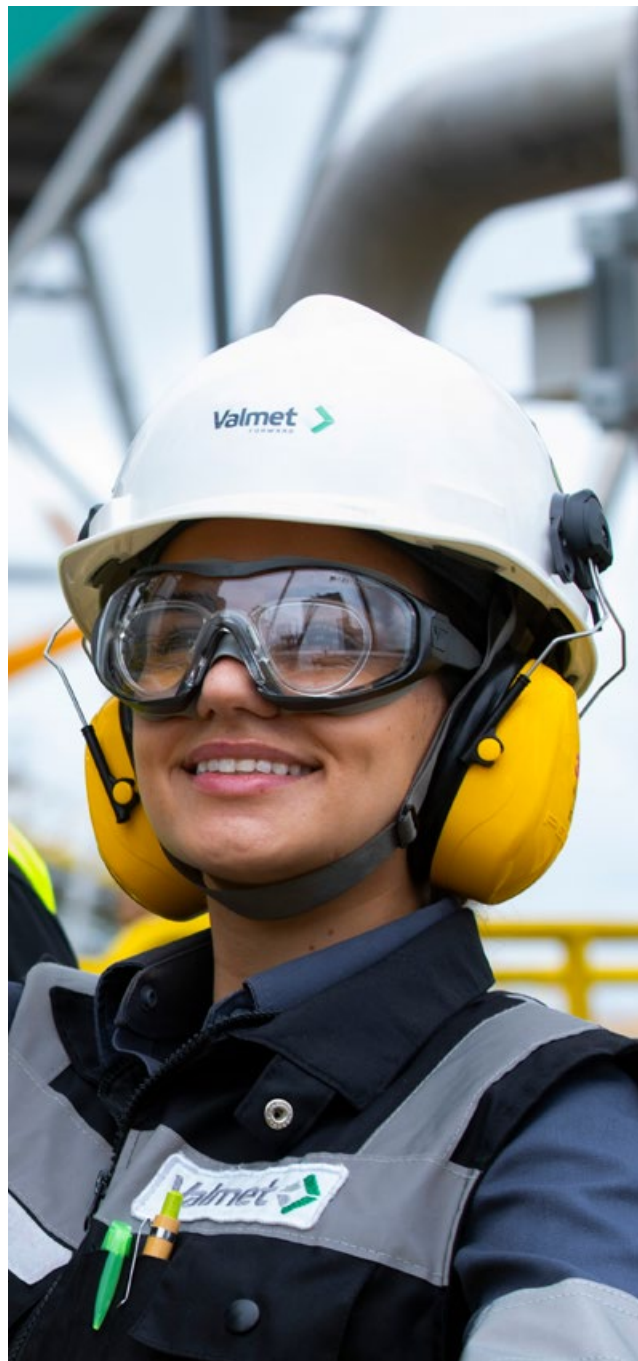


¹ 2023 not including employees from the Tissue Converting business unit.



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SOCIAL

Health and safety

Through a safety-first mindset and a commitment to robust work standards, we strive to ensure everyone heads home healthy and safe every day. In 2024, we continued to focus on Life Saving Rules and customer site and contractor safety, and furthered a systematic approach to managing health and safety.

Valmet is committed to protecting the health and safety of our people, customers, suppliers, and the communities where we operate. We regularly invest in a positive safety culture, collaborate with customers and partners to strengthen site safety, and improve safety-related processes and practices.

At the end of 2024, the total recordable incident frequency rate (TRIF) increased slightly and was for our own employees 3.2 (3.0 for 2023), and for external workers, it was 4.8 (4.6). We

achieved, however, a reduction in serious injuries in 2024 and the year was fatality-free.

In 2024, we launched a new analytics tool to help managers follow leading indicators and analyze global health and safety data. The new insights make it easier for managers to monitor and react to team safety performance, while providing a better overview of overall employee health.

The improved analytics add to an increasingly systematic approach to health and safety. Our structured inspections, investigations, and review mechanisms for serious injuries and lessons learned continue to drive positive results.

Focus on customer site and contractor safety continues

Throughout 2024, we worked on further strengthening customer site and contractor safety practices, including launching a new e-learning course to further improve safety leadership on sites. Mandatory for key roles like project and site managers, the course covers safety responsibilities,

NUMBER OF HEALTH, SAFETY AND ENVIRONMENTAL WALKS, INSPECTIONS AND CONVERSATIONS IN 2024

28,800

HSE committee coverage, %





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the impact of a strong safety mindset, and a review of Valmet health and safety tools. We also started rolling out an updated general induction course on health, safety, and the environment along with a renewed health and safety management process for project deliveries.

An integral part of the health and safety toolbox is our annual awareness week event. Our 2024 theme was about securing the future by thinking about safety and sustainability today. Alongside global webinars and local activities around the world, including on-location workshops with contractors, this year we also launched a new approach to managing personal safety performance that encourages alignment through recognizing and rewarding safety behavior.

Promoting Life Saving Rules further

With the aim of eliminating work-related fatalities and life-changing injuries, in 2024, we further promoted our nonnegotiable Life Saving Rules, a set of four rules deemed critical to saving lives. The rules are obligatory practice for all Valmet employees and subcontractors.

Implementing and promoting the rules was a key part of communications through workshops, webinars, and inspections. Once a month, a webinar is held about a health and safety topic. In addition to every Life Saving Rule, this year’s webinars covered several aspects of product safety.

In 2024, we added the Life Saving Rules as the first key points in the Valmet Safety Pledge, a personal reminder of the most important safety behaviors in our daily work. We also worked

to ensure the rules were fully implemented at customer sites in addition to our own operations.

Well-managed operational footprint

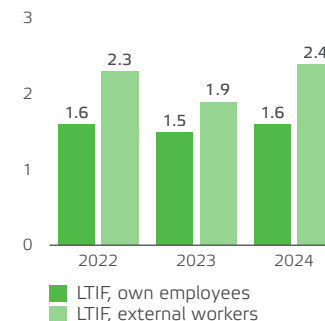
We use many established practices to help ensure all operations are well managed from a health and safety perspective. Lean manufacturing tools such as 5S for workplace order, the safety cross in daily management, error-proofing work tasks, and continuous improvement teams are in active use. During 2024, our ISO 45001 health and safety management system certifications increased to cover 97 locations and 79 percent of employees (75 percent in 2023).

Our success in operational management is evidenced in how teams can smoothly integrate new members and new operations from acquisitions, as well as how they respond to new challenges, such as extreme weather. Wildfires, floods, storms and excessive heat need preparation and good practices to ensure workers remain healthy and safe.

Our efforts to keep employees safe in the face of unprecedented weather extend to local communities. For example, in May 2024, severe flooding hit Brazil’s Rio Grande do Sul region. In addition to local Valmet employees volunteering to help those impacted by the floods, Valmet donated 11 tonnes of clothes, food and furniture. Poland also saw one of its largest natural disasters in history as torrential rains caused widespread flooding. Valmet’s volunteer fire brigade in Jelenia Góra joined efforts to save lives and property.

> **READ MORE:**
[Health and safety program](#)

Lost time incident frequency, own employees and external workers¹



¹ LTIF reflects the number of injuries resulting in an absence of at least one workday per million hours worked.

VALMET LIFE SAVING RULES



Protect yourself against falling when working at heights



Never be under suspended loads or lift loads over people



Verify equipment isolation and zero energy before work begins



Obtain a valid work permit before entering a confined space



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SOCIAL

Corporate citizenship

With operations in approximately 40 countries and a global network of partners and stakeholders, Valmet bears significant responsibility as a corporate citizen. The global social responsibility program continued in 2024 with six projects.

As a global company and a recognized sustainability leader in our industry, we work in a multicultural environment in which companies may have a range of potential social impacts. Our growing global presence emphasizes our responsibility to local communities around the world. Through our corporate citizenship efforts, we aim to contribute positively to the societies where we operate.

Global social responsibility program

After a year of successfully implementing several area-specific local projects promoting science, nature, and equal opportunities, the global social responsibility program continued in 2024 with six projects. Some of these projects are selected by employee voting, increasing involvement and internal engagement. This year's projects supported local social and environmental development initiatives in Indonesia, Poland, Brazil, Chile, China, and North America.

Valmet partnered with Bumiterra, an organization dedicated to restoring the rainforest, protecting biodiversity, and empowering local communities in Borneo.

In Poland, Valmet continued its work with the Dąbrówka orphanage, renovating their sports field to provide the children with a safe space to play. In North and South America, Valmet's support remains steadfast for Make-A-Wish®, a non-profit organization granting life-changing wishes for children diagnosed with critical illnesses, and for the Gerando Falcões network's Circuito Inclusão program in Brazil that promotes the social inclusion of people with disabilities and their families. In Chile, Valmet initiated cooperation with a partner organization that supports the wellbeing and social inclusion of under privileged children through education, sports, and cultural activities.

Continued local development and responding to extreme weather events

Communities impacted by climate change need companies like Valmet to step up and help at a moment's notice. In September 2024, Poland's Lower Silesia experienced historic flooding. Valmet's volunteer fire department protected our facilities in Jelenia Góra and assisted our employees and the community in responding to the crisis. In October 2024, a powerful storm over Valencia, Spain, resulted in sudden and disastrous floods. Volunteers from our Zaragoza location joined the cleanup, and we donated vital personal protective equipment (PPE) to support those affected.

As flooding ravaged Europe, the back-to-back hurricanes Helene and Milton crossed the southeastern USA, devastating many communities. Valmet employees came together to support numerous relief efforts, collecting much-needed supplies and coordinating deliveries, making donations, and hosting a fundraising event for the flood-ravaged town of Asheville, North Carolina.



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Partnering with universities to drive development

Valmet's research and development work is complemented by a network of world-leading research facilities and universities. In recent years, that cooperation has intensified, with several Valmet employees completing their doctoral research as part of their work. Read more information about developing talent in the Engaged workplace chapter on this publication .

Valmet is actively expanding its collaboration and engagement with students and universities in Finland and abroad, supporting new trainee programs, establishing a global concept for university cooperation, and working with middle schools to raise the profile of engineering studies. For example, in China, Valmet continued a long tradition of granting scholarships to undergraduate students and established new scholarships for postgraduate students in collaboration with the China Education Development Foundation (CEDF) to further support industrial talent development and promote innovation in the pulp, paper, and energy industries.

DISTRIBUTION OF ECONOMIC VALUE ADDED TO OUR STAKEHOLDER GROUPS

Direct economic value generated

EUR 5,408 million



Economic value distributed



Operating costs: **EUR 3,542 million**
 Employee wages and benefits: **EUR 1,393 million**
 Payments to providers of capital: **EUR 340 million**
 Payments to government: **EUR 119 million**
 Support for non-profit organizations: **EUR 0.32 million**



Retained in business

EUR 14 million



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We follow ethical business practices, ensure a sustainable supply chain and report transparently.

Ethical business practices

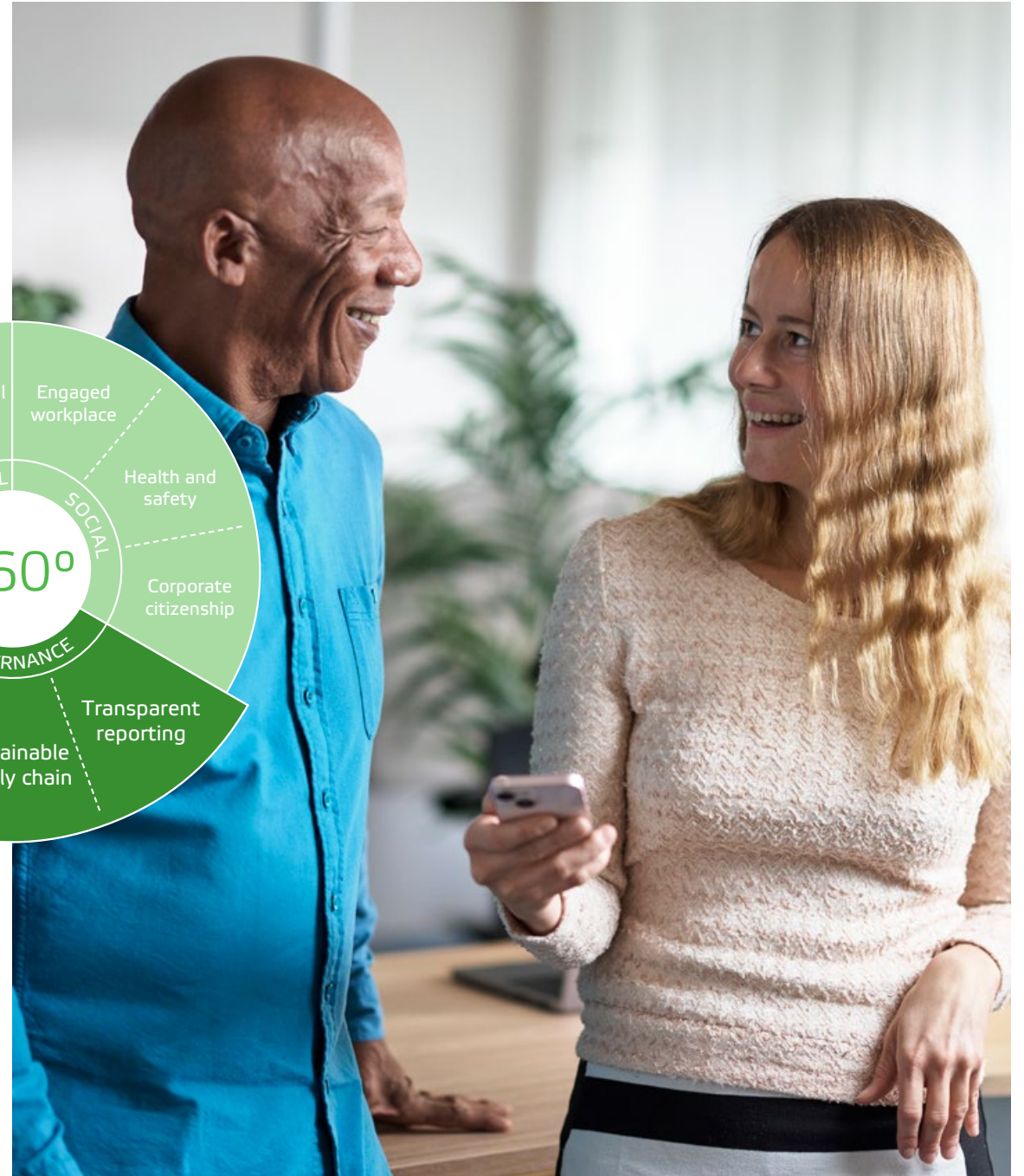
- Our daily operations are guided by Valmet's Code of Conduct and related policies.
- We have integrated sustainability criteria into our compliance and due diligence processes.
- We have a standardized global way of working in accordance with the ISO standards for quality, the environment, and health and safety.
- We have a systematic approach to sustainability management.

Sustainable supply chain

- We have a comprehensive sustainable supply chain process, including supplier risk assessments and audits.
- We continuously work to improve the transparency of our supply chain.
- We have a global supplier sustainability engagement program to drive transformation.

Transparent reporting

- We promote transparent and third-party verified reporting on our progress and impacts.





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TOPIC	TARGET	KEY PERFORMANCE INDICATOR	2024 (2023)	PROGRESS DESCRIPTION
Ethical business practices	100 percent of employees completed Valmet's Code of Conduct e-learning course by the end of 2024	% of employees completed the Code of Conduct e-learning course	98 (89 ¹)	In 2024, Valmet focused on promoting and implementing the updated Code of Conduct and related training for both new and existing employees, aiming to achieve a 100 percent completion rate by the end of the year.
	80 percent of employees work according to certified quality, environment, and health and safety management system by 2025	% of employees working in locations certified to the ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 standards	ISO 9001:2015: 86 (82) ISO 14001:2015: 80 (77) ISO 45001:2018: 79 (75)	In 2024, 13 locations were added with new or expanded certifications. Valmet's global multisite ISO certificate now covers a total of 150 locations. Overall certification coverage increased.
	At least one social and human rights impact assessment in our own operations and in the upstream value chain based on the risks identified	Number of assessments conducted	1 (1)	In 2024, Valmet conducted one social and human rights impact assessment including field work in the value chain.
Sustainable supply chain	Minimum 40 supplier sustainability audits conducted per year	Number of supplier sustainability audits	45 (43)	We achieved the target with 45 conducted supplier sustainability audits with a third-party auditor to monitor suppliers' compliance with Valmet's Supplier Code of Conduct.
	95 percent of suppliers by spend have signed Valmet's Sustainable Supply chain policy by 2025	% of suppliers by spend signed Valmet's Sustainable Supply Chain policy	94 (91)	We continued to screen our suppliers in 2024. By the end of 2024, 94 percent of our existing suppliers had signed the policy.
Transparent reporting	Leadership level score in CDP Climate Change listing	CDP listing	A (A)	Valmet was included in the 2024 CDP Climate Change A list.
	EU Taxonomy-aligned activities	% of Valmet's net sales (turnover), CapEx, and OpEx taxonomy-aligned	Turnover: 23 (5) CapEx: 14 (1) OpEx: 20 (1)	In 2024, Valmet had taxonomy-eligible activities in the following economic activities: CCM 3.1 Manufacture of renewable energy technologies; CCM 3.2 Manufacture of equipment for the production and use of hydrogen; CCM 3.6 Manufacture of other low-carbon technologies; CE 4.1 Provision of IT/OT data-driven solutions; and CE 5.1 Repair, refurbishment, and remanufacturing.
	Successful transition to reporting according to CSRD	Project managed on time and budget and CSRD report published on time with limited assurance statement from external assurance provider	Yes	In 2024, Valmet started reporting in accordance with the CSRD.
	To receive at least a Gold Medal in the EcoVadis sustainability assessment	EcoVadis ranking	Gold (Gold)	In 2024, Valmet was awarded a Gold Medal in the EcoVadis sustainability assessment, ranking it among the top five percent of companies evaluated over the past 12 months.

¹ 2023 not including employees from the Tissue Converting business unit.



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Ethical business practices

Valmet's actions to promote corporate culture ensure that Valmet does business ethically and legally. In 2024, we focused on ensuring that all Valmeteers know our Code of Conduct and are committed to following it.

We strive for globally consistent and transparent management practices to enable all our stakeholders to reliably assess the sustainability of our operations and development. Valmet also supports and promotes selected international guidelines and principles and is a participant of the UN Global Compact.

Ethical and legally compliant business

Our Code of Conduct guides the actions and decisions of both Valmet's employees and its partners. It sets the standards for responsible behavior and creates a uniform foundation for ethical and legally compliant business. The Code was updated at the end of 2023.

In 2024, our priority was ensuring that all Valmeteers are familiar with the Code and are committed to following its expectations. A revised Code of Conduct e-learning course was launched in the spring of 2024, and by the end of the year, the e-learning completion rate was 98 percent.

Our Code of Conduct applies to everyone, everywhere, every day. To reinforce this message, Valmet has an Ethics and Compliance Program that focuses on every employee understanding their responsibility to ensure that Valmet does business with high integrity. This starts with ethical leadership and leading by example.

Valmet has zero tolerance for all forms of corruption and bribery. Our Anti-Corruption Policy was updated in 2024. In addition, new guidelines on anti-corruption compliance were published. At the end of the year, a revised anti-corruption e-learning course was launched for selected employees who are at heightened risk of exposure to corruption or bribery. By year-end, the e-learning course had reached a completion rate of 72 percent.

Valmet is committed to complying with all applicable laws and regulations, including applicable sanctions regulations. In 2024, we continued to improve our Know Your Business Partner process to ensure we know who we are doing business with. The process helps us act in accordance with applicable regulations and manage risks related to trade sanctions and corruption, and other third-party risks. During 2024, we added all new direct suppliers to the scope of our automated sanction screening process. The onboarding of existing customers and suppliers to the automated process will continue in 2025.

COMPLETION RATE OF CODE OF
CONDUCT E-LEARNING COURSE

98%



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Valmet runs a global Privacy Program based on European Data Protection Principles and applicable national regulations. The Privacy Program includes awareness training, the creation of common tools and practices, data protection risk assessments, and data protection by design and default implementation.

Comprehensive sustainability due diligence

We have comprehensive due diligence processes to monitor and manage negative sustainability impacts related to our own operations, and upstream and downstream value chain. Valmet's sustainability due diligence framework is based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for multinational enterprises.

Valmet has embedded environmental, human rights, and governance due diligence into its management systems and key processes. The due diligence processes include social and human rights impact assessments at our own locations and in the supply chain, the sustainable supply chain management process, including supplier self-assessment, supplier audits and heightened due diligence process for high-risk circumstances, sustainability assessments when there is a significant change in the market presence, and a sustainability assessment for large customer projects with an identified high impact on the environment, people, or local communities. The assessments' findings and corrective actions are fed into annual action plans, targets, and initiatives.

A comprehensive sustainability assessment is carried out in the event of a significant change in Valmet's business operations, such as establishing a new legal entity in a new country, expanding existing operations significantly, or relocating manufacturing. The target is to identify local sustainability risks related to our business operations and ensure we can operate according to our Code of Conduct and related policies.

The location-specific and supplier-specific social and human rights impact assessment process ensures that our own operations and our suppliers meet our social and human

rights requirements. Valmet has conducted multiple impact assessments in Thailand, Indonesia, China, India, Poland, and Portugal since 2017. The impact assessment methodology is based on dialogue with affected stakeholders and aims to engage with a wide range of affected individuals, focusing on especially vulnerable groups. Assessments are carried out by an independent third party. The majority of the findings are related to the working conditions of service providers and subcontractors, collective bargaining, adequate wages and working hours. Our target is to continue conducting at least one social and human rights impact assessment per year in our own operations and upstream value chain based on the identified risks.

Certified operations equal well-managed business

Valmet's Global Management System (GMS) provides a common platform for quality and HSE management in all operations. We believe that multisite certification of our operations assures our customers and other stakeholders that we have a process-oriented and standardized global way of working following the international standards for quality (ISO 9001:2015), environment (ISO 14001:2015), and health and safety (ISO 45001:2018) management systems. Our target is that by 2025, at least 80 percent of our people will be working in operations certified according to all three standards.

Regarding the quality management standard (ISO 9001:2015), we achieved the target in 2023, and by the end of 2024, the coverage of the environmental management standard (ISO 14001:2015) also reached the target level.

In 2024, 13 sites received new or expanded certification. Altogether, 41 Valmet locations were audited by an external auditor during the year.

Valmet has embedded environmental, human rights, and governance due diligence into its management systems and key processes.

MANAGEMENT SYSTEMS (% OF HEADCOUNT)

SHARE OF CERTIFIED OPERATIONS, 2024

86%

ISO 9001:2015
Quality Management System

80%

ISO 14001:2015
Environmental Management System

79%

ISO 45001:2018
Occupational Health and Safety
Management System



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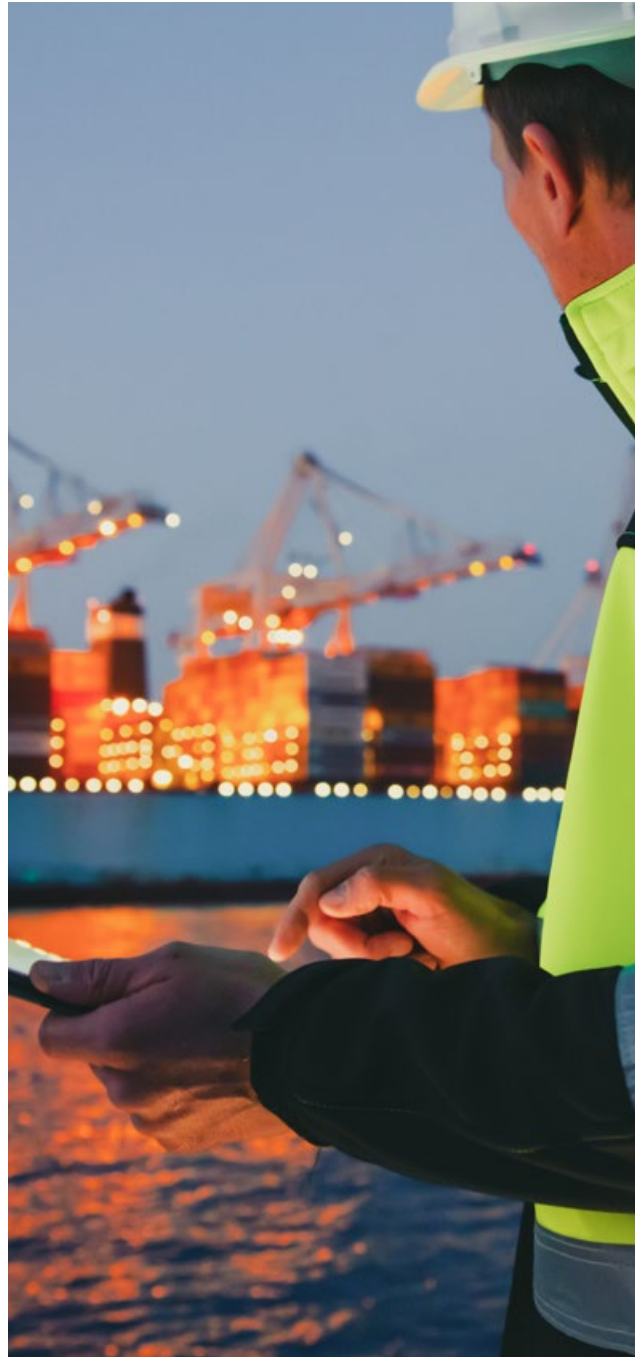
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Sustainable supply chain

Ensuring sustainability in our supply chain is essential to implementing Valmet's Sustainability Agenda. During 2024, we continued a strong focus on supplier engagement, developed the sustainable supply chain process further, and implemented the Carbon Border Adjust Mechanism (CBAM) regulation.

Our aim is to deliver sustainable and competitive results in our supply chain through close collaboration with suppliers. As many of Valmet's production phases are handled by its suppliers, the supplier network is extensive, with thousands of suppliers worldwide. Valmet systematically develops its sustainable supply chain processes. Through supplier engagement, we can together continuously develop performance and ensure transparent and sustainable operations.

Screening supplier sustainability risks is integrated into supplier management process

Valmet's supplier sustainability management process is an integral part of Valmet's sustainability due diligence framework. The supplier evaluation process is mandatory before starting cooperation with new suppliers, and the sustainable supply chain process is fully integrated into Valmet's ComPass supplier management system and supply chain tools.

All new suppliers are evaluated through a sustainability risk assessment based on the country of purchase and the purchasing category. In 2024, a new supplier screening tool was implemented that supports the identification of suppliers with a heightened risk. The outcome determines the actions

needed in the remaining steps of the process: self-assessment and sustainability auditing. We also continued to screen our existing suppliers. The target is for 95 percent of suppliers by spend to have signed Valmet's Sustainable Supply Chain policy by 2025. By the end of 2024, 94 percent of our existing suppliers had signed the policy. In 2024, we developed a new Supplier Code of Conduct to supersede the Valmet Sustainable Supply Chain policy and improve our sustainability coverage in the field of growing sustainability requirements.

Third-party supplier audits remain the cornerstone of the sustainable supply chain management

We have a systematic auditing framework in place to ensure compliance with our Sustainable Supply Chain Policy's requirements and related local and international laws. So far, Valmet has conducted over 450 supplier sustainability audits globally. We have an annual target of conducting a minimum of 40 third-party supplier audits annually. In 2024, we conducted 45 supplier sustainability audits in 16 countries with a certified third-party auditor. Of all corrective actions agreed with suppliers in 2024, 72 percent had been completed and verified by the end of the year. Since 2015, 94 percent of all actions agreed with suppliers as part of the auditing process had been completed and verified by the end of 2024.

Valmet has identified increased sustainability risks on customers' sites, where many of our contractors and their subcontractors operate. In 2024, there was a continuous focus on site subcontractors. We held 27 Subcontractor Health, Safety and Environment Days, and more specific guidance for social and human rights requirements was developed for project site suppliers.



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We further improved our sustainable supply chain process by establishing heightened due diligence practices in the process, and during 2024, we piloted supplier specific social and human rights impact assessments.

Continued focus on sustainability engagement

Valmet has implemented a Sustainability Engagement Program to strengthen its cooperation with suppliers, based on Valmet's Sustainable Supply Chain Policy principles. The program is integrated into our Supplier Relationship Management (SRM) program.

The program monitors suppliers' performance and provides hands-on support to help them take the most critical steps to improve sustainability practices and accelerate their decarbonizing efforts. In 2024, more than 180 new suppliers were engaged in Valmet's Climate Program.

Major regulatory changes

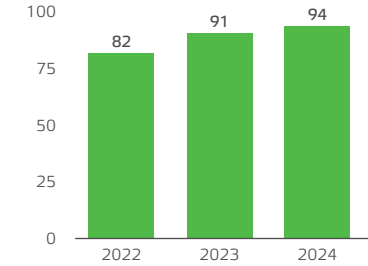
During 2024, we started implementation of the EU Carbon Border Adjust Mechanism (CBAM) regulation, which entered into force in October 2023 and is an instrument for mitigating carbon leakage. The implementation of CBAM includes quarterly reporting obligations to the European Commission

In 2024, Valmet engaged over 180 new suppliers in the Climate Program's supply chain emissions reduction activities.

on the actual embedded CO₂ emissions of CBAM goods. For Valmet, this means reporting the emissions of the imported steel and aluminum goods from suppliers outside the EU to the EU and internal deliveries between Valmet locations from outside the EU to the EU. Valmet has provided training to suppliers globally to ensure capabilities in emission reporting and compliance.

Valmet is continuously developing supplier engagement processes to collaborate with our value chain and ensure our compliance with regulatory requirements.

Suppliers who have signed Valmet's Sustainable Supply Chain policy, % by spend



PURCHASES

(10 LARGEST COUNTRIES)

EUR MILLION	2024
Finland	1,010
China	270
USA	201
Brazil	180
Italy	147
Germany	107
India	74
Sweden	66
Poland	46
Canada	39

VALMET'S GLOBAL SUPPLIER SUSTAINABILITY MANAGEMENT PROCESS

Required from all suppliers

SUSTAINABLE SUPPLY CHAIN POLICY



SUSTAINABILITY RISK ASSESSMENT



All suppliers are required to sign Valmet's Sustainable Supply Chain Policy

All suppliers are evaluated through a five-level sustainability risk assessment

Required based on a supplier risk assessment

SUPPLIER SELF-ASSESSMENTS



SUSTAINABILITY AUDITS



A poor result in the risk assessment leads to a supplier sustainability self-assessment

A poor result in the self-assessment leads to an audit

45

SUPPLIER SUSTAINABILITY AUDITS IN 2024

27

SUB-CONTRACTOR HSE DAYS IN 2024



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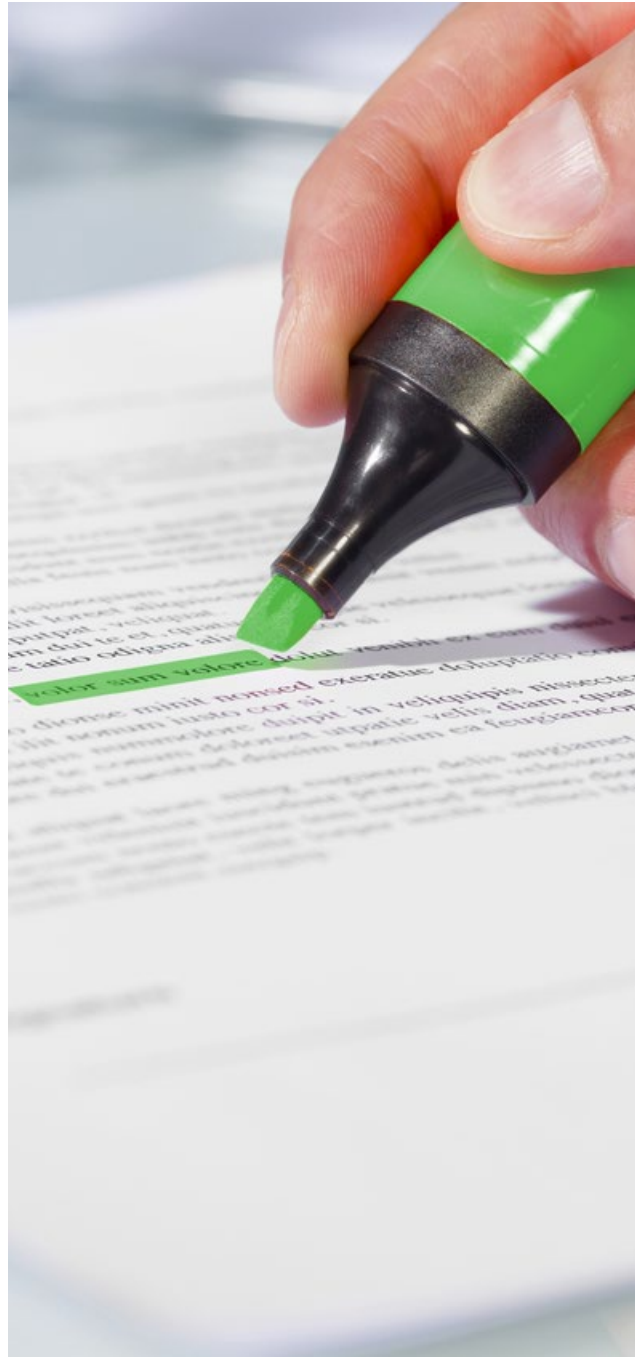
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Transparent reporting

Valmet promotes openness and transparency in its reporting practices. In 2024, we transitioned to reporting according to the EU's Corporate Sustainability Reporting Directive (CSRD).

The sustainability reporting landscape is undergoing significant changes and new reporting regulations and frameworks have been introduced.

Valmet is a participant of the United Nations Global Compact (UNGC) and is committed to its Ten Principles on human rights, labor, the environment, and anti-corruption. Since 2014, we have reported on our sustainability performance annually in line with the UNGC's Communication of Progress process.

In 2024, Valmet focused on comprehensive reporting according to the EU's Corporate Sustainability Reporting Directive (CSRD), invested in developing the sustainability data and information systems that the CSRD requires, and streamlined participation in different sustainability ratings.

To follow up the publication of Valmet's Green Finance framework and issuance of Green debt instruments during 2024, Valmet also prepared its first Green finance report, which is published on the Valmet website.

To support current and future ESG reporting needs, we have established a comprehensive ESG data development program to improve our data capabilities and reporting systems. The goal of the program is to ensure compliance with increasing regulatory requirements, and to enable better ESG performance

To follow up the publication of Valmet's Green Finance framework and issuance of Green debt instruments during 2024, Valmet also prepared its first Green finance report.



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analytics and support planning and decision making over the longer term.

Recognition in sustainability ratings

By reporting to selected third-party sustainability ratings and assessments, Valmet seeks to help its stakeholders assess its sustainability performance. The rankings also serve as a management tool in helping continuously raise our sustainability performance and define areas for improvement in our sustainability strategy.

Valmet reports to the CDP, an international non-profit organization that assesses climate-related information for investors. Valmet has been included in the CDP Climate A List 2023 and 2024. In addition, in 2024, Valmet was awarded a Gold Medal in the EcoVadis sustainability assessment, ranking it among the top five percent of companies evaluated. Valmet also received the ISS ESG Corporate Prime Rating in June 2024.

In 2024, Valmet received a Gold Medal in the EcoVadis sustainability assessment, ranking it among the top five percent of companies evaluated.

VALMET IS A GLOBAL LEADER IN SUSTAINABILITY

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

Member of
S&P Global
Sustainability Yearbook Member

Climate
CDP
A List 2024

THE GLOBAL COMPACT
WE SUPPORT

ecovadis
Sustainability Rating
GOLD | Top 5%
SEP 2024

Corporate ESG Performance
RATED BY **ISS ESG**
Prime

SOCIAL QUALITYSCORE
HIGHEST RANKED BY ISS ESG
1

MSCI ESG RATINGS
AAA
ccc | B | BB | BBB | A | AA | AAA

ENVIRONMENTAL QUALITYSCORE
HIGHEST RANKED BY ISS ESG
1



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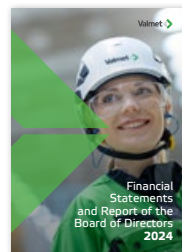
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Valmet reports 2024



FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS 2024

The report includes Valmet's Financial Statements, the Report of the Board of Directors' and the CSRD Sustainability Statement 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, 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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