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# Guidance on Material Compliance for Suppliers

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## 1 Introduction

Valmet is committed to protecting the health and safety of our people, suppliers, and customers, as well as the environment and communities where we operate. The products we supply to the pulp, paper, energy, and to other process industries have a long lifetime of up to more than fifty years. The material and substance choices we make today, have long lasting impacts on people and environment.

Legislations in various countries are increasingly limiting the use of potentially hazardous substances and irresponsibly sourced raw materials. These are substances and materials that may at some point of their life cycle – during mining, manufacturing, use, or disposal – cause harm to human health, human rights, or the environment.

Valmet requires in its General Purchase Conditions (GPC) that suppliers refrain from the use of child or forced labor and comply with national and international legislation and Valmet's Health, Safety Environment Policy and Supplier Code of Conduct requirements. More specifically, suppliers are required to take care of necessary registration and reporting obligations of electronic, electrical, and other waste, chemicals, and hazardous substances. Valmet's suppliers are required to demand the same behavior from their suppliers and ensure that no business practices conflict with requirements issued by Valmet.

The purpose of this guideline is to advise Valmet suppliers on how to comply with regulatory requirements regarding prohibition, restriction, authorization and reporting of materials found in products. Valmet follows European Union (EU) legislations in its operations unless the local legislation is stricter and guides Suppliers to adopt a similar approach. Today there are around 40 EU laws that regulate chemicals. More information about this can be found on the European Commission's webpage: [https://environment.ec.europa.eu/topics/chemicals\\_en](https://environment.ec.europa.eu/topics/chemicals_en).

In case this guideline conflicts with any regulation or standards, the strictest requirement must be applied.

## 2 What Valmet expects from its suppliers

### 2.1 Know and comply with applicable legislation and requirements

There are many different legislations applying to raw materials, substances and their use in products. These legislations vary between different parts of the world, and therefore it is the supplier's duty to be aware of the applicable legislations both at the manufacturing facility and at the destination location for the product itself, as well as any additional requirements from Valmet or the End-customer. Suppliers shall follow the most up to date regulation.

Suppliers are obliged to obtain valid permits, registrations, authorizations, declarations and reports for materials, substances, articles, and products based on applicable legislation. Suppliers are also obliged to provide such documentation to Valmet when required.

This guideline supports identification of relevant European Union (EU) legislation. For further information about identified legislations in areas outside EU, see the appendix.

Suppliers shall contact the Valmet purchaser immediately with questions related to material compliance obligations.

### 2.2 Apply sound environmental management principles

Suppliers must implement effective local chemical management routines in production facilities that include purchasing approval, pre-use risk assessment, inventory registration, Safety Data Sheet (SDS) availability and user training.

Suppliers should actively apply sound environmental management principles in their operations and product delivery including the:

- Substitution principle to replace hazardous (and potentially hazardous) chemical substances by less hazardous alternatives.
- Precautionary principle to prevent serious and irreversible damage even before harm can be scientifically demonstrated or economically assessed.
- Prevention principle to anticipate and avoid environmental damage before it happens.

Suppliers should participate in peer and industry networks to receive inputs on how to apply these principles and industry best practices.

As a business continuity measure, suppliers must proactively research for replacements and substitutes for substances that are or might be subject to restrictions or prohibitions in the global marketplace.

### 2.3 Implement robust supply chain due diligence systems

Supply chain due diligence requirements are only increasing and becoming more regulated. Suppliers must know where raw materials come from and be able to prove

they are responsibly sourced. Suppliers must have own management systems to enable this and can in addition participate in third party supply chain due diligence schemes.

## 2.4 Provide information on materials and substances in products

To comply with legislation and End-customer requirements, Valmet must show responsible sourcing, as well as eliminate prohibited substances from its products and provide information to its customers on any potentially hazardous substances found in the products. In addition, Valmet must provide sufficient information to its customers to ensure safe use, maintenance, and disposal of products. This includes information regarding materials used in the products. All this information can only be collected with the help of Valmet's suppliers.

Provision of information and elimination of certain substances may also be a direct regulatory requirement for Valmet's suppliers depending on the type of product manufactured, country where the product is delivered to, and supplier's country of operation.

Suppliers are obliged to provide information on raw materials and hazardous substances in products to Valmet. This includes:

- Informing Valmet without delay in case any prohibited materials are found in products sold to Valmet.
- Certifications for RoHS compliance or information of non-compliance of electrical and electronic equipment (later on referred to as EEE)
- Certifications for battery compliance or information of non-compliance
- Due diligence statements for deforestation commodities such as natural rubber and for conflict minerals
- Information regarding any substance of very high concern (SVHC) on the Candidate List, or other potentially dangerous substances specified by Valmet found in the products supplied to Valmet, in case their concentration exceeds the threshold set by Valmet or related legislation
- Information requested by Valmet in surveys and questionnaires.

Information regarding potentially hazardous substances in products must contain, as a minimum:

- Name, CAS and EC code of the substance, and its concentration in the product (if exceeding the threshold)
- Location of the substance in the product
- Instructions for safe handling, maintenance and disposal of the product in case specific safety precaution is needed due to the substance
- Information if the substance is intended to be released from the product during its normal use
- The information must be provided at a component level: In case the concentration of SVHC or other hazardous substances exceeds the given threshold in any individual component included in the product delivered to Valmet, the above information must be made available.

Valmet's Material Compliance Questionnaire to Suppliers is sent to all suppliers at the first purchase of a specific substance, mixture, article, or product. It is then the Suppliers responsibility to inform Valmet if there are any changes, for example a substance found in one of the products faces new restrictions in such a way that it affects the product compliance.

## 3 Material compliance to European Union (EU) legislations

Valmet is prohibited from selling products that contain certain substances and materials in several market areas. Valmet follows European Union (EU) legislations in its operations unless the local legislation is stricter and guides Suppliers to adopt a similar approach. As similar legislations exist in different parts of the world, it is important that Suppliers are aware of both the local legislation and the legislation at the End-customer location, in addition to the EU legislations. In this section the EU legislations are addressed. For further guidance on related legislations in other parts of the world, see the appendix.

### 3.1 Substances and mixtures

Pure chemical substances and mixtures fall under the following legislations.

#### 3.1.1 REACH – Registration, Evaluation, Authorization of Chemicals

In the EU all substances handled at one ton per year or more must be registered before manufacturing or import. Further information about the registration process can be found on the European Chemical Agency's (ECHA's) webpage:  
<https://echa.europa.eu/regulations/reach/understanding-reach>.

In some cases, substances need more attention as they have been found to have hazardous characteristics to the level that their use has to be extra controlled. Those substances found on the Restriction List are restricted or prohibited from use in certain product groups.

Substances found on the Authorization List require approved authorization both to be manufactured and handled, including in articles.

The Candidate List consists of substances that have been identified hazardous to the level that they are candidates for the Authorization List. For the time being they are linked to Substances of Concern in Products (SCIP) requirements which are further explained under the next section, articles.

As these lists are continuously updated, the links to the current lists are found online:

- Restriction List <https://echa.europa.eu/authorisation-list>
- Authorization List <https://echa.europa.eu/authorisation-list>
- Candidate List of substances of very high concern (SVHC) for authorization <https://echa.europa.eu/candidate-list-table>

#### 3.1.2 PFAS - Per- and polyfluoroalkyl substances

There are different definitions of per- and polyfluoroalkyl substances (PFAS), the broadest includes all substances contain a fully fluorine saturated carbon (-CF<sub>2</sub>- or -CF<sub>3</sub>-).

Some of these substances are already banned or restricted via the Stockholm Convention (see section 2.1.3 POP below), which has been implemented in many

countries and regions around the world. Others have been included in the Restriction List under REACH (see section 2.1.1 above).

In EU there is currently a proposal under discussion where the suggestion is to ban or strongly restrict the use of most PFAS's <https://echa.europa.eu/sv/-/echa-publishes-pfas-restriction-proposal>.

It is therefore important to follow the development of these proposals and make sure that alternative materials are available.

### 3.1.3 POP – Persistent Organic Pollutants

Persistent Organic Pollutants (POP) are substances that have been identified to have a combination of physical and chemical properties making them remain intact for a very long time, spread in nature, and accumulate in living organisms.

These substances are restricted or prohibited under the Stockholm Convention, which was initially signed in May 2001, and which applies to most countries around the world.

The number of substances found in the list has increased since the beginning and further substances are on the list to be investigated and possibly added to the POP list.

List of substances on the POP list: <https://www.pops.int/>,  
<https://echa.europa.eu/understanding-pops>

### 3.1.4 PIC – The Prior Informed Consent Regulation

The Prior Informed Consent (PIC) Regulation governs the trade of certain hazardous substances that are prohibited or severely restricted within EU. It places obligations on companies that wish to export these chemicals to non-EU countries or import them into EU <https://echa.europa.eu/regulations/prior-informed-consent/understanding-pic>.

List of chemicals subjected to PIC: <https://echa.europa.eu/information-on-chemicals/pic/chemicals>

## 3.2 Articles and products

Regarding articles and products there are yet other legislations to take into consideration, in addition to the above mentioned. Different legislations apply depending on which product group they fall into.

### 3.2.1 SCIP – Substances of Concern in Products

The REACH regulation puts registration, notification and information requirements on manufacturers, suppliers, and importers when Candidate List substances are found in articles and products to be placed on the EU market.

Suppliers of articles must submit a SCIP notification to ECHA of Substances of Very High Concern (SVHC) in articles when the concentration exceeds 0,1% weight by



weight. These notifications are registered in the SCIP database:  
<https://echa.europa.eu/scip>

Suppliers of articles must also inform their customers of SVHC and other hazardous substances in articles to allow the safe use and disposal of articles when the concentration of such substances exceeds 0,1% weight by weight.

Suppliers of articles must also register substances that are intended to be released from articles (Valmet's products or components included in products) in quantities of over one ton per year.

According to REACH Article 3(3), an article is an object which during production is given a special shape, surface or design which determines its function to a greater degree than its chemical composition. Assembling two or more articles creates a "complex object". Articles that are assembled or joined together in complex objects remain articles, as long as they keep a special shape, surface or design, or as long as they do not become waste. This is illustrated in Figure 1.

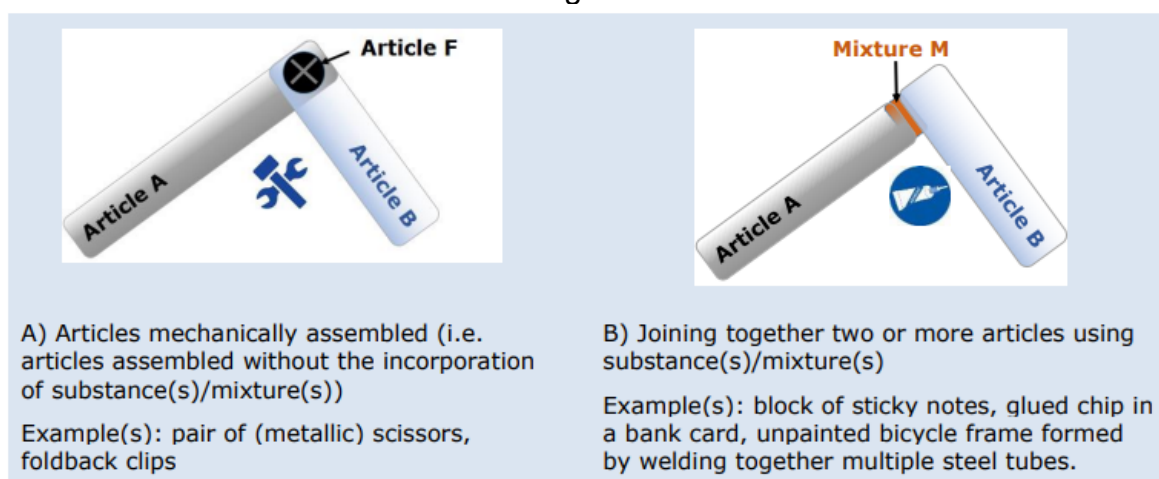


Figure 1. Illustration of how articles can be incorporated into complex objects. Figure from ECHA's Guidance on requirements for substances in articles (2017)

### 3.2.2 Batteries

The [Batteries Regulation \(EU\) 2023/1542](#) currently restricts the content by weight of the heavy metals mercury, cadmium and lead in batteries put on the EU market. It also mandates manufacturers and importers to fulfil due diligence obligations for these raw materials: cobalt, natural graphite, lithium and nickel, and for chemical compounds based on these materials.

Manufacturers and importers of batteries must draw up an EU declaration of conformity to the Batteries Regulation and affix the batteries with a CE marking.

### 3.2.3 Restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS)

The [RoHS Directive 2011/65/EU](#) currently restricts the use of at least ten hazardous substances in electrical and electronic equipment (EEE) put on the EU market. All



products with an electrical and electronic component, unless specifically excluded, must comply with these restrictions.

Manufacturers and importers of EEE must draw up an EU declaration of conformity to the RoHS Directive and affix the EEE with a CE marking.

### **3.2.4 Waste of electrical and electronic equipment (WEEE)**

The [WEEE Directive 2012/19/EU](#) requires that manufacturers and importers of EEE also register and report in each country within the EU where a EEE sold.

## **3.3 Due diligence requirements**

### **3.3.1 Natural rubber and wood**

Under the deforestation [Regulation \(EU\) 2023/1115](#), any operator or trader who places certain commodities, such as natural rubber and wood, and products made using these commodities, on the EU market, or exports from it, must be able to prove that the products do not originate from recently deforested land or have contributed to forest degradation.

Suppliers of these commodities and relevant products shall provide a due diligence statement to the nominated EU authorities and to Valmet.

### **3.3.2 Conflict minerals**

The conflict minerals [Regulation \(EU\) 2017/821](#) requires EU importers of minerals or metals containing tin, tantalum, tungsten or gold (also known as the 3TG) above certain thresholds set out in Annex I to the regulation to prove through supply chain due diligence and material traceability that there is no linkage to conflict-affected and high-risk areas.

## 4 Relevant legislations outside the European Union

As described in Section 2, Valmet works according to EU legislations, unless the local legislation is stricter. This means that we need to look at the local legislations both at the site of manufacturing and the site of final use. The following list with regulations and directives is not a complete list over the global situation but contains identified legislations. EU regulations and directives are found in section 2.

### 4.1 Substances and mixtures

Pure chemicals and mixtures can fall under the following legislations, depending on where manufacturing, sale and use takes place.

#### 4.1.1 REACH – Registration, evaluation, authorization of chemicals

United States of America <https://www.epa.gov/enforcement/toxic-substances-control-act-tsca-and-federal-facilities>

United Kingdom REACH <https://www.hse.gov.uk/reach/index.htm>

Peoples Republic of China REACH <https://www.cirs-group.com/en/chemicals/new-chemical-substance-registration-china-reach-mee-order-12>

South Korea REACH <https://www.cirs-group.com/en/chemicals/k-reach-registration>

Other countries <https://www.cirs-group.com/en/chemicals/products-and-services/asia-pacific>

#### 4.1.2 PFAS - Per- and polyfluoroalkyl substances

United States of America <https://www.epa.gov/pfas>

#### 4.1.3 POP – Persistent Organic Pollutants

United Nations <https://www.pops.int/>  
<https://echa.europa.eu/understanding-pops>

### 4.2 Articles and products

Considering articles there are yet other legislations to take into consideration, in addition to the above mentioned. Different legislations apply depending on which product group they fall into.

#### 4.2.1 Restriction of the use of certain hazardous substances in electrical and electronic equipment (EEE, RoHS)

Peoples Republic of China RoHS (China MIIT Order No 32)  
<https://www.rohsguide.com/china-rohs.htm>

United Kingdom <https://www.gov.uk/guidance/rohs-compliance-and-guidance>

Norway <https://www.regjeringen.no/en/topics/business-and-industry/product-contact-point/general-rules/electrical-equipment/id2830912/>

Canada <https://ias-certification.com/ca/rohs-certification-in-canada/>

#### **4.2.2 Waste of electrical and electronic equipment (WEEE)**

United States of America <https://www.epa.gov/international-cooperation/cleaning-electronic-waste-e-waste>

United Kingdom <https://www.gov.uk/guidance/regulations-waste-electrical-and-electronic-equipment>

Peoples Republic of China

[https://www.mee.gov.cn/ywgz/fgbz/xzfg/201909/t20190918\\_734319.shtml](https://www.mee.gov.cn/ywgz/fgbz/xzfg/201909/t20190918_734319.shtml)  
[https://www.mee.gov.cn/gkml/hbb/bgg/201412/t20141219\\_293232.htm](https://www.mee.gov.cn/gkml/hbb/bgg/201412/t20141219_293232.htm)

#### **4.2.3 Conflict minerals regulation**

United States of America <https://www.state.gov/conflict-minerals/>

#### **4.2.4 Batteries regulation**

United Kingdom <https://www.gov.uk/guidance/batteries>

United States of America <https://www.epa.gov/infrastructure/battery-collection-best-practices-and-battery-labeling-guidelines#Voluntary>

## 5 List of abbreviations

3TG – Gold, Tantalum, Tin and Tungsten, also referred to as 3TG  
CAS number – Chemical Abstracts Service number  
CE marking – Conformance European marking  
EC number – European Community number  
ECHA – European Chemicals Agency  
EEE – Electrical and electronic equipment  
EU – European Union  
GPC – General Purchase Conditions  
HSE – Health, Safety and Environment  
MIIT – Ministry of Industry and Information Technology  
PFAS – Per- and polyfluoroalkyl substances  
PIC – Prior Informed Consent  
POP – Persistent Organic Pollutants  
REACH – Registration, Evaluation, Authorization and Restriction of Chemicals  
RoHS – Restriction of Hazardous Substances in Electrical and Electronic Equipment  
SCIP – Substances of Concern In articles as such or in complex objects (Products)  
SDS – Safety Data Sheet  
SVHC – Substances of Very High Concern  
UK – United Kingdom  
USA – United States of America  
WEEE – Waste of Electrical and Electronic Equipment

## 6 Definitions

### **Article**

An object that during production is given a special shape, surface or design which determines its function to a greater degree than does its chemical composition.

### **Authorization**

Substances listed in Annex XIV of the REACH Regulation, and for which companies need to get a license in order to continue using after a set sunset date.

### **Candidate list**

Substances that have been identified as Substance of Very High Concern (SVHC) and then been included in the Candidate List. This triggers certain legal obligations for the importer, producer and suppliers of an article that contains such a substance.

### **Due Diligence**

Reasonable steps taken by a person to avoid committing an offence.

### **Economic operator**

A business or other organization which supplies goods, works or services within the context of market operations.

### **Information**

Instructions and guidelines about the specific requirements.

### **Mixture**

A mixture or solution composed of two or more substances in which they do not react.

### **PFAS**

Per- and polyfluoroalkyl substances which are difficult to degrade due to their strong carbon fluoride bonds. This group of chemicals are what we call “the forever chemicals”.

### **Prohibition**

The action of forbidding something, especially by law.

### **Product**

An article or substance that is manufactured or refined for sale.

### **Raw material**

The basic material from which a product is manufactured or made.

### **Registration**

Collecting and submitting required information on the substance in question.

### **Restriction**

Substances with restrictions on the manufacture, placing on the market and use of certain dangerous substances, mixtures and articles.

### **Substance**

A substance is a chemical element and its compounds in the natural state or the result of a manufacturing process. In a manufacturing process, a chemical reaction is usually needed to form a substance.