



# REMUNERATION REPORT 2025



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# Letter from the Chair of the People and Remuneration Committee

## Dear Shareholders,

It is my pleasure to present Valmet's Remuneration Report for the 2025 financial year. This report has been prepared by the People and Remuneration Committee and approved by the Board of Directors.

The year 2025 was one of major transformation for Valmet. In June, we announced our new strategy 'Lead the Way', and in July, we completed the most extensive operating model renewal in Valmet's history. The renewal affected all parts of the organization and, as part of the changes, approximately 980 colleagues left Valmet. I want to express my sincere gratitude to each of them for their valuable contributions to our company.

The renewal also brought changes to the Executive Leadership Team. A new team was announced in July, and in August, we welcomed a new leader for the Tissue business area – the Executive Leadership Team became complete. During the second half of the year, our focus shifted to executing the new strategy and embedding it across the organization.

Throughout 2025, we continued to enhance our remuneration practices and processes. To better support the implementation of our new strategy, the People and Remuneration Committee proposed changes to the long-term incentive program, which were approved by the Board of Directors in December. Valmet's long-term incentive plan – the Performance Share Plan (PSP) – intends to retain and reward selected top talent, and to align our long-term value creation targets with the interests of our shareholders. The PSP is designed for members of the Executive Leadership Team, including the President and CEO, as well as a selected group of key employees and management talents.

The PSP combines key strategic and financial performance measures and operates over a three-year performance period. For the 2026–2028 performance period, the new PSP now includes absolute Total Shareholder Return (aTSR) as a performance criterion to truly align shareholder expectations with leadership efforts. Organic net sales growth and emissions reduction in our own operations – the other two performance criteria are also critical drivers of Valmet's strategic ambitions.

In 2025, the remuneration for Valmet's President and CEO, Thomas Hinnerskov, was aligned with the remuneration policy. Variable pay in the form of short-term incentive is directly linked to Valmet's financial performance, and in 2025, Comparable EBITA was within the targeted range. At year-end, the President and CEO did not yet hold Valmet shares but will build ownership over time through participation in share-based incentive plans. In line with our share ownership obligation, the President and CEO, along with other Executive Leadership Team members, is obliged to accumulate and hold shares equivalent to 100 percent of annual base salary.

I want to thank each and every one of Valmet's 18,487 employees for the hard work and collaboration during this exceptional year. Finally, I would like to extend my deepest gratitude to our shareholders for your continued trust and support as we lead Valmet into its next chapter of long-term value creation.



**Annika Paasikivi**

Chair of the People and Remuneration Committee

Vice-Chair of the Board of Directors



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# Introduction

Valmet's Remuneration Report describes the remuneration of the Governing Bodies, i.e., the Board of Directors and the President and CEO for the 2025 financial year. The report follows the requirements of the Finnish Securities Market Act, the Finnish Limited Liability Companies Act, the Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer, and the Finnish Corporate Governance Code 2025 issued by the Securities Market Association.

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

This report explains how the remuneration practices set by the People and Remuneration Committee and the Board of Directors are driving Valmet's long-term business performance and support the implementation of Valmet's strategic priorities and targets.

## Comments on Valmet's Remuneration Report 2024

The Remuneration Report 2024 was presented at the Annual General meeting on March 26, 2025 for an advisory vote and it received a positive vote from a majority of shareholders. In preparation for this year's Remuneration Report, we have taken into consideration feedback regarding the Report.

We changed our long-term incentive (LTI) plan from the beginning of 2025 when we moved to a single LTI plan structure with a three-year performance period for all plan participants. This improvement aligns with the expectations from our shareholders and the investor community.

However, we are not changing our approach to disclosing the target or threshold levels of the performance measures, even ex-post, due to Valmet's highly competitive oligopolistic market.

## Valmet's remuneration approach

Valmet's remuneration principles are driving high performance, competitive remuneration to retain talent with the best fit, and fairness and sustainability. We are committed to developing a strong pay-for-performance culture for employees at all levels of the organization.

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

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# Remuneration linked to long-term business performance

Valmet’s financial targets were updated in line with our new strategy ‘Lead the Way’. As a result, we updated the key measures used to demonstrate the connection between remuneration and long-term business performance.

Market conditions in 2025 were challenging for the Biomaterial Solutions and Services segment, whereas Process Performance Solutions segment delivered strong results. This underscores the importance of the diversified business model Valmet has. In 2025, Valmet net sales declined compared to the previous year, and Comparable EBITA improved in comparison to 2024.

## Changes in remuneration

The ratio between the paid-out compensation for the President and CEO and the average Valmet employee decreased year-over-year. The President and CEO’s total remuneration declined in 2025, primarily due to the changes in variable pay – specifically, as there was no payout from long-term incentives during the year due to changes in the performance period. Variable pay in 2025 was only short-term incentive pay.

Because our short- and long-term incentive targets are directly tied to business results, the Company’s performance is reflected in the variable incentives paid to the President and CEO.

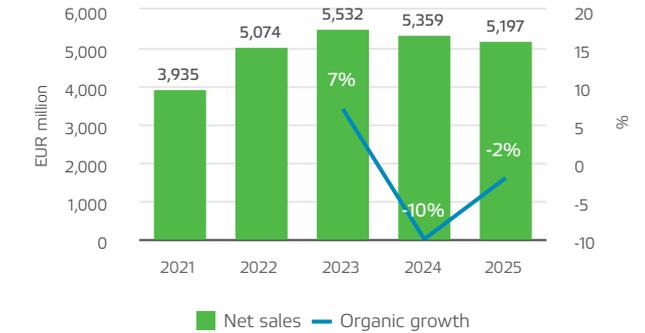
The table below presents paid compensation over the past five years for the Board of Directors, the President and CEO, and the average Valmet employee. For Board members, compensation is influenced by meeting fees.

Fluctuations in the President and CEO’s remuneration are driven by annual changes in short- and long-term incentive achievement which are linked to business performance. The development of average employee compensation is calculated based on total personnel expenses (excluding indirect employee costs), divided by the average number of employees during the year, and is impacted by changes in our global employee structure.

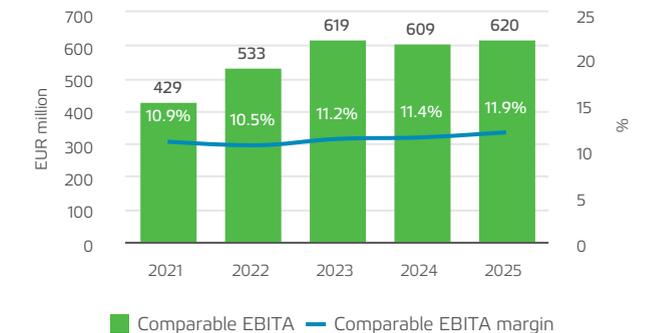
## Paid remuneration for a five-year period (in EUR)

	2021	2022	2023	2024	2025
Chair of the Board of Directors	141,005	167,260	166,500	178,000	169,700
Vice Chair of the Board of Directors	89,198	81,558	94,500	106,200	108,250
Other members of the Board of Directors (average)	78,633	83,047	83,333	89,708	90,083
President and CEO	1,868,841	2,669,525	2,169,371	2,459,829	1,658,412
Average Valmet employee	59,182	61,801	62,376	63,561	66,288

**Net sales and organic growth, %**



**Comparable EBITA and EBITA margin, %**





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# Remuneration Policy for the Board of Directors

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

An additional annual fee is paid to the members of the Board's committees. Board members' travel expenses and daily allowances are also compensated in accordance with Valmet's travel expense policy.

The Board of Directors' personnel representative is entitled to a meeting fee for the meetings to which they have been invited and have attended.

## Remuneration of the Board of Directors for the previous financial year

### Board of Directors' remuneration in 2025 (in EUR)

Name	Total annual fee	Share reward portion	Cash portion	Committee annual fee	Meeting fees	Total
Jonas Gustavsson, Member of the Board**	68,000.00	27,192.81	40,807.19	4,200.00	9,750.00	81,950.00
Bernd Eikens, Member of the Board**	68,000.00	27,192.81	40,807.19	7,300.00	13,500.00	88,800.00
Jaakko Eskola, Vice Chair of the Board*	—	—	—	—	3,000.00	3,000.00
Anu Hämäläinen, Member of the Board	68,000.00	27,192.81	40,807.19	16,700.00	12,750.00	97,450.00
Pekka Kemppainen, Member of the Board	68,000.00	27,192.81	40,807.19	7,300.00	12,750.00	88,050.00
Monika Maurer, Member of the Board	68,000.00	27,192.81	40,807.19	4,200.00	24,000.00	96,200.00
Annareetta Lumme-Timonen, Member of the Board	68,000.00	27,192.81	40,807.19	7,300.00	12,750.00	88,050.00
Mikael Mäkinen, Chair of the Board*	—	—	—	—	5,250.00	5,250.00
Annika Paasikivi, Vice Chair of the Board	85,500.00	34,180.76	51,319.24	8,500.00	14,250.00	108,250.00
Pekka Vauramo, Chair of the Board**	155,000.00	61,975.53	93,024.47	4,200.00	10,500.00	169,700.00
Juha Pöllänen, Personnel representative	—	—	—	—	9,000.00	9,000.00
<b>Total</b>	<b>648,500.00</b>	<b>259,313.15</b>	<b>389,186.85</b>	<b>59,700.00</b>	<b>127,500.00</b>	<b>835,700.00</b>

\* Board member until March 26, 2025.

\*\* Board member as of March 26, 2025.

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

In line with our remuneration policy and based on the Nomination Board's proposal, the Annual General Meeting decided the annual remuneration payable for the Board of Directors for the period beginning from the 2025 AGM and ending at the 2026 AGM. Based on the decision of

the Annual General Meeting, the members of the Board of Directors are obliged to use 40 percent of the fixed annual remuneration for purchasing Valmet shares from the market. No special terms or conditions are associated with share ownership.

Annual fees (in EUR)	2025
Chair of the Board	155,000.00
The Vice Chair of the Board	85,500.00
Board member	68,000.00
Chair of the Audit Committee	16,700.00
Member of the Audit Committee	7,300.00
Chair of the People and Remuneration Committee	8,500.00
Member of the People and Remuneration Committee	4,200.00
<b>Meeting fees (in EUR)</b>	
Residents of Nordic countries	750.00
Residents of other European countries	1,500.00
Residents of countries outside Europe	3,000.00
Remote connection participation	750.00
Board travel meeting	1,500.00



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# Remuneration Policy for the President and CEO at a glance

The Remuneration Policy provides a remuneration structure that aligns the remuneration for the President and CEO with the Company's long-term value creation and the achievement of its strategic

objectives in accordance with its remuneration principles. The table below describes the policy's content at a glance.

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

Remuneration element	Purpose and link to strategy	Operation
Fixed base salary	Core reward for the role at an appropriate level to attract and retain.	Valmet follows the peer company market median to set the President and CEO's base salary level, considering experience and performance.  The base salary is normally reviewed annually with effect from January 1. Salary market movement and Company performance, as well as individual performance, are considered when determining any salary increase, which is approved by the Board of Directors.
Pension and insurance benefits	Provides a retirement benefit in addition to the statutory pensions in line with local market practices, supporting employee recruitment, engagement, and retention.	Pension arrangements for the President and CEO follow local market practice and legislation: Finland has a statutory pension system (Finnish TyEL) in which the President and CEO participates. Under the Finnish TyEL pension, base salary, short-term incentives and other taxable benefits are included in the definition of earnings, while gains from share-based plans are not. According to local market practice, the President and CEO has an additional pension benefit in the form of a defined contribution pension plan of 20 percent of annual fixed base salary. The President and CEO's retirement age follows the statutory retirement age.  Other insurance benefits will be provided in line with appropriate levels indicated by the local market practice and requirements in the country of employment.
Short-term Incentive	To incentivize and recognize the achievement of specific annual financial and business objectives in support of the Company's strategy.	The short-term incentive is an annual performance bonus for which the Board of Directors sets the annual maximum incentive opportunity (as a percentage of the base salary), performance measures, and target levels for the President and CEO. The short-term incentive performance criteria include Company-level key financial targets with a significant weight and strategic individual targets defined by the Board of Directors.
Long-term incentive	To align the objectives of shareholders and executives to increase the value of the Company, commit executives to the Company, and offer a competitive reward plan based on a long-term shareholding in Valmet.	The President and CEO is included in share-based incentive plans decided and implemented by the Board of Directors, and for which share repurchase and share issue authorizations are obtained from the General Meeting. The plan mainly follows a three-year earning period with Company-level strategic and financial performance targets. For example, the performance targets for the long-term incentive plan can be related to growth, profitability, and sustainability, as determined and decided by the Board of Directors annually. The predetermined performance targets are measurable, and the achievement of these targets determines the payout level of the share-based incentive plan.  For the President and CEO, the reward for each performance period is capped at grant to a maximum number of shares.



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# Remuneration of the President and CEO

## President and CEO total remuneration in 2025 (in EUR)

	Annual base pay (incl. taxable benefits)	Variable Pay		Post-retirement benefit	Total paid compensation in 2025
		Short-term incentive payment	Share-based incentive payment	Supplementary pension	
President and CEO Thomas Hinnerskov	918,632	506,031	—	233,750	1,658,412

Valmet follows market benchmark survey and market median levels for the President and CEO's base pay. Base pay is determined taking into consideration individual experience and performance levels. Salary market movements and Company performance are considered when determining increases, all increases for the President and CEO require the Board of Directors' approval. The President and CEO's remuneration and other terms of the agreement are in accordance with Valmet's Remuneration Policy. The timing of the base pay review for the Executive Leadership Team and the President and CEO has been changed. Review will be conducted annually in March and possible salary increases will be effective April 1st. This aligns with the base pay review timeline of other Valmet employees.

In April 2025, the President and CEO Thomas Hinnerskov's monthly base pay was increased by 5 percent to EUR 74,374.65. The annual base pay corresponded to approximately 55 percent of total compensation.

Variable pay, meaning short- and long-term incentives, constitutes a substantial part of the President and CEO's total remuneration. In 2025, Thomas Hinnerskov received a short-term incentive payment, and it corresponded to approximately 31 percent of total compensation.

The supplementary pension paid to the President and CEO Thomas Hinnerskov related to time in position in 2024 was paid in conjunction with the 2025 payment, and the total supplementary pension payment was approximately 14 percent of total compensation.

In addition, the President and CEO Thomas Hinnerskov's trips between Denmark and Finland have been paid for by Valmet, and these travel costs are taxable income for him. In 2025 the taxable income from the travel has been approximately EUR 37,000.

The President and CEO Thomas Hinnerskov was allocated 61,037 shares from the restricted share pool in 2024. The reward payment will take place in the spring of 2027.

## Remuneration of the former President and CEO Pasi Laine in 2025

The remuneration of the President and CEO Pasi Laine for 2024–2025 was decided in August 2023 in conjunction with his resignation. The Board of Directors decided to continue his salary payments until July 2025, and during 2025, salary payments totaled to EUR 715,692. The Company paid him a one-time severance payment of EUR 1,125,000 in July 2025. The President and CEO was considered a good leaver for the purposes of long- and short-term incentives and retained the rights to all earned incentives, as well as future incentives for the 2024–2026 performance period. Short- and long-term incentive payments in 2025 totaled to EUR 1,437,675. Long-term incentive payment was based on the performance period 2024.



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# Short- and long-term incentives for the President and CEO

## Short-term incentive plans performance measures and outcome

Performance measures	2024		
	Weight	Achievement	Weighted outcome
Comparable EBITA	80%	49%	40%
Individual performance measure	20%	100%	20%
Maximum opportunity as % of annual salary			100%
Payout as % of annual salary			60%
Reward in EUR			506,031

Performance measures	2025		
	Weight	Achievement	Weighted outcome
Comparable EBITA	60%	75%	44.8%
Individual performance measure	40%	75%	30%
Maximum opportunity as % of annual salary			100%
Payout as % of annual salary			74.8%
Reward in EUR			659,816

## Long-term incentive plans performance measures and outcome

Earning period	2024–2026
Financial year in which the reward is paid	2027
Maximum opportunity (gross shares) prorated 50%	24,904
Volume-weighted average share price in Dec 2023 (EUR)	25.5982

Performance measures	Weight	Achievement
Comparable EBITA margin	37.5%	45.6%
Orders Received growth % of the stable business	37.5%	87.5%
Valmet's share price valuation multiple	25%	Not available
Total achievement		Not available
Amount paid as shares		Not available
Maximum opportunity as % of annual salary		150%
Payout as % of annual salary		Not available
Reward in EUR		Not available

Performance period	2025–2027
Financial year in which reward is paid	2028
Maximum opportunity (gross shares)	73,869
Volume-weighted average share price in Dec 2024 (EUR)	23.0137

Performance measures	Weight
Comparable EBITA	40%
Organic Orders Received growth % of stable business	40%
ESG Index	20%
Total achievement	Not available
Amount paid as shares	Not available
Maximum opportunity as % of annual salary	200%
Payout as % of annual salary	Not available
Reward in EUR	Not available



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### FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS 2025

The report includes Valmet's Financial Statements, the Report of the Board of Directors, and the CSRD Sustainability Statement for 2025.



### ANNUAL REVIEW 2025

The report covers Valmet's progress in its strategy, operations, and sustainability in 2025.



### CORPORATE GOVERNANCE STATEMENT 2025

The report covers Valmet's governance principles and activities, and Board of Directors and management in 2025.



### REMUNERATION REPORT 2025

The report covers Valmet's remuneration principles and remuneration in 2025.

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