

SUSTAINABILITY REPORT 2020



VALMET AUTOMOTIVE



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WELCOME TO READ VALMET AUTOMOTIVE'S SUSTAINABILITY REPORT 2020

Dear Reader,

welcome to the Sustainability Report 2020 by Valmet Automotive Group. With this annual report, we present a deep insight view of our sustainability management and the ways how we continuously improve the economic, environmental and social impact of our activities.

2020 was a challenging year for the automotive industry, with the pandemic, market changes and the unrelentless emergence of e-mobility. On the following pages, you can see how these factors impacted us as a leading automotive service provider, but also the results of our active measures to consolidate and improve our competitive position.

The report presents what we have accomplished recently and what we are pursuing in the future within sustainability. We explain our operations in detail so that you have a clear idea of the internal and external factors affecting our business, the challenges we face and the solutions we implement.

Sustainability is an essential part of Valmet Automotive's strategy and culture.

The key topics of our sustainability strategy – Sustainability, Governance, Environment, Health and Safety, and People – are aligned with the 5 commitments of our corporate culture – Respect, Always Learn, Lead at all Levels, Show Entrepreneurial Spirit, and Deliver.

With sustainability reporting, we have established a basis for constant, trust-based dialogue with all our interest groups. We recognize the importance of a sustainable approach in all our operations, as we have always complied to the strict requirements of our customers. This also applies to sustainability, whether it concerns our personnel, shareholders, customers or the environment.

Best regards,

Olaf Bongwald

CEO, Valmet Automotive



| OUR YEAR 2020

WE REDUCED OUR CO₂ EMISSIONS BY 70%

from our own operations compared to the 2019 levels. Transition to renewable electricity at the Zary and Uusikaupunki plants and to renewable district heating at the Uusikaupunki plant.

We had to close our plants for four to six weeks in April-May because of the global effects of the

CORONA PANDEMIC.

However, production quickly picked up after the closure.

Our employees at the

ZARY PLANT SEWED 12 000 FACE MASKS

for hospital staff on a voluntary basis.

We develop

OCCUPATIONAL SAFETY

by encouraging our employees to observe their working environment from a safety risk perspective. In 2020, each of our employees made on the average one safety observation.

WE SOLD ONE OF OUR BUSINESS LINES,

which focused on general engineering services for the automotive industry.

We produced about 200 000 battery packs at the Salo plant and announced

the opening of the

SECOND BATTERY PLANT IN UUSIKAUPUNKI.

We released

Valmet Automotive Group's

FIRST SUSTAINABILITY REPORT.

WE REPORTED TO THE GLOBAL CDP

(Formerly Carbon Disclosure Project) organization on our climate work for the first time. CDP tracks Corporate Climate Actions.

We started

STRATEGIC COOPERATION

with the University of Turku and the Turku University of Applied Sciences.

THE YEAR 2020, SHATTERED BY CORONA, TURNED INTO GROWTH

The Corona Pandemic tested Valmet Automotive's ability to respond to market changes in all three business lines – EV Systems, Roof and Kinematic Systems and Manufacturing.

“Despite corona, 2020 was a truly successful year for the EV business. We increased and accelerated the pace toward the end of the year. We announced that we will open a second battery plant in Uusikaupunki, and that we are getting ready for the production of high-volume batteries both in Uusikaupunki and in the Salo plant. We also see strong growth potential, especially in the mobile machinery's battery market. This is fueled by the national battery strategy in Finland, which significantly promotes co-operation between Finnish companies.

The year was a wild one in that our production came to a complete halt for four weeks in the spring. This was due to a shortage of components and a temporary decrease in demand for batteries, all resulting from corona. Our team has understood the situation well, and luckily we managed to get through with a few lay-offs. We

also introduced masks in production early in the spring, before the general guidelines, and I believe that it has helped us to avoid coronavirus infections at the plant. In July we were already back to the normal rhythm and worked in two shifts. When we sold our general automotive engineering business and at the same time about 100 employees in Finland and Germany were transferred to our business line. In addition, we have recruited additional office personnel for various tasks.

We expect strong growth also for the coming years. In 2021, we will need about 400 to 500 new employees. Our goal is to more than double our employees. In addition to our advanced technology expertise and strong vision, the overall topicality and attractiveness of the battery industry also helps to find a skilled workforce that is excited about new challenges.

Sustainability and its integration into

our solutions are an increasingly important part of our operations. The whole Valmet Automotive Group will be CO₂ neutral by 2024, and for that we are currently creating a roadmap for the EV business.”

Jyrki Nurmi

SVP EV Systems



“ The year of 2020 was tough, but we managed, considering that the Zary plant was closed for two months and target sales were not fully recovered.

After restarting production, we had a critical situation with some of our suppliers and had to coordinate some special deliveries in order to keep our customers' production lines running. With special safety measures in our locations as well as constant direct contact with our partners, we have reliably supplied without interruption.

The year has taught us to react quickly and flexibly to changes while keeping processes at an efficient level. Even when it is impossible to meet in person, watch the processes live, or touch the products. This requires precise communication with clear feedback. A challenge for the managers is to lead the teams from home or in smaller groups without losing the team spirit. Motivating people through digital channels has also proven difficult at times, especially because remote work was not part of our work culture before the COVID-19 pandemic.

Regardless of other challenges, we've continued our sustainability work. The energy source in our two locations has been replaced by a renewable option, and new

control devices have been installed in the production plant to measure and reduce our energy, gas and water consumption. We are also working on further measures to reduce CO₂ emissions.

We have also just repassed the required audits for ISO 45001 and 14001 in the Zary and Osnabrück plants with very good results. Our people have been very understanding during these difficult times. All in all, we look to the future with optimism. We will develop and implement further products and set new goals. At the moment, the future looks very promising.”

Remigiusz Grześkowiak

SVP Roof & Kinematic Systems



“ The year 2020 was very fragmented for the manufacturing business. The year started off well, but by March at the latest, it was clear that this was something big when issues with deliveries of components started to show up. At the beginning of April we had to close the plant for 1,5 months. By midsummer, we had to hold three co-operation negotiations, as the easing of the component shortage was followed by a stagnation in demand in May-June. However, the market picked up faster than expected, and already in August we returned to work in three shifts at the car plant. By September, we had hired 100 new employees and at the end of the year another 400 new employees.

It was a difficult year for all of us, and I thank all of our staff for their commitment to their tasks and our common goals. We discussed openly with our staff and focused on communication in relation to the corona pandemic measures. Once again, we were able to demonstrate our value to the customer by responding quickly to market failures and changes. At the same time, we have developed sustainability by leaps and bounds. Last year, we reduced the carbon emissions of our car plant by

70 per cent and the number of accidents at work by 30 per cent, as well as launched a strategic cooperation with educational institutions.

2021 looks brighter than its predecessor. One of the big themes this year is to lead and support the development of our personnel in the new world after the pandemic. We have learned that we need to strengthen the sense of community, and thus we are increasing systematic communication with our staff.”

Pasi Rannus

SVP Manufacturing



KEY SUSTAINABILITY TOPICS – IDENTIFICATION AND SELECTION

The focus areas of this report are based on material assessment conducted on group-level with the emphasis on Finland operations. With the assessment and the related stakeholder survey, we identified and prioritized the most relevant economic, social, and environmental sustainability topics.

Ensuring well-being of the personnel and economic continuity are essential to stakeholders. Active mitigation of Valmet Automotive's environmental impact is also considered very important.

The stakeholders shared their views about the most significant sustainability themes, and the high response percentage and several feedback comments indicate that stakeholders want to contribute to developing Valmet Automotive in sustainability issues.

FROM INTERVIEWS TO E-SURVEY

Before defining the themes for the survey, we first identified and selected the internal and external key stakeholders. The sustainability themes for the survey were then identified from relevant documents and interviews of the key stakeholders.

The two-part e-survey included questions related to both automotive industry in general and Valmet Automotive's operations. The survey was then conducted in December 2019. The interviews, survey and analysis were carried out by a third-party partner.

The vast majority of the 360 answers came from the Valmet Automotive personnel and the rest of them mainly from external stakeholders, such as service providers and public authorities in Finland. Most respondents were from Uusikaupunki, where the majority of the Valmet Automotive personnel work.

Finland was chosen as the starting point for this assessment because of its central importance to the company's business operations.

ESSENTIAL SUSTAINABILITY TOPICS FOR KEY STAKEHOLDERS

GOVERNANCE

- Ensuring business profitability
- Identifying driving forces in the industry and adapting to change
- Close cooperation with municipalities and educational institutions
- Attracting subcontractors to the area in cooperation with municipalities

SOCIAL

- Continuous improvement of work safety
- Motivating employees, supporting coping at work and extending careers
- Ensuring equal and fair treatment at workplace
- Planning and predictability in employment

ENVIRONMENT

- Profiling globally as a forerunner in environmental issues
- Development of energy and material efficiency, reduction of energy consumption
- Active reduction of environmental impacts in operations
- Utilizing high technology and investments in new, greener processes and practices



| STRATEGY – ELECTRIFYING THE ROAD AHEAD

We are responding to the customer needs by delivering a substantial contribution to a new, clean mobility and by ensuring that the products are manufactured complying with the principles of sustainability at all levels.

The year 2020 was a significant one for Valmet Automotive. We sharpened our focus on e-mobility, expanded our operations despite the extremely challenging year, and displayed unique flexibility, discipline and dedication to overcome the problems of the corona pandemic. With such achievements, Valmet Automotive meets the requirements of sustainability now better than ever before.

Our strategy builds Valmet Automotive's business on three strong pillars – contract manufacturing, EV battery systems and roof & kinematics. This is a synergic combination that brings stability to the Group. In all these business lines, we focus on e-mobility, which offers us huge potential. Our goal is to develop the EV Systems' sales to the level of manufacturing or above, boost the sales of roof & kinematics, and keep manufacturing at a constant high level. In brief, we are targeting at sales of more than 1 billion Euros in a few years.

Valmet Automotive has consistently developed its capabilities in a sustainable manner. Yet, the year 2020 marked a

huge step forward in the Group strategy. We divested the general engineering services and stepped out of traditional vehicle development and combustion engine related technologies to enable direct investments and resources into the sustainable EV growth areas.

**“In 2020,
we started
a large-scale
investment
program.”**

In 2020, we started a large-scale investment program. While our battery test center in Bad Friedrichshall became fully operational, we expanded the testing facilities considerably with an additional

site in nearby Weihenbronn. The Salo battery plant expansion work was launched to meet the needs of increasing production volumes. And finally, we started construction work on the second large-scale battery plant in Uusikaupunki, in connection with our car plant. Combining vehicle contract manufacturing with battery system development and production at a single site delivers an outstanding example of our sustainable approach.

Strategically, Valmet Automotive is responding to the customer needs by delivering a substantial contribution to a new, clean mobility and by ensuring that the products are manufactured complying with the principles of sustainability at all levels. This is important for us, our customers, and the consumers. Sustainability is a fundamental issue for Valmet Automotive – we are electrifying the road ahead!

Olaf Bongwald
CEO, Valmet Automotive

2020

VALMET AUTOMOTIVE GROUP

- Established in 1968
- Head office in Uusikaupunki, Finland
- Parent company Valmet Automotive Inc. (Finland)
- The main operational companies are Valmet Automotive Inc. (Finland, MBL), Valmet Automotive EV Power Ltd (Finland, EVBL), Valmet Automotive Solutions GmbH (Germany, EVBL), Valmet Automotive Sp zoo (Poland, RKSBL) and Valmet Automotive GmbH (Germany, RKSBL).
- Around 4,000 employees
- Delivered over 80,000 cars, appr. 200,000 batteries and app. 30,000 roofs and kinematic systems to worldwide markets
- Net sales 494,0 (2019: 595,6*) MEUR, Operating profit 21,7 (2019: 27,0*) MEUR

SHAREHOLDERS

- Pontos (38.46%)
- Tesi (38.46%)
- CATL (23.08%)

MANAGEMENT TEAM

- Olaf Bongwald, CEO
- Charlotte Caswell, Remigiusz Grzeskowiak, Ralf Jakob, Christian Kleinhans, René Kohl, Jaakko Liljeroos, Jyrki Nurmi, Pasi Rannus, Juha Torniainen

*Engineering business line (sold in 2020) has been excluded from both 2020 and 2019 figures. Net sales and operating profit of 2019 has been corrected for comparability of the data.

LOCATIONS

FINLAND

Uusikaupunki – Vehicle Manufacturing, Engineering Services, EV Systems manufacturing

Turku – Engineering Services

Vantaa – Group Corporate functions

Salo – EV Systems manufacturing

GERMANY

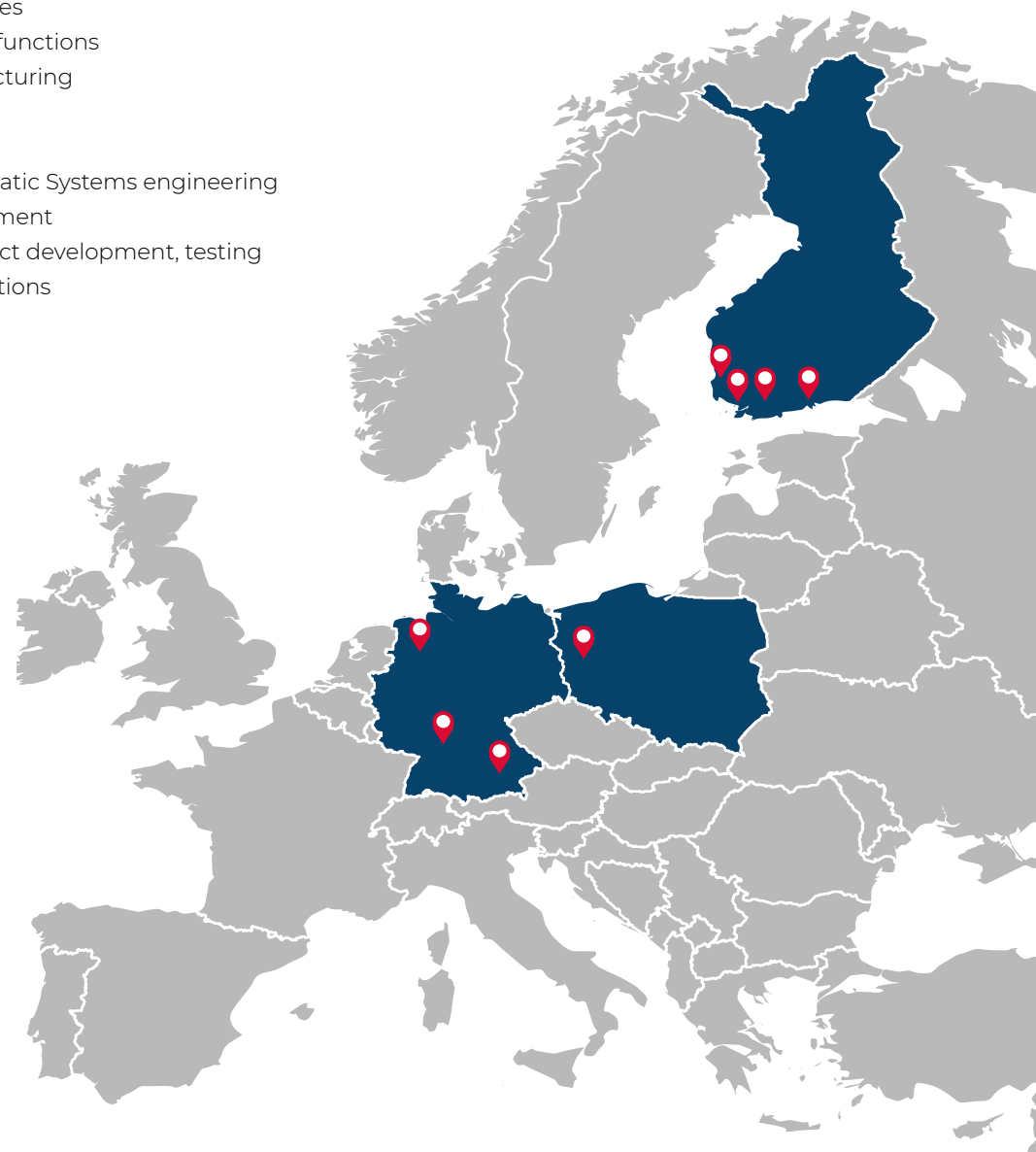
Osnabrück – Roof & Kinematic Systems engineering

Munich – Product development

Bad Friedrichshall – Product development, testing and Group Corporate Functions

POLAND

Zary – Roof & Kinematic Systems manufacturing



SERVICE PROVIDER FOR AUTOMOTIVE INDUSTRY

Valmet Automotive provides services for automotive industry in three business areas. Our extensive history in car production, combined with world-class expertise in engineering and manufacturing of electric vehicles, battery and kinematic systems makes us a preferred strategic partner for OEMs.

3 BUSINESS AREAS



ELECTRIC VEHICLE SYSTEMS

- EV Systems engineering and testing
- Battery and other EV Systems manufacturing



ROOF AND KINEMATIC SYSTEMS

- Developing and delivering convertible roofs, active spoilers and other kinematic systems



MANUFACTURING

- Over 50 years of world-class contract manufacturing

CREATING VALUE FOR STAKEHOLDERS

RESOURCES

PERSONNEL

3,922 employees*
3,835 permanent*
87 temporary*

FACILITIES

3 production plants
5 product development & testing locations

INNOVATION AND INVESTMENTS

EUR 39 million gross investments to fixed assets
EUR 2.6 million R&D expenses
EUR 1.5 million investments in personnel development
~110 student trainees & thesis students
Battery Ecosystem collaboration (EU)
National Battery Strategy Working Group (FI)
Batteries from Finland program (FI)
IPR portfolio of 200 patent families

FINANCIAL

EUR 22.2 million total equity

PARTNERS

Network of almost 4 000 suppliers globally

NATURAL RESOURCES

Water 115,995 m³
Electricity 61,288 Mwh
Energy 153,440 MWh



ELECTRIC VEHICLE SYSTEMS



ROOF AND KINEMATIC SYSTEMS



MANUFACTURING

*Status 31.12.2020

OUTPUTS

PERSONNEL

EUR 139.6 million total wages
EUR 25.2 million employee social security and pension

PRODUCTS & SALES

EUR 494 million net sales
~80,000 cars
~200,000 batteries
~30,000 roofs and kinematic systems

NEW BUSINESS

2 Battery test centers (GER)
Establishment of high-volume automotive Battery manufacturing operation (FI)

OWNERS AND FINANCIERS

EUR 21.7 million operating profit

SOCIETY

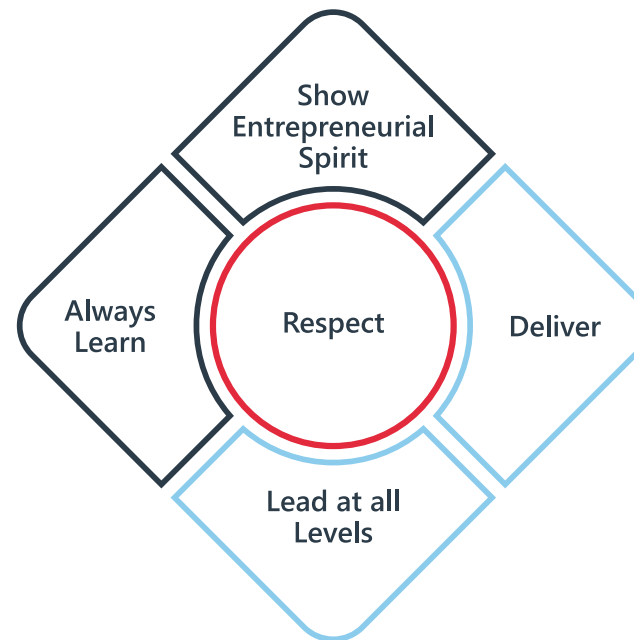
EUR 2.2 billion export value (from Finland)
EUR 5.0 million income taxes

ENVIRONMENT

CO₂-emissions 13,375 tCO₂
Waste 4,651 tn

5 COMMITMENTS AND VALMET AUTOMOTIVE'S CORPORATE CULTURE

To build one uniform corporate culture for the group of companies, Valmet Automotive has defined 5 commitments – always learn, show entrepreneurial spirit, deliver, lead at all levels and respect – that serve as a benchmark for every Valmet Automotive employee across all levels. They guide and help us to live to our values.



RESPECT

Respect is the core of all our operations. We value our own work as well as that of our colleagues', customers, partners and other stakeholders. We value and take pride in the environment where we operate. This paves the way to continuously improve sustainable economic growth and the performance level of our business.

ALWAYS LEARN

We are never too busy or too good not to learn and improve us and the company continuously. The willingness to open up new fields, to explore and to listen, is shaping us more than ever. Continuous training and increased awareness are the keys to engage our employees to sustainability. We are actively informing and training employees on issues related to protecting the environment, conserving natural resources and occupational health and work safety.

SHOW ENTREPRENEURIAL SPIRIT

We are innovative, curious, open. And when we have almost reached our goal, we passionately take that last step. We love what we do. We are characterized by a clear strategic discipline of the Group as a whole to be economically successful. We are committed to ambitious targets in sustainability, and the corporate rules and processes support achieving them.

KEEPING TRACK OF HOW THE COMMITMENTS ARE REALIZED

DELIVER

We want to be the best in everything we develop, manufacture, plan, test and offer our customers as a service provider. We never deliver "just like that". Our systems and processes that are used globally are just as best-in-class as our employee and process management. We have set highly ambitious targets in a carbon neutral manufacturing process. We keep our promises and deliver results, in sustainability as in other fields of our operations.

LEAD AT ALL LEVELS

It takes place at all levels, from the smallest unit to the Group Management Team. Only the willingness to lead enables us to make decisions and take responsibility for the big picture. Leadership is essentially personal responsibility for one's own actions and decisions. Risk management and safety of work environment are issues, to which every employee at Valmet Automotive can and must contribute.

We have constructed a holistic tool, the so-called Pulse Survey, around the 5 Commitments to measure how they are being anchored in the company. Based on the replies to the Pulse Survey, employees increasingly see that all the 5 Commitments are lived in the company.

There is a significant change in how the respondents feel that the commitment "Lead at all levels" is lived at Valmet Automotive. The share of respondents, who felt that this commitment is lived within the company increased from 50% to 78%. They feel they have their managers trust in both their competencies as well as their decision making.

WE LEAD AT ALL LEVELS AND DELIVER ON TIME

"Always Learn" showed a slight improvement as well. Employees are highly motivated to learn new skills: 95% of the respondents think that it is important to learn new skills. However, almost 50% of the respondents feel that they are not encouraged to learn new things by their managers and that the organisation does not provide learning opportunities. From that point of view, the year of the pandemic

has also been challenging.

Even though most of the respondents see that Valmet Automotive shows entrepreneurial spirit, some of our employees still feel that they are not encouraged to innovate new processes and procedures.

67 % agree that we are respectful with each other and live up to the commitment. Since Respect is the core and foundation of the commitments, we will concentrate more on strengthening and developing our leadership culture.

The respondents mostly considered that we are delivering on time. There are still some areas of improvement at Valmet Automotive, such as ensuring that communication and information flow works properly. Read more about how the development points are improved on page 38.

PULSE SURVEY RESULTS

Share of respondents who feel that this commitment is lived within the company.

	2019	2020
Lead at all levels	50%	78%
Show entrepreneurial spirit	38%	55%
Always learn	46%	56%
Respect	63%	67%
Deliver	59%	70%

ETHICAL PRINCIPLES AND A CHANNEL FOR ANONYMOUS REPORTING

Valmet Automotive's common ethical operating principles, defined in the Valmet Automotive Code of Conduct, are binding for all employees. Our employees have completed a mandatory online training on the principles and their application.

As part of our compliance program, we have implemented a reporting channel where anyone can report anonymously if they suspect a violation of our Code of Conduct. The reporting channel is presented as a part of the compliance training and is accessible through our intranet and webpage.

We regularly report Valmet Automotive's compliance performance to the group management and to the Board of Directors.

SUSPECTED GRIEVANCES CAN BE REPORTED ANONYMOUSLY

Our office personnel attend a mandatory online training on ethical principles. In the training, the application of Valmet Automotive principles to everyday life is highlighted through practical examples.

As part of the compliance process, we have introduced a whistleblowing channel. Through the channel, both the internal and external stakeholders can report suspected grievances. An outsourced whistleblowing system ensures that the notifier can stay anonymous, if they so wish. The whistleblowing system complies with the ISO 27001 standard for data security management and the ISO 27018 standard for the protection of personal data in cloud services. While anonymous reporting is regarded as a secondary option, and we encourage our employees to discuss compliance issues and to report grievanc-

es transparently, we understand that this is not always easy or possible.

HANDLING PROCESS OF THE REPORTS

In 2020, we received 21 notifications (2019: 49) through the whistleblowing channel, the majority of which were related to the Uusikaupunki plant. In addition to the reports concerning treatment of employees in the workplace, reports related to non-compliance of COVID-19 safety instructions were highlighted in 2020.

In 2020, no criminal cases were found. In approximately one third of the cases, the company took corrective actions, for example by addressing the reported matter with an employee or by revising internal instructions.

The aim is to respond within 10 calendar days. In 2020, the goal was achieved apart from a few exceptions. A team of three specialists, two from the legal department and one from HR, have access to the reporting system. The process is managed by the Group General Counsel who checks the encrypted reports and if needed, requests additional information.

Depending on the case, a contact person from the corresponding business line is invited to participate in the processing, in order to form an overall picture. The Group General Counsel follows the processing of the case and when it is closed, the initiator

will be notified. In 2020, the investigation process took on average 49 calendar days (2019: 84 days).

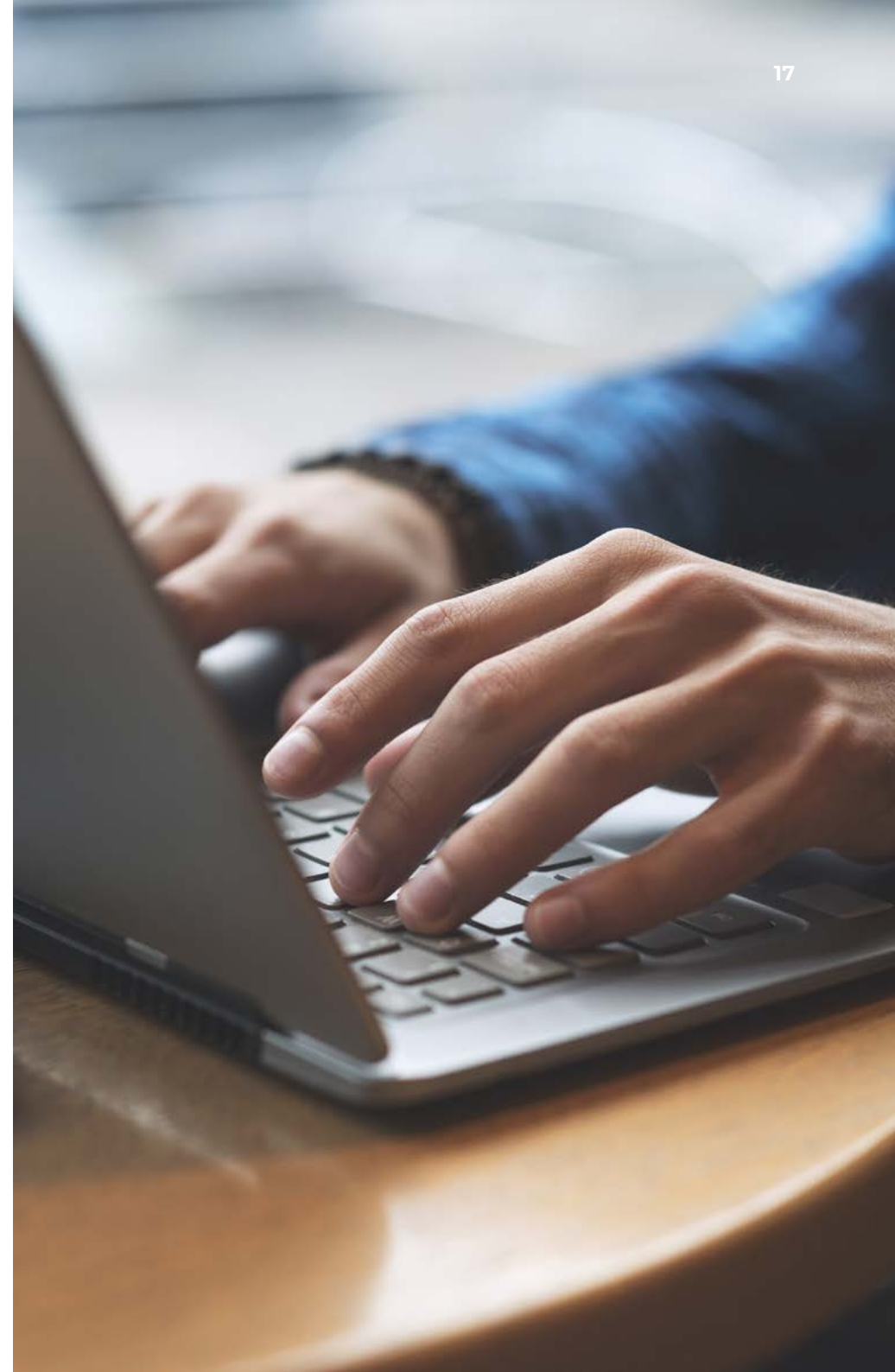
In 2021, the whistleblowing practices will

be revised to address the upcoming regulatory requirements, the EU whistleblowing directive and all related national laws.

THESE PRINCIPLES GUIDE EVERYONE AT VALMET AUTOMOTIVE

- We comply with applicable national and international laws, regulations and generally accepted practices, and we require this also from our business partners.
- We are committed to international standards on human rights, working conditions and hours, the fight against corruption and the environment.
- We are committed to the principles of sustainable development of the International Chamber of Commerce (ICC).
- Our activities are guided by the UN Global Compact initiative and the fundamental rights of the worker as defined by the International Labor Organization (ILO), which include freedom of association, the right to organize, the right to collective bargaining, the prohibition of forced labor and equal opportunities and treatment.
- We do not use child labor or deal with subcontractors or suppliers who use it.
- We are committed to monitoring our working conditions and taking care of the occupational safety and the health of our employees.
- We support fair competition and a free market and refuse to discuss or agree with competitors on pricing, market shares or suchlike activities, nor do we accept any form of corruption, such as bribery or embezzlement.
- We refrain from business relationships that may result in conflicts of interest.
- We strive to streamline our business and prevent our environmental impact, and actively train our employees in environmental protection.

The Code of Conduct in its full extent is available on our website.



SUSTAINABILITY STRATEGY

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KEY SUSTAINABILITY TARGETS

The core of Valmet Automotive's sustainability work consists of building a systematic sustainability strategy and management, reducing environmental impact and improving work safety.

In 2019 we started building a group-wide sustainability strategy as well as group-wide targets for 2020–27. In 2020, we continued by shaping concrete actions and key performance indicators for each sustainability theme.

SUSTAINABILITY PROGRAM FOR 2020–2027

The group-wide sustainability program has five strategic themes that correlate with the megatrends shaping the automotive industry, the expectations of our stakeholders, and the themes that are relevant for supporting the business.

The first strategic theme is the reduction of operations' environmental impact. In practice, this means reaching CO₂ neutrality in our production facilities and minimizing CO₂ emissions through the value chain. In 2021, the goal is to reduce CO₂ emissions from our own operations by 80% (base year 2019) and increase the material utilization rate to 65%.

The second theme is corporate citizenship, which includes targets for equal and fair treatment at the workplace, motivating employees and supporting coping with stress and pressures at work. For example, we are measuring the rate of positive feedback given by employees.

The third theme is raising sustainability awareness, transparency and reliability by ambitious reporting of climate impacts for CDP, strengthening stakeholder collaboration and its management, and increasing sustainability awareness by communication and training. In 2020, we had milestone achievements in this respect with the Sustainability Report 2019, the first of its kind by Valmet Automotive, the abbreviated localized versions and the sustainability section on the Valmet Automotive website. In 2020, we also introduced online sustainability training for office personnel and launched a strategic cooperation with Turku University of Applied Sciences in Finland.

Continuous improvement of work safety, profitability and sustainable growth are at the core of the sustainability program. We follow and measure the number of employees' safety notes as well as the rate of workplace accidents. In recent years, the consistent development in work safety has significantly lowered the accident rate. The target in Finland and Poland, with our main manufacturing operations, is to receive at least one safety note from each employee annually, and thereby to encourage employees to pay attention to their surroundings.

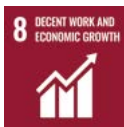
HOW VALMET AUTOMOTIVE CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS

The United Nations have created the Sustainable Development Goals to help governments, companies and citizens to navigate into a more sustainable world by 2030. There are 17 main goals of which 4 are centrally linked to Valmet Automotive's strategy and operations.

DECENT WORK AND ECONOMIC GROWTH

The 5 Commitments of Valmet Automotive are closely connected to the sustainable development goal 8, achieving higher levels of economic productivity through innovation and creating decent work for all in a safe and secure environment.

We are committed to this goal by continuously improving our business and creating jobs, also for people in a vulnerable situation. We focus on protecting labor rights and promoting safe working environments.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

Goal 9 concerns building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation by 2030. The future of Valmet Automotive will be increasingly based on utilizing new technologies, improving our plants' energy-efficiency and implementing environmentally sound technologies and processes. Around 1,000 of our employees work in engineering services for products and manufacturing.

In addition to promoting sustainable industrialization and upgrading our infrastructure and technologies, we contribute to this goal by promoting research and education.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable development goal 12 strives for mitigating the impacts of global consumption and production on the planet. Both the global population and the material footprint per capita are growing, so it is increasingly important for companies to produce their goods in a sustainable way.

We contribute to this goal by using natural resources efficiently. Responsible management of chemicals and waste, as well as substantially reducing waste, are in our focus. Furthermore, we want to provide people with relevant information to make environmentally sound decisions.



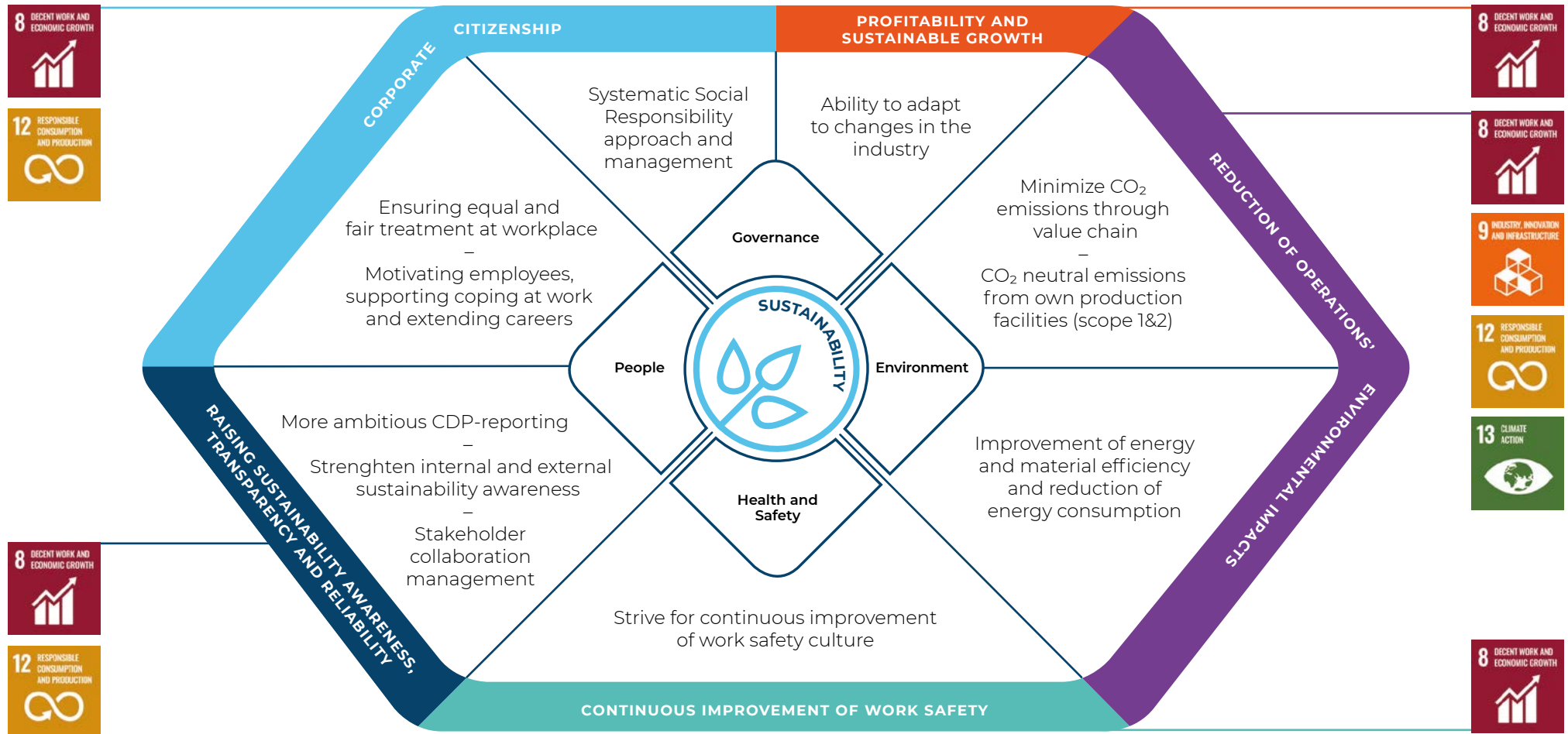
CLIMATE ACTION

Goal 13, taking climate action, encourages us to see our position in the big picture. This means expanding environmental responsibility throughout our supply chain, but also understanding our positive contribution to the vehicle carbon footprint throughout the lifecycle.

We have issued a Supplier Code of Conduct, which we are implementing in our partnerships. We are part of an industry facing especially high demands to combat climate change. CO₂ neutrality and reduction of greenhouse gases are included in our sustainable development goals.



SUSTAINABILITY PROGRAM FOR 2020–2027



KEY STRENGTHS, WEAKNESSES, RISKS AND OPPORTUNITIES RELATED TO SUSTAINABILITY

Key opportunities and risks in sustainability are closely linked to Valmet Automotive's strategic direction toward electrification.

Valmet Automotive features several strengths in sustainability. We have developed a holistic sustainability strategy and management system for our five most important sustainability topics. Furthermore, we are rapidly moving toward CO₂ neutrality, a significant asset in the company's competitiveness. We are also systematically developing safety at work and focus on measuring the employee well-being regularly. On the other hand, due to the nature of our business, predicting the need of the labor force can sometimes be challenging.

The global automotive industry is facing a historical change. For Valmet Automotive, the rapid transition toward e-mobility opens remarkable new business opportunities, and the international company structure enables utilizing these to the full. Lean organization and skilful personnel are our assets, with leadership practices developed both at local and group level. Furthermore, Valmet Automotive

is an acknowledged key player in the Finnish battery cluster. Since the EU level regulation will be leading the way towards a more sustainable future, we are active in ensuring necessary funding, for example through the Commission's IPCEI project.

The change may also contain risks. There are several questions regarding the future of private motoring, and the competition in automotive industry is becoming harder with low-cost countries developing expertise in new technologies. Furthermore, becoming a forerunner in sustainability requires resources, especially in the e-mobility business, where Valmet Automotive has set ambitious business targets.

Sustainability plays here an important role, as it is increasingly valued by applicants and considered a sign of a responsible, reliable and attractive employer. For Valmet Automotive, remaining an attractive employment alternative for a skilled labor force in all locations is decisive for the company's future.





LEADING SUSTAINABILITY THROUGHOUT THE ORGANIZATION

In late 2019, we began systematically to build a common sustainability vision and governance structure into our business. With a common group-wide vision, the sustainability goals are implemented into all three business lines.

It is important that our business and sustainability move in the same direction. Valmet Automotive's sustainability strategy is based on the 5 Commitments our business leans on. In the process, we mirrored our business strategy with the key sustainability topics and stakeholder expectations to make sure we prioritize the right issues.

GROUP MANAGEMENT TEAM MAKES THE FINAL DECISIONS

Our business and sustainability policies and goals are defined by the Group Man-

agement Team. Led by the CEO, the team is ultimately in charge of the sustainability strategy.

The sustainability strategy is developed in the Sustainability Steering Group, which is led by the the Director of Sustainability & Environment. With their expertise, the group develops sustainability programs, goals and actions, and ensures the whole group shares the same vision.

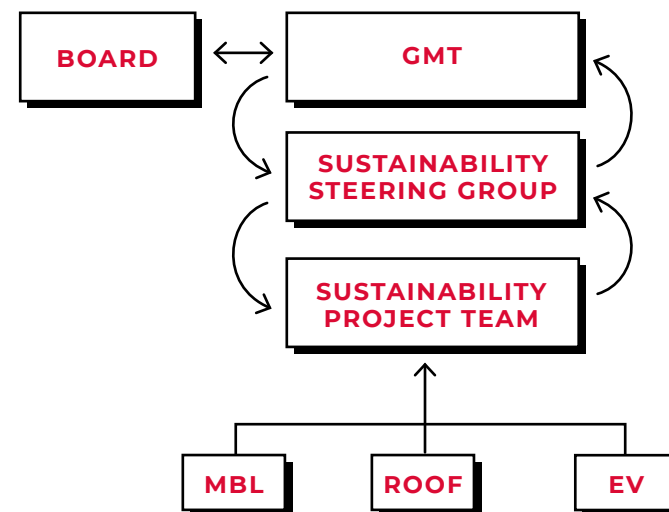
Valmet Automotive has three business lines: Manufacturing, Roof & Kinematic Systems and EV Systems. The Sustainability Project Team consists of members from each of these.

The business lines define the time-frames and measures needed to meet the goals. The process of an internal auditing system for sustainability and its governance is being developed.

GMT = Group Management Team
MBL = Manufacturing

ROOF = Roof & Kinematic Systems
EV = EV Systems

GOVERNANCE STRUCTURE FOR SUSTAINABILITY



BOARD AND GROUP MANAGEMENT TEAM define group-level sustainability policies, goals and programs, and approve the annual Sustainability Report.

THE SUSTAINABILITY STEERING GROUP ensures corporate common vision, formulates and develops strategy, policy, guidance and goals. It is responsible for development and follow-up of defined programs, goals and actions. Also, it follows trends and stakeholder expectations.

SUSTAINABILITY PROJECT TEAM contains representatives from all business lines and ensures the implementation of Valmet Automotive's common strategy and goals at local level and is responsible for development and follow-up of local programs, goals and actions.

CREATING GUIDELINES FOR VALMET AUTOMOTIVE'S SUSTAINABLE DEVELOPMENT

The starting point for sustainable development is the strong support from our corporate management, says **Jaana Hänninen**, Director, Sustainability & Environment at Valmet Automotive. During 2020, almost all sustainability key figures have improved.



HOW HAS THE PROGRAM COME ABOUT?

The program's framework is based on stakeholder analyzes, which have identified the priorities and international frames of reference, namely the UN principles for

sustainable development, and it is based on Valmet Automotive's business strategy, commitments and corporate culture. In practice, the sustainability program is thus the output of a dialogue between our corporate culture and external expectations, and it will provide guidelines for the next few years. The program was built by experts and approved by the management team.

WHAT ARE THE NEXT STEPS?

We will continue to set concrete targets, work on targets in business lines and promote those goals that already exist. At the beginning of 2021, we added resources to our environmental competence.

HOW ARE THE THEMES REFINED INTO CONCRETE OBJECTIVES?

The indicators for reducing environmental impact were largely built around carbon

neutrality, as reducing CO₂ emissions as well as electricity and heat consumption directly supports it. Both in them and in the goal of material efficiency (65% in 2021), we have taken into account both the current situation and the challenges of each business line that are beyond our control. In Poland, for example, there is not yet any recycling possibility for textile waste.

In the HR operations Valmet Automotive has had its own goals and processes for a long time. For example, the trend in the number of accidents at work and safety observations can be used to monitor how safety at work develops.

WHAT HAS BEEN EASY?

The unquestionably straight and strong support of our management for the program has provided good basic conditions for its development and has removed many obstacles and challenges.

“During 2020, almost all sustainability key figures have improved.”

**WHAT HAS BEEN
CHALLENGING?**

The anticipation of the future. When we aim to assess the future from a business perspective, the crystal ball is never clear. Long-term, proactive work always involves uncertainty, for example, about whether we are putting resources into the right places. However, we must proactively choose our own path and direction as well as prioritize resources on that basis.

**HAS CORONA
SOMEHOW AFFECTED
THE IMPLEMENTATION?**

I think that the themes of sustainability have progressed well in our organization, although of course it would be easier to work on new issues and to introduce them face to face.



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OUR PEOPLE SHOW THEIR RESILIENCE IN TURBULENT TIMES

The year 2020 was very exceptional from the employees' point of view. Due to disturbances in automotive subcontractor chains, the plants in Finland and Poland had to be closed for several weeks during spring. When the production was relaunched, the volumes rose rapidly, in battery production to record levels.

During the year, the number of employees decreased from 5,000 to 4,000. This was mainly due to the sale of the Engineering Business Line, and partly to ending of temporary employment contracts. At the Roof & Kinematics plant in Zary, Poland, around 100 temporary contracts had to be terminated due to a lower production volume due to the COVID-19 pandemic.

On the other hand, the number of the personnel in EV Systems business line increased from 180 (31.12.2019) to 370 (31.12.2020) in Finland and Germany. The second half of the year was filled with positive news, including the expansion of the battery production in Salo and Uusikaupunki. During 2021, over 400 people will be re-

cruited for battery manufacturing. In addition, a new testing center was opened in Weißenbronn in Germany in November, and it is also looking for new employees.

ERRATIC YEAR REQUIRED FLEXIBILITY

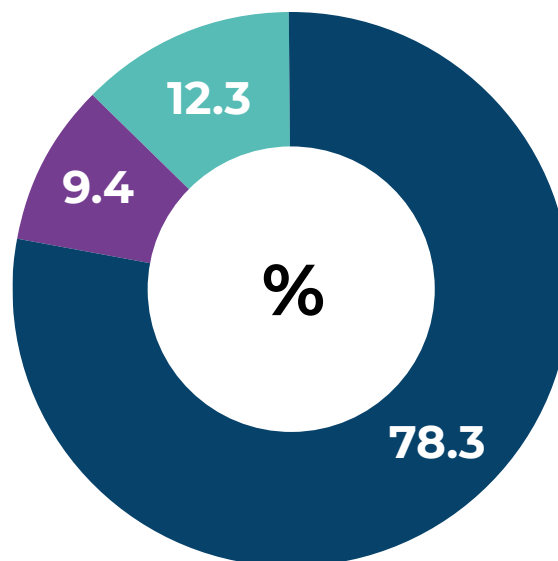
The erratic year with temporary lay-offs, new recruitments, and rearrangements in production required a lot of resilience and flexibility from our employees.

This understandably caused fatigue, which can be somewhat recognized in the absence rates in the autumn 2020. However, the staff turnover rates have decreased. The group-level turnover rate of office personnel is below the industry aver-

age in Finland and decreased from 10% in 2019 to 5.2% in 2020. At the Uusikaupunki plant, the turnover rate decreased from 20.3% to 15.8%. In addition to the persistent work for increasing employee engagement, the fact that Valmet Automotive has managed to offer jobs during times when many other companies are struggling, has potentially contributed to the rate. In Roof and Kinematic Systems business line, the turnover rates have been exceptionally low for years (read more on page 32).

IMPROVING LEADERSHIP PRACTICES AND COMMUNICATION

Instead of a regular employee well-being



**78% OF OUR 3,922 EMPLOYEES
WORK IN MANUFACTURING
IN FINLAND***

- Manufacturing (3,071)
- EV Systems (370)
- Roof & Kinematic Systems (481)

In all 3,922

* Status 31.12. 2020

survey, Valmet Automotive has constructed a holistic tool around the 5 Commitments to measure how they are being anchored in the company. In 2020, 1,362 of our around 4,000 employees took part in the so-called Pulse Survey. The target for positive employee feedback was 70% for 2020.

Compared to the previous year, employees increasingly see that all the 5 Commitments are lived in the company. Read more about the results of the Pulse Survey on page 15.

One of the key findings in the Pulse Survey was that there is an urgent need to strengthen and to develop our leadership culture in the company. Employees do not get enough appreciation and encouragement from their supervisors. In addition, lack of proper communication was recognized regardless of the department of the employee.

To improve these, new leadership training will be organized, and supervisors provided with a toolbox that offers them means to interact with employees. To improve communication flow, a smartphone application for everyday communication will be introduced at the Uusikaupunki plant in February 2021. Additionally, regular virtual events are arranged for the office personnel once a month to improve sharing of information and to enhance dialogue between personnel and management.

As the Group strategy is focused on elec-

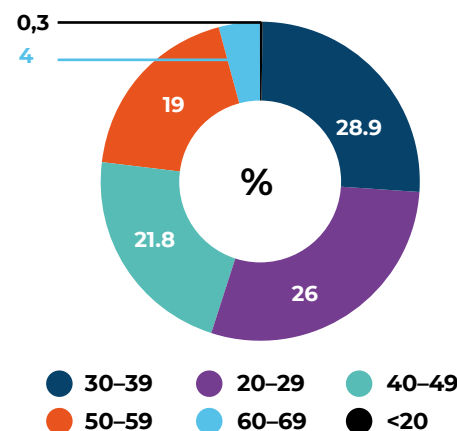
trification, the challenge will be to update the skills and knowledge of our current personnel with expertise in electric vehicle systems. Also, from this point of view, the year 2020 has been challenging. Personal meetings have been either not possible or difficult. Partly for that reason, many development plans were temporarily suspended.

COLLECTIVE AGREEMENTS

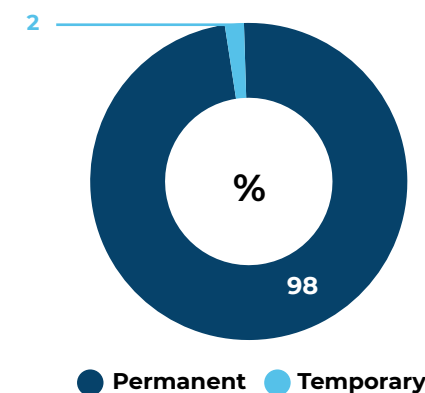
The automotive industry is sensitive to economic fluctuations, and such changes are often deeply felt by contract manufacturers. Possible consequences are primarily handled by contract negotiations with clients. The effects reach our employees only in ultimate situations, as temporary layoffs can be necessary.

In Finland our employees are covered by the Technology Industries of Finland's collective agreement. The collective agreement binds companies to have at least one employee representative appointed by the personnel. Valmet Automotive has five employee representatives at the Uusikaupunki plant and two at the Salo plant to give a louder voice to the employees. For our locations in Poland, there is no specific collective agreement, but regular dialogue is maintained between Valmet Automotive and the trade union. For the Roof & Kinematic Systems' site in Osna-brück, a collective agreement covers more than 80% of the employees.

55% OF EMPLOYEES 20-39 YEARS OLD



98% PERMANENT EMPLOYEES



Status 31.12. 2020

STAFF TURNOVER RATE 2018-2020

Office personnel	2018	2019	2020
Manufacturing	11.4%	13.1%	5.9%
EV Systems	-	0%	5.6%
Roof & Kinematic	6.7%	2.6%	1.3%
Employees			
Manufacturing	23.0%	20.3%	15.8%
EV Systems	-	0.8%	10.4%
Roof & Kinematic	0.4%	1.5%	0.8%

Cumulative staff turnover: the amount of employees that have resigned within the year in focus divided by the average number of employees of the year.

COMMUNITY WORK IN ZARY

In Poland, Valmet Automotive's turnover rates have been extremely low for years, indicating that employees are there to stay. **Piotr Dobrowolski**, the HR Director of Roof & Kinematic business line, believes that one of the reasons is the community work at the Zary plant.



Cake fairs, Children's day activities, as well as roses and sweets for Women's day – are examples of what the employer and social fund for Valmet Automotive's employees at the Zary plant in Poland have enabled. The labor law in Poland obliges all companies employing 20 people or more to reserve a special budget for social support or recreational activities.

"I think all of these are important. In a job interview, people usually ask us about the benefits", Piotr explains.

The use of this fund is determined by a dedicated group that consists of two representatives of the trade union, two produc-

tion employees, one representative of the office personnel, and a representative from Valmet Automotive's HR department who is in charge of the administrative work.

Every year, all employees are provided with a special Easter and Christmas benefit, Children's day activities or a grant to cover employees' children's summer camp expenses, and a Santa Claus day meal or gift on December 6th. Part of the fund is reserved for employees in vulnerable situations like single parents or employees with health concerns.

Piotr reminds that similar practices are common at Roof & Kinematic Systems' site in Osnabrück, Germany. During the last few years, the turnover rates have been low there as well.

"We try to recognize the needs of our employees and respond to them," Piotr says.

The representatives of the dedicated group also listen to employees' suggestions and organize additional activities based on them, such as areas for playing soccer or volleyball.

"The year 2020 has been exceptional. All personal contacts and extra activities had to be squeezed to the minimum, and because of the temporary lay-off, the payment of summer benefits had to be postponed to September. Hopefully, we'll get back to the activities soon."

Roman Rusin is serving his colleagues donuts to celebrate the Polish Fat Thursday.



HEALTH AND SAFETY AT WORK

Taking care of our employees' health and safety is a priority focus for us. The global pandemic has further highlighted the role of health and safety management.

At Valmet Automotive, occupational safety has been systematically developed at the Group level. During 2020, new practices were quickly adopted to prevent the coronavirus from spreading in the organization.

In the spring, employees were instructed to wear masks, keep safety distances, wash their hands, use hand sanitizers and stay at home if they had any symptoms of flu.

In Finland, where the majority of the company personnel works, two internal corona phone lines were opened, one for the Salo plant and another for the Uusikaupunki plant. When suspecting a coronavirus infection, employees are instructed to call the corona line for further instructions. As the number of infection cases was reasonably low in Finland during summer, masks were not compulsory at the plants until mid-August. In autumn, all employees were again instructed to wear masks at work. At the Zary plant, employees have used masks since spring 2020.

Clear COVID-19 instructions and several preventive practices have helped the company to practically operate at a normal level by the end of the year. Even though

hundreds of people work at the plants at the same time, no chains of infection were reported at any plants. Valmet Automotive offers free masks also for commuting and provided each employee with a package of masks for Christmas holidays.

During the 6-week lay-off, voluntary Zary plant employees produced safety-masks for non-profit purposes. In consultation with the health authorities in Poland, the plant employees produced 12,000 masks for paramedics, doctors and health-workers in the hospital of the city of Legnica.

ALL EMPLOYEES OBSERVE SAFETY HAZARDS

Everyone at Valmet Automotive is encouraged to observe and report potential health and safety hazards. The target for 2020 was to increase the number of safety notes received from employees from 0,62 to at least 1 per employee during the year. The target was nearly reached: on group-level, we received 0,97 safety notes per employee.

At Uusikaupunki in the Manufacturing business line, the ambitious target of

2 was not reached. However, the reporting activity rose by 68% to 1,14 safety notes per employee.

In the EV Systems business line, each employee reported around 1,5 safety notes on average. The target of 2 was not reached, which is mainly explained by remote work and the plant being closed for almost 4 weeks. In Salo, most of the notes were either about lack of lighting in the plant or not complying with the corona precautions such as not wearing masks properly.

At the Roof & Kinematic Systems plant in Zary, the safety note issues were similar to the previous year – concerning potential risks due to traffic and forklifts. The recently recruited employees usually pay attention to the similar issues before they adapt to the existing safety instructions.

The issue addressed in a safety note is usually handled immediately. In case the issue concerns several people, it will be handled at a regular, separate safety meeting with the team. Safety meetings are organized once a month to initiate discussions on preventive actions to avoid accidents.

INJURY RATE DECREASING RAPIDLY

The group-level injury rate has dropped from 17,2 (2019) to 11,7, reaching the target of 12,1 for 2020. All accidents resulting in an absence of at least one day have been reported in Lost Time Injury Frequency (LTIF). A significant decrease in injuries at work has been achieved by the systematical development of working conditions, working methods and instructions.

Valmet Automotive's plants in Finland and Poland have their own occupational health and safety committees, which meet regularly. The committees monitor the development of occupational health and safety, the key figures and discuss development measures. In addition to encouraging employees to report potential safety risks, regular safety meetings organized by managers for their teams have also played a significant role in the positive development.

Most safety risks and accidents occur at the Uusikaupunki plant due to its large size and intense internal traffic. Accidents happen most commonly when moving either on trucks or on foot. In 2020, traffic

and moving related accidents decreased compared to 2019, but unfortunately, there were two severe accidents. However, accidents rarely required more than one week of sick leave. The utilization of restricted work increased from 26% to 53%. Most accident-related injuries were mild, including small bumps and cuts or hits on lower limbs caused by falling objects.

In Zary, the injury rate has been low for years. In 2020, only a few accidents were

reported. The cause of the accidents was either lack of attention or failure to follow instructions while moving around the workplace. In Osnabrück, the causes of accidents were similar.

At the Salo plant, no injuries occurred. However, near-miss-situations were reported increasingly. Due to COVID-19 and rapid growth of business during autumn, there has been a temporary lack of workforce, which resulted in overtime work. This can

expose employees to increased safety risks.

COVID-19 HAS PUT A STRAIN ON EMPLOYEES

COVID-19 has required plenty of rearrangements, which have understandably caused extra stress for the employees. From the HR point of view, developing Valmet Automotive's ability to manage changes and anticipate the needed resources would also help in managing health and safety related risks.

However, compared to 2019, the absence rates decreased slightly during 2020. The most frequent causes for Valmet

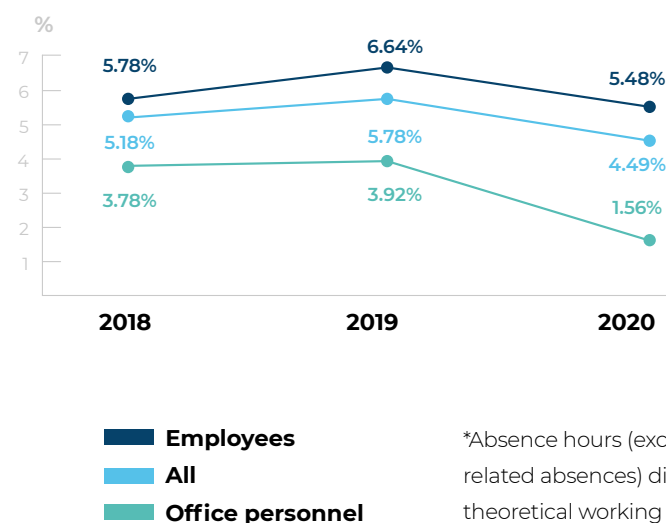
Automotive employees' and office personnel's sickness absence are musculoskeletal disorders and seasonal influenzas.

Focus for the year 2021 will be on hazard identification and effective risk assessment amended with effective preventive and corrective actions. To support this, the target is to purchase a new safety software for groupwide use, which would also enable mobile reporting. This would make safety observations and sending them for processing easier for all. The common software will also provide a good basis for aligning practices in the Group and better data for the follow-up and action planning.

INJURY RATE PLUMMETING

	2018	2019	2020	TARGET 2021
Injury rate, Manufacturing (>1 days)	34.6	23.4	13.4	
Injury rate, EV Systems (>1 days)	-	0	4.6	
Injury rate, Roof & Kinematic Systems (>1 days)	n/a	9.5	6.1	
Injury rate, group (>1 days absences /1 000 000 hours worked)	n/a	17.2	11.8	9.3
Injury rate, group (>4 days absences /1 000 000 hours worked)	n/a	6.5	6.2	
Total Recordable Incident Rate (TRIR)	n/a	32.5	28.2	21.6
Amount of injuries, group	n/a	152	66	
Occupational diseases	0	2	0	0
Work-related fatalities	0	0	0	0
Safety observations	n/a	3,187	3,566	
Safety observations (/employee)	n/a	0.62	0.96	1.9

POSITIVE TURN IN SICKNESS ABSENCES*





400 NEW EMPLOYEES STARTED WORKING ON A TIGHT SCHEDULE

One of the new employees at the Uusikaupunki plant is **Joel Vilen**, who came from Lapua, 300 kilometres away from Uusikaupunki.



Joel Vilen, 24, had just graduated from an auto body mechanic education as the coronavirus began to spread around the world. He found a job at a burger restaurant in his hometown of Lapua. But in the autumn of 2020 his spouse's sister hinted that there are open job positions in her former workplace at the Uusikaupunki car factory.

"I sent the application on the same day.

My partner and I had already wanted a change in our life. We had been thinking about moving somewhere else", he says.

For orders confirmed for the rest of the year, 400 new car builders were needed to replace those who had left during the layoffs in spring. There were about 1300 applicants for the open jobs, and over 600 of them were interviewed.

"We were looking for people who are willing and able to learn new things, as well as able to work in teams. Since you are on your feet all day in production work, you must also be in good physical condition", says Tomi Salo, HR Manager at Valmet Automotive.

APPLICANTS ALREADY HAVE MORE EXPERIENCE THAN USUAL

Interviews were conducted face to face with safety distances. This time, the interviewers were supervisors and production managers, i.e. the actual managers for future employees. According to Salo, the re-

cruitment process is more effective when employees know where they are coming to. The prerequisite for the language skills was either Finnish or English.

"Although we ourselves train employees for their jobs, and previous experience has not been a prerequisite for the job, the level of skills and experience of the applicants in this recruitment round was better than in the previous rounds", says Salo.

Joel Vilen was quickly notified of his selection and in a month's time, at the end of October 2020, he started his work on the assembly line, installing door mounts.

THE NEW TRAINING CENTER GAVE A KICKSTART FOR THE JOB

First, the new employees, including Vilen, got to know their work in groups of 10 to 15 people at the new installation training center, which was completed in 2020. A production line with multiple assembly stations has been built for introductory training. Already after a couple of days' ori-

entation period, Vilen started working on the assembly line.

"The factory is so large that there is a risk of getting lost. But it is enough to know the way to your own workstation", Vilen says.

He says that the work is easy and partly familiar from his studies.

"I've enjoyed it here very much. At first night shifts were difficult, but now I'm used to them too", says Vilen, who drives from Rauma to his work in Uusikaupunki.

Vilen is open-minded about the future. In early 2021, the temporary home will be changed to a larger one, and his spouse will be able to come and live there, too. And a new addition to the family is coming soon.

"Yes, at least for now, we've come to stay."

THE LOCAL AGREEMENT SECURES THE FUTURE

In Valmet Automotive's operating environment changes are commonplace. Our competitiveness is supported by our flexibility, which enables us to respond more effectively to the needs of our customers. Our flexibility and the tradition of local agreements were also beneficial at the car plant in 2020, which was completely turned upside down by COVID-19.

In the spring, the corona pandemic instantly halted the entire automotive industry. Even Valmet Automotive was forced to run production down on a fast schedule. And together with the personnel the company had to find new ways to ensure the company's operating conditions in the future as well. The entire personnel of the car plant had to be laid off for six weeks in April– May and additionally about a third of the staff in late summer. Prompt, direct negotiations with personnel helped the company cope with the sudden crisis.

In the summer, the future prospects of the automotive industry began to become clearer. In late summer, the car plant was already negotiating to increase production volumes - perhaps overtime would be done. The matter was again discussed with personnel representatives. It was considered how the car plant can best meet the needs of its customers without forgetting the interests of the personnel. In direct negotiations between the employer and the employees, a solution was found: working hours were transferred from the turn of the year to the autumn. Thus, we were able to deliver all the cars ordered by the customer on time. We paid the personnel a separate compensation for their flexibility.

EQUAL TREATMENT OF EACH AND EVERYONE

At Valmet Automotive, equality means treating everyone with respect – regardless of age, gender, organizational level, department, education, job title, ethnic origin, religion, opinions, or individual characteristics.

Valmet Automotive's employees represent almost 70 different nationalities. Diversity and heterogeneity are our assets, and we are committed to valuing each other.

The official language at Valmet Automotive is English. There are positions where knowledge of the local language, e.g. Finnish, Polish and German, is also or alternatively required. For each task, it is considered whether the proficiency in English alone is sufficient. In this way, English-speaking employees are also given opportunities for advancement and career development. In addition, there are health-related conditions for production workers.

EQUAL PAY FOR EVERYONE

We promote equal pay for everyone, regardless of age, sex or language. Pays develop according to the job description and the individual's competence, both at the start of employment and thereafter. At Valmet Automotive's car plant in Uusikaupunki, production workers' pay with advancement and experience bonuses is made public for everyone (auto-tehtaansankarit.fi). Transparent pay chart has resulted in an increase in the amount of job applications and, on the other hand, a decrease in the amount of questions about equal pay.

At the Zary plant, minimum pay is transparent and applies to both tempo-

rary and permanent workers. On top of the basic pay, each employee can earn 0–20% of bonus based on individual performance (work performance, diligence, job management and being multi-skilled). Requirements for additional bonuses are described clearly in the internal remuneration system.

In EV Systems business line, the salaries and wages are defined according to the collective agreements, job requirements and an individual's competence. In addition, the whole personnel has a bonus system available.

Creating a transparent salary matrix for office personnel has not yet been an option, as the job structure is more complex and bases on each individual's area of specialization and responsibilities.

RESPECT IN THE CORE

Leadership culture and skills have an essential influence on equal treatment. Respect is the core of Valmet Automotive's 5 Commitments, and thus, equal treatment of all employees is in the core of our organizational culture. At Valmet Automotive, the same rules apply to everyone and each employee is valued as an individual.

According to an employee survey, not all employees feel that they are treated with respect. As a consequence, an extensive development plan for managers was deployed in 2020. Shift and team leaders

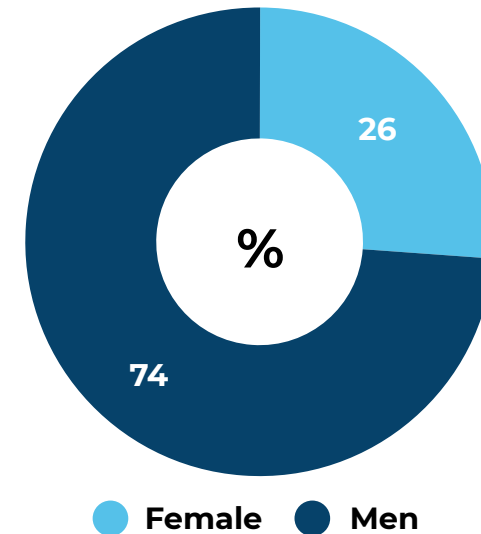
in each three business lines receive training in leadership skills with an emphasis on constructive and positive communication. The EV Systems business line is facing rapid growth. Hence, the focus of HR is on the recruitment and on-boarding of new recruits, managers' basic leadership skills and the well-being of the personnel. The commitments will be implemented and followed in all activities.

We encourage our employees to highlight potential grievances in equality and non-discrimination, primarily through their nearest supervisor or staff group representative.

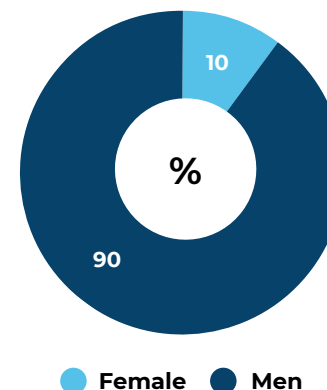
Valmet Automotive also has a whistle-blowing channel that allows grievances to be reported anonymously. No cases of discrimination were found in 2020.

69
NATION-
ALITIES

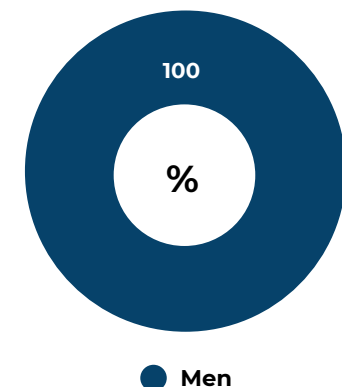
26% OF EMPLOYEES WOMEN



10% OF MANAGEMENT TEAM WOMEN



0% OF BOARD MEMBERS WOMEN





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VALMET AUTOMOTIVE IS SPEEDING TOWARDS CO₂ NEUTRALITY

Valmet Automotive's car plant in Uusikaupunki will achieve carbon neutrality by the end of 2021. The target will be extended to all Valmet Automotive Group operations by 2024.

During 2020, we took a giant leap toward the carbon neutrality target and achieved a 70% reduction in our CO₂ emissions compared to 2019. This was the focus of our sustainability work, and we invested a lot of effort to reducing CO₂ emissions in all three business lines.

In addition, we participated in the CDP climate reporting for the first time to increase transparency of our climate-related activities. In the assessment, Valmet Automotive's climate actions received the score D. Further improvement is expected especially in the governance and management of climate-related impacts and risk disclosure as well as in the calculation of the indirect emissions in the value chain.

CAR PLANT APPROACHES CO₂ NEUTRALITY IN THE FAST LANE

The Uusikaupunki car plant is the company's largest site with the largest impact on the company's emissions. During 2020, we managed to cut the plant's CO₂ emissions by 70% from 2019, equaling more than 27 000 tonnes of CO₂.

The car plant's CO₂ emissions were almost halved by switching the source of electricity to hydropower in March 2020. A further significant reduction was achieved by replacing the source of district heating with a fossil-free alternative in the second half of the year. As a result of negotiations with the district heat supplier, the

heat used at the plant is now produced with renewable sources; residuals from forest industry, recovery heat and biogas. The renewable energy production is verified annually by a third party.

In 2020, the total consumption of energy at the plant decreased by 30% compared to 2019. Much of the reduction is explained by the effects of the corona pandemic to the production with temporary lay-offs and lower production volumes. On the other hand, we continued finding and listing potential objectives for saving energy. For example, some interior lighting was replaced with LEDs.

The next step will be to further look into replacing the fuel oil used at the paint shop with renewable alternatives. Simultaneously, we are creating an energy management system that will support us to follow, measure and improve energy consumption. The emissions we are not able to avoid by the end of 2021, will be compensated. Effective, certified alternatives for CO₂ compensation are currently being evaluated.

EV SYSTEMS AND ROOF & KINEMATIC SYSTEMS ARE CATCHING UP

At the Roof & Kinematic Systems business line, many actions toward carbon neutrality were also taken during 2020. The electricity contract at the Zary plant and the site in Osnabrück was switched to various

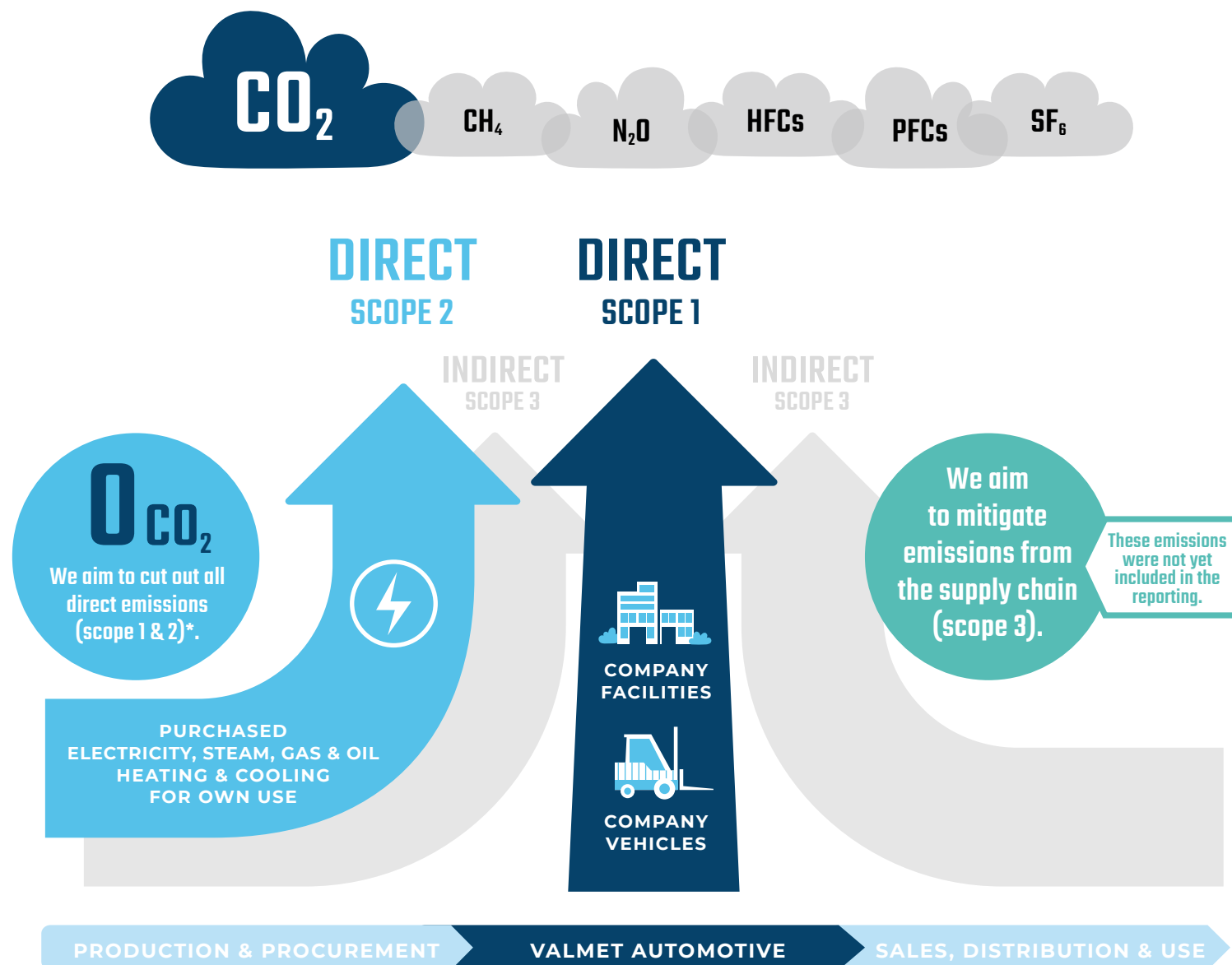
renewable sources (including hydro and wind energy) from January 2021, and this will have a considerable impact on the emissions for 2021. The greatest challenge will be finding a renewable alternative for the Zary plant's heating. It is now produced by natural gas, as the infrastructure of energy distribution is constructed around a gas pipeline network.

In 2020, the system monitoring the consumption of electricity, gas and water was expanded. Additional metering counters have been installed. This will support the efforts to monitor and boost energy efficiency. Now the main consumers of electricity are the air compressor, welding machines, and the heating furnace.

In the EV Systems business line, the roadmap to CO₂ neutrality was created during 2020. The next important step in implementation will be a new contract for renewable electricity at the Salo plant in 2021. To systematically improve the use of energy and materials, a sustainability team was established at the Salo plant in 2020. The team has collected from employees several useful proposals for energy saving. However, as the business and the production volumes of EV Systems are growing at a high speed, the consumption of energy is very likely to increase accordingly.

Further possibilities to reduce energy consumption and to use renewable options for heating are being examined

EMISSIONS WE REPORT



*The emissions that cannot be eliminated, will be compensated.

and negotiated with the owner of the Salo plant premises, IOT Campus.

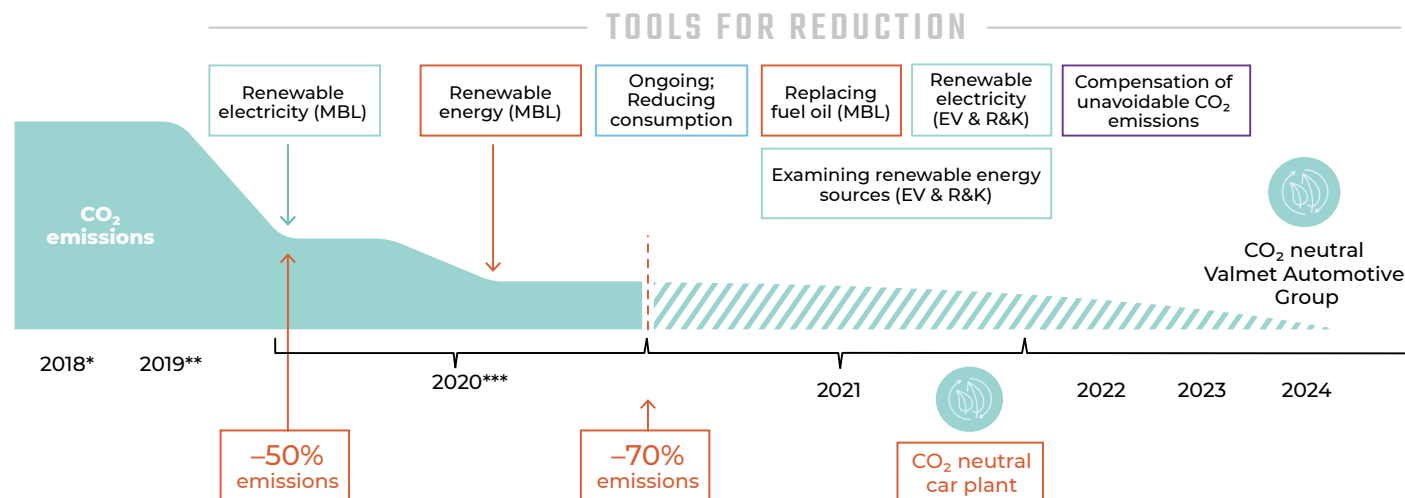
THE TARGET COVERS EMISSIONS FROM OUR OPERATIONS

Valmet Automotive's carbon neutrality target covers emissions from purchased energy and our own operations (scope 1 and 2*). Emissions from our operations are mainly generated by the used energy, e.g. heating and electricity, so we promote the carbon neutrality target primarily by reducing energy consumption and by replacing existing sources of energy with renewable alternatives.

In addition to our own operations, we also aim to reduce emissions in our supply chain in the future. Our suppliers are obliged to commit to reducing CO₂ emissions as per the Supplier Code of Conduct introduced in 2019. The effort will be supported by expanding our emission calculation to cover the emissions from the supply chain (scope 3).

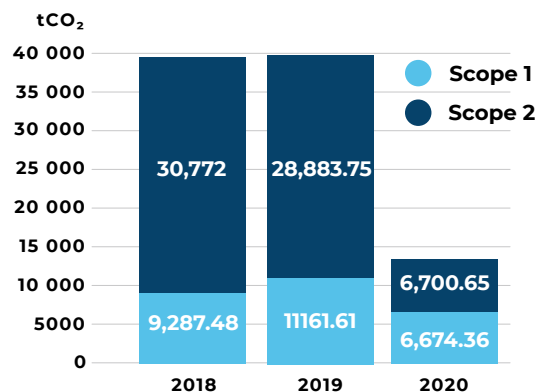
* Scope 1 includes emissions that result directly from the company's own activities, such as energy production and vehicles owned by the company. The Scope 2 includes emissions from purchased energy, such as emissions from the production of electricity and heat purchased from another company.

TIMELINE FOR CO₂ NEUTRAL VALMET AUTOMOTIVE GROUP



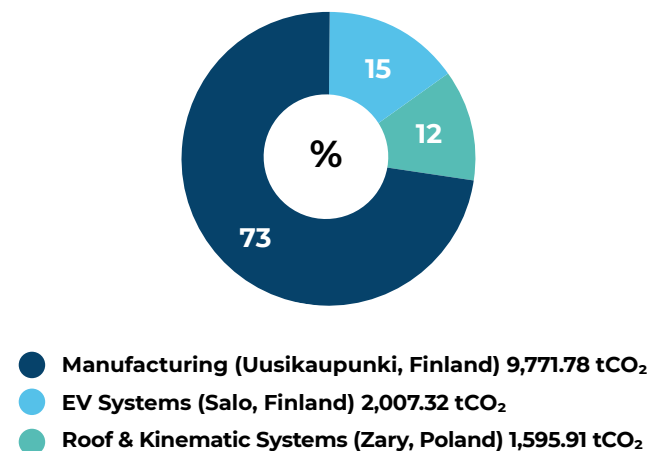
*35,000 tons CO₂e. **37,000 tons CO₂e. ***13,375 tons CO₂e. MBL = Manufacturing business line, EV = EV Systems business line, R&K = Roof & Kinematic Systems business line

CO₂ EMISSION FROM OWN OPERATIONS DOWN BY 70%



Scope 1 includes emissions from own energy production. Scope 2 includes emissions from purchased energy. Engineering business line's (sold in November 2020) figures have been excluded from the 2020 data.

73% OF CO₂ EMISSIONS FROM MANUFACTURING IN 2020



In all 13,375 tCO₂

WE OPTIMIZE THE USE OF ENERGY AND RESOURCES

We strive to reduce and improve our energy use while increasing and improving the recycling rate of materials.

Accompanied by long-term energy efficient measures and warm weather conditions, our energy consumption dropped from 187,589 MWh* in 2019 to 153,435 MWh in 2020. Of course, the effects of the global corona pandemic are strongly visible in this cut of almost 30%.

Electricity is especially needed in various processes at our production plants. Main energy consumers are the body shop, paint shop, assembly processes, drying ovens, and the ventilation in our largest site in Uusikaupunki. However, we have developed new means to improve our energy usage, for example by utilizing the recovery heat. Furthermore, the consumption of both electricity and heat energy per car has been decreasing over the last three years.

IMPROVING THE REUSE OF MATERIALS

A key issue of our sustainability work is reducing waste and increasing its re-use and recycling rate. Group-level targets with performance follow-ups and regular man-

agement reviews for material utilization will be created during 2021.

During 2020, the total amount of waste was notably less than in the previous years, which is mainly attributable to the lower production volumes due to the pandemic. In addition, the reuse and recycling rate of non-hazardous waste increased from 47% (2019) to 58% in 2020 but did not reach the internal target of 65%.

In Poland, new legal requirements for waste management companies came into effect during 2020. Especially the new requirements for waste storage caused a temporary lack of recycling services for the Roof & Kinematic Systems production plant. As a result, the recycling rate of Roof and Kinematic Systems business line dropped significantly. Almost 70% of the non-hazardous waste, including mostly fabrics, was transported to a landfill, but negotiations for utilizing them as energy are on-going in 2021. The remaining 30%, e.g. paper, foil, aluminum and steel, was recycled. The amount of hazardous waste such as solvents and chemicals decreased by over 30%. This was achieved by efficient use of e.g. solvents and better waste segre-

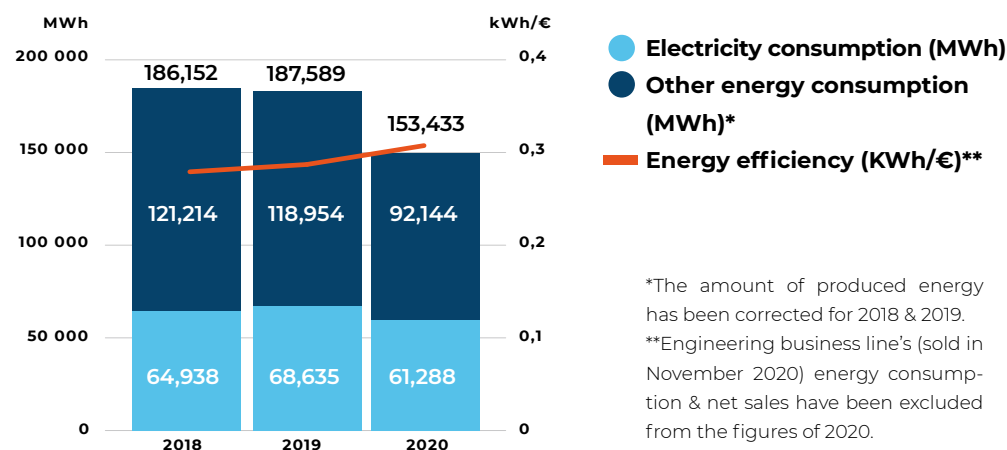
gation in addition to the lower production levels due to the pandemic.

In the EV Systems business line, the utilization rate of conventional waste reached 100% in 2020. 57% of the waste, including cardboard, aluminium, copper and other metals, were recycled. The rest of the non-hazardous waste consists mainly of energy and mixed waste and is utilized as e.g. recovery heat. At the battery plant in Salo, most of the hazardous waste is generated from scrapped batteries. Some

parts of these batteries can be salvaged and reused in production, but most parts of the scrapped batteries are transported to a waste service provider for further processing and recycling.

At the Uusikaupunki car plant, the reuse and recycling rate of non-hazardous waste was 58% in 2020. Specific packaging materials and wooden containers can be reused as such, while cardboard, clear plastics and metals are recycled. The rest of the non-hazardous waste (energy waste, sewage residu-

TOTAL ENERGY CONSUMPTION DECREASED IN 2020



als) is recovered as energy. Most of the hazardous waste is generated in the paint shop.

The sorting of material has a remarkable impact on the utilization rate, and therefore newly recruited employees receive a special training in waste recycling at the car plant. In addition, handouts with recycling instructions are delivered to the departments. Waste management walks for developing the design of the sorting process were halted due to corona, but the walks will be continued as conditions permit. Training, instructions and communications materials will be further developed during 2021. The package design team focuses on reducing unnecessary packaging materials.

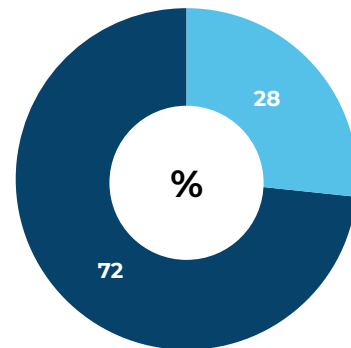
WATER & VOC EMISSIONS

In car manufacturing, VOC (Volatile Organic Compounds) emissions are strictly measured. The limit value in the Uusikaupunki plant's environmental permit is 45g/m², but the internal target is more ambitiously set at 19g/m². In 2020, the average VOC emissions equaled 21,1g/m². Successful VOC management entails optimization of paint shop processes. Due to corona, essential processes were disturbed, resulting in lagging behind the target.

Valmet Automotive's water consumption decreased by approximately 27% from 2019 as a result of lower production volumes due to the pandemic. At the Uusikaupunki plant, water consumption in production av-

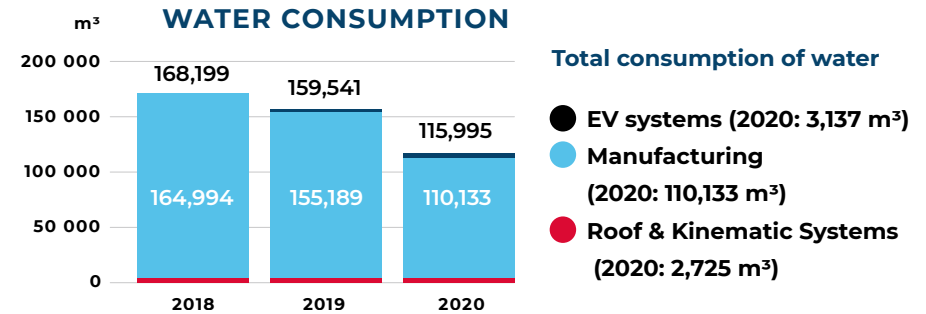
erages 550–565 m³ per full production day. In 2020, we managed to cut the average water consumption to 530 m³ a day. The water used for production functions (82% of water consumption) is untreated raw water. At the Salo plant, most of the water is used to keep a stabile moisture level in the air, and in Zary, water is not an essential part of production processes and is mainly needed for sanitary facilities.

72% OF THE WASTE NON-HAZARDOUS

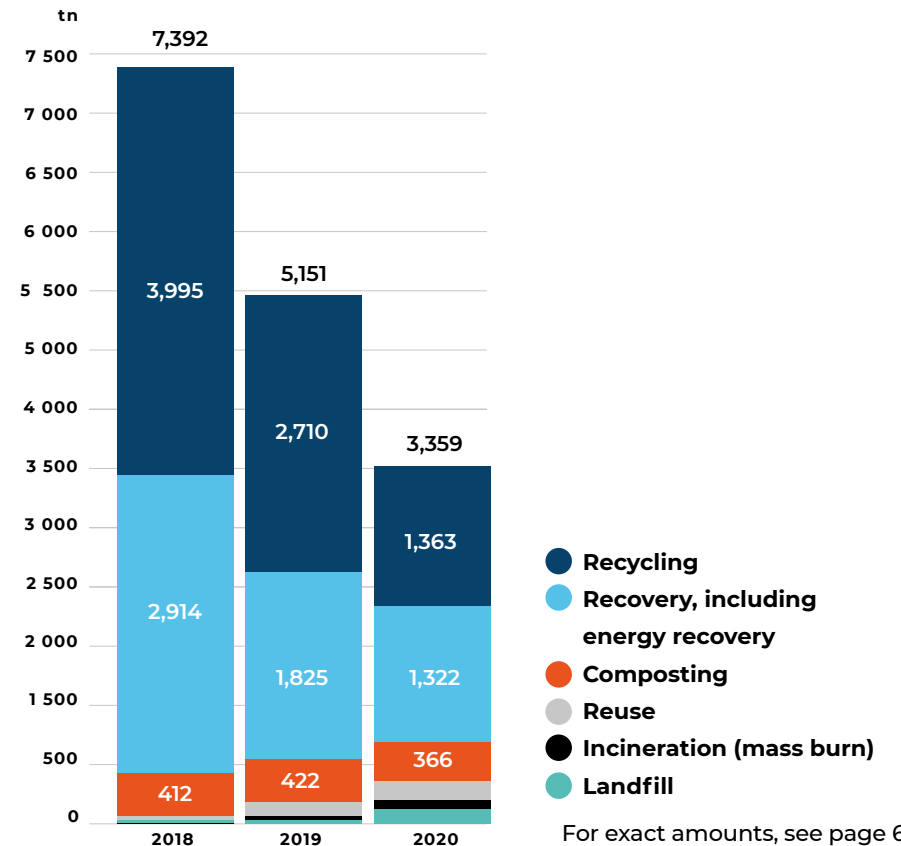


● Hazardous waste ● Non-hazardous waste

WASTE BY TYPE (TN)	2018	2019	2020
Hazardous waste	1,519	1,877	1,291
Non-hazardous waste	7,392	5,151	3,359
Total	8,911	7,028	4,650



NON-HAZARDOUS WASTE BY DISPOSAL METHOD



“ENVIRONMENTAL ISSUES ARE NOT JUST A MATTER FOR MIKA, BUT IT’S TEAMWORK”

Environmental engineer **Mika Pietilä** has lived the everyday life of the car factory for nearly 37 years. During that time, he has been actively involved in the environmental development of the plant.



In 1984, the 27-year-old automotive engineer, who had just graduated, started as a manager on the assembly line of the then Saab-Valmet.

“It was a time when tobacco was still being smoked at workstations and even inside the car. Actually, only metals were being recycled,” Pietilä recalls.

After a few years as a manager, Pietilä first worked in engineering and then

became a project engineer for the Lada Samara.

After the production of Samara, a new role was proposed for Pietilä in the construction of the plant’s environmental management system, as future production agreements required a certified environmental management system. The work was started from scratch in 2000 with the goal of getting it completed within a year.

“At that time, we reviewed all the environmental aspects of the plant from energy consumption to waste and noise and we assessed how to manage it all as a whole. This led us to systematically measure and reduce environmental impacts,” Pietilä explains.

Since the ISO 14001 certification in 2001, environmental issues have been systematically developed within the company. In 2005, the Environmental Institute in Southwest Finland awarded the plant with “a good environmental act” recognition for

its determined work in reducing environmental impact.

A SHARP LOOK AT ENERGY USE

The car plant has been actively working for a long time to improve energy efficiency. Since 1996, the plant has been mapping out energy consumption and potential savings in regular audits. In 2008, an energy group consisting of experts from various departments was set up at the plant to find and present new energy efficiency measures. The greatest savings have been achieved by improving heat recovery in buildings and at different stages of the production process. According to Pietilä, however, there is always room for improvement.

“The plant consumes the same amount of energy as a medium-sized municipality. Therefore, every finding that can reduce the consumption of electricity or heat is of great importance”, Pietilä illustrates.

According to Pietilä, the management

strongly supports the development of energy efficiency. This is reflected, for example, in the fact that the plant is also included in external energy performance agreements. In 2017, the car plant was rewarded with a national energy efficiency award.

ALL EMPLOYEES PLAY A MAJOR ROLE

Pietilä thinks that the biggest challenge in the future is to take sustainability into account in all activities.

“Environmental issues are not just a matter for Mika, but they require teamwork. The active and long-term work of the whole personnel is the basis on which all environmental issues are developed,” Pietilä comments.

Pietilä’s working days at the plant are starting to run low. However, he does not intend to rest on his laurels on his retirement.

“At least my grandchildren keep me busy,” Pietilä promises.

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I STAKEHOLDER ENGAGEMENT

For us as an international service provider for the automotive industry, collaboration and regular engagement with our stakeholders is a key issue. Our key stakeholders are, for example, organizations, companies, groups, or individuals, to whom our activities, products or services have, or may have, positive or negative effects. Recognizing these stakeholders and their perspectives and expectations for our company was a key element in defining Valmet Automotive's sustainability program and targets.

By meeting the expectations and needs of our stakeholders, we can promote our competitiveness, risk management and long-term success.

As our key Stakeholders we have identified;

- Owners and board
- Customers
- Investors and financial institutions
- Personnel
- Material and service Suppliers
- Advocacy groups
- Certification authorities
- Insurance companies
- Educational institutions
- Media
- Local municipalities & authorities

We use different means and channels of interaction with our stakeholders; through open communication we provide, for example, information about ongoing projects, important events, and changes to our stakeholders more widely. Through regular meetings and active dialog, we discuss issues, changes and expectations with representatives of the board, our customers, our suppliers and our staff.

Furthermore, partnerships and collaboration with educational institutions, especially Turku University of Applied Sciences and University of Turku, are one of our strategic focuses. Cooperation with educational institutions and municipalities includes, for example, workshops, training and joint projects.

With respect to sustainability, both our internal and external stakeholders have very similar concerns. The most important stakeholder sustainability themes are the adaptation to change, ensuring of business profitability as well as motivating and treating employees equally.

MEMBERSHIPS IN ASSOCIATIONS AND EXTERNAL INITIATIVES

Valmet Automotive is a member of several

major industrial and relevant international automotive and professional associations. Valmet Automotive was also a member of the battery strategy working group set by the Ministry of Economic Affairs and Labor in Finland. The working group created a national battery strategy and set the foundations for a battery cluster in Finland.

The global automotive industry is strongly committed to decreasing its climate impact and Valmet Automotive also takes part in various sustainability initiatives. We are connected to the Drive Sustainability partnership, which is created by several leading OEMs to improve the social, ethical and environmental performance of the automotive supply chains. As many of our customers are part of this partnership, we participate in their supply chain sustainability assurance.

We want to aim high and challenge ourselves. That's why we participated in the CDP climate change and water risk reporting in 2020, to increase the transparency of our climate-related activities and to compare ourselves with the other players in the automotive industry. Our score was D, and this indicates that we are going in the right direction - but also that there is still work to do to reach the A-list.

THE CAR PLANT AND THE PORT CITY SUPPORT EACH OTHER'S GROWTH

Atso Vainio, the Mayor of Uusikaupunki, sees that the close cooperation between the city and the car plant is well reflected in the cargo flow in the harbor.

"Yes, we live strongly in symbiosis. The car factory is definitely an important part of the city's identity," **Atso Vainio** says in the Teams call, with a background picture of the port restaurants bathing in the summer evening sun.

Vainio has been piloting the city of Uusikaupunki since 2012 and has followed Valmet Automotive's growth up close. Valmet Automotive's car plant is located in the immediate vicinity of one of the oldest ports in Finland. The close cooperation between the city and the plant is reflected, for example, in the fact that the cargo flow in the harbor is optimized for Valmet Automotive's needs.

"I'm sure, many are wondering how it can be profitable to build cars in northern Europe. I see that in addition to the incredible adaptability, Valmet Automotive's top-class logistics expertise and the nearby port play a key role in this," Vainio says.

STRIVING FOR GROWTH

With Valmet Automotive's growth and the

opportunities offered by the battery business, Uusikaupunki has also set out an ambitious strategy. The aim is to increase the population from just over 15 000 to 20 300 by 2030. It is exceptional in a country where the trend of small municipalities and cities is reversed.

"Year 2017 gives us the confidence that it is possible," Vainio said.

In 2017, the personnel of the car plant almost doubled. In the city, it was even visible as occasional congestion, and suddenly dozens of other languages were heard in the streets in addition to Finnish.

"Already in the 60s and the 70s, people from Northern and Eastern Finland moved here in search of work. It is becoming increasingly important to be able to welcome a wide range of people, as there will be competition for immigrants at some point," Vainio ponders.

He points out that when someone nowadays thinks about moving to another locality, in addition to work the quality of life plays an important role in deci-

sion-making. The city of Uusikaupunki recently announced the biggest investment in its history: the construction of a new multi-function building including e.g. a day-care center, a multi-purpose hall and a public swimming pool.

GOOD TRANSPORTATION CONNECTIONS

Vainio doesn't expect the city to grow at the click of the fingers. One significant factor is well-functioning transport connections, such as the development of Finnish national road 8 and the train connection to Turku. The city hopes that passenger traffic will be returned to the newly electrified railway line to Turku. That would mean a short 43-minute journey to one of Finland's largest cities and a reduction in private car use.

Another challenge to be tackled is correcting the gender distribution. At present, Uusikaupunki has half as many men as women aged 20-39. According to Vainio, it has a negative impact on the quality of life of young men.



"Valmet Automotive has continuously worked to ensure that women also apply for jobs at the plant", he praises.

The city and Valmet Automotive also work together in recruitment campaigns. In addition to the jobs at the plant, the city can highlight areas where women are more traditionally employed.

The Mayor points out that Valmet Automotive's social impact goes far beyond the city of Uusikaupunki.

"The plant employs a large number of people who may have been unemployed in their home area. After working here for some time, it may have happened that they have been employed in their original home area thanks to the new job. This has a real added value for society."

IMPLEMENTING THE AMBITIOUS SUPPLIER CODE OF CONDUCT

Valmet Automotive is constructing a supplier portal that will also support managing the novel sustainability requirements.

During 2020, Valmet Automotive's new suppliers have received the new and binding Supplier Code of Conduct which was introduced in late 2019. The next steps for implementing the Code is suppliers' self-assessment queries in order to map potential risks and development points in the supply chain. During 2021, the target is also to kick off internal trainings on the sustainability requirements for the company's procurement specialists.

As Valmet Automotive's suppliers represent a fairly heterogeneous range of companies, a comprehensive risk assessment will be essential for identifying the material development points.

The Supplier Code of Conduct covers all Valmet Automotive's direct procurements including approximately 3000 suppliers. The most significant procurements are services, energy, and investments in production infrastructure such as assembly lines. As a Tier-1 supplier for OEMs, we also make direct procurements of i.e. ve-

hicle components and logistical services. In other projects, vehicle components are procured according to the client's requirements and Code of Conduct.

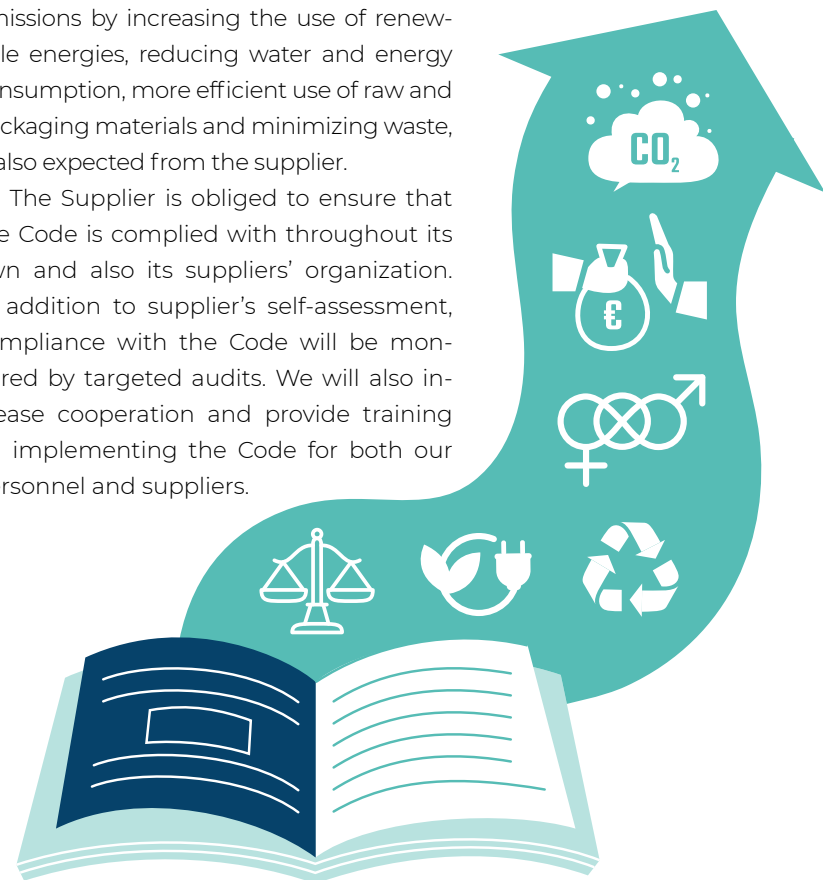
AMBITIOUS REQUIREMENTS FOR SUSTAINABILITY

Valmet Automotive's Supplier Code of Conduct requires suppliers to commit to not allowing or using child or forced labor, creating an environment free from discrimination and harassment, respecting employees' rights to associate and bargain collectively, and anti-corruption, for example.

The supplier shall comply with all applicable laws and regulations. There are specific requirements also for environmental protection, resource efficiency and responsible purchasing of raw materials. The Supplier is obliged to follow OECD Due Diligence guidelines with respect to sourcing, extraction and handling of tantalum, tin, tungsten, gold and cobalt. Striving to reduce CO₂

emissions by increasing the use of renewable energies, reducing water and energy consumption, more efficient use of raw and packaging materials and minimizing waste, is also expected from the supplier.

The Supplier is obliged to ensure that the Code is complied with throughout its own and also its suppliers' organization. In addition to supplier's self-assessment, compliance with the Code will be monitored by targeted audits. We will also increase cooperation and provide training on implementing the Code for both our personnel and suppliers.



DESIGNING THE BUILDING BLOCKS OF THE FUTURE WITH THE UNIVERSITY OF TURKU

Valmet Automotive's strategic cooperation with the University of Turku also offers opportunities for working on future scenarios.

At the beginning of 2020, Valmet Automotive and the University of Turku entered into a strategic cooperation agreement, which includes comprehensive cooperation in education and research. Valmet Automotive needed to develop a sustainability strategy, and this gave rise to a new kind of activity designed to help anticipate - and prepare for - various future outlooks.

"We found that we need outside vision to ensure that our vision for the future is not too narrow. It gave us the idea that this would be a natural addition to our cooperation with the University of Turku," says Jaana Hänninen, Director of Sustainability and Environment at Valmet Automotive.

TOOLS FOR PREPARING FOR THE FUTURE

Looking into the crystal ball is part of the scenario work. The joint workshops model foresight methods using different future scenarios as well as the time span on which they are built piece by piece.

In scenario work, Valmet Automotive is sparred by the Center for Collaborative Research (CCR) of Turku School of Economics. CCR aims to develop cooperation between the university and companies and to increase understanding of the changes that are affecting the world. The workshops, facilitated by university researchers, were attended by representatives from Valmet Automotive's HR, business development, ICT and sustainability departments.

"The goal is to look for business that really changes things and to be involved in creating positive changes for sustainable development," explains **Thomas Westerholm**, director of CCR's Disruption Laboratory.

The scenario workshops found new perspectives on, for example, the development of battery technologies, the availability of strategic raw materials and the transformation of consumer behavior. Consideration of sustainable development is inevitable, as foresight seeks to look broadly at the entire value chain and out-

line what the company itself can influence and which factors affect the company's operations indirectly.

CONTINUOUS ENVIRONMENTAL OBSERVATION

According to Hänninen, the most important contribution of this work for Valmet Automotive has been the opening of new worlds and a jointly developed understanding that the future is anticipated and built in an ongoing process.

"Scenarios are complex developments where different issues are interlinked and therefore need to be prepared together across departmental boundaries. In addition, the silent signals from the environment and society need to be kept under constant review," contemplates Hänninen.

Westerholm sees that scenario work also increases the university's understanding of future needs.

"It's important for us to understand what kind of workforce companies need

the day after tomorrow, i.e. what kind of skills are expected of our students in addition to professional skills," Westerholm says.

From a collaborative perspective, Westerholm describes scenario work as the pearl of the midpoint as part of a collaboration chain with teaching at one end and academic research at the other.

"I would see that in the future we can look at some theme, such as electrification, in a more focused way and train foresight evangelists among the Valmet Automotive's employees, who will be able to utilize foresight tools in different projects," Westerholm anticipates.

GRI & DATA

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ABOUT COLLECTING ENVIRONMENTAL DATA

The CO₂ emission calculations presented in this report are based on the Greenhouse Gas Protocol company standard and guidance.

Emission calculations are divided into two main categories, scope 1 and 2. Scope 1 includes direct emissions from the company's own operations (from sources that are owned or controlled by the company). Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company.

Energy consumption at site includes the use of company cars and consumption of for example light fuel oil and LPG. Lease cars (Salo and Uusikaupunki) are not included.

Purchased Energy includes electricity consumption and district heat consumption (kWh).

1. Salo

The emissions have been calculated from March 2019 on, as the battery plant was launched in Salo.

1.1 Direct Emissions (Scope 1)

Salo plant has no own energy production and therefore no scope 1 emissions to be reported.

1.2 Purchased Energy (Scope 2)

The emission factor source of electricity consumption is Energy Authority Finland. The emission factor of district heat consumption is average emission factor in Finland (Motiva).

2. Uusikaupunki

2.1 Direct Emissions (Scope 1)

Light fuel consumption is reported in liters and LPG consumption in kilograms.

The source of emission factors is Statistics Finland, Fuel Classification.

2.2 Purchased Energy (Scope 2)

District heat consumption is reported in two periods: January-June and July-December. The emission factor of district heat has been calculated by the following distribution from the year 2018 to the end of June 2020: biomass 78 %, peat 18 %, LPG 8 %. Since the beginning of July 2020 district heat has been produced with 100 %

biomass. The emission factors for fuel fractions are from Statistics Finland's fuel classification. The emission factor source of electricity consumption is Energy Authority Finland. For purchased electricity the emission factor is 291 gCO₂/kWh for 2018–2019 and 0 gCO₂/kWh for 2020, LPG (propane) 3,005 kgCO₂/kg, and 2,634 kgCO₂/l. The emission factor for district heat is calculated on the basis of the share of fuels and boiler efficiency (90%).

3. Zary

3.1 Direct Emissions (Scope 1)

Scope 1 emissions include emissions from combustion of fuel in cars owned by Valmet Automotive and gas combustion for heating in a boiler room at the Zary plant. Car use is reported in kilometers per vehicle, and emission factors are car specific (109–119gCO₂/km). The emission factor for natural gas is 0,009 kgCO₂/l.

3.2 Purchased Energy (Scope 2)

Electricity consumption and district heat emission factors used in the calculation are the same as in 2018–2019. Reported source for electricity emission factor is

Energy Authority Poland and for district heat Poland env. Authority. For purchased energy the factor is 765 gCO₂/kWh.

The office sites in Turku and Vantaa in Finland and Osnabrück, Munich and Bad Friedrichshal in Germany are not included in the emission calculation.

Environmental data from Engineering business line (sold in November 2020) has been excluded from the figures of 2020. The data on waste amounts and processing methods was compiled by Valmet Automotive's service provider of waste management.

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DIVERSITY OF PERSONNEL & GOVERNANCE STRUCTURES

GENDER	2018	2019	2020
Office personnel (OP)			
Female	368	379	300
Male	1,066	1,094	683
Employees (EMP.)			
Female	785	792	722
Male	2,585	2,399	2,217
Management			
Female	1	2	1
Male	8	8	9
Board			
Female	0	0	0
Male	6	6	6
All			
Female	1,153	1,170	1,022
Male	3,651	3,494	2,900

AVERAGE AGE	2018	2019	2020
OP	40.77	41.41	41.46
EMP.	35.64	35.69	38.31
All	37.17	37.5	39.10

AGE STRUCTURE	2018	2019	2020
OP			
<20	0.21%	0.07%	0.10%
20–29	16.35%	14.47%	15.26%
30–39	33.81%	32.35%	32.35%
40–49	23.50%	24.68%	25.94%
50–59	21.69%	23.85%	21.67%
60–69	4.45%	4.58%	4.68%
EMP.			
<20	1.81%	1.75%	0.37%
20–29	39.41%	38.58%	29.53%
30–39	24.27%	24.10%	27.70%
40–49	17.18%	17.77%	20.48%
50–59	14.93%	15.45%	18.07%
60–69	2.40%	2.35%	3.84%
All			
<20	1.33%	1.2%	0.31%
20–29	32.52%	31.0%	25.96%
30–39	27.12%	26.7%	28.86%
40–49	19.07%	20.0%	21.85%
50–59	16.94%	18.1%	18.97%
60–69	3.01%	3.1%	4.05%

NATIONALITIES PCS.	2018	2019	2020
OP	32	29	12
EMP.	68	72	69

EMPLOYMENT	2018	2019	2020
Permanent	4,581	4,398	3,835
Temporary	403	266	87

PERSONNEL	2018	2019	2020
Manufacturing BL	3,578	3,305	3,071
EV Systems BL	n/a	180	370
Roof & Kinematic Systems BL	502	489	481
Group total	4,804	4,664	3,922

Status 31.12.2020.

Group-level figures for 2018–2019 include the data from Engineering business line, which was sold in November 2020. Engineering business line's figures have been excluded from the 2020 data.

ENERGY & WASTE

302-1 ENERGY CONSUMPTION WITHIN THE ORGANIZATION		2018	2019	2020
a.	Total fuel consumption within the organization from non-renewable sources/ liters	3,271,830	3,214,737	2,335,680
	Fuel types used	light fuel oil	light fuel oil	light fuel oil
	Produced Energy (GWh)	32.8	32.2	23.4
a.	Total fuel consumption within the organization from non-renewable sources, (in tonnes)		118.2	83
	Produced Energy (MWh) *		1,516	9,048
	Fuel type used		LPG (liquid petroleum gas)	LPG (liquid petroleum gas)
b.	Total fuel consumption within the organization from renewable sources/ Liters	0	0	0
i.	Electricity consumption/ MWh	64,938	71,020	61,288
ii.	Heating consumption/ MWh	88,430	86,427	59,696
e.	Total energy consumption within the organization GWh	186.15	187.59	153.44

306-2 WASTE BY TYPE AND DISPOSAL METHOD, T		2018	2019	2020
a.	Total weight of hazardous waste	1,519	1,877	1,291
b.	Total weight of non-hazardous waste , with a breakdown by the following disposal methods where applicable (in tonnes):	7,392	5,151	3,359
i.	Reuse	45	135	169
ii.	Recycling	3,995	2,710	1,363
iii.	Composting	412	422	366
iv.	Recovery, including energy recovery	2,914	1,825	1,322
v.	Incineration (mass burn)	10	45	59
vii.	Landfill	30	31	126

*The amount of produced energy has been corrected for 2018 & 2019.

Group-level figures for 2018–2019 include the data from Engineering business line, which was sold in November 2020. Engineering business line's figures have been excluded from the 2020 data.

ABOUT THIS REPORT

This is the second sustainability report of Valmet Automotive Group and covers all operations in the group's three business lines and locations in Finland, Poland and Germany. Operations of Engineering business line (sold in November 2020) have been excluded from the figures of 2020.

The report has been compiled in accordance with the GRI Standards' core option. The selected topics are based on material assessment conducted on

group-level with the emphasis on Finland operations. With the assessment and the related stakeholder survey, we identified and prioritized the most relevant economic, social, and environmental sustainability topics.

The previous report was published on September 22, 2020, and we will continue publishing a sustainability report annually. The information in this report has not been assured externally.

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