SUSTAINABILITY REPORT 2024

VALMET AUTOMOTIVE

ABOUT THIS REPORT

Welcome to our 2024 Annual Sustainability Report, which reaffirms our commitment to developing solutions that both reduce carbon emissions and prioritize health and safety. In 2024, we strengthened the independence of our business areas – Vehicle Contract Manufacturing, Roof and Kinematics, and IONCOR battery systems – enabling greater agility and sharpening the focus on our sustainability priorities.

PREPARING FOR NEW REPORTING STANDARDS

This Annual Sustainability Report marks a significant step forward as we align our reporting with the European Sustainability Reporting Standards (ESRS) in preparation for our first mandatory report under the EU Corporate Sustainability Reporting Directive (CSRD). While this report begins our transition to ESRS, it is not yet fully compliant with CSRD requirements and we have not engaged an external assurance provider this year.

We have made meaningful enhancements to our reporting this year, building on our previous alignment with the Global Reporting Initiative (GRI) Sustainability Reporting Standards. This includes the addition of several new disclosure points to align with the ESRS.

SCOPE

The Sustainability Statements of Valmet Automotive are prepared on a consolidated basis. The reporting period and the scope of this report are the same as for our Financial statements (January 1, 2024 – December 31, 2024), except for Scope 3 emissions which cover the period January 1, 2023 – December 31, 2023.

Our 2024 sustainability statement incorporates material impacts, risks and opportunities spanning both our upstream and downstream value chains.

TABLE OF CONTENTS

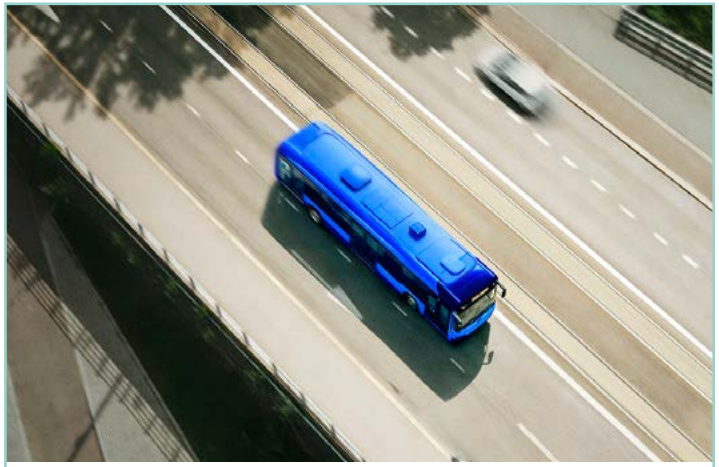
GENERAL DISCLOSURES

ENVIRONMENTAL

SOCIAL

BUSINESS CONDUCT

HIGHLIGHTS 2024



ELECTRIFYING THE GLOBAL ENERGY TRANSITION WITH IONCOR

Electrification is essential to the global energy transition and addressing the climate crisis. This is where **IONCOR** (previously known as EV Systems) comes in. To fully leverage its position and as part of the strategy to strengthen the independence of its business areas, Valmet Automotive appointed new leadership with **Roberts Abele** as CEO and **Ville Jaakonsalo** as CFO of IONCOR in 2024. IONCOR supplies battery systems for the automotive industry, bus and truck sectors and off-highway machinery such as construction, material handling, agriculture, mining and forestry.

BUILDING A PROACTIVE HEALTH AND SAFETY CULTURE

We have made significant investments in fostering a **proactive safety** culture, resulting in outstanding safety performance in all three business areas. Our lost time injury frequency (LTIF) was 3,4 (2023: 6,7) and our total recordable incident frequency (TRIF) was 6,4 (2023: 10,3) showcasing our commitment to health and safety of our employees.

FACING UP TO CHALLENGES

During the year, as a response to declining European automotive industry, lower volumes and order book, all business areas have taken necessary measures to adjust their operations across various locations which included change negotiations. Despite these challenges, our workforce displayed remarkable resilience, commitment, and adaptability in navigating uncertainty. We remain committed to support our employees and strengthening our product and service portfolio as market conditions stabilize.

HIGHLIGHTS 2024

SHIFTING GEARS ON CLIMATE WITH SCIENCE-BASED TARGETS

To future-proof our business, we have elevated our climate ambitions by setting **science-based targets (SBTs)**. Aligning our business with global efforts to combat climate change, our goals include reducing our own emissions (absolute scope 1 and 2) by **90%** and our value chain emissions (absolute scope 3) by **25%** by 2030, against a 2022 baseline. For the 2023 reporting year, Valmet Automotive achieved a B score in the global CDP Climate questionnaire, highlighting commitment to sustainability and proactive efforts in addressing climate challenges.

INVESTING IN GROWTH OPPORTUNITIES

Amid ongoing market uncertainties, we focused on enhancing our position as a manufacturer and provider of solutions that enable the low-carbon transition. We unveiled our **Energy Pack Battery System Concept**, designed with high energy density to meet the evolving demands of sustainable energy solutions. We also expanded our **battery testing capabilities** in Bad Friedrichshall, Germany, reinforcing our commitment to excellence in low carbon technologies.

GENERAL DISCLOSURES

VALMET AUTOMOTIVE – DRIVING TRANSFORMATION

The global imperative to address climate change demands a fundamental transformation of the automotive, manufacturing and off-highway industries. We see this challenge as a significant opportunity.

As a trusted strategic partner for Original Equipment Manufacturers (OEMs), we leverage an extensive history in manufacturing and world-class expertise in the engineering and production of vehicles, batteries and kinematic systems.

We operate across several end markets, including bus and truck, off-highway vehicle and automotive markets. This unique combination positions Valmet Automotive to lead in enabling the transition to sustainable mobility and off-highway solutions.

Our portfolio is designed to address the evolving needs of a rapidly transforming industry and respond to customer needs, such as for electrification. We have established sustainable manufacturing processes that reduce emissions, enhance resource efficiency and promote the circular economy while maintaining uncompromised production efficiency.

CORE BUSINESS AREAS

We provide innovative quality solutions through three business areas: **Vehicle Contract Manufacturing (VCM), Roof & Kinematic Systems (RKS)** and **IONCOR** (previously known as EV Systems).

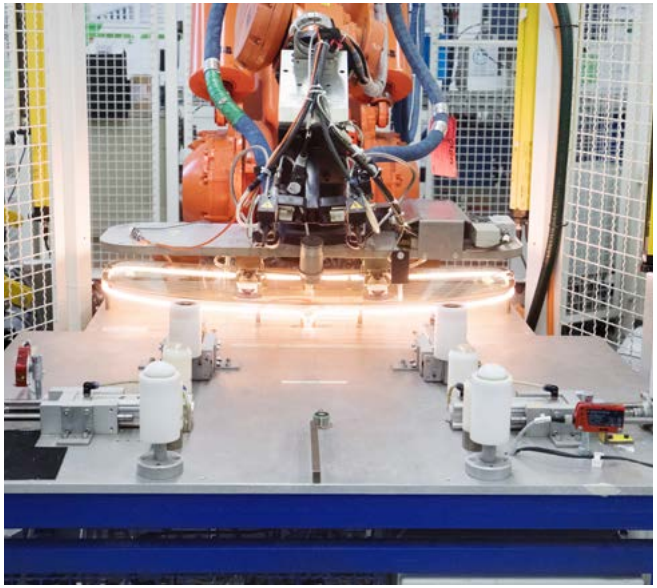
The most significant development of the year related to the implementation of the new strategy and operative model, first introduced in November 2023. The changes were aimed to enhance the autonomy of the business areas while improving their flexibility and efficiency, enabling them to better meet the challenges and new opportunities in the evolving business environment. During the year, all three business areas became increasingly autonomous of each other from a financing, operative and governance perspective. This approach aims to unlock new business opportunities tailored to each business area´s strengths, optimize operational efficiency and increase agility to address challenges and capitalize on dynamic business opportunities.

The Group is formed by the parent company Valmet Automotive Plc. and the six fully owned subsidiaries located in Finland, Germany and Poland. Valmet Automotive has its headquarters in Uusikaupunki, Finland, and it operates 11 facilities across Finland, Germany and Poland. At the end of December 2024, Valmet Automotive employed a total of 3260 people.

THREE BUSINESS AREAS

VEHICLE CONTRACT MANUFACTURING

- Over 50 years of world-class Vehicle Contract Manufacturing experience
- 1.9 million premium quality vehicles delivered on schedule
- Reliable partner for Original Equipment Manufacturing (OEMs)
- Comprehensive manufacturing engineering and vehicle production with customized processes, overseeing the value chain and supply chain management.



ROOF & KINEMATIC SYSTEMS

- Convertible roofs and charging flaps – active electric charging port door systems for convenient charging
- Development and delivery of active spoilers – increase in aerodynamic efficiency
- Driving dynamics for sports and super sports cars

IONCOR: BATTERY SYSTEMS

- Engineering, testing and manufacturing of battery systems
- Original Equipment Manufacturing (OEM) battery products, system supplier and contract manufacturing
- Own modular battery products enable the electrification of a wider range of applications, such as agriculture, forestry, material handling, buses and trucking.

LOCATIONS

FINLAND

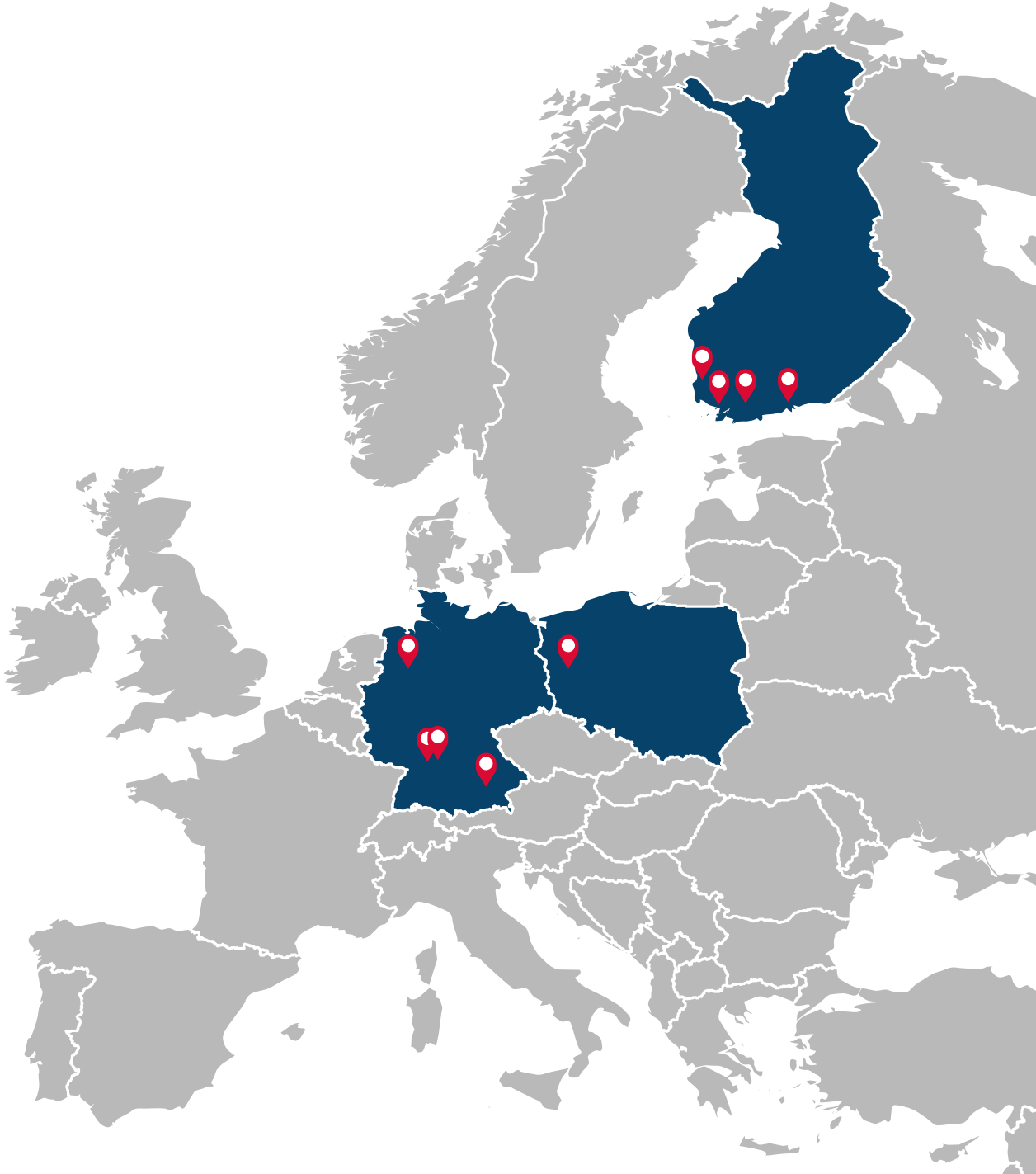
Uusikaupunki – Vehicle Contract Manufacturing and IONCOR battery systems manufacturing
Salo – IONCOR battery systems manufacturing
Turku – IONCOR battery systems product development and Vehicle Contract Manufacturing offices
Vantaa – IONCOR battery systems and Vehicle Contract Manufacturing offices

GERMANY

Bad Friedrichshall and Weihenbronn – IONCOR battery systems product development and testing
Kirchardt – IONCOR battery systems manufacturing
Munich – IONCOR battery systems product development
Osnabrück – Roof & Kinematic Systems product development

POLAND

Zary – Roof & Kinematic Systems manufacturing



A YEAR IN REVIEW

VEHICLE CONTRACT MANUFACTURING

2024 proved to be a challenging year for Vehicle Contract Manufacturing. With evolving market demands and shifts in the business environment, operational expectations were set to become increasingly stringent. This reflected also on our personnel through change negotiations. However, our working community demonstrated resilience, commitment and adaptability in the face of this uncertainty.

Over 10 years of cooperation with Mercedes-Benz continued with two products – the Mercedes-Benz A-Class and the Mercedes-AMG GT 4-Door Coupé – proving that our reputation for manufacturing capacity to deliver efficient, high-quality products for different car models with different special needs remains strong.

FOCUS ON EMPLOYEE COMMITMENT AND FUTURE

As an employer, we place great value on the wellbeing and performance of our employees. We continued our systematic approach to improving workplace culture. A summer party for employees of all Finnish operations and a family day for car plant employees were organized, fostering a sense of community and positive spirit.

To build a future where people and collaboration are at the core of everything we do, we must be ready to overcome any obstacles. We strongly believe that our company can influence its own future and that new and extended business opportunities will take us through any future turmoil as the world changes at pace.

To achieve this, we aim to equip our team with a high level of competence and motivation to think innovatively. Together with our VCM employees, we set up a future survey to think creatively and generate new ideas for our evolving business. Almost 500 employees took part in exploring these future possibilities.

SUSTAINABILITY AND SAFETY IN ACTION

Sustainability is a cornerstone of our operations and attitude. Valmet Automotive launched its first solar power plant in Uusikaupunki, Finland, in 2024. The electricity generated on site is fed into the plant's power grid and used for its production operations. The paint shop at the Uusikaupunki car plant reduced the remaining emissions from our operations by transitioning the energy source of the paint shop ovens from light fuel oil to renewable fuel oil. This has reduced our total carbon footprint in VCM by over 90% in 2024.

We maintained our dedication to high-quality standards and new safety records. By improving safety protocols and preventative safety interventions, we maintained a safe and secure working environment for our employees. The car plant has a leading safety culture, reaching over 300 days without an accident resulting in absence.

Pasi Rannus
CEO & SVP Manufacturing

VEHICLE CONTRACT MANUFACTURING

BUSINESS AND VALUE CHAIN

Our Vehicle Contract Manufacturing (VCM) offers full vehicle assembly, meeting rigorous quality standards and tight production schedules while delivering finished vehicles directly to Original Equipment Manufacturers (OEMs). As a key partner to OEMs, we play a critical role in the automotive value chain. Our assembly solutions bridge the gap between component suppliers and the final distribution of vehicles.

ESSENTIAL INPUTS FOR MANUFACTURING

Inputs include automotive-grade raw materials, components and technologies required for manufacturing, painting, general assembly and end-of-line testing. As a contract manufacturer, we manage production-related materials while OEMs choose product material suppliers. A skilled workforce, cutting-edge technology and robotics, and renewable energy sources ensure operational efficiency and adaptability. We secure these inputs through supplier partnerships and long-term contracts to provide our manufacturing services. Our Supplier Code of Conduct is integral to our responsible procurement processes.

Outputs include assembled vehicles tailored to OEM specifications. We enable customers to meet future market demands while reducing carbon emissions across the value chain through our own emission reduction efforts and targets. These outputs generate reduced time-to-market, improved vehicle performance and alignment with our customers' sustainability commitments.

BROADER VALUE

Beyond direct operational outcomes, our work generates broader benefits such as improved financial performance through operational efficiency, long-term collaboration with industry-leading OEMs, creation of skilled jobs, contribution to local economies and lower environmental impacts through our commitment to sustainable assembly practices, such as recycling and emissions reduction targets.

A YEAR IN REVIEW

ROOF & KINEMATIC SYSTEMS

The past year was marked by dynamic activities and changes in our operations, with some significant milestones reached. Despite an unpredictable market landscape, we remained committed to innovation, operational excellence and sustainability, strengthening our position as a key supplier of advanced roof and kinematic systems.

It was an exciting year that saw multiple successful serial production launches including roofs, active spoilers and charging flap systems. A highlight was the launch of a major roof project at the end of 2024 which will further solidify our expertise in this field.

Fluctuating OEM orders presented a significant challenge, with unexpected shifts in demand resulting in a notable decline in sales. In response, we implemented a range of preventive and corrective measures, working closely with our customers and suppliers to stabilize operations and ensure long-term resilience.

COMMITMENT TO SUSTAINABILITY

Sustainability remains a core priority, and we made significant progress in reducing our environmental footprint. Our locations in Poland and Germany are now fully powered by renewable energy, lowering our emissions in electricity.

We are taking proactive steps to enhance energy self-sufficiency. In 2025, photovoltaic panels installed at our facilities will begin generating our renewable energy. This will reduce our reliance on external energy sources and contribute to the next step of our sustainability strategy.

LOOKING AHEAD

As we navigate a rapidly evolving industry, we will remain focused on delivering high-quality solutions, strengthening partnerships and driving forwards to achieve our sustainability targets.

In line with our strategic growth plans, the expansion of the production plant in Zary, Poland, started on schedule and the first production lines will be ready and preparing for pre-series production of active spoilers and charging flaps for premium OEM customers as early as 2025. This marks a crucial step in increasing our manufacturing capacity to meet the growing demand for premium automotive customers and underscores our broader commitment to meeting the evolving needs of the automotive industry.

These new production lines, strategic investments and our commitment to innovation means we are well-positioned for another year of progress and success.

Remigiusz Grześkowiak
SVP, Roof & Kinematic Systems

ROOF & KINEMATIC SYSTEMS

BUSINESS AND VALUE CHAIN

Our Roof and Kinematics Systems business produces innovative kinematic and convertible roof systems that enhance vehicle design, performance and user experience, supporting OEMs to deliver differentiated and premium products. Our business comprises design and development engineering, where a roof system or kinematic system is developed for a specific car model; supplier tooling whereby we procure the necessary supplier tools for the customer; and the production phase. We play a pivotal role in the value chain, acting as a trusted partner to OEMs positioned between component suppliers and the production of innovative roof systems and kinematic components for vehicles.

KEY INPUTS

Key inputs include specialized materials, precision-engineered components and advanced technologies essential for manufacturing, assembly and rigorous testing processes. Our skilled workforce and strategic partnerships with suppliers ensure a consistent supply of innovative and durable materials to support product design and functionality. These inputs are secured through strong supplier partnerships and long-term agreements, guided by our Supplier Code of Conduct to underline our ethical and sustainable procurement practices.

MANUFACTURING

Outputs include roof and kinematic systems tailored to OEM specifications. These enable customers to deliver enhanced vehicle performance, functionality and alignment with their sustainability goals. Distribution channels are streamlined to ensure efficient delivery and integration of products, while close collaboration with customers helps us to address their evolving requirements. Beyond these direct outcomes, our efforts contribute to broader benefits, including financial performance driven by efficiency, long-term collaborations with global OEMs, creation of skilled employment opportunities, support for local economies and a reduced environmental impact through our commitment to sustainable practices.

A YEAR IN REVIEW

IONCOR

IONCOR is continuing the success and achievements of Valmet Automotive EVS business area in battery systems, and this includes also the processes and targets of EVS operations. Within a few years, IONCOR has become a leading independent European battery system provider for the automotive industry, and one obvious reason is our dedication to sustainability issues.

IONCOR'S STRATEGIC TRANSFORMATION

In September 2024, new leadership and an independent board of directors was appointed as part of IONCOR's governance structure, reinforcing its strategic direction and operational focus. The independence enables us to formulate our strategies and operations, and IONCOR has started a major strategic transformation from a contract manufacturer of battery systems for automotive industry towards an OEM role with our own battery system products. We intend to stay in the automotive industry, seeking also possibilities as a system supplier, but we are expanding to new segments, with the focus on buses and trucks, and off-highway equipment.

EMBEDDING SUSTAINABILITY

This strategic transformation will be reflected in our sustainability actions. With our own products, we prioritize recycling, reuse, and circular economy principles—integrating them from product development and production through to the end of the product lifecycle. We consider both our customers and the environment in products. IONCORs dedication to environment and climate work is evident through our involvement and ambitions in the Science Based Targets initiative.

ENHANCING GOVERNANCE AND SOCIAL ASPECTS

Furthermore, we are focusing on the issues of governance and social aspects in IONCOR. We have received here such a solid foundation from the Valmet Automotive organization. However, the company independence and strategic targets now make it possible but also necessary to review these issues and refine them to suit better to our specific needs. We appreciate that a company is really a group of people – and their well-being is the key to the success of the company.

Roberts Abele
CEO IONCOR

IONCOR

BUSINESS AND VALUE CHAIN

IONCOR is a leading European provider of battery modules and battery packs for electrified vehicles. It supplies battery systems and solutions designed for the bus & truck sectors, off-highway machinery, such as construction, material handling, agriculture, mining and forestry, and automotive industry. IONCOR operates both as a system supplier and a contract manufacturer of battery systems and modules. Its business comprises engineering (e.g., concept, design, prototyping, testing) and manufacturing of battery modules, battery packs and systems for powertrain electrification.

KEY INFLOWS

Key inputs include high-quality battery cells and components essential for manufacturing battery modules and packs. For our own designed modular battery products, we leverage more planning and management of our supply chain. We collaborate with trusted suppliers to secure these materials, ensuring they meet stringent customer requirements. We leverage advanced engineering, skilled workforce and innovative capabilities for our solutions. Through investment in R&D and testing, we drive innovation in product design and process optimization, enhancing upstream efficiency and fostering cutting-edge advancements.

To secure these inputs, IONCOR establishes long-term contracts with trusted suppliers and enforces a robust Supplier Code of Conduct, highlighting adherence to ethical practices, environmental compliance and social responsibility. Strategic collaborations and partnerships across the value chain enable us to achieve sustainability targets – such as advancing waste recycling initiatives – while maintaining compliance with regulatory frameworks, including the EU Batteries Regulation.

SOLUTIONS

Our end-to-end solutions empower customers to meet their own sustainability targets and transition seamlessly to electrified mobility, delivering long-term environmental and financial benefits. We aim to drive financial performance through operational efficiency, a strong focus on innovation and strategic position in electrification. We also look to create skilled jobs, contribute to local economies and reduce carbon emissions across the value chain.

IONCOR´s value chain is built on strong supplier partnerships, streamlined operations and a commitment to delivering high-quality, innovative solutions. This positions us to address the challenges and opportunities presented by the transition to electrification and sustainability, solidifying its role as a key enabler of the mobility transformation.

FIT-FOR-FUTURE SUSTAINABILITY STRATEGY

Our strategic areas of action on sustainability aim to ensure a resilient, profitable business while strengthening integrity, dignity and respect for planetary boundaries. These efforts meet the rigorous requirements of our customer base and also anticipate stricter regulatory standards, ensuring long-term value and environmental responsibility.

ENSURE RESILIENT PROFITABLE BUSINESS

- Provide **reliable and transparent** data
- Commit to **lead the transformation** throughout the organization
- Develop processes and products to **proactively fulfill future demands**
- Engage in collaborations, **partnerships and ecosystems** at global and local level
- Set requirements and implement **Supplier Code of Conduct (SCoC) to our suppliers**

STRENGHTEN INTEGRITY AND DIGNITY

- Bring the **Code of Conduct** alive through our organization
- Ensure **the sustainability maturity level** and strengthen **ethical culture** in the organization

RESPECT PLANETARY BOUNDARIES

- Implementing our **True Green Initiative** to accelerate and lead the Sustainability Strategy
- Attaining Science-based climate targets to reduce own absolute emissions (Scope 1 and 2) by **90%** and our absolute value chain emissions (Scope 3) by **25%** by 2030 from our 2022 baseline.
- Add **environmental values** in decision-making processes
- Utilize **digitalization** opportunities to drive green transformation.
- Develop and utilize **circular economy** and improve efficient use of resources (energy, water, materials)

TRUE GREEN: TURNING STRATEGY INTO ACTION

To put our sustainability strategy and goals into action, we launched a company-wide True Green Initiative in 2022. The Initiative is a program and practical guide which integrates green thinking and actions into organizational culture at all levels. The True Green Initiative consists of six workstreams and a wide range of concrete actions.

Since its launch, the True Green Initiative has already reached several milestones under each workstream.

Moreover, it aims to enhance sustainable practices in manufacturing, increase value chain sustainability, and promote sustainable design of our products, as well as increase the green attitude and sustainability maturity throughout our organization.

The True Green Initiative plays a crucial role in aligning our decision-making processes, reporting mechanisms, and data management practices with emerging regulatory demands.

THE INITIATIVE CONSISTS OF SIX WORKSTREAMS

1 GREEN MANUFACTURING

2 SUSTAINABLE VALUE CHAIN

3 DESIGN FOR ENVIRONMENT

4 DATA MANAGEMENT

5 GREEN ATTITUDE

6 DECISION-MAKING & DISCLOSURE

SUSTAINABILITY GOVERNANCE

Robust sustainability governance enables us to meet our ambitious sustainability goals while addressing stakeholder needs across the value chain.

BOARD OF DIRECTORS

ROLE

The Board of Directors (the Board) oversees the strategic direction of the company's sustainability initiatives and plays an important role in driving long-term value creation. As part of this responsibility, the Board evaluates sustainability-related impacts and risks to ensure alignment with key long-term strategies and objectives, including the societal transition toward low-carbon vehicles.

The Board oversees the implementation of the company's sustainability and climate-related strategy, encompassing action plans, targets, material issues, investments and performance metrics, ensuring that sustainability remains integral to the company's overall vision and operations. The Board reviews sustainability-related risks as part of the mainstream risk management process, in addition to an annual sustainability-focused meeting.

In 2024, an independent Board of Directors was appointed as part of IONCOR's governance structure, reinforcing its strategic direction and operational focus.

REPORTING & FREQUENCY

Given the deep integration of sustainability into our corporate strategy to support the transition to electric mobility, sustainability and climate-related aspects are consistently incorporated into discussions at all Board meetings. The CEO regularly reports to the Board based on Group Management Office discussions, ensuring clear lines of accountability and oversight.

The Board has established an annual dedicated meeting focused specifically on sustainability. During this session, the Board reviews the company's sustainability performance, progress toward key targets and potential trade-offs.

During the 2024 financial year, the Board and its Committees (Audit, and People and Culture Committee) discussed topics such as:

- Science-based climate targets
- Regulatory developments related to sustainability, including the EU Corporate Sustainability Reporting Directive (CSRD)
- EU CSRD reporting project updates
- Double materiality assessment process and 2023 results
- Employee Survey results
- Corporate Governance Policy Review
- HR Key Performance Indicators (KPIs)
- Compensation Policy and Structure Review
- Whistleblowing Channel review

TERMS OF REFERENCE

The Corporate Governance and Authorization Policy defines the duties of the Board, Group Management Office, Audit Committee, as well as People and Culture Committee.

Valmet Automotive´s Shareholders' Nomination Board, comprising shareholder representatives and the Chair of the Board, prepares proposals concerning the composition and remuneration of the Board annually. The Nomination Board considers business needs, diversity principles, independence and stakeholders when performing its tasks. As the transition to the low carbon economy is a critical manufacturing trend, knowledge of sustainability issues is considered as part of the Board nomination process.

SKILLS AND EXPERTISE

A drive for innovation and an uncompromising focus on customers and quality characterize our Group and Business Area Management and Board. The different backgrounds and sectors of members – from climate data to value chain management – enable us to leverage a diverse and skilled leadership team to oversee Valmet Automotive's material impacts, risks and opportunities.

They are equipped with extensive knowledge in areas such as corporate governance, compliance and risk management, supported by years of experience in managing complex manufacturing environments. They stay updated on regulatory developments and industry best practices.

Two dedicated sub-committees of the Board are responsible for detailed oversight of sustainability initiatives and regulatory compliance.

AUDIT COMMITTEE

The Audit Committee´s role includes ensuring accountability and transparency in sustainability reporting and strategy execution. It is responsible for reviewing, instructing and evaluating matters related to financial reporting, funding, internal control, internal audit, risk management, audit and compliance with laws and regulations. This includes monitoring progress towards the Corporate Sustainability Reporting Directive (CSRD) and EU Green Taxonomy. The Audit Committee meets approximately quarterly, and meetings include an update to monitor progress on sustainability reporting and compliance towards EU CSRD.

PEOPLE AND CULTURE COMMITTEE

The Board established the People and Culture Committee to assist in its duties pertaining to the appointment and remuneration of the CEO and top management, as well as people and organizational culture strategies. The People and Culture Committee meets bi-monthly and discusses developments in human resources and organizational culture.

BOARD OF DIRECTORS

Kari Heinistö
Chair of the Board

Mr. Kari Heinistö was elected to Valmet Automotive Board of Directors in 2018 and took over as Chair in 2024. Heinistö works as a Partner at the consultancy company Aventum Partners since 2010. Previously, Heinistö has occupied top management roles at Cargotec, Kone Materials Handling Unit and at Partek. Heinistö is committed to other positions of trust as well, that include Grano Group, BMH Technology, Finnish cultural institute in Sweden, the Swedish-Finnish Cultural Centre Hanasaari in Finland and the Foundation of Scouts and Guides of Finland. Mr. Heinistö is also the Chair of the Board's Audit Committee.

Jarkko Sairanen
Member of the Board

Mr. Jarkko Sairanen joined Valmet Automotive Board of Directors in 2010 and has acted as the Chair of the Board between 2014 and 2024. Sairanen has more than 30 years of international experience in leading and shaping high tech as well as professional services companies. He has a strong acumen in building new business, transforming old ones as well as creating high performing teams. During his career, he has lived several years abroad in Germany, France and the United States. Sairanen earned his MBA from INSEAD in France and M.Sc. from Helsinki University of Technology. Mr. Sairanen is a member of the Board's Audit Committee and the Chair of the People and Culture Committee.

Philip-Christian Eller
Member of the Board

Mr. Philip-Christian Eller joined Valmet Automotive Board of Directors in 2018. Eller started his professional career in 1988 at PriceWaterhouseCoopers in process consulting, followed by years at GM Europe in Rüsselsheim. In 2001, Eller changed over to BMW and occupied several top management positions within BMW Group where he has mainly been responsible for production management, logistics and global purchasing operations. Eller has completed an MBA degree in finance, logistics and operations research, and is fluent in Mandarin Chinese. Mr. Eller is a member of the Board's People and Culture Committee.

Sven Ennerst
Member of the Board

Mr. Sven Ennerst was elected to Valmet Automotive Board of Directors in 2022. He has a degree in mechanical engineering from the Darmstadt Technical University, after which he pursued an international management career of over 30 years at Daimler especially linked to commercial vehicles and operations in Asia. As a former management board member of Daimler Trucks, he has been responsible for Global Product Engineering, Global Procurement and for Daimler Trucks business in China. He has a broad experience in automotive business and innovation management as well as regarding CO_2neutral technologies.

Timo Kokkila
Member of the Board

Mr. Timo Kokkila has been a member of the Valmet Automotive Board of Directors since 2016, and he is the CEO of Pontos Oy. Kokkila is an experienced investment professional with several years of experience in different boards of directors. Kokkila's other positions of trust include his board membership at retail banking company eQ Oyj. Mr. Kokkila is a member of the Board's Audit Committee and the People and Culture Committee.

MANAGEMENT

ROLE

The Group and Business Area Management drive strategic direction and operational execution by embedding sustainability across all business functions and ensuring accountability within the organization. Members oversee the implementation of sustainability policies, actions and targets across our operations, including key areas such as reducing carbon emissions in production and health and safety developments.

Trade-offs are explicitly considered when relevant, for example, balancing investments with long-term sustainability commitments. An example is the decision to substitute light fuel oil with renewable fuel oil at our Uusikaupunki Vehicle Manufacturing (VCM) plant which is expected to reduce the total carbon footprint of VCM operations by at least 90% in 2024.

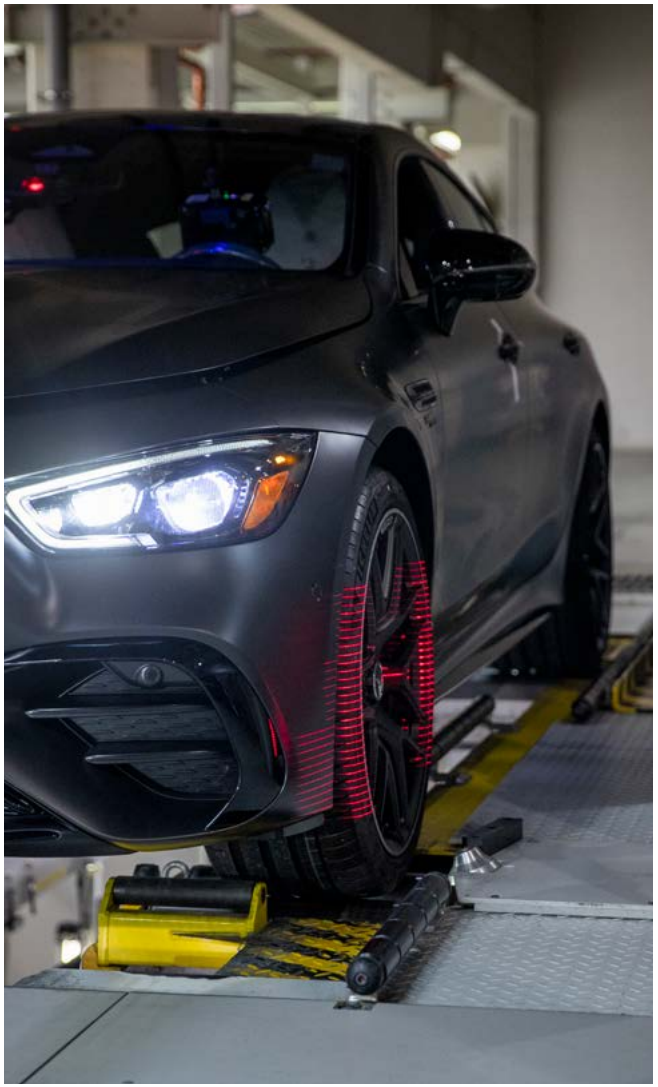
An integrated approach enables the company to proactively address sustainability-related challenges while maximizing opportunities for growth and resilience.

REPORTING & FREQUENCY

Progress is monitored through updates on sustainability-related KPIs, including Health and Safety, CO_2 emissions and energy consumption KPIs across every business area. Relevant sustainability-related aspects are raised by the Sustainability Specialists to be discussed at management meetings, such as regulatory compliance and requirements for EU Taxonomy and CSRD.

During the 2024 financial year, Group and Business Area Management discussions included topics such as:

- Health and safety review
- Science-based climate targets
- Information security review
- Environmental review
- Double materiality assessment results
- Continuous improvements



SUSTAINABILITY GOALS AND TARGETS

Group long-term targets are derived from the sustainability strategy. These targets typically span over five to seven years and are periodically reviewed to ensure they remain relevant amidst significant business changes. The most recent review was conducted in 2023.

The Board oversees the setting of sustainability targets and monitors of progress towards them annually. The Board approves long-term sustainability goals, such as Science-based climate targets, while the Sustainability Steering Group reviews short-term targets and key performance indicators (KPIs) annually. Key performance metrics are benchmarked annually against short- and long-term strategic targets and shared transparently with stakeholders through our annual sustainability report.

The Group and Business Area Management plays a key role in validating targets. To ensure alignment with the overarching strategy and current business realities, annual targets are defined. A Balanced Scorecard framework is employed to ensure targets are aligned with the strategy and with the organization's five core commitments.

Once validated, targets are cascaded across relevant business areas and departments. In some cases, targets are linked to individual performance metrics and bonuses to enhance accountability. Progress towards targets is monitored by the Group and Business Area Management on quarterly or annually, depending on the specific subject matter. This ensures consistent oversight and alignment with the organization's sustainability vision.

OUR 2027 SUSTAINABILITY GOALS

ZERO EMISSION COMPANY
Reducing GHG emissions in alignment with science-based targets

POSITIVE CLIMATE IMPACT
Actively avoid CO_2

EFFICIENT IN ELECTRICITY CONSUMPTION
Improving electric efficiency and using renewable energy

CONTRIBUTOR TO CIRCULAR ECONOMY
Efficient resource use and processes

RESPONSIBLE SOURCING
Identifying and managing sustainability across the value chain

CULTIVATE GREEN ATTITUDE
Engaging employees on sustainability

IMPROVE THE GLOBAL CDP SCORING
Transparent climate disclosure

GREEN INVESTMENT TARGET
Consistent with market requirements

GROUP AND BUSINESS AREA MANAGEMENT

Pasi Rannus
CEO
SVP Manufacturing

Pasi Rannus was appointed CEO of Valmet Automotive in November 2023 when the company decided to strengthen the autonomy of its business areas both in strategy and the operative model. Rannus continues to head the Vehicle Contract Manufacturing business area in the position he has occupied since 2018. His career within the automotive industry has lasted for 25 years, during which he has excelled in manufacturing engineering and process development, which present Valmet Automotive core know-how in manufacturing. During his career, he has been relocated for several years both to Germany and the United States managing the intercompany relationships with the customers and developing supplier chain activities. In the United States, Rannus established a subsidiary for Valmet Automotive. Rannus has a degree in engineering and an MBA from the University of Turku.

Remigiusz Grześkowiak
SVP Roof &
Kinematic Systems

Remigiusz Grześkowiak has been working for Valmet Automotive since 2012, starting as a plant manager at the Zary plant manufacturing roof systems and kinematic systems for the automotive industry. In 2018, he was put in charge of the entire Roof & Kinematic Systems business area that has operations both in Poland and in Germany. Before joining Valmet Automotive, Grześkowiak occupied several process development and product and process quality related positions at Dr Schneider Automotive in Poland for over ten years. Grześkowiak has studied industrial engineering and electronics both in Poland and Germany.

Roberts Abele
CEO IONCOR

Roberts Abele joined as the CEO for IONCOR from Vitesco Technologies, where he held the position of Senior Vice President and General Manager of Global Powertrain Controls based in the USA. Roberts has 30 years of experience with leading global automotive suppliers. He has a proven track record of growing a multibillion-dollar business globally in a highly technical and competitive market. He is also well known for empowering employees and his commitment to corporate success.

Juha Torniainen
CFO

Juha Torniainen joined Valmet Automotive as Chief Financial Officer in June 2018. He retired in February 2023 and rejoined the company again as interim CFO in January 2024. His key work areas in the company are related to financial performance management improvement, cash generation and funding for future growth. Torniainen has 25+ years of experience in finance and general management, mostly in global manufacturing companies within the automotive and electronics industries. Previously, he was the Chief Financial Officer at PKC Group Oyj. Juha Torniainen has a degree in finance from the Helsinki School of Economics.

Juhani Pitkänen
SVP Legal

Juhani Pitkänen was appointed as Senior Vice President, Legal, effective November 2024. Juhani brings extensive experience as an in-house counsel across both traditional industries and the technology sector. He joins Valmet Automotive from Iceye, a Finnish space technology growth company. Prior to that, he held a similar position at Metsä Group. Pitkänen started his career as an attorney and has worked in Finland, Sweden and short periods also in the United States. He specializes in corporate governance, capital markets and general contract law. He earned his L.L.M degree from the University of Helsinki in 2000.

Eija Telén
Vice President
Group Finance

Eija Telén joined Group Management in 2024. She has been with Valmet Automotive since 2009 in various finance positions and currently oversees group reporting processes and systems, internal controls and transfer pricing. Her responsibilities also include the preparation of Group's annual financial statements and integration of upcoming CSRD requirements. Telén has extensive international experience in the automotive industry, including management positions in Internal Audit and Treasury at General Motors in Detroit and New York, as well as Treasury and Sales Controlling positions at Adam Opel in Germany. She holds master's degrees from the Turku School of Economics and Walsh College in Michigan.

SUSTAINABILITY STEERING GROUP

ROLE

The Sustainability Steering Group consists of representatives from the Group (CEO, legal counsel, group finance and sustainability) and from all business areas (head of business area and head of business area finance). The Steering Group is tasked with developing and advising the Board and the Group Management on sustainability strategy, policy, processes, trends, risks and guidance. Additionally, the Steering Group oversees the materiality and stakeholder assessments which are communicated to the Board and Group Management.

REPORTING & FREQUENCY

Sustainability and Environment staff report relevant sustainability-related aspects, including changes in materiality, during the quarterly Steering Group meeting.

During the 2024 financial year, Steering Group discussions included topics such as:

- Science-based climate targets
- Relevant regulatory developments related to sustainability, including the EU CSRD
- EU CSRD project progress
- Double materiality assessment results
- Updates to Group policies
- EU Taxonomy

BOARD OF DIRECTORS, COMMITTEE AND MANAGEMENT COMPOSITION

	Board of Directors	Audit Committee	People and Culture Committee	Group Management Office	Sustainability Steering Group
Executive	0	0	1	1	2
Non-executive	5	3	4	3	8
Representation of employees and other workers	0	0	0	0	0
Male	5	3	4	3	8
Female	0	0	1	1	2
Gender diversity ratio	0%	0%	20%	25%	20%
Independent board members	80%				

CONTROLS AND PROCEDURES

Our Board and the CEO are responsible for Valmet Automotive´s governance. An internal auditing system for sustainability and its governance is a part of the VA Operating System.

Dedicated controls and procedures for managing impacts, risks and opportunities are integrated into our overall governance framework.

The role of a management system is to harmonize common processes and working methods internally, enhance transparency within the company, and communicate to all stakeholders how the company is organized and operated. Its purpose also includes ensuring compliance with relevant standards, customer expectations and authority requirements.

To ensure the robust implementation and management of sustainability issues at a strategic and operational level, we utilize external certification programs such as ISO 14001.

BUSINESS AREA	EXTERNAL CERTIFICATIONS	
Organization-wide	ISO 27001	Information Security
Vehicle Contract Manufacturing (VCM) production sites	IATF 16949 ISO 14001 ISO 45001	Quality Management Environmental Management Occupational Health & Safety Management
Roof and Kinematic Systems (RKS) production sites	IATF 16949 ISO 9001 ISO 14001 ISO 45001	Quality Management Quality Management Environmental Management Occupational Health & Safety Management
IONCOR battery systems production sites	IATF 16949 ISO 9001 ISO 14001 ISO 45001	Quality Management Quality Management Environmental Management Occupational Health & Safety Management

** Certifications are in progress in some locations (Kirchardt).*

PRINCIPLES FOR CORPORATE CULTURE AND ETHICAL GUIDELINES

Our Codes and Policies serve as a foundation for compliance with relevant laws, regulations and responsible business practices and for effectively mitigating risks.

Aligned with industry standards, regulatory requirements and our core values, the guidelines contained within these Codes and Policies are developed with input from key stakeholders including employees, management and experts in areas such as health and safety and legal compliance. They are approved by the Board and implementation is overseen by the CEO and Management Team.

The Board and the Management Team Office also oversee the implementation of the Code of Conduct and ensure alignment with the organization's core values. Their role involves setting expectations for ethical behavior, monitoring adherence to compliance programs and addressing any violations through established mechanisms.

To promote awareness and adherence, we ensure that our Codes and Policies are easily accessible to employees, business partners and suppliers through various communication channels, corporate publications and tailored training programs.

CODE OF CONDUCT

Defines the principles and standards that guide our employees in conducting business with integrity, responsibility and respect. Topics covered include human rights and working conditions, responsible business conduct, respecting planetary boundaries, relations with business partners, compliance with the code of conduct and the whistleblowing channel. **Access the Code here**.

SUPPLIER CODE OF CONDUCT

Sets clear expectations for ethical, environmental and social standards across our supply chain. This code covers compliance with labor laws, human rights, workplace safety, environmental responsibility and business integrity. Suppliers must uphold fair labor practices, reduce their environmental impacts, provide a healthy and safe workplace and prevent corruption. **Access the Code here**.

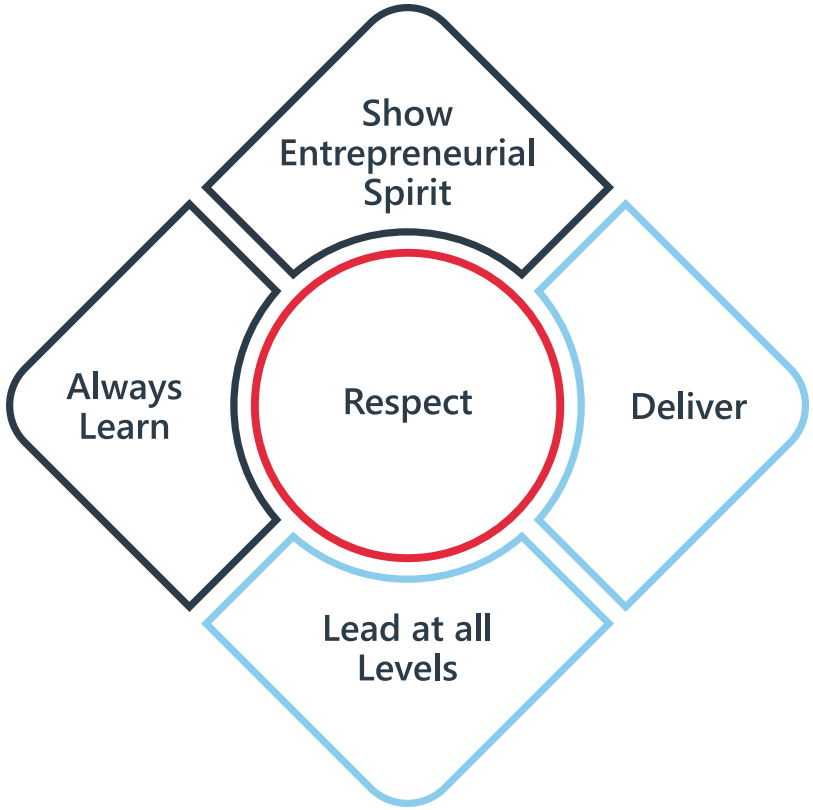
POLICIES

Our company policies establish clear guidelines for ethical business conduct, compliance, sustainability and corporate responsibility. They cover key areas such as health and safety, human resource, quality, integrity and compliance, information security, sustainability policy, grievance and others.

5 COMMITMENTS SHAPING OUR CORPORATE CULTURE

Our corporate culture is built on the five Commitments: Always Learn, Show Entrepreneurial Spirit, Deliver, Lead at All Levels and Respect. These commitments serve as guiding benchmarks for every employee and shape the company's values. At the core is a commitment to respect our own work and our colleagues, customers, partners and stakeholders.

We emphasize the need for continuous learning and we acknowledge that we are never too busy or too good not to learn and improve. Our entrepreneurial spirit is characterized by innovation, clear strategic discipline and a dedication to achieving Valmet Automotive's ambitious sustainability targets. The commitment to deliver excellence underscores a global best-in-class approach, meaning that we want to be the best in everything we develop, manufacture, plan, test and offer. Leadership at all levels is emphasized as a personal responsibility, contributing to decision-making, risk management and a strong safety culture.



REINFORCING RESILIENCE IN A CHANGING OPERATING ENVIRONMENT

Sustainability risks are integrated into our mainstream risk management to ensure strategic focus. Risk management is guided by our Risk Management Policy, which is reviewed annually by the Board of Directors. The primary objective is to identify, assess, monitor and mitigate significant external and internal risks that could impact our strategy and hinder the achievement of our company's objectives.

Sustainability-related risks are integrated into mainstream risk processes to support us in navigating operational and strategic risks. These include sustainability and climate risks, which are evaluated alongside strategic, operational and financial risks based on their severity, likelihood and level of control. Risk reviews and reporting are conducted on a quarterly, half-yearly and annually, depending on the risk characteristics and organizational level. The outcomes of our double materiality assessment also inform our risk management and assessments.

Given the broad scope and complexity of sustainability-related risks, we continuously refine our risk management approach. We systematically integrate sustainability considerations and harmonize processes across business areas through capacity building and targeted focus.

Looking ahead, access to reliable, high-quality and transparent sustainability data across our value chain will play a crucial role. This information will enhance decision-making and help mitigate risks related to reputational damage, non-compliance with commitments, inefficient resource use and restrictions on operating licenses.

MITIGATION OF IDENTIFIED RISKS

RISK	EXPLANATION	MITIGATION
PROCUREMENT RISKS	· Component shortages due to geopolitical instability, energy crises, inflation	· Supply chain management system development
SUSTAINABILITY CHALLENGES IN VALUE CHAIN	· Risks related to material sourcing, labor practices, human rights, and environmental impact in the automotive and e-mobility sectors	· All new suppliers sign the Supplier Code of Conduct · Requesting sustainability information from suppliers · Building more established due diligence practices · Supplier self-assessment questionnaire (SAQ)
REGULATORY COMPLIANCE CHALLENGES	· Risk of non-compliance with upcoming regulatory changes · Additional costs and higher investments · Risk of reputational harm, lost opportunities, or penalties · Challenges in managing sustainability aspects throughout the supply chain due to data quantity and quality issues	· Systematic sustainability risk processes · Collaboration across departments and with key partners · Reporting and collaboration throughout the value chain · Align business objectives and expertise with developing regulatory landscape · Building robust data management processes
CLIMATE-RELATED RISKS	· Acute physical climate-related risks, affecting manufacturing facilities and global value chain logistics, resulting in raw material or components bottlenecks. · Chronic physical climate-related risks impacting material availability and increasing prices · Rising volatility and uncertainty of energy costs potentially affecting planned timelines for lower-emission energy projects	· Working towards zero emissions aligned with the Science-Based Targets Initiative · Monitoring and managing environmental performance through quarterly KPIs · Certifying and annually auditing with ISO 14001 · Implementing the True Green Initiative action plan
WORKFORCE RISKS	· Secure employment · Health and safety	· Competitive salaries · Employee well-being · Equality · Training and skills development · Effective reporting and action follow-up · Defined and transparent processes · Employee engagement
PRODUCTION RISKS	· Safety risks in battery development and production	· Ensuring robust safety and product development practices · External certifications such as IATF 16949:2016 · Enforcing product and producer liability for product safety and environmental protection

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

Our risk management and internal control processes for sustainability reporting aim to ensure accuracy, reliability and completeness of disclosed information. Sustainability reporting is centrally managed by the Group Finance, in collaboration with a dedicated Sustainability Working Group. Oversight is provided by the Audit Committee and the Sustainability Steering Group to ensure timely compliance and management of risks related to reporting requirements.

A control framework for sustainability reporting is currently being developed and implemented to proactively identify and address risks. Risks are assessed and prioritized by the Sustainability Working Group using a standardized risk process and scoring system. These insights are communicated to the organization's mainstream risk management functions to ensure alignment and effective mitigation strategies. Key risks – such as ensuring the accuracy of information, meeting reporting deadlines and complying with rapidly evolving standards – are mitigated through reporting processes and external reviews and support. These include leveraging expertise and capabilities across business areas, ensuring data transparency and checks, and establishing new processes and workflows to address the evolving reporting requirements.

INTERESTS AND VIEW OF STAKEHOLDERS

Effective stakeholder management is crucial to our sustainability, operational efficiency and market competitiveness. Our company actively engages with key stakeholders including customers, suppliers, employees, regulatory bodies, local communities and others as outlined in the table below.

Engagement occurs through regular meetings, surveys and industry forums, ensuring continuous dialogue and alignment with industry standards. The outcomes of engagements influence product development, sustainability initiatives and operational improvements, reinforcing our commitment to responsible business practices.

KEY STAKEHOLDERS AND METHODS OF ENGAGEMENT

STAKEHOLDER GROUP	EXPECTATIONS	BINDING OBLIGATIONS	INTERACTION CHANNELS
EMPLOYEES	Orientation to work, competence, training, personal and career development, ensuring equal and fair treatment at workplace	Providing health care, ensuring and developing work safety requirements, ensuring employees' equal treatment, non-discrimination policies	Training, internal newsletters, intranet, management meetings, face-to-face discussions, successor planning, competence mapping, performance, review, quality inspections, safety walks, online surveys, compliance channel, mobiles application and infoscreens
CUSTOMERS	Creating added value, fulfilling contractual requirements	Certified Management systems; operational performance; compliance with customer-specific requirements; customer audits	Customer feedback, meetings, workshops, audits, collaborative projects, CDP- and other ESG-reporting
FINANCIAL INSTITUTIONS	Sustainable growth and profit, risk management	Reporting, compliance with contracts	Reporting (sustainability, financial, project related), meetings
OWNERS AND BOARD OF DIRECTORS	Reputation, profit, and sustainable growth, risk management, good governance	Reporting, compliance with reporting, ensuring business profitability, risk management and sustainability policies	Sustainability and financial reports, Board and Committee meetings
MUNICIPALITIES, SOCIETY AND AUTHORITIES	Collaboration to ensure the continuation of operation, license to operate, direct and indirect taxes, investments; safe, ethical and environmentally aware operation	Compliance with all regulations and requirements of the officials, common rehearsals, fulfilling environmental permits and other legal requirements (e.g. construction permits, town planning requirements)	Collaboration projects, meetings, business forums, local collaboration, annual performance reports, authority inspections
SUPPLIERS	Co-operation as defined in contracts and forecasts, proper solvency, long-term agreements, risk management	Supplier Code of Conduct, contracts	Communication through contact persons, collaborative projects, supplier audits

STAKEHOLDER GROUP	EXPECTATIONS	BINDING OBLIGATIONS	INTERACTION CHANNELS
ADVOCACY GROUPS* LABOR MARKET / UNIONS	Ethical and employee-focused business, reliable and interactive dialogue	Working according to the set common guidelines, collective agreements, Act on co-operation within Undertakings	Employee steward and management communication, regular meetings
CERTIFICATION AUTHORITIES	Continuous development, processed way of working	Meeting the criteria set by standards and fullfilling other requirements	Regular audits, meetings
INSURANCE COMPANIES	Create a safe and secure workplace, risk management, workforce training	Insurance agreements	Meetings and audits
EDUCATIONAL INSTITUTIONS	Co-operation as defined in contracts and forecasts, thesis and educational collaborations	Contractual actions	Workshops, training, thesis work, partnership programs, collaboration forums
MEDIA	Transparent, fast, punctual, reliable communication (proactive as well as reactive)	Communication processes, designated responsible persons available	Media meetings, interviews, press releases, internet pages, social media channels, annual reports

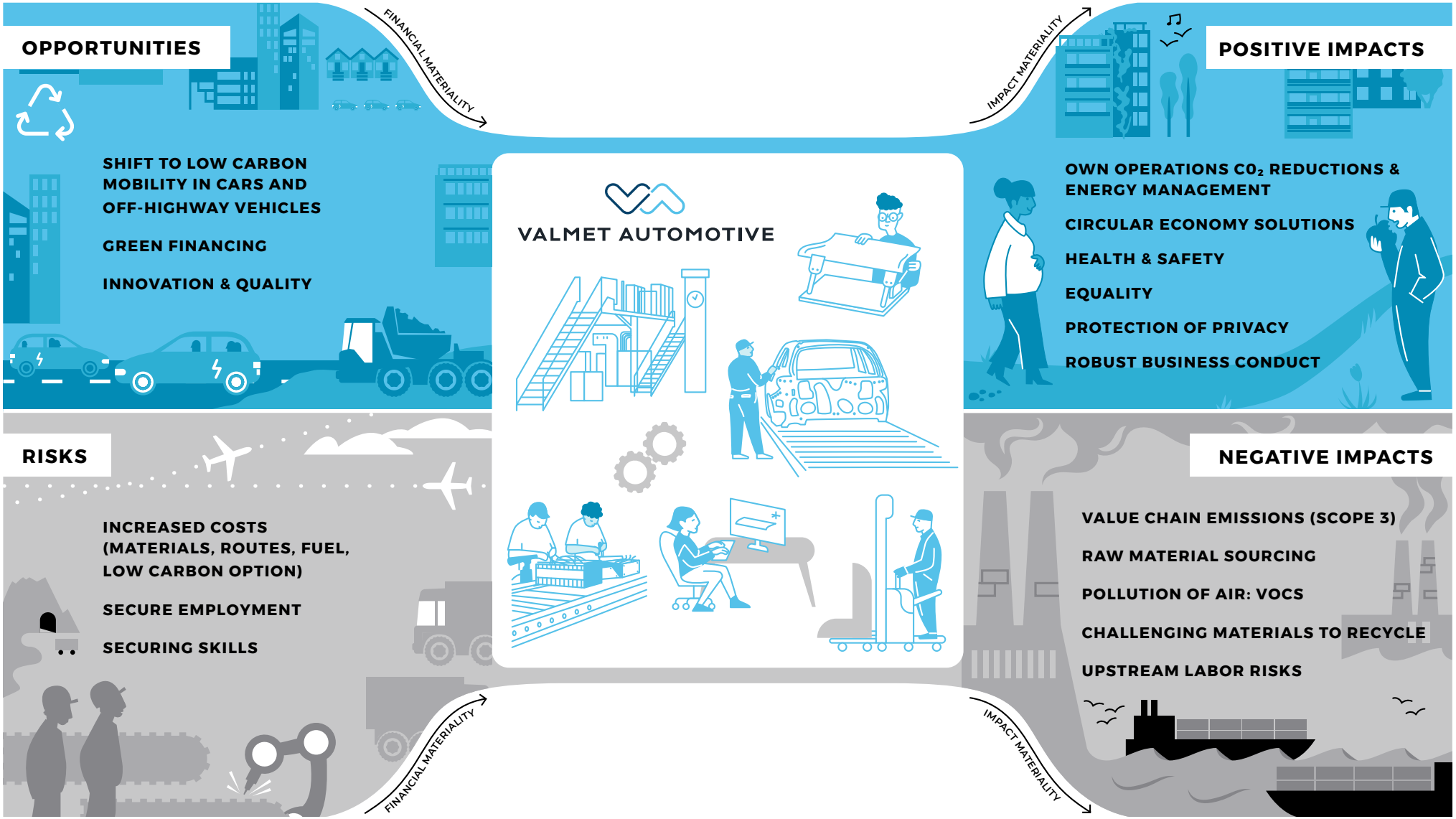
IDENTIFYING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

We operate in a dynamic environment where responding to sustainability-related impacts, risks and opportunities is critical to our long-term success. Our double materiality assessment process is designed to align with the 2023 European Sustainability Reporting Standards (ESRS) to help systematically identify, assess, prioritize and monitor actual and potential sustainability issues that are material to both our business and stakeholders. The content of this annual sustainability report is aligned to reflect our 2024 double materiality assessment results.

DOUBLE MATERIALITY ASSESSMENT PROCESS

STEPS	CONTENT
Defining and understanding the context	· **Double materiality principle:** Impact materiality evaluates the actual and potential effects of our operations on people and the environment. Financial materiality assesses how sustainability-related factors impact financial performance, including associated risks and opportunities. · **Scope:** Covers all three business areas and their respective value chains, including both upstream and downstream aspects. · **Stakeholders:** mapping key stakeholder views to align materiality assessment with expectations and industry developments.
Identifying topics and scoring system	· **Key frameworks & industry standards:** ESRS topical list, peer reviews, sector-relevant topics e.g. SASB (car components & automotive sector), GRI, due diligence process and other frameworks. · **Scoring system:** Impact scoring (1–5) evaluates scale, scope, severity, and likelihood, using company-specific scoring descriptions. Risk & Opportunity scoring (1–5): Assesses magnitude and likelihood, with defined financial figures for categories.
Assessing impact, risks and opportunities	· **Internal data sources:** safety data, emissions tracking, workforce diversity, employee surveys etc. · **External data sources:** Industry benchmarks, ESG ratings, Life Cycle Assessments (LCA), Critical Raw Material Reports, and academic research. · **Regulatory guidelines:** CSRD, ESRS, EU Taxonomy. · **Workshops and expert consultation:** Cross-functional workshops with internal experts from risk, health & safety (H&S), HR, sustainability, purchasing, finance, and operations to ensure robust evaluation and scoring.
Prioritizing, consolidating and validating material issues	· **Defining thresholds:** Financial and sustainability experts reviewing financial significance and ensuring impact thresholds capture relevant topics to show a fair presentation of issues. · **Validating:** results checked with internal subject experts and process reviewed by external experts.
Reporting and disclosure	· **Internal:** To relevant business functions and Sustainability Steering Group with leadership from operations, finance, and compliance. · **External:** Annual Sustainability Report, incorporating material topics relevant to investors, customers and other key stakeholders.
Continuous improvement and future updates	· **Integration into business processes and monitoring:** mapping policies, actions and integrating material information into mainstream risk management reviews. · **Annual review and updates:** adjustments based on evolving regulations, stakeholder feedback, and emerging risks and topics. · **Enhancements:** data quality across the supply chain, use in decision-making, expanding stakeholder engagement.

DOUBLE MATERIALITY RESULTS 2024



ENVIRONMENTAL

CLIMATE CHANGE

MATERIAL ASPECTS: CLIMATE CHANGE & ENERGY

INDUSTRY TRANSFORMATION

The manufacturing and automotive industry is fundamentally transforming to increase sustainability, driven by climate policies, technological advancements and shifting market expectations. As a manufacturer, adapting and evolving to these shifts is crucial to maintain competitiveness, ensure compliance and secure long-term business viability. Material climate aspects are considered across the short, medium and long term due to their inherent impact and evolving nature.

REGULATORY LANDSCAPE

The manufacturing and the automotive sector is subject to increasingly strict environmental regulations. These include the EU Green Deal, Corporate Sustainability Reporting Directive (CSRD), EU Batteries Regulation, EU Taxonomy and Fit for 55 package. Details and timelines for implementation remain uncertain. Non-compliance may result in financial penalties, trade restrictions and reputational damage, while early adaptation is an opportunity to create a competitive edge but the pace of market demand continues to evolve.

GREEN FINANCING

Some financial institutions and investors are prioritizing Environmental, Social, and Governance (ESG) criteria when assessing companies. Green financing, including sustainability-linked loans and green bonds, provides access to preferential funding opportunities for companies committed to reducing their carbon footprint. Rapidly evolving regulatory landscapes make implementation timelines hard to plan.

EMISSIONS REDUCTION

Lowering emissions is both an environmental priority and an economic priority. Energy-efficient manufacturing, renewable energy adoption and sustainable supply chain management help reduce operational costs, carbon taxes and regulatory risks. There is growing market demand for low-carbon components and production processes, making emissions reduction a key factor in securing contracts and partnerships. Shifting to lower emission solutions e.g. in transport or certifications may have large upfront investments. Given the industry's high energy consumption, optimizing energy use reduces costs and enhances competitiveness. Efficient energy management also supports resilience against volatile energy markets, ensuring stable production and long-term sustainability in a rapidly evolving industry.

BATTERY TECHNOLOGY

With the shift to low carbon mobility, battery technology is rapidly evolving. This demands continuous innovation, quality improvements, efficient production processes and robust recycling solutions while minimizing environmental impacts aligned with the EU Batteries Regulation.

FORWARD-LOOKING STRATEGIES

These aspects pose risks and opportunities for Valmet Automotive, with uncertain timings. By proactively integrating risk mitigation strategies, investing in emerging technologies and aligning with evolving regulatory frameworks, we are positioning ourselves to effectively navigate the challenges and opportunities. Smartly embracing low-carbon manufacturing, regulatory compliance and emissions reduction will ensure long-term resilience, competitiveness and financial stability in an evolving market.

STRATEGY: ALIGNING WITH A LOW-CARBON FUTURE

Transitioning to a low-carbon future is central to our business strategy and our commitment to sustainable manufacturing, operational efficiency and long-term financial growth. By supporting the electrification of the automotive and off-highway industries, our product and service portfolio aligns with evolving customer and societal needs. None of our business areas are dependent on or tied to internal combustion engine (ICE) propulsion.

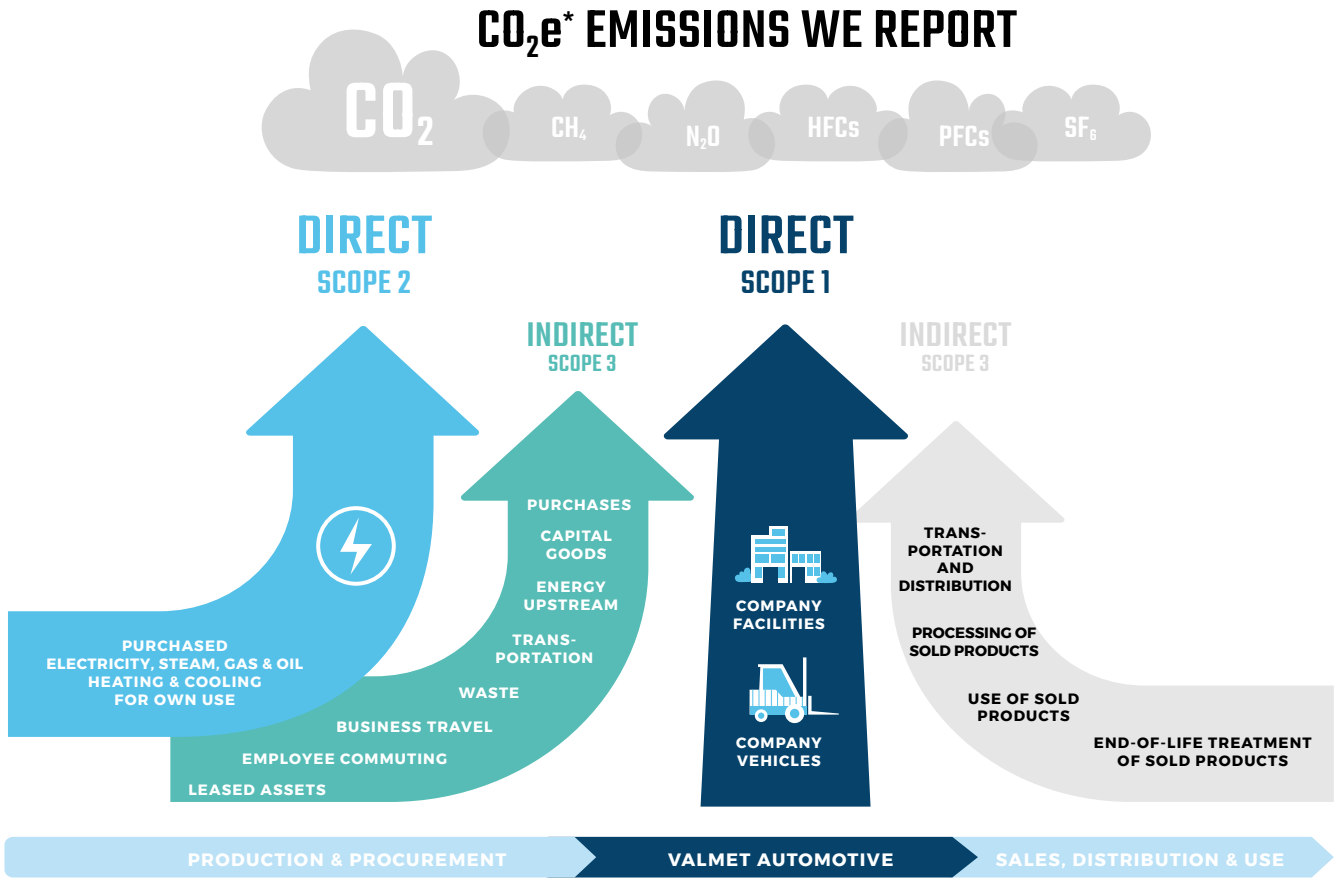
The low-carbon transition unlocks new business opportunities, including e-mobility, battery systems and sustainable manufacturing solutions. This positions us for long-term financial growth across our three business areas.

SOLUTIONS ENABLING THE TRANSITION

IONCOR´s portfolio drives electrification across the automotive industry, bus and truck sectors and off-highway machinery. By offering modular battery products, customized solutions and contract manufacturing services, it aims to drive electrification across its customer segment

Our Vehicle Contract Manufacturing (VCM) has supported hybrid and electric vehicle production since 2009, when we built our first electric vehicle (EV) concept car. While current production focuses primarily on internal combustion engine (ICE) vehicles, our manufacturing lines are designed for flexibility. This means we can adapt quickly towards EV and hybrid production as market demands evolve.

Our Roof and Kinematic Systems develop and manufacture convertible roofs and kinematic systems that improve aero efficiency, optimizing the driving range of electric vehicles, as well as manual and active charging flap solutions for electric vehicles.



* CO_2e, carbon dioxide equivalent, describes the global warming potential of all greenhouse gases. The impact of different greenhouse gases is expressed in terms of the amount of CO_2 that would result in the same amount of warming.

SCIENCE-BASED TARGETS

To future-proof our business, our science-based targets (SBTs) have been validated by the Science Based Targets initiative as being in alignment with the Paris Agreement's objective of limiting global warming to 1.5˚C.

Our targets include reducing our own absolute emissions (Scope 1 and 2) by 90% and our absolute value chain emissions (Scope 3) by 25% by 2030, from a 2022 baseline. These targets are based on GHG protocol standards and apply to all our business areas.

DECARBONIZATION LEVERS

We have identified and started implementing several key decarbonization levers, including lowering emissions from manufacturing processes and enhancing circular economy initiatives. We are implementing energy-efficient manufacturing processes, and the use of renewable energy sources. We strive to strengthen circular economy initiatives to enhance recycling efforts and minimize waste.

In addition, supply chain efforts play a major role. We are strengthening transparency and collaborating with suppliers to find innovative solutions for lowering emissions, including in transportation. We are also building readiness at IONCOR for the EU Batteries regulation requirement to measure and manage battery lifecycle impact.

Our focus is on first avoiding emissions wherever possible and then offsetting unavoidable emissions in our operations through certified carbon credits. In line with our science-based targets, we are increasingly shifting attention towards effectively managing emissions across the value chain to maximize our impact.

Our emission reduction targets align with our commitment to a low-carbon future and to implementing our Sustainability Policy. They support the long-term goal of minimizing our environmental impact while maintaining operational efficiency and compliance with global climate agreements.

POLICIES: OUR COMMITMENT TO A LOW-CARBON FUTURE

Our Sustainability Policy and Code of Conduct (CoC) are the foundation of our approach to aligning with a low-carbon future across our own operations and sites. The CoC underlines that we strive to reduce CO_2 emissions by increasing our use of renewable energy, reducing water and energy consumption, ensuring more efficient use of raw and packaging materials, minimizing waste and contributing to circular economy, as well as other relevant environmental factors.

Our Sustainability Policy and Supplier Code of Conduct (SCoC) set clear expectations for Tier-1 suppliers to actively reduce their emissions. The SCoC further encourages suppliers to establish science-based, time-bound emission reduction targets aligned with the Paris Agreement and to implement effective measures to drive decarbonization across the value chain. The SCoC requirements are mandatory for our Tier-1 suppliers and we annually collect information on their sustainability maturity through self-assessment questionnaires. Going forward, we aim to deepen our understanding of impacts across our value chain and identify hot spots to support effective due diligence and risk management.

In addition, our Car Policy helps lower our emissions as only an electric cars (BEV) are accepted when getting a new company car. The only exceptions are some hybrid models, but which need prior approval.

ACTIONS & METRICS: EMISSION REDUCTIONS IN 2024

We have reduced CO_2 emissions from our own operations (Scope 1 & 2) by more than 90% since 2020. This has been achieved primarily by transitioning to renewable energy sources. The remaining emissions stem mainly from fuel use, particularly for facility and process heating. In 2024, our Scope 1 & 2 emissions continued to decline due to multiple factors.

A major milestone has been decoupling production emissions from production volumes by replacing light fuel oil with renewable fuel oil at our VCM Uusikaupunki car plant. This change showed full effect in 2024, reducing emissions by almost 2.800 t CO_2e for the reporting year.

Our Car Policy is increasingly showing effect across all business areas. In 2024, emissions from fuel use in vehicles have been reduced by 25% compared to 2023.

Following significant achievements in reducing Scope 2 market-based emissions to approximately 20 t CO_2e –primarily through sourcing renewable energy and transitioning production processes to renewable fuels – our focus is now on sustaining these reductions amid business growth. Additionally, we are exploring alternative heating solutions at facilities in RKS and IONCOR, some of which currently rely primarily on natural gas.

The remaining Scope 1 & 2 CO_2 emissions (1032 tCO_2e in 2024) have been fully offset by funding a solar power project in Vietnam. This third-party verified initiative (Gold Standard certified) aligns with Valmet Automotive's renewable energy targets and supports selected UN Sustainable Development Goals.

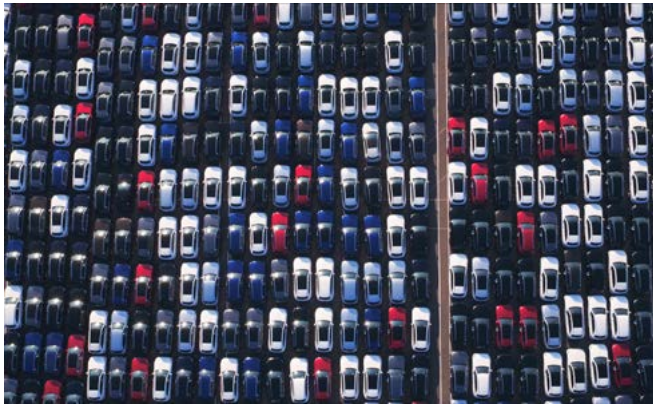
Looking ahead, our primary goal remains to drive climate action and support the transition to a low-carbon future through delivering targets validated by the Science Based Targets initiative.

EFFORTS FOR REDUCING SUPPLY CHAIN EMISSIONS

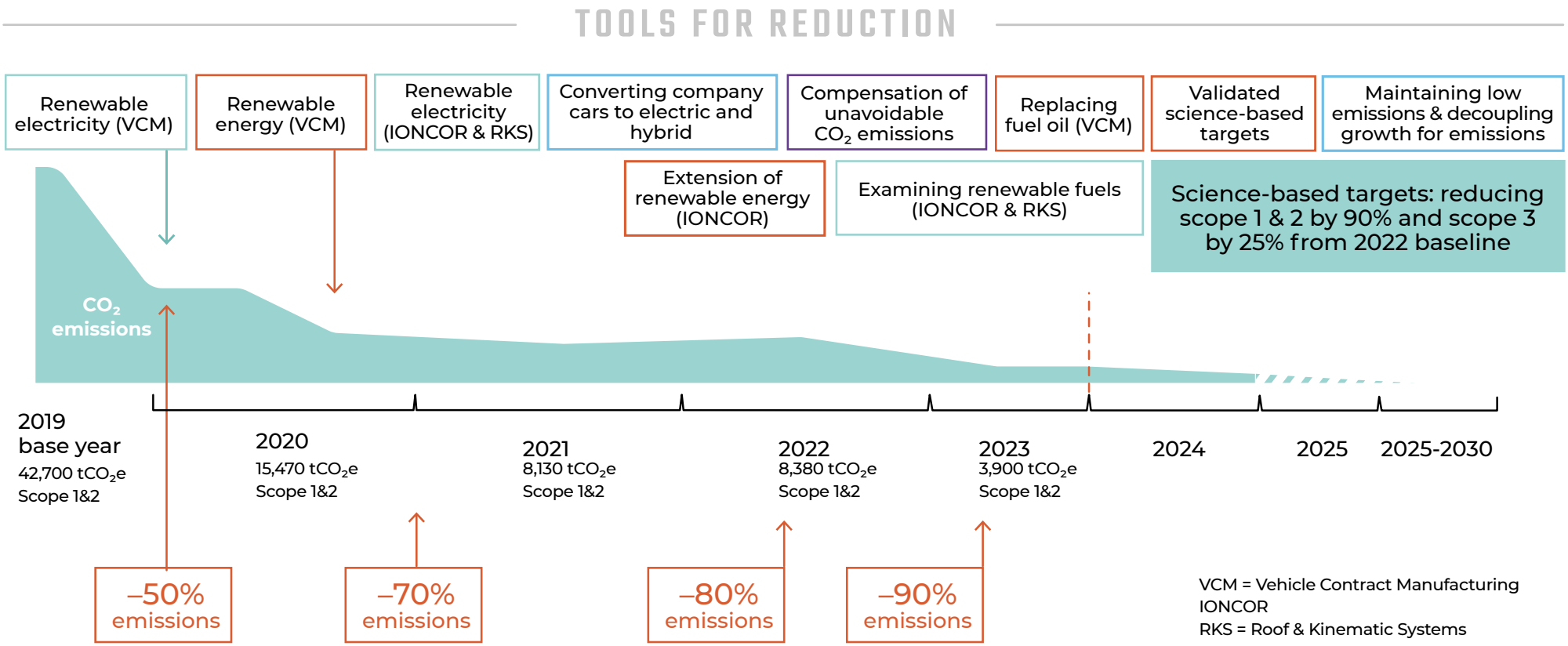
Emissions from our value chain (Scope 3) account for over 99% of Valmet Automotive's total carbon footprint. To address this, we are focused on reducing the largest sources of Scope 3 emissions: purchased goods and services, capital goods and transportation.

We are actively exploring ways to reduce logistics emissions, particularly within VCM which accounts for approximately 65% of our transportation emissions. In collaboration with our logistics partners, we are optimizing transportation routes and exploring opportunities to increase intermodal transport, adopting alternative fuels and implementing electrification strategies to drive meaningful reductions.

In 2024, we further enhanced data collection and quality to help identify the most impactful levers for change. This data will serve as a catalyst for establishing a clear blueprint to achieve our science-based targets.



CO_2 REDUCTION TOOLS AND TIMELINE



CO_2 EMISSIONS (tCo_2e) FROM OWN OPERATIONS	2023	2024	DELTA (Δ)
Scope 1	3 884	991	-74%
Scope 2, market-based	20	20	0%
Scope 2, location-based	12 822	11 278	-12%
Total (market-based scope 2)	3 904	1032	-74%

SCOPE 3 (tCo_2e)	2022	2023
Total	210 713	141 602
Purchases (cat. 1)	78 209	67 899
Capital goods (cat. 2)	25 937	18 031
Energy upstream (cat. 3)	8 568	6 455
Transportation (cat. 4)	81 278	35 882
Waste (cat. 5)	2 168	1 455
Business travel (cat. 6)	1 061	2 014
Employee commuting (cat. 7)	8 670	5 444
Upstream leased assets (cat. 8)	33	41
Downstream transportation and distribution (cat. 9)	4 519	4 037
Processing of sold product (cat. 10)	1	1
Use of sold products (cat. 11)	226	281
End-of-life treatment of sold products (cat. 12)	43	62

Our greenhouse gas (GHG) emissions are calculated in line with the GHG Protocol. We prioritize direct measurement of energy use (e.g., meter readings and invoices) where possible. In cases where direct data is unavailable, estimates based on office area are used.

Scope 1 emissions: Covers direct GHG emissions from fossil fuel consumption in owned facilities and company-owned or leased vehicles.

Scope 2 emissions: Includes indirect emissions from purchased electricity and district heating in leased spaces. We report both market-based and location-based Scope 2 emissions to provide a comprehensive view of our impact.

Our Scope 3 emissions, which cover indirect emissions from our value chain, are calculated using a combination of direct data (e.g., supplier reports, transportation records) and indirect data (e.g., industry averages, spend-based estimates) and emission conversion factors (e.g. Defra).

*Numbers marked on darker blue background are revised from previous report. Scope 3 data is from previous year as scope 3 data is gathered in Q2. . Updates were made based on more accurate data e.g. primary data from suppliers and updated coverage to align with the SBTi.

ACTIONS & METRICS: ENERGY CONSUMPTION

Our manufacturing operations have undergone a significant transformation with the majority of our energy now from renewable sources (96%). Continuing the trend, our new production facilities for Roof and Kinematics will include photovoltaic panels.

This shift reduces our carbon footprint, improves energy efficiency and enhances long-term sustainability by minimizing our reliance on fossil fuels while ensuring a stable and resilient energy supply. It also aligns with our commitment to sustainable manufacturing, reinforcing our role in driving a low-carbon future in an energy-intense sector.

TOTAL ENERGY CONSUMPTION RELATED TO OWN OPERATIONS

	2024				2023			
Energy consumption	**Total**	**IONCOR**	**RKS**	**VCM**	**Total**	**IONCOR**	**RKS**	**VCM**
Fuel consumption from coal and coal products (MWh)	0	0	0	0	0	0	0	0
Fuel consumption from crude oil and petroleum products (MWh)	0	0	0	0	10264	0	0	10264
Fuel consumption from natural gas (MWh)	3317	1239	2078	0	3678	1362	2316	0
Fuel consumption from other fossil sources (MWh)	0	0	0	0	0,0	0	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	125	116	0	9	172	164	0	9
Total fossil energy consumption (MWh)	**3442**	**1355**	**2078**	**9**	**14114**	**1525**	**2316**	**10273**
Share of fossil sources in total energy consumption (%)	**4%**	**5%**	**44%**	**0%**	**11%**	**6%**	**47%**	**10%**
Consumption from nuclear sources (MWh)	0	0	0	0	0	0	0	0
Share of consumption from nuclear sources in total energy consumption (%)	0%	0%	0%	0%	0%	0%	0%	0%
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	9596	0	0	9596	2928	0	0	2928
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	102765	25573	2598	74593	115619	23226	2626	89767
The consumption of self-generated non-fuel renewable energy (MWh)	0	0	0	0	0	0	0	0
Total renewable energy consumption (MWh)	112360	25573	2598	84188	118547	23226	2626	92696
Share of renewable sources in total energy consumption (%)	**96%**	**95%**	**56%**	**100%**	**89%**	**94%**	**53%**	**90%**
Total energy consumption (MWh)	115802	26929	4677	84197	132661	24751	4942	102968

*new table shifting from GRI towards ESRS. Calculation methodology has not changed

POLLUTION: MANAGEMENT OF VOLATILE ORGANIC COMPOUNDS (VOCS)

MATERIAL ASPECTS POLLUTION: VOCS

Industrial manufacturing processes inherently carry a risk of pollution, stemming from both direct operational emissions and potential accidental spills or leakages. If not managed properly, these emissions can negatively impact local environments and communities. Our 2024 materiality assessment analyzed all sites´ pollution risks based on information from ISO14001 documentation, regulatory permits (e.g. environmental permits) and workshops with factory environmental specialists.

Volatile organic compound (VOC) emissions have been identified as a material issue within the Vehicle Contract Manufacturing (VCM) business area in Uusikaupunki, Finland. VOC emissions contribute to the formation of ground-level ozone and smog, posing risks to both human health and the environment. Our other facilities do not engage in activities that significantly contribute to VOC emissions or other major air pollutants.

At the Uusikaupunki VCM plant, the primary source of VOC emissions is the vehicle painting process, a core component of the company's strategic business activities. These operations are strictly regulated under environmental legislation, with the local environmental permit defining specific VOC emission limits.

While Valmet Automotive remains committed to ongoing efforts to minimize VOC emissions and consistently maintain levels well below permitted limits, some emissions are expected to persist in the future due to the nature of the processes involved.

POLICIES VOCS

Our Code of Conduct, Sustainability Policy, and Health & Safety Policy establish clear expectations and practices for pollution management. This includes responsible and effective management, and the prevention of environmental impact including air quality degradation. Furthermore, our Supplier Code of Conduct extends this commitment by requiring suppliers to actively reduce their environmental impact.

To support these policies to manage VOC´s, our Vehicle Contract Manufacturing (VCM) plant in Uusikaupunki operates under the ISO 14001 environmental management system and is strictly monitored in accordance with environmental permit requirements issued and overseen by authorities. In addition under the Health & Safety Policy, we proactively evaluate processes to mitigate risks, including those related to pollution.

ACTIONS RELATED TO VOCS

We apply Best Available Techniques (BAT) across our operations to ensure reliable monitoring and reporting of material emissions to air. VOC emissions have been identified as significant pollutants and are subject to monitoring and limits defined in the local environmental permit for our VCM plant in Uusikaupunki, Finland.

The primary source of VOC emissions at the Uusikaupunki plant is the painting operations, which are the focal point of development efforts aimed at minimizing emissions. Specifically, VOC emissions from the paint shop's burners are linked to the use of organic solvents in the vehicle painting and assembly processes.

Key development initiatives, launched in 2021, focus on replacing, removing, or reducing sources of VOC emissions, particularly solvents, topcoats, and lacquers. Examples include: replacing water-soluble solvents with VOC-free alternatives, reducing the use of solvents and butyl acetate in processes, and minimizing solvent-based cleaning agents and switching to VOC-free detergents. These measures have significantly reduced VOC emissions at the car plant.

Looking ahead, we continue to evaluate low-VOC content alternatives and to improve measurement accuracy. Regular monitoring ensures VOC emissions remain below the limits specified in the environmental permit. The impact of development activities on VOC emissions is continuously evaluated, and any deviations are promptly reported to authorities along with corrective actions.

TARGETS RELATED TO VOC POLLUTION

The Uusikaupunki car assembly plant operates under strict environmental regulations. The local environmental permit sets a VOC emission limit of 30 grams per square meter (g/m²) of the total surface area of painted products, effective June 23, 2024. This replaces the previous limit of 45 g/m², which was valid until June 22, 2024. The permit is valid indefinitely.

Beyond regulatory compliance, we have set an ambitious internal target to reduce VOC emissions to 19 g/m². Thanks to development initiatives and investments between 2021 and 2024, VOC emissions have consistently remained well below both the previous and current regulatory limits.

In addition to relative emissions, Valmet Automotive monitors absolute VOC emissions, which are directly linked to production volumes. As a result, annual absolute figures may vary and are not always directly comparable or reflective of the success of reduction efforts.

METRICS RELATED TO VOC POLLUTION

In 2024, the relative VOC emissions at the Uusikaupunki plant were 16,1g/m², compared to previous years (2023: 21 g/m²; 2022: 17 g/m²). This decrease was primarily attributed to optimization in the painting operations.

The scope of the reported VOC emissions is limited to the Uusikaupunki car plant with the significant majority (>95% come from the paint shop). Emission values are calculated in accordance with government standards and Valmet Automotive's VCM procedures. Calculations are verified every 2 years by a third-party.

VOC calculations are based on monthly material consumption and painting data, considering: the quantity of materials used (in liters or kilograms), VOC content and material density, afterburners used in the ovens and the surface area of treated vehicle bodies. Material VOC content is sourced from suppliers, Material Safety Data Sheets (MSDS), or through specific requests.

In 2024, no significant environmental impacts, claims, or compensation related to pollution of air, water, or soil were recorded.

VOC EMISSIONS 2023-2024 AND TARGETS

	MAX LIMIT IN ENVIRONMENTAL PERMIT	EMISSIONS 2023	EMISSIONS 2024	INTERNAL TARGET
VOC (g/m2)	30	21	16,1	19
VOC (t)	404	55,9	32,6	

CIRCULAR ECONOMY

MATERIAL ASPECTS

As a manufacturing company that relies on resource inputs, circular economy is material for our business. A circular economy promotes resource efficiency, reduces waste and minimizes environmental impacts. It also helps us optimize our processes, lower costs, comply with stringent environmental regulations and meet customer and stakeholder expectations. Looking ahead, circular economy practices can contribute to securing raw material availability, reducing dependency on finite resources, and improving supply chain resilience.

POLICIES FOR SMARTER RESOURCE USE AND WASTE REDUCTION

Our Sustainability Policy and our Code of Conduct (detailed in Principles for corporate culture and ethical guidelines -chapter) underscore our commitment to the responsible use of natural resources, efficient utilization of raw and packaging materials, minimizing waste and contributing to a circular economy. Our Sustainability Policy emphasizes raising sustainability awareness among internal and external stakeholders and promoting engagement in sustainable practices through education and motivation.

OPERATIONAL FRAMEWORK & PROCESS EFFICIENCY

Our operations related to resource use are governed by operational planning documents that outline waste categories, responsibilities, reporting and processes. Our production plants operate under the externally certified ISO 14001 environmental management system. The only exception is the new Kirchardt plant, which will be certified.

Supporting daily practices, our operational excellence model incorporates the 5S methodology, focusing on organizing spaces to enable work to be performed efficiently, effectively and safely – thus helping to minimize waste.

A Circular Economy Handbook with a roadmap comprising of 34 actions provides comprehensive guidance on circular economy initiatives, supporting understanding and advancing circular practices in our Vehicle Contract Manufacturing (VCM).


1.
WHY
CIRCULAR
ECONOMY
In this chapter, we dive in to the root causes for Circular Economy. Is the current way of producing and using material sustainable? How would Circular Economy benefit us and the planet?

RESPONSIBLE PROCUREMENT POLICIES

Our Supplier Code of Conduct (SCoC) imposes environmental requirements for our suppliers of products and services. Suppliers are responsible for cascading the principles it contains throughout their supply chains. Suppliers are also responsible for enhancing supply chain transparency and traceability. The EU Batteries Regulation sets additional requirements for IONCOR on supply chain transparency, which are related to its suppliers.

Suppliers must obtain, maintain, and comply with all necessary environmental permits and licenses. They must also monitor, track, and document environmental performance and minimize negative environmental impacts from their operations, products and services. Suppliers are requested to improve the efficient use of raw and packaging materials, focusing on material reuse, recycling and waste minimization.

It is important to note that we must apply our customers' Code of Conduct when procuring vehicle components and batteries according to customer requirements in contract manufacturing.

RESPONSIBLE SOURCING OF MINERALS

We expect our suppliers to investigate and understand the sources of the raw materials used in their products, with particular due diligence on critical raw materials such as conflict minerals (tin, tantalum, tungsten and gold), lithium, cobalt, nickel and natural graphite.

Alongside complying with the Supplier Code of Conduct, we request details of some suppliers' sustainability performance and objectives, both at the beginning and throughout the business relationship. This information may be gathered through self-assessment questionnaires and Conflict Minerals Reporting Templates (CMRTs).

Suppliers must adhere to OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, especially regarding the sourcing, extraction and handling of tantalum, tin, tungsten and gold. They must reliably determine the origin of these minerals to ensure sourcing does not directly or indirectly fund armed groups, violate human rights or negatively impact the environment.

CHALLENGES AND FUTURE IMPROVEMENTS

While our Code of Conduct and questionnaires provide a structured approach to setting expectations and monitoring supplier performance, they have inherent limitations. One of the key challenges in supply chain transparency is the presence of multiple tiers, where indirect suppliers may be several levels removed. This complexity makes it difficult to achieve full visibility, as we rely on our direct suppliers to enforce and uphold our standards throughout their own supply chains. Additionally, evolving regulations – such as the EU Batteries Regulation – and stakeholder expectations require continuous adaptation of policies and approaches.

Looking ahead, we aim for good practice in enhancing transparency and engaging with suppliers to drive improvements across the supply chain. Strengthening capacity-building programs and leveraging digital traceability solutions will help to ensure greater transparency, accountability and long-term sustainability in our own supply chains and beyond.

ACTIONS DRIVING CIRCULAR ECONOMY

Increasing circularity is embedded within our sustainability strategy and True Green Initiative. We focus on identifying and developing operational approaches that support circularity and on raising internal awareness of resource efficiency and proper waste sorting. The True Green Initiative action plan includes enhancing energy efficiency and promoting circular practices related to packaging materials, waste, water and energy.

OPTIMIZING RESOURCE FLOWS

Our resource flows are designed to optimize the manufacturing of our own products and those produced through contract manufacturing. A portion of our production inputs adheres to customer-specified requirements, such as minimum recycled content and maximum allowable CO_2 emissions for some materials like aluminum, plastics and steel.

In 2024, we implemented key actions to address material sustainability matters related to the integration of circular economy principles into our operations. These actions span across our value chain. Upstream, we focus on supplier operations, prioritizing Tier-1 transparency. Downstream, our efforts include partnerships for efficient waste management, compliance with customer requirements, and effective product lifecycle management. Geographically, these initiatives extend across our operations in Finland, Germany and Poland, highlighting collaborations with local stakeholders. Key stakeholders include suppliers, employees, customers and waste management providers helping to advance sustainable practices.

PARTNERSHIPS TO BOOST CIRCULAR ECONOMY

Partnerships and stakeholder collaboration are key to implementing our sustainability strategy and improving recycling and waste management. Waste sorting initiatives, recycling partnerships and internal actions, such as reusing packaging materials and recycling scrapped batteries, are important components of our circular economy actions.

At IONCOR's battery plants, we collaborate with local waste providers to drive circular economy initiatives and efficiently recycle scrapped battery materials. A dedicated recycling partner manages scrapped battery materials from our Uusikaupunki, Salo and Kirchardt facilities. We also ensure efficient recycling of packaging materials, supported by suppliers' and customers' efforts to reuse packaging.

We have established a recycling program for worn-out work clothing at our Uusikaupunki and Salo plants in collaboration with a dedicated workwear service provider. This partnership ensures that garments are either repaired for extended use or responsibly recycled.

At the Roof & Kinematic Systems plant in Zary, we have formed a partnership with a supplier that collects our discarded wooden pallets and repairs and reuses them.

Additionally, we have begun a partnership for recycling used ICT equipment. Parts of our office furniture is rented to enhance circularity while unwanted office furniture is either donated to charity.

BATTERY LIFECYCLE MANAGEMENT AT IONCOR

Compliance with the EU Batteries Regulation is a core priority for IONCOR. This directive guides the company's battery lifecycle management practices and promotes battery sustainability, transparency and traceability. The directive links data across the entire battery value chain – from raw material production to product design and reuse of recycled materials. To improve lifecycle transparency, we are preparing for the Battery Passport which will standardize data availability and provide detailed insights into battery materials, production and recycling.

A key challenge is gathering and evaluating reliable, verifiable data from all value chain


SIIRTOJAKELU
TOYOTA
VT13

actors. While we have quality data on our internal operations and processes, we have work to do to align with the format required by regulation. In addition, we face new and increased requirements, many of which still need to be standardized and specified. Obtaining precise and reliable data across our global value chain is a further challenge and we are working to find ways to meet evolving regulatory requirements. Increasing knowledge of the battery life cycle will support supply chain planning and management and enable us to address relevant issues throughout the supply chain.

Ensuring the traceability of raw materials used in battery production depends on strengthening collaboration with suppliers and enhancing due diligence processes for investigating and understanding the sources of raw materials and their associated environmental impacts.

Regulatory requirements will increase demand for testing services. We have invested in comprehensive testing capabilities to support the development of safe and durable batteries.

RAISING AWARENESS AND GREEN ATTITUDE

Employee communications and engagement highlight opportunities to integrate circular practices into daily work routines, such as by promoting proper waste sorting and contributing ideas to enhance circularity. This helps to drive a culture of sustainability throughout the organization.

Employee ideas and insights lead to actionable changes in daily operations, such as better waste sorting, increased material reuse and energy-saving initiatives.

The My Green Ideas channel enables employees to share sustainability suggestions – primarily focused on energy efficiency, waste management and recycling – which are regularly reviewed and assessed. Employee ideas contribute to a circular economy by fostering innovation and practical solutions for reducing waste, improving resource efficiency and enhancing recycling efforts. Ideas and insights lead to actionable changes in daily operations, such as better waste sorting, increased material reuse and energy-saving initiatives. We aim for 0.25 ideas to be submitted per employee by 2027. In 2024, we received 0.047 ideas per employee.

The employee suggestions implemented in 2024 include separate waste containers for plastic packaging and cardboard, the reuse of cardboard packaging for battery shipments, and extending the draining time of paint sediment containers to reduce their weight.

METRICS AND TARGETS: ADVANCING CIRCULARITY IS AN ONGOING PROCESS

We evaluate the effectiveness of actions using monthly KPI data from each business area. Key metrics include the recycling rate of waste (excluding hazardous waste) and waste reduction (measured as waste cost per unit sold). Other regularly monitored metrics include water use and energy consumption.

Immediate actions focus on annual initiatives to reduce waste and improve resource efficiency. Materials recycling for reuse and responsible waste management, including battery recycling, represent the most material impacts and opportunities for Valmet Automotive and IONCOR. These goals are aligned with long-term goals influenced by regulatory and industry practices, such as the EU Waste Regulation and the EU Batteries Regulation. Our sustainability target-setting process is outlined in this report´s General disclosures -section.

RECYCLING RATE

Recycling rate targets aim to maximize material recovery and reuse, reduce waste and minimize the need for virgin resources. By achieving higher recycling rates, we can keep materials in circulation for longer, support resource efficiency and contribute to a more sustainable, closed-loop system – all of which support a circular economy. We have a 70% recycling target across all three business areas by 2027. Specific targets are established annually for each business area.

VCM's operations generate various type of waste streams including packaging materials (cardboard, plastic, metal), energy waste, biowaste, wood waste and hazardous waste. We prioritize waste reduction at the source, optimize sorting processes, and maximize recycling, achieving a 71% recycling rate (non-hazardous waste) in 2024. Hazardous waste is carefully handled and directed to appropriate treatment. At the Uusikaupunki car plant, most packaging for vehicle components is circulated back to suppliers for reuse multiple times. While the majority of this waste is recycled, residual materials – including contaminated cardboard, hard plastics, and gloves – are incinerated for energy recovery. In close collaboration with our partners, we actively seek solutions to improve waste management and further advance circular economy principles.

At IONCOR, hazardous waste is primarily generated from scrapped batteries. Some components can be salvaged and reused in production, while scrapped battery parts are sent to our service provider for further processing and recycling. The recycling rate for IONCOR in 2024 was 74% (2023: 79%). The decrease in the recycling rate was attributed to a change in packaging material as we increased the amount of circulated reusable packaging as well as the assembly of new production lines.

Waste volumes are monitored according to weight, piece count or other relevant methods of measuring waste quantities. All hazardous waste is sorted separately.

RECYCLING RATE BY BUSINESS AREAS (WITHOUT HAZARDOUS WASTE)

	2023	2024	TARGET 2024	TARGET 2027
IONCOR	79%	74%	70%	70%
Roof & Kinematic Systems	58%	43%	58%	70%
Vehicle Contract Manufacturing	70%	71%	55%	70%

WASTE BY BUSINESS AREAS 2024				
	TOTAL	**IONCOR**	**RKS**	**VCM**
Amount of total waste generated (t)	5455	3550	250	1655
Amount of total non-recycled waste generated (t)	1374	687	143	543
Percentage of non-recycled waste (%)	25%	19%	57%	33%
Amount of non-hazardous waste (t)	4424	3161	239	1025
Amount of recycled non-hazardous waste (t) - total	3638	2506	107	1025
Amount of recycled non-hazardous waste (t) - reuse	76	6	11	59
Amount of recycled non-hazardous waste (t) - recycling	3139	2378	96	665
Amount of recycled non-hazardous waste (t) - other recovery operations	423	121	0	301
Amount of disposed non-hazardous waste (t) - total	786	655	132	0
Amount of disposed non-hazardous waste (t) - incineration	783	652	132	0
Amount of disposed non-hazardous waste (t) - landfilling	3	3	0	0
Amount of disposed non-hazardous waste (t) - other disposal operations	0	0	0	0
Amount of hazardous waste (t)	1031	389	12	631
Amount of recycled hazardous waste (t) - total	444	357	0	87
Amount of recycled hazardous waste (t) - reuse	5	0	0	5
Amount of recycled hazardous waste (t) - recycling	205	190	0	14
Amount of recycled hazardous waste (t) - other recovery operations	234	167	0	68
Amount of disposed hazardous waste (t) - total	587	32	11	543
Amount of disposed hazardous waste (t) - incineration	587	32	11	543
Amount of disposed hazardous waste (t) - landfilling	0	0	0	0
Amount of disposed hazardous waste (t) - other disposal operations	0	0	0	0

*Percentage of non-recycled waste differs slightly from Recycling Rate on page. 57 as Recycling rate does not include hazardous waste

WASTE TYPES BY BUSINESS AREAS 2024				
	TOTAL	**IONCOR**	**RKS**	**VCM**
Amount of radioactive waste (t)	0	0	0	0
Amount of batteries to waste (t)	354	353	0	1
Amount of energy waste (t)	659	310	142	207
Amount of biomass to waste (t)	50	20	0	31
Amount of metals to waste (t)	487	154	37	296
Amount of plastics to waste (t)	696	667	1	28
Amount of paper, carton, cardboard to waste (t)	902	671	62	170
Amount of wood to waste (t)	313	280	1	32
Amount of wooden pallets (t)	1225	1126	11	88
Amount of glass to waste (t)	35	0	6	29
Amount of textiles to waste (t)	100	0	100	0
Amount of other waste (t)	774	0	1	773

WATER

Our VCM car plant in Uusikaupunki, Finland, is our main facility that utilizes process water, primarily for the paint shop and pre-treatment processes. As a vital resource, water plays a key role in our operations In our other sites, water withdrawal consists of mostly sanitary water.

The plant operates under an environmental permit granted by authorities, ensuring compliance with Best Available Techniques (BATs). This permit, along with our wastewater agreement, outlines strict regulatory requirements, including process guidelines, measurement frequencies, monitoring locations, and threshold values.

To ensure transparency and efficiency, we collect and report annual water usage data across all production sites. Water meters are installed at intake points, where raw water and drinking water are continuously and separately measured. Office facilities are excluded from reporting due to limited water consumption and the unavailability of allocated usage data.

We also annually report CDP water and received the score C for the reporting year 2023.

WATER WITHDRAWAL M_3		
	2023	**2024**
IONCOR	13,483	20,960
RKS	4,003	4,486
VCM	65,957	78,609
Total	83,443	104,055

SOCIAL

OWN WORKFORCE

MATERIAL ASPECTS IN OUR OWN WORKFORCE

Key material aspects related to our workforce include health and safety of factory workers, gender equality and equal pay, data privacy and job security.

As a manufacturing company, the health and safety of those working at our facilities are critical priorities. High safety standards and risk management are crucial to safeguarding employees involved in complex assembly processes. They also ensure compliance with regulatory and contractual requirements, support operational excellence and strengthen long-term business success.

Sectoral and customer-driven changes can lead to fluctuations in car sales, with potential knock-on effects leading to possible layoffs and furloughs. Employment uncertainty can impact employees' professional and personal lives and reduce job satisfaction. This systemic challenge, driven by market fluctuations, is inherent to the company's business model. Possible financial risks associated with these impacts include business uncertainty, increased administrative costs, talent retention challenges and reputational concerns.

We strive to enhance employee well-being through robust health, safety and HR policies and actions. Job positions are assessed against market data, and we implement a transparent pay structure based on job classification to ensure gender equality and equal pay. As a large employer handling sensitive information, including health data, we maintain strict privacy policies and processes to protect employee data.

FUTURE DEVELOPMENTS

Our transition to align with the Paris Agreement through science-based climate targets and shifts in our service and product portfolio aims to balance by minimizing workforce disruptions. We are well-positioned to adapt to evolving industry demands, including the shift to electric and hybrid vehicles, in the short, medium, and long term. The fact that none of our offerings are linked to internal combustion engine propulsion is a positive contributing factor towards operational resilience and flexibility.

We have identified a key risk related to training and skills development. As the industry rapidly evolves, for example, through developments in battery technology, new competencies are required. Any skill gaps could pose competitive risks. To address this, Valmet Automotive prioritizes reskilling and upskilling initiatives to maintain a qualified and agile workforce.

We have not identified any significant risks of forced labor, compulsory labor or child labor within our own operations.

[1] Direct employment contract agreement (as per national laws) between company and employee without a third-party

POLICIES AS A FOUNDATION

Our Code of Conduct establishes the foundation for corporate culture and ethical guidelines in daily operations. It outlines principles for respecting human rights, ensuring safe and suitable working conditions, and managing the company's impacts and risks on employees.

The Code of Conduct further reinforces our commitment to providing equal opportunities and maintaining a workplace free from harassment or discrimination based on gender identity, marital status, pregnancy, race, age, sexual orientation, religious or political beliefs, disability, family responsibilities, or any other characteristic irrelevant to an individual's qualifications or job requirements. All employees are expected to comply with the Code of Conduct (see chapter Principles for corporate culture and ethical guidelines for more).

Aligned with international conventions and standards, the Code of Conduct reflects the principles outlined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Valmet Automotive accepts labor rights as defined by the Fundamental Conventions of the International Labour Organization (ILO) and the International Bill of Human Rights. The Code expressly prohibits any direct or indirect use of child labor, forced labor, wage slavery, involuntary labor or any form of coercion, abuse or exploitation.

ENGAGING WORKERS

We engage with employees through various channels, including surveys, events, meetings and employee committees. The feedback gathered through these platforms plays a crucial role in shaping decisions and actions concerning both current and potential impacts on our workforce.

To gain direct insights from employees, we conduct an annual employee survey that assesses key areas such as compensation, strategic alignment, organizational culture, meaningful work, work environment and autonomy. In 2024, the survey was conducted four times, providing a more dynamic and real-time understanding of employee sentiments.

ENGAGEMENT CHANNELS

Survey results are benchmarked against industry standards, particularly utilizing the Employee Net Promoter Score (eNPS), while actively collecting and analyzing evolving data. Managed by the HR Directors, the results are reviewed in management meetings to effectively address employee concerns. Action plans have been developed in response, with initial steps taken in 2024 and implementation continuing into 2025.

We have an open question channel for all employees to ask our CEO, Pasi Rannus, any questions. This provides a direct platform to voice concerns, ask questions and gain insights into company strategy and decisions. It aims to encourage open dialogue and address employee concerns in real time.

At the VCM plant, we have the "Happy or Not" mobile feedback channel. Employees can anonymously send feedback, questions and thoughts about their day at the car plant. Managers read and discuss each month's open feedback weekly at the departmental level and monthly at the location level.

Additionally, depending on the factory location, we have multiple committees with employees involved to ensure an engaging and empowering working environment. These committees – such

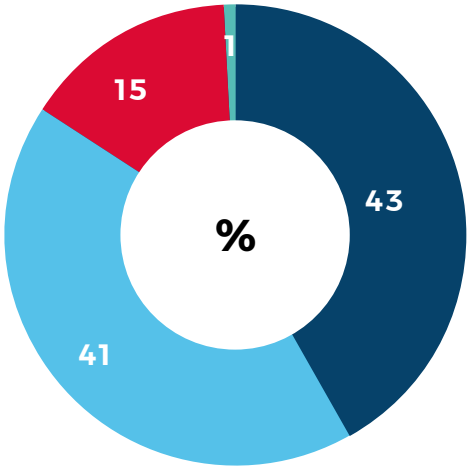
as the Idea Committee, Initiative Committee, Job Requirement Working Group and Leisure Committee – play a vital role by giving employees a voice in decision-making, promoting collaboration and ensuring that workplace concerns and ideas are heard.

CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

At Valmet Automotive, we are dedicated to fostering a respectful and safe workplace for all employees. To support this commitment, we have implemented a grievance policy that offers clear guidelines for addressing inappropriate behavior, including harassment and discrimination. The policy serves as a comprehensive framework, outlining the steps to take when such incidents arise and detailing how they are managed according to their severity.

In accordance with this policy, all reported cases are thoroughly investigated, with hearings conducted to ensure fairness and transparency. The process aims to clarify the situation and appropriate measures are then determined to address the issue at hand. If necessary, follow-up actions are implemented to ensure that these measures have been effective in resolving the concern and maintaining a safe and respectful environment.

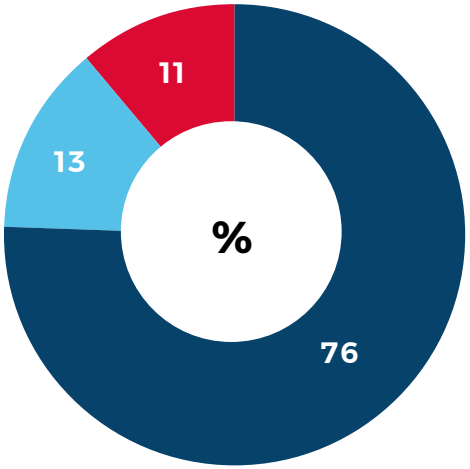
We have established a whistleblowing channel that enables employees and the broader workforce to report suspected non-compliance or misconduct. This channel ensures that individuals can raise concerns safely and anonymously, if preferred. This approach allows us to actively monitor and address any issues that arise, ensuring that the values outlined in our policies are consistently upheld across the organization. For more details on our compliance channels and how we manage reported concerns, please refer to the Business Conduct section.



EMPLOYEES PER BUSINESS AREA
headcount 31.12.2024

- IONCOR (1410)
- Vehicle contract manufacturing (1335)
- Roof and Kinematic systems (492)
- Group (23)

Total 3260



EMPLOYEES PER REGION
headcount 31.12.2024

- Finland (2469)
- Germany (430)
- Poland (361)

Total 3260

HEALTH AND SAFETY

We have implemented a comprehensive health and safety policy to safeguard employee health and safety. We are committed to continuously identifying and mitigating safety risks, prioritizing employee well-being and fostering a strong safety culture through training and ongoing feedback.

Our Policy aligns with industry standards, regulatory requirements and our core values. Its development involved input from key stakeholders including employees, management, safety committees and health and safety experts. The CEO and the Group and Business Area Management are responsible for its implementation. We ensure that our sustainability policies are readily accessible to our employees through internal communication channels, training programs and corporate publications.

All our plants undergo continuous monitoring, training and improvement initiatives that strengthen our health and safety policy, ensure compliance with regulatory requirements and industry best practices, and foster a safer, healthier work environment. All our plants are covered by ISO45001, except Kirchardt which will be certified in 2026. Our Operating System ensures that all our business areas are aligned while supporting tailored targets and action areas according to each business area's specific needs and scopes.

PROACTIVE ACTIONS TO MANAGE HEALTH & SAFETY

COMMITTEES FOSTERING COLLABORATION AND GOOD PRACTICE

Our plant locations in Finland are represented by Occupational Health and Safety Committees. These Committees meet regularly to monitor developments in occupational safety, identify potential risks and review key indicators. They also play a crucial role in maintaining work ability and fostering collaboration within occupational health care. Their responsibilities include monitoring changes in workload, addressing issues identified in risk assessments and workplace surveys, and proposing improvements. The Committees consist of factory and office staff, and employer representatives.

VISION ZERO

We are committed to continuous safety improvements. Since 2014, our Vehicle Contract Manufacturing (VCM) has been an active member of the Nolla Tapaturmaa (Nollis or Vision Zero) Forum. In 2023, Valmet Automotive's representative joined the forum's steering group, fostering cooperation, knowledge-sharing, and dissemination of best practices. VCM attained certification level II – "Approaching the forefront of occupational safety" – from the Zero Accidents Forum (Nollis). Our Uusikaupunki IONCOR plant has received status I – "World´s forefront of occupational safety."

SAFETY REPORTING

Employees are encouraged to report work-related hazards to their supervisors through an internal reporting and observation system. The number of reports is monitored regularly and cases are processed based on severity. During this process, corrective actions, responsibilities and schedules are determined, with hazards documented in the department's risk assessment records. The Health and Safety Specialist ensures and verifies that cases are handled appropriately and that necessary immediate actions are taken. Long-term actions are tracked within the system and verified upon completion. The Occupational Health and Safety Manager oversees severe near misses and manages investigations into serious accidents.

CONTINUOUS IMPROVEMENT

We conduct a risk assessment preemptively at least once a year, and in case of significant changes in the working area, devices or methods. The risk assessment process itself is regularly reviewed.

Regular safety moments – informative discussions led by supervisors to reinforce safety awareness – are vital for identifying risks and encouraging employees to report potential hazards. All production locations carry out safety walks, with managers from various areas actively involved. In 2024, VCM conducted 33 management safety walks, IONCOR 103 and RKS 24. Employees made 3,494 safety observations (down from 3,613 the previous year) and participated in 1,729 safety moments.

Employees have the right to cease work if they believe it poses a potential risk to their health or safety. In such instances, the work process is halted until it can be confirmed that it is safe to proceed. In the event of an accident, an investigation is promptly initiated. This begins with a hearing involving the injured person and their supervisor, conducted by an Health and Safety Specialist. During this hearing, corrective actions are identified and assigned to supervisors who are responsible for their implementation. If necessary, the risk assessment is updated to reflect findings.

OVERSIGHT

Health and safety consistently feature on the agenda of all regular management-level meetings, as well as in focused discussions within production areas and cross-business area meetings where

incidents, best practices and development actions are evaluated. Health and safety processes undergo regular assessment and refinement through audits and structured improvement programs, guaranteeing that safety remains a top priority.

TRAINING AND COMMUNICATION

We maintain a high standard of health and safety processes through specialized employees and supervisors and ongoing internal training for all employees. Our processes are consistently evaluated and improved by conducting internal and external audits and planned improvement programs. Employees are encouraged to report work-related hazards to their supervisors via an internal reporting and observation system.

Health and safety topics are consistently communicated across various platforms including the intranet, television screens and mobile applications, ensuring that employees are always informed. Each supervisor in factories must participate in safety training courses and all employees undergo general safety training followed by task-specific instruction. In areas such as IONCOR, where employees handle batteries, every production worker receives thorough safety training that encompasses occupational safety, electrical safety and high-voltage safety. Contract partners working on our premises are also obliged to complete mandatory safety training and, for larger projects, to submit a detailed safety plan.

HEALTH AND WELLBEING

We have implemented various measures to support employee mental health. These include collaboration with occupational health experts, a 24/7 mental health chat service, psychology appointments for preventive care and access to psychotherapy services. Production employee supervisors are undergoing training to effectively address and prevent mental health issues.

In Finland, employees have access to occupational healthcare services. Occupational healthcare conducts pre-employment, employment and periodic medical examinations, offers assistance from healthcare specialists and provides support in workplace risk assessment. We collaborate closely with healthcare professionals and involve them in our meetings. In Poland, we have established contracts with two medical centers. Our employees in Żary have the opportunity to benefit from optional health insurance offered on preferential terms. In Germany, medical services are primarily acquired for induction and periodic examinations, along with consultations for other special needs as necessary.

We provide voluntary services to enhance the well-being of our employees. We offer a substance abuse prevention program, sleeping guidance, free gym access at the Uusikaupunki and Salo plants, and vouchers for employees at Finnish locations to promote health and wellness.

In addition, we support our employees to maintain active lifestyles. In 2023, Valmet Automotive launched a company-wide bicycle benefit system for all employees. The initiative aligns with our values of promoting well-being, reducing our carbon footprint and fostering a sense of community.

VCM and IONCOR are now officially a smoke-free workplace. We support our employees by offering assistance to quit smoking through instructions and guidance, arranging support discussion groups. During the transition phase in 2024, we offered full or partial compensation for employees' medical treatment and nicotine replacement products. Both employer and peer support are available for everyone.

LOST TIME INJURY

	2023		2024		TARGET 2024
	LTI	LTIF	LTI	LTIF	LTIF
IONCOR	21	8,9	12	5	7
RKS	4	4,2	2	1,7	5
VCM	13	5,9	3	2,1	5
Total	38	6,7	17	3,4	5,9

*LTI: Lost time injury; LTIF = the frequency of lost time injury per million work hours

HEALTH & SAFETY KPIS

	2023	2024	TARGET 2024
Total Recordable Incident Frequency (TRIF)	10.3	6.4	9.8
Total Recordable Injury (TRI)	60	32	
Number of work-related fatalities	0	0	
Occupational diseases	1	1	
Number of safety observations	3613	3494	
Safety observations (/employee)	0.96	1.05	

2024 METRICS AND TARGETS

We set time-bound, outcome-oriented targets for workplace safety. Our KPIs include Lost Time Injury (LTI), Lost Time Injury Frequency (LTIF), Total Recordable Injuries (TRI) and Total Recordable Injury Frequency (TRIF). We also measure leading indicators such as the number of safety observations, safety moments and management safety walks. These metrics and targets drive continuous improvement efforts to reduce workplace incidents, enhance employee well-being and mitigate operational risks.

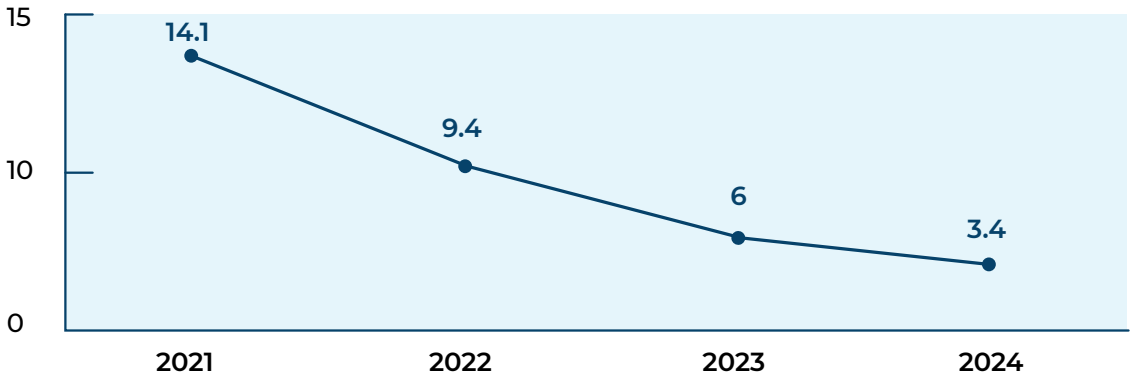
Our target-setting process involves collaboration with employees, occupational health and safety representatives and management. Regular engagement, including through safety committees and feedback mechanisms, ensures targets remain relevant and effective. Performance is continuously monitored through internal and external audits, with findings used to enhance safety initiatives and training programs. By integrating workforce insights, we aim to improve safety performance, support regulatory compliance and foster a culture of proactive risk management.

In 2024, the number and rate of LTI, LTIF, TRI and TRIF all decreased significantly, reflecting the continuous improvement of safety processes and measures across all business areas. For instance, we enhanced our safety reporting, helping to identify and mitigate risks more effectively. In VCM, safety communication throughout the year reinforced a proactive approach to workplace safety by focusing on four key themes identified by experts based on specific risks: chemical safety, fall and trip prevention, machinery safety and ergonomics, and psychosocial well-being. These topics were addressed across various platforms, including safety walks, information screens and mobile applications.

We will continue to learn and adapt our approach, recognizing that KPIs are also influenced by production stages. For example, ramp-up phases are more susceptible to safety risks and require intensified training and communication to ensure a safe working environment.

In 2024, our Safety observations reached 873 per million working hours (MWh), surpassing both our 2023 result of 851 MWh and our 2024 target of 600 MWh. We encourage safety observations to be reported because it helps proactively identify and address potential hazards before they lead to incidents.

INJURY RATE, GROUP*



*Work-related injuries that have led to >1 days of absences per million hours worked.

GENDER EQUALITY AND EQUAL PAY

Gender equality and equal pay influence talent acquisition, productivity, legal compliance and our company's reputation. They also foster a more inclusive, innovative and sustainable business model, which is vital for our long-term success.

Our Human Resources policy is deeply committed to ensuring fairness and equity, aligning with our Code of Conduct. We firmly believe in offering compensation based on individual and company performance and merit, including performance-driven incentives. Annually, the Board´s People and Culture Committee and the Board discuss pay and reward to fairly reflect employee contributions and foster an environment where effort and achievement are recognized at every level.

We have formal processes for categorizing and assessing job roles, ensuring that compensation aligns with the responsibilities and expectations of each position. This system helps us maintain fairness and consistency across all levels, supporting our overarching goal of equal pay for equal work and a truly performance-based compensation culture.

To understand employee views, our HR Pulse survey includes questions to gather employee views on equality and remuneration. The results are analyzed and an action plan is formed for significant subjects.

In VCM and IONCOR, a dedicated job requirement working group (TVR) plays a vital role in monitoring and evaluating the pay structure for production employees. The group comprises trained experts, with equal representation from both the employer and employee sides, ensuring a balanced and transparent approach to pay assessments. This group meets as required, at least once a year, to review and update the compensation framework in line with evolving job requirements and market standards.

EMPLOYEE HEADCOUNT 31.12.2024 BY GENDER

	IONCOR	RKS	VCM	GROUP	TOTAL	TOTAL %
Male	1076	282	1000	12	2370	73 %
Female	334	210	334	11	889	27 %
Other	0	0	0	0	0	0 %
Not reported	0	0	1	0	1	0,03 %
Total Employees	1410	492	1335	23	3260	100 %

EMPLOYEE HEADCOUNT 31.12.2024 BY AGE

	UNDER 30 YEARS OLD	30-50 YEARS OLD	OVER 50 YEARS OLD
IONCOR	234	867	309
RKS	48	276	168
VCM	144	797	394
GROUP	1	12	10
Total	427	1952	881
Total %	13%	60%	27%

Breaking down headcount by employment type helps us evaluate whether our workforce structure aligns with business needs, ensuring the right balance between flexibility to adapt and stability in maintaining core competencies, while supporting more stable employment.

EMPLOYEE HEADCOUNT 31.12.2024 BY CONTRACT TYPE BROKEN DOWN BY GENDER

	FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
	NUMBER OF EMPLOYEES (HEAD COUNT 31.12)				
IONCOR	334	1076	0	0	1410
RKS	210	282	0	0	492
VCM	334	1000	0	1	1335
GROUP	11	12	0	0	23
Total	889	2370	0	1	3260
	NUMBER OF PERMANENT EMPLOYEES (HEAD COUNT)				
IONCOR	320	1061	0	0	1381
RKS	169	243	0	0	412
VCM	331	997	0	1	1329
GROUP	11	12	0	0	23
Total	831	2313	0	1	3145
	NUMBER OF TEMPORARY EMPLOYEES (HEAD COUNT)				
IONCOR	14	15	0	0	29
RKS	41	39	0	0	80
VCM	3	3	0	0	6
GROUP	0	0	0	0	0
Total	58	57	0	0	115

	FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
	NUMBER OF NON-GUARANTEED HOURS EMPLOYEES (HEAD COUNT)				
IONCOR	0	0	0	0	0
RKS	0	0	0	0	0
VCM	0	0	0	0	0
GROUP	0	0	0	0	0
Total	0	0	0	0	0
	NUMBER OF FULL-TIME EMPLOYEES (HEAD COUNT)				
IONCOR	321	1050	0	0	1371
RKS	202	278	0	0	480
VCM	329	997	0	1	1327
GROUP	10	12	0	0	22
Total	862	2337	0	1	3200
	NUMBER OF PART-TIME EMPLOYEES (HEAD COUNT)				
IONCOR	13	26	0	0	39
RKS	8	4	0	0	12
VCM	5	3	0	0	8
GROUP	0	0	0	0	0
Total	27	33	0	0	60

EMPLOYEE HEADCOUNT 31.12.2024 BY CONTRACT TYPE BROKEN DOWN BY REGION

	FINLAND	POLAND	GERMANY	TOTAL
	NUMBER OF EMPLOYEES (HEAD COUNT 31.12)			
IONCOR	1123	0	287	1410
RKS	0	361	131	492
VCM	1335	0	0	1335
GROUP	11	0	12	23
Total	2469	361	430	3260
	NUMBER OF PERMANENT EMPLOYEES (HEAD COUNT)			
IONCOR	1106	0	275	1381
RKS	0	292	120	412
VCM	1329	0	0	1329
GROUP	11	0	12	23
Total	2446	292	407	3145
	NUMBER OF TEMPORARY EMPLOYEES (HEAD COUNT)			
IONCOR	17	0	12	29
RKS	0	69	11	80
VCM	6	0	0	6
GROUP	0	0	0	0
Total	23	69	23	115

	FINLAND	POLAND	GERMANY	TOTAL
	NUMBER OF NON-GUARANTEED HOURS EMPLOYEES (HEAD COUNT)			
IONCOR	0	0	0	0
RKS	0	0	0	0
VCM	0	0	0	0
GROUP	0	0	0	0
Total	0	0	0	0
	NUMBER OF FULL-TIME EMPLOYEES (HEAD COUNT)			
IONCOR	1102	0	269	1371
RKS	0	361	119	480
VCM	1327	0	0	1327
GROUP	11	0	11	22
Total	2440	361	399	3200
	NUMBER OF PART-TIME EMPLOYEES (HEAD COUNT)			
IONCOR	21	0	18	39
RKS	0	0	12	12
VCM	8	0	0	8
GROUP	1	0	0	1
Total	30	0	30	60

The data consists of direct employment contract agreement (as per national laws) between company and employee without a third-party. Employee data is based on the registration in the HR management system.
The number is calculated based on headcount 31.12.2024. Headcount on December 31 provides a clear, consistent and comparable snapshot of our workforce at a specific point in time. Limitations of use of headcount are mitigated as our sector does not experience high seasonal fluctuations, but more longer cyclical employment trends that can be captured by headcount once per year.
The year-end headcount aligns with financial year-end reporting, allowing integration of workforce data with other operational metrics and reduces the risk of inconsistencies in data collection. Our current headcount differs from our 2024 financial statements as our sustainability report includes employees on furlough (and our financial statements do not). In the future, we are aligning between the two reports.

PRIVACY

As a major employer that manages sensitive data, including health information, we have established rigorous privacy policies and processes to protect employee data.

Our Information Security Policy is designed to ensure secure and compliant operations, fully aligning with ISO/IEC 27001 standards. Our Policy aligns with industry standards, regulatory requirements, and our core values. Its development incorporated feedback from key stakeholders, including employees, legal experts, management, and IT security professionals. The responsibility for implementing the policy lies with the CEO and the management team. To ensure widespread understanding and compliance, we make our information security policies readily accessible to employees through internal communication channels, training programs, and corporate publications.

Our information Security Management System's performance is reviewed and measured annually, and security-related updates are regularly communicated to all employees, e.g., through company news and portals.

To ensure all employees have the necessary knowledge, we require all office personnel to attend a 40-minute mandatory data protection training session annually. The session covers key topics such as information security, IT security and data protection. In 2024, we appointed specially trained privacy champions to assist team members with day-to-day privacy inquiries and reinforce adherence to internal guidelines.

SECURE EMPLOYMENT

As a manufacturing company, we are influenced by industry shifts, such as fluctuations in car sales, which may result in layoffs or furloughs. This uncertainty can affect employees' professional and personal lives, decreasing job satisfaction.

We maintain an ongoing dialogue with personnel representatives to manage our impact on employees, particularly concerning job security. If significant changes affect employees' positions, we initiate change negotiations in accordance with the Co-operation Act. In our decision-making, we comply with the provisions of collective agreements regarding workforce reductions.

We have developed an offboarding framework designed to provide a clear and structured approach to managing employee departures. The goal is to ensure a smooth, consistent process that supports the departing employee's experience and maintains positive relationships.

To support employees during change negotiations and furloughs, we enhance internal communications to address any concerns or questions raised. We also work in partnership with local authorities, support programs and trade unions to provide additional services and assistance.

In Finland, we use an operational model known as change security when staff reductions are necessary. If an employee has been employed continuously for over five years, we are obligated to provide an opportunity for employer-funded coaching or training to improve employability. In spring 2024 when there were layoffs in Finland, we decided to extend change security training to all employees affected by layoffs.

We also analyze headcount by direct (90%) and external (10%) employment agreements that allows us to assess workforce alignment with business needs, striking a balance between adaptability and stability while promoting employment.

TURNOVER RATES

In 2024, automotive market uncertainty continued to show in our turnover rates. For instance, VCM´s turnover rate was 19.7% while our total turnover rate was 12% remaining good in the manufacturing industry. This year, we have shifted to calculate turnover rates based on the ESRS definition that includes dismissals broadening our previous definition of voluntary turnover rate.

TURNOVER RATE

	MALE TURNOVER RATE	FEMALE TURNOVER RATE	TOTAL TURNOVER RATE
IONCOR	5 %	7 %	6 %
RKS	8 %	9 %	8 %
VCM	18%	25%	20%
Total	11 %	14 %	12 %

*Our turnover rate includes the number of employees who leave during the reporting period divided by the headcount of that category as of 31.12

NUMBER OF EMPLOYEES AND EXTERNAL WORKERS

	EMPLOYEES	EXTERNAL WORKERS
IONCOR	1410	121
RKS	492	232
VCM	1335	0
Group	23	0
Total	3260	353
Total %	90%	10%

DEVELOPMENT AND TRAINING OPPORTUNITIES

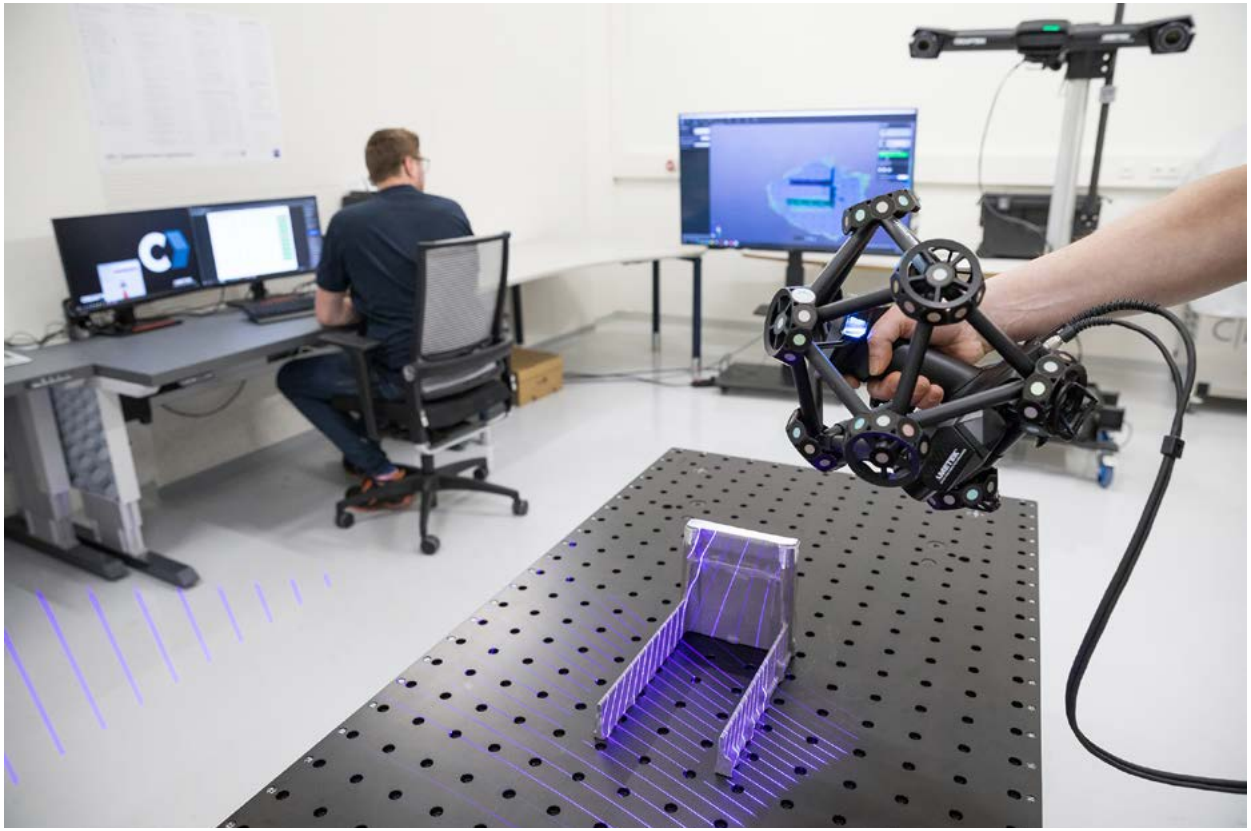
Training and skills development are not merely HR priorities; they are fundamental to business success. We operate in a highly competitive and rapidly evolving environment where efficiency, precision and adaptability are vital. Furthermore, employee engagement is crucial. To foster this, we prioritize continuous training and upskilling.

In addition to health and safety training, we actively support our employees' professional growth through comprehensive induction programs, internal mentoring, on-the-job training and external courses. Diverse learning opportunities are accessible across multiple platforms, including our Learning Management System (LMS) which offers tailored eLearning solutions to meet specific needs. Employees can enhance their skills and access flexible, on-demand resources through online training portals, VAcademy and LinkedIn Learning. To ensure inclusivity, we offer training in all our key languages: English, Finnish, German and Polish.

All office employees are obliged to pass five mandatory courses annually related to quality, information security, compliance and organizational culture.

At our VCM plant, the Assembly Shop's Training Center – established in 2020 – provides a state-of-the-art learning environment for car builders. Designed with modern, well-equipped facilities, the center offers a structured framework for hands-on training. It features dedicated stations and assembly lines that cover over 80% of all tasks in the assembly process, ensuring employees acquire the essential skills needed for production excellence.

We recognize that time constraints can sometimes limit employees from fully utilizing these opportunities. Another challenge is ensuring that training remains accessible and relevant to our workforce. Moving forward, we are committed to refining our training programs to be more flexible, tailored and easily integrated into daily workflows, ensuring that every employee can benefit from continuous learning and development.



VALUE CHAIN WORKERS

MATERIAL ASPECTS: VALUE CHAIN WORKERS

It is estimated that the broader automotive sector employs approximately 14 million Europeans, accounting for 6% of the total labor force. Furthermore, the manufacturing supply chain extends globally, serving as a significant source of jobs and livelihoods. However, the automotive and battery sectors have been identified as having value chain worker risks which may include unsafe working conditions, forced and child labor violations. These risks can arise across various stages, from raw material extraction (such as mining for lithium and cobalt) to manufacturing and assembly. Additionally, poor labor conditions in certain regions or suppliers can lead to reputational damage, legal issues, and disruptions in the supply chain, making the management of these risks critical for compliance, sustainability, and business continuity.

LAYING THE FOUNDATIONS FOR RESPONSIBLE VALUE CHAIN MANAGEMENT

As a part of the automotive sector and e-mobility value chain – where material sourcing, labour practices, human rights and environmental impact present key challenges – we are committed to work towards sustainability.

Our Supplier Code of Conduct (SCoC) is designed to set responsible standards and condemn potential negative human rights impacts across our value chain. In addition to environmental aspects, the SCoC addresses social risks within the value chain such as working conditions, fair treatment, opportunities for all, and other work-related rights including the prevention of child labor, forced labor, and the protection of indigenous communities' rights.

We strive to promote transparency and compliance with our SCoC and Sustainability Assessment Questionnaire (SAQ) to drive positive material impacts for value chain workers within the manufacturing and automotive sectors. They set clear expectations, promote ethical and sustainable business practices, and enhance supply chain transparency.

While our Codes and questionnaires provide a structured approach to set expectations and monitor supplier performance, they have inherent limitations. Looking ahead, we aim for good practice for enhancing transparency and engagement with suppliers to drive improvements including beyond tier-1. One of the key challenges in supply chain transparency is the presence of multiple tiers, where indirect suppliers may be several levels removed. This complexity makes it difficult to achieve full visibility, as we rely on our direct suppliers to enforce and uphold our standards throughout their own supply chains.

ALIGNMENT WITH INTERNATIONAL STANDARDS

Our SCoC is based on our Code of Conduct, internal policies and recognized international conventions and standards. These include the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the Fundamental Conventions of the International Labour Organization (ILO) and the International Bill of Human Rights. The SCoC explicitly prohibits, under all circumstances, the direct or indirect use of child labor, forced labor, wage slavery, involuntary labor or any practices that are physically coercive, threatening, abusive or exploitative.

SUPPLIER COMPLIANCE

All tier-1 suppliers are required to comply with the SCoC, which is embedded in the tendering process to ensure that both current and prospective suppliers are fully informed of its requirements. For single orders without a binding contract, suppliers must sign the General Terms and Conditions, which explicitly reference the SCoC requirements. Exceptions may be granted only to suppliers who demonstrate equivalent requirements within their own company policies and guidelines, supported by evidence from the SAQ. The SAQ is a self-assessment and responses are validated by a third party, based on the evidence provided. If the evidence is insufficient, the self-assessment may be challenged.

The SAQ is aligned with fundamental principles of environmental, social and governance (ESG) responsibility. This helps us to assess the maturity level of our suppliers' sustainability processes and compliance with the defined minimum requirement.

SUPPLIER ASSESSMENT

To mitigate risks and prevent negative impacts, selected suppliers – based on procurement spend – must complete a third-party SAQ, which includes an evaluation of human rights issues. The resulting score reflects the supplier's sustainability performance.

Suppliers completing the SAQ are expected to meet the following minimum requirements:

- A Code of Conduct
- A Health and Safety policy
- A Human Rights policy (addressing child labor, young workers and modern slavery)
- A Business Ethics policy
- Sustainability requirements for their own suppliers

Suppliers failing to meet these minimum standards are required to submit a corrective action plan to address deficiencies.

RAW MATERIAL SOURCING AND TRANSPARENCY

Under the SCoC, suppliers are expected to trace and disclose the origins of raw materials used in their products, particularly conflict minerals such as tin, tantalum, tungsten and gold (3TG), as well as extended minerals like cobalt and mica. Affected suppliers must report annually on the origins of these materials using the Conflict Mineral Reporting Template (CMRT) and the Extended Mineral Reporting Template (EMRT) from the Responsible Minerals Initiative (RMI). These reports support transparency and ethical sourcing practices, which are integral to the sustainability of the automotive supply chain. However, in practice, implementing and ensuring compliance across complex supply chains presents significant challenges that requires annual improvements in data quantity and quality.

ENGAGING WITH VALUE CHAIN WORKERS

We engage with value chain workers primarily through the SAQ distributed to first-tier suppliers. The SAQ covers a range of sustainability topics, including social issues and human rights, and provides a proxy for assessing general risk levels within the supply chain.

While this process enables insight into the potential impacts on workers, we do not currently have a formalized, general process for directly engaging with workers or other stakeholders in the upstream value chain. Engagement with workers occurs indirectly via their employers (suppliers) and the results of supplier assessments. These assessments inform our due diligence processes and highlight areas requiring improvement, particularly regarding social and human rights concerns.

GRIEVANCE MECHANISMS AND MONITORING

Anonymous reporting channels are available to value chain workers and other stakeholders, allowing them to raise concerns confidentially. These channels are part of our whistleblowing processes, as outlined under G1 Business Conduct chapter, and are subject to Group Management review and Group Legal oversight. No cases of non-compliance with international standards were identified in 2024.

We are committed to monitoring compliance, addressing grievances and ensuring that all suppliers adhere to our high ethical and sustainability standards. We address and remediate negative impacts on value chain workers through established mechanisms that provide a secure and confidential avenue for reporting concerns. Internal and external stakeholders can report any identified negative impacts or risks affecting value chain workers through the Compliance Channel, accessible via our intranet and public website.

To ensure the Compliance Channel remain effective, we track all reported issues, their resolution status and any follow-up actions. We regularly assess the system's performance and compliance with relevant standards to maintain user trust and reliability.

AWARENESS AND NON-RETALIATION POLICY

While we have not implemented additional workplace-specific processes to support access to the Compliance Channel for value chain workers, we ensure that the system is well-publicized and easily accessible. Our adherence to ISO 27001, ISO 27018 standards and the EU Whistleblowing Directive is a cornerstone of our approach, fostering a culture where value chain workers feel safe to raise a concern without fear of repercussions.

ACTIONS AND METRICS

In 2024, we continued our due diligence processes to better prevent and mitigate social risks in the value chain, with a key focus on supplier engagement through the SAQ. Specific actions included:

We use the reporting template developed by the Responsible Minerals Initiative (RMI) and conduct a survey with suppliers providing conflict or extended minerals (e.g., cobalt, mica) which is a more targeted reporting system than the SAQ. This resulted in 50% coverage of suppliers delivering conflict-related materials.

At the IONCOR business area, purchasing experts participated in two training sessions covering topics such as sustainable supply chain management and the EU Batteries Regulation. In Vechicle Contract Manufacturing, our sourcing experts were trained on sustainability requirements and the development of sustainable procurement processes to ensure compliance with emerging regulations.

We track the effectiveness of supply chain due diligence activities using the following process indicators:

- Percentage of supplier spend signed a contract including VA's SCoC requirements
- Percentage of supplier spend with SAQ scores.
- Percentage of supplier spend with an SAQ score ≥ 80%.
- Percentage of affected suppliers sharing a Conflict Mineral Reporting Template (CMRT).
- Percentage of affected suppliers sharing an Extended Minerals Reporting Template (EMRT).

TARGETS

We have established specific, time-bound targets to measure and improve supplier engagement with our SCoC and due diligence processes. These targets are designed to align supplier processes with our sustainability requirements and to track compliance through the annual SAQ.

Key sustainable supply chain targets and results include:

YEAR	TARGET	RESULT
2024	65% of supplier spend with self-assessment questionnaire score	56% (based on 2023 supplier spend data)

These targets align with our broader sustainability strategy and have been reviewed and validated by the management team. Progress toward achieving the targets is monitored annually.

Suppliers required to complete the SAQ are prioritized based on their expenditure (€) and the use of specific high-risk materials in their supply chains. This ensures that we focus attention and resources on areas of highest potential risk and impact.

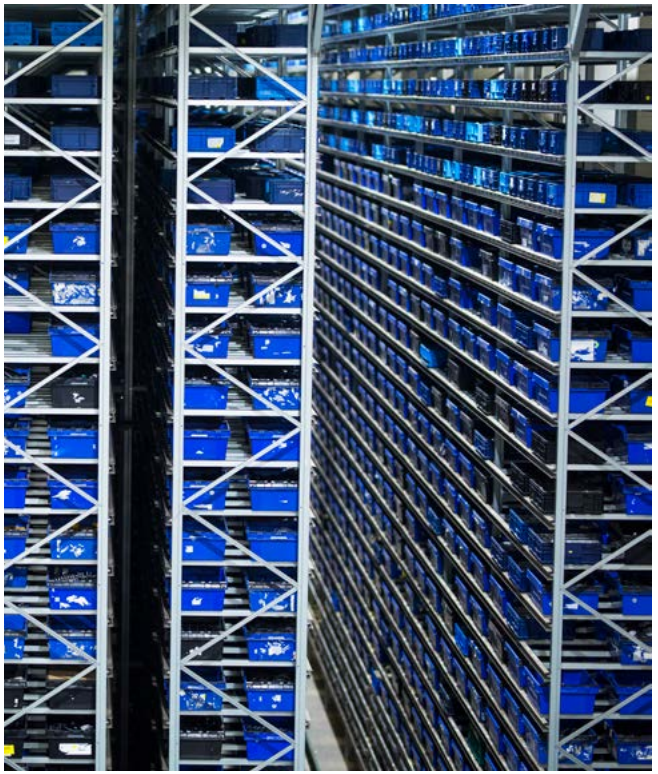
The target setting process does not directly involve upstream value chain workers, their representatives or proxies. Instead, targets are reviewed annually and informed by customer requests, megatrends, materiality assessments and industry trends. The sustainability team ensures that our targets reflect Valmet Automotive's strategic priorities and align with evolving regulations and stakeholder expectations.

CHALLENGES AND ADJUSTMENTS

In 2024, supplier participation in the SAQ declined from 72% to 56%. This was largely due to shifts in expenditure within our supplier base and challenges in coordinating SAQ campaigns. This decline occurred alongside a strategic transition towards greater autonomy being granted to individual business areas. Consequently, the previously centrally managed planning and execution of SAQ campaigns was delegated to individual departments. As a result of this change process, supplier invitations were temporarily delayed and SAQ response rates were impacted.

To address these challenges, targeted SAQ campaigns were launched by the VCM and IONCOR business areas at the end of 2024. These initiatives aim to enhance supplier participation and ensure steady progress towards meeting our 2027 sustainability targets.

We remain committed to advancing transparency, compliance and sustainability throughout our value chain. While recent challenges impacted SAQ participation, we have identified and implemented corrective measures to align with our sustainability goals. We will continue to mitigate risks, foster positive impacts and ensure alignment with our long-term strategic priorities through ongoing target reviews and monitoring.



BUSINESS CONDUCT

BUSINESS CONDUCT

MATERIAL ASPECTS: BUSINESS CONDUCT

Responsible business conduct and whistleblowing are essential for managing impacts across our industry's complex supply chains and for meeting regulatory obligations and high stakeholder expectations. By embedding ethical business practices in our operations, we ensure compliance, reduce risks and enhance long-term sustainability in a competitive and highly regulated environment.

Maintaining stakeholder trust and reputation is a significant consideration. We work closely with regulatory bodies, investors and customers, all of whom demand transparency and ethical business practices. Any scandal related to fraud, corruption or labor exploitation may lead to contract losses, investor withdrawal and damaged customer relationships. A well-implemented whistleblowing mechanism ensures issues are reported and resolved proactively and in a timely manner, reinforcing a culture of integrity.

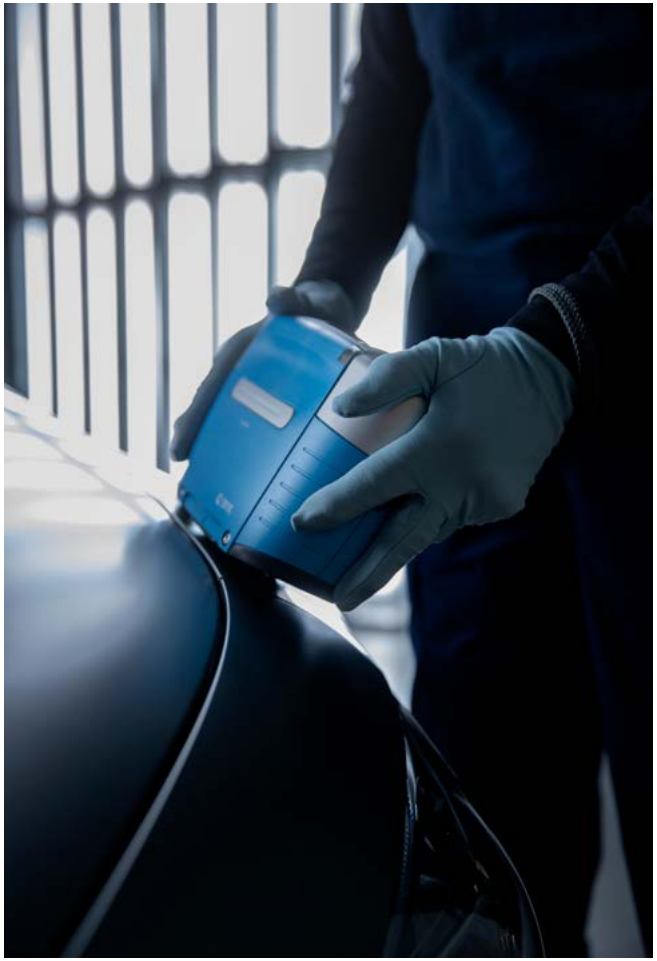
From an operational and financial standpoint, ethical business conduct helps to prevent fraud, bribery and corruption, which can disrupt operations, increase costs and lead to financial penalties. A structured whistleblowing process ensures early intervention, potentially reducing financial losses and maintaining stable operations. Strong governance practices also enhance investor confidence, contributing to long-term business sustainability.

Workplace culture and employee trust are deeply influenced by a company's approach to ethics and integrity. A safe, fair and inclusive work environment encourages employees to report unethical behavior without fear of retaliation. A transparent whistleblowing policy fosters a speak-up culture and can improve employee morale, retention and productivity.

RESPONSIBLE BUSINESS CONDUCT

Our focus is on increasing awareness and understanding of the Code of Conduct and ethical principles through training and effective communication.

Valmet Automotive's compliance program is designed to ensure that employees are aware of the applicable rules and regulations. It cultivates an environment that prevents and detects misconduct. The compliance program is primarily implemented through training for employees. Office personnel are required to complete mandatory online training on ethical principles within a month of onboarding and then annually. The training emphasizes the practical application of our ethical principles through real-world, everyday scenarios. Valmet Automotive's double materiality assessment revealed that training and educating employees on compliance issues had a positive impact on preventing and detecting corruption and bribery. In 2024, 98% of the office personnel had completed the training.



MANAGING CONFLICTS OF INTEREST

Valmet Automotive's Board members adhere to a strict Code of Conduct and commit to recuse themselves from decision-making processes involving potential conflicts of interest. All Board members are obligated to disclose information about their related parties to the company. The finance department also conducts regular checks through the financial system to ensure the absence of conflicts of interest in transactions.

Decisions related to cross-shareholdings with suppliers undergo careful consideration. While the financial details of transactions with related parties are publicly disclosed, the actual parties remain confidential. In the case of cross-board membership, candidates assess the potential for conflict of interest and, if necessary, engage in discussions with the relevant parties.

COMPLIANCE CHANNEL

We encourage stakeholders to seek advice when raising concerns, either by contacting the legal department of Valmet Automotive, or by contacting their respective supervisors. In cases involving suspected HR-related misconduct, we advise our employees to first contact their supervisor or the HR department.

As part of the compliance process, we have introduced a Compliance Channel enabling anyone to report suspected non-compliance with the Code of Conduct, with the option of remaining anonymous. The Compliance Channel is presented as a part of compliance training and outlined in the Code of Conduct. It is easily accessible for both internal and external stakeholders on our intranet and website.

The Compliance Channel allows anonymous and confidential messaging and is implemented through an external service provider. The Compliance Channel adheres to the ISO 27001 standard for data security management and the ISO 27018 standard for the protection of personal data in cloud services. Our guidelines align with the EU's Whistleblowing Directive and comply with the respective national laws of our operating countries.

INVESTIGATION PROCESSES

A team of three specialists from the organization's legal department have authority to handle whistleblowing cases and have exclusive access to the reporting system. The process is managed by the Group General Counsel. Within seven calendar days of receiving a report, the team reviews the encrypted report and responds to the reporter. Additional information is requested from the reporter if required.

The legal department assumes responsibility for designing and monitoring compliance processes. These processes are reviewed regularly and updated, with input from the Management Team and the Board of Directors. Compliance performance, including e-learning completion rate and notifications to the Compliance Channel, is routinely reported to the Group Management. The Board of Directors conducts an annual review of the compliance process. Any concerns of misconduct involving a senior executive mandate immediate reporting by the legal department to the Chair of the Board. The effectiveness of grievance mechanisms is evaluated based on the expertise of the legal department, the quality of the policies, the completion rate of training, and the number of notifications through the Compliance Channel.

In 2024, 16 reports were received through the Compliance Channel (2023: 27). Most of the reports were related to leadership practices or suspected misconduct at work. When a violation of the Code of Conduct or legislation is suspected, a designated contact person from the relevant business area may be invited to participate in the process to form a holistic understanding of the issue. The Group General Counsel oversees the case procedures and notifies the initiator upon closure. No reported matters in 2024 led to police involvement. During 2024, the whistleblowing guidelines were slightly revised to address the regulatory requirements of the EU Whistleblowing Directive's national implementation in Finland, Germany and Poland.