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 Valid for Valmet  
 Process Enabling processes/Human Resources/Resourcing

ID PO-E000074 Rev 1.1  
 Status APPROVED  
 Validity 8.11.2024 - 1.1.2028

## External workforce policy

Parent Document(s)

### Purpose

This policy outlines the global guidelines for utilizing external workforce in Valmet's operations to ensure alignment with Valmet's strategy and operational needs. In addition, there can be country specific legal and other requirements which also need to be complied with.

### Scope

This policy applies to all business lines, areas and functions and includes all personnel groups.

### Definitions and workforce utilization

Strategic resource planning guides the utilization of different type of workforce. Each business line, area and function define those competencies which need to be always kept within Valmet, as well as areas of work what could potentially be done by external workforce in case the need arises.

**Internal workforce:** Regular or fixed term employees, whether full-time or part-time, who are directly hired and employed by Valmet and who are on Valmet's payroll. Internal Workforce utilization is covered in Human Resources and other relevant policies and guidelines and hence out of scope of this policy.

**Outsourcing:** Hiring an external company to manage an entire function or service on behalf of the business. The outsourcing partner manages the work and is accountable for delivering the agreed-upon results. Outsourcing is out of scope of this policy.

**External workforce:** Individuals who are not directly hired and employed by Valmet but who are engaged on a non-permanent basis to deliver specific services, tasks or projects or provide additional resources for a temporary need. External workforce consists of leased workforce and subcontractor workforce. External workforce should never be used for strategically critical tasks.

Procurement must be actively involved in external workforce supplier selection to provide expertise and ensure that related risks are identified and mitigated. This is particularly important when dealing with one-person companies. The use of one-person companies should be minimized, as they may be subject to specific local laws and regulations. The final decision of the external workforce supplier is made jointly by service user and procurement after the procurement process has been done.

**Leased workforce:** Valmet leases employee resources or competencies from a firm that officially employs those employees. The payment is made to the firm based on the time used by each leased worker. Leased workforce is used for temporary, typically non-strategic activities which are supervised and controlled directly by Valmet. Valmet has the responsibility for the outcomes and performance of the leased workforce as well as of their health and safety during work execution.

Leased workforce can be used when there's a need to scale up the workforce based on immediate, temporary demands, or have a short-term replacement e.g. due to parental / sick leave, or an interim leadership need. Sometimes there's also a need to get expertise that is not currently available within Valmet, and then a plan on how to ensure the expertise in long term needs to be in place.

The approval for a leased worker assignment is done with a job requisition in Workday according to the HR Approval Grid. Once the approval is in place a purchase order is needed. The approval for a leased worker assignment can be obtained for a maximum of six months at a time. After that the need must be re-evaluated, and in case continuation is needed, it needs to be approved according to the approval grid.

Requirements of local legislation need to be carefully monitored to mitigate possible risks and obligations of a continued assignment.

**Subcontractor workforce:** Valmet buys results or services by contractually assigning specific tasks to another firm acting as a subcontractor. The subcontractor is responsible for the outcomes and managing performance and work that can be done either at the subcontractor's or Valmet's premises or for example at customer site. The subcontractor's workers are not directly supervised by Valmet, but it is important to notice that Valmet is responsible for oversight and coordination of health and safety in workplaces under Valmet's control.

Subcontracting can be used for specialized or project-based work and services or to scale up the workforce for temporary needs when the work can be entirely managed by external suppliers.

Subcontracting decisions are made by project or function, which need special knowledge, tools, or capacity. When ordering subcontracting services, the needed outcome or scope is defined. The requesting function creates a purchase requisition, procurement function creates purchase order to selected supplier.

Sub-contractors must have a clearly nominated Valmet contact person.

**Roles and responsibilities**

Roles and responsibilities regarding external workforce are as follows:

**Line Managers/Project Managers**

- make efficient and cost effective resource decisions according to strategic resource plans and business requirements
- follow Valmet policies, guidelines, and instructions related to the usage and purchase of external workforce
- ensure that all external workforce adhere to Valmet's health and safety protocols, information security guidelines, and work in a secure environment
- ensure that external workforce have the necessary access to systems, data and tools for their roles only for the duration of their assignment
- in case of leased workforce, participate in the selection process, ensure proper onboarding and offboarding, and monitor the performance of leased workers, ensuring accountability for the outcomes

**Business lines, Areas and functions**

- align and review the usage of the external workforce according to Valmet's strategy and their strategic resource plans
- define critical competencies that cannot be leased or subcontracted
- allocate and control the budget for external workforce
- identify and mitigate risks and obligations associated with the use of external workforce

**Human Resources**

- manages and develops strategic and annual resource planning processes
- develops and implements policies and procedures related to the external workforce
- provides support and guidance to line managers in managing the external workforce, ensuring that employment laws and regulations are followed
- provides data for leased workforce related reporting

**Procurement**

- supports business lines, areas and functions by maintaining a competent supplier portfolio for external workforce usage
- develop efficient processes and tools to purchase external workforce
- identifies, selects, negotiates, and manages contracts with suppliers
- monitors supplier spend and performance
- maintains and manages relationships with suppliers to ensure effective collaboration and service delivery

**Finance**

- provides support and guidance regarding the invoicing process
- assures timely payment of the invoices
- oversees cost management practices associated with external workforce

**IT**

- defines policies and standards for information security and identity and access management for external workforce to protect Valmet data, IPR and to secure business continuity
- enables life cycle management (joiner, mover, leaver) for external workforce's digital identity and setting up accounts, providing necessary software and hardware as ordered

**Legal**

- provides support when needed to ensure that all external workforce engagements comply with applicable local laws and regulations, mitigating any co-employment or other legal risks that may arise
- provides support relating to reporting requirements, to ensure that all necessary documentation and disclosures can be accurately completed and submitted in a timely manner

**HSE**

- provides support and guidance to line managers in managing the health and safety external workforce, ensuring that occupational health and safety laws and regulations are followed
- provides support to procurement to specify HSE requirements in supplier contracts
- provides support to line managers in serious work-related injury and illness investigations
- provides health and safety data for external workforce related reporting

**Review**

This policy will be reviewed regularly and updated as necessary.

November 2024

Thomas Hinnerskov  
President and CEO  
Valmet Corporation



Related document(s)