

# SAALASTI – OUR WAY

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## 1. SAALASTI – OUR WAY

### 1.1. What is the purpose of this document?

Saalasti – Our Way is our cultural guideline, i. e. it provides guidance in our operations. The purpose of this Saalasti – Our Way document is to provide a succinct overview on the following topics:

- Who are we and what are our values?
- What is the purpose of Saalasti's existence?
- Saalasti's most essential practices, i. e. how do we work?
- What is our company culture like, and how do we want to develop it?
- How do we operate in a responsible manner?

In this document, we focus on the operations and company culture of Saalasti Finland and Saalasti's country-specific branches.

This is an open access document available for everyone, including personnel outside the company. It is especially aimed at Saalasti's current and future employees as well as Saalasti's other stakeholders.

This Saalasti – Our Way document is intended to change and grow with the company's operations and operating environment. Each and every Saalasti staff member may make suggestions for changes to this document. This document reflects the company's current corporate culture as well as the direction our growth is taking us.

### 1.2. Saalasti Group

Saalasti is a family company that was founded by Tapio Saalasti in 1945, and its roots harken back to the railways and the rebuilding period of post-war Finland. Saalasti is a technology and service company with a good reputation, and its clientele includes the forestry and energy industries, railway operators, and various circular economy companies around the world. Since its founding, the company has stayed 100% owned by the Saalasti family; nowadays, its majority owner is Tomi Saalasti, who represents the third generation of the family.

Saalasti is comprised of the parent company, Saalasti Oy, and its three subsidiaries:

- **Saalasti Finland Oy:** Develops, manufactures, sells and services heavy process machinery for processing various renewable biomasses. Our clients are primarily major forestry and energy industry companies. Saalasti Finland is situated in Espoo, Finland, and it has subsidiaries in Chile, Spain, Canada, and Sweden.
- **Teräspyörä-Steelwheel Oy:** Manufactures special equipment for railways, such as maintenance wagons and robot engines, and services all types of railway equipment. Teräspyörä is situated in Kouvola, Finland, at a junction of trunk railway lines. Teräspyörä's guiding principle is "from rubber wheels to train tracks", i.e. transporting people and goods in an ecological, nature-friendly manner.

- **Cross Wrap Oy:** Manufactures automated bale packing and unpacking devices which make circular economy material flows much more efficient. Its clients are mostly from the plastic and paper recycling sector, waste processing and energy usage industry, as well as the plate industry. Cross Wrap is situated in Siilijärvi, Finland.



Saalasti's, Teräspyörä's and Cross Wrap's shared summer party to celebrate the company's 77 years of work. The chair on the foreground in this picture was reserved for Tuula Saalasti, who is 80 years old, but Tuula simply said she would have time enough to sit down later when she was old.

## 2. Who are we at Saalasti Finland and at Saalasti's country-specific companies?

2.1. What is the purpose of Saalasti Finland and why do we exist?  
Saalasti's purpose casts light on its reason for existing. It is like a lighthouse beacon in foggy weather that guides our operations and our choices.

*Saalasti's purpose: To create opportunities for our clients to utilise renewable biomasses.*

We create clean value out of our clients' biomasses. This is done by controlling the bit size of the biomass (e.g. through crushing and sieving) as well as by drying and cleaning biomasses. We are doing our part for sustainability: our business operations are by default sustainable, we re-use spare parts and even whole machinery; this means we serve our clients in an ecologically sustainable manner.

## 2.2. Saalasti's values

Our values reflect the approach Saalasti takes to reach its goals.

- Good-natured family atmosphere
  - We respect one another
  - We treat one another like we would like others to treat us, too
  - We think and act with positivity in mind, even when we occasionally disagree on something
- Equity and fairness
  - We all have the same potential to succeed in our work
  - We follow common guidelines that we've created together, which ensures equitable treatment for all
- Keeping our promises
  - Finishing what we started properly
  - Always taking responsibility
- Know-how and expertise
  - Many of our positions require deep know-how and expertise as well as professional competence, and the desire to develop them, too.
  - The continuous improvement of skills and competence for both individuals and the company itself (please see Chapter 3.4 for more information)

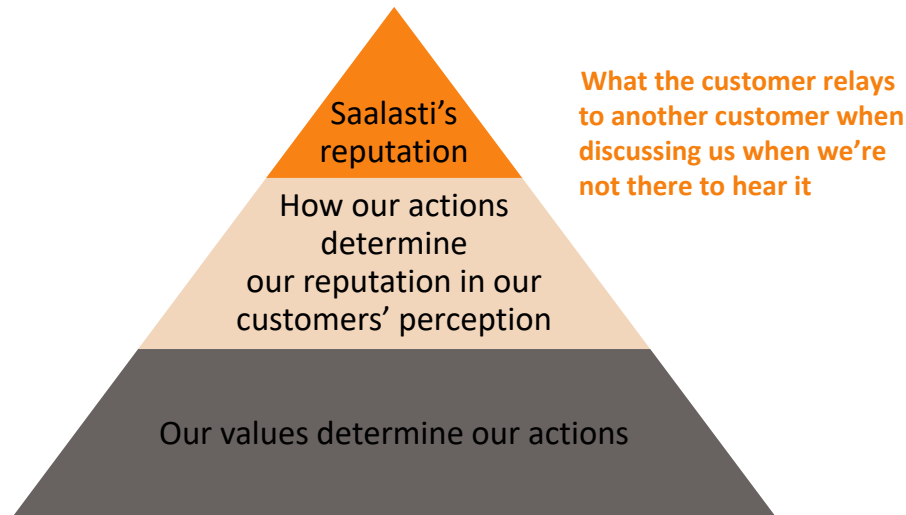
## 2.3. How do our values affect Saalasti's reputation in the market

Everything we do must improve the customer experience, i.e. Saalasti's reputation in the market. The customer makes it possible for all Saalasti staff to have a job. By working according to our values, we create a good reputation for Saalasti among our customers. The customer's perception of Saalasti's reputation is what the customer relays to another customer when discussing us when we're not there to hear it.

*The customer's perception of Saalasti's reputation = what the customer relays to another customer when discussing us when we're not there to hear it*

We want our customers to tell the following things about us to other customers:

- We are trustworthy: we deliver what we've promised, and any potential issues are always resolved.
- We know what we're doing: Saalasti's staff are the best experts on Saalasti's equipment.
- We treat one another and our customers in a fair and equitable fashion. Every person is equally valuable to us.
- We deliver high-quality machinery that is guaranteed to work.



## 2.4. What kinds of people make up the Saalasti team?

We operate globally. We need people with different specialty skill sets, backgrounds, cultural skills and personality traits – but we all do some of the same things:

- We share the company's values
- We enjoy open and considerate discussions
- We respect one another and our co-workers contributions
- We treat others like we want to be treated
- We enjoy a flexible and semi-self-directed way of working
- We love learning and growing
- We understand that we are all human, and that we all make mistakes sometimes. That is simply part of being a human and also part of the learning process.
- We take ownership of our mistakes and apologise when needed.
- We improve our operations and keep pushing forwards

## 3. How do we work?

### 3.1. Our customer-centric approach: the customer always comes first

Our business is based on identifying customer needs and providing the best value-added solutions. The conversation with the customer can last from a few minutes about the need for maintenance to years-long discourse for long development projects. Customers can rely on us to be with them throughout the entire life cycle of their machinery, from product development to the end of the technical life of the equipment, and even in difficult times. Our way of working has created customer relationships that have lasted for decades. Below are two real stories that show how we take care of our customers.

Story 1: The customer needed to find a renewable substitute material for the non-renewable raw material they were using. We started an intensive development process with the customer, which resulted in the launch of a new, advanced product made entirely with a process developed by Saalasti – and from completely renewable raw materials.

Story 2: We delivered a process line to our customer that did not work as intended. Saalasti worked intensely for a few years to make sure that the process line would work as the customer wished. This led to our initially dissatisfied customer becoming satisfied with our product and service, and we have since then sold more machinery to the same customer.

### 3.2. Leadership and how we would like to be lead

The Board of Directors and the Management Team decide on the company's strategy. The strategy consists of an objective and the concrete means to achieve it. We call our goals the *Outrageous Promise*, which tells us where we want to be in about five years' time.

The task of the Management Team is to break down the *Strategy* into concrete *team and individual level goals and tasks* for the company's staff, so that all employees understand what we are doing and how each of our jobs relates to achieving *Saalasti's Outrageous Promise*.

The most important role of our managers is to enable their team and its individuals to succeed. We always make sure that the tools and measurement of the work are in order.

At Saalasti, we lead and are lead through example. At Saalasti, we always act according to our shared values, both as managers and as employees.

Open and transparent communication is the cornerstone of leadership. Part of successful leadership is giving feedback, both positive and on issues that need improvement.

### 3.3. Team work

Saalasti has various different teams whose work's scope and leadership demands differ from one another. However, our general leadership culture can be distilled down into the following:

- **If we work together, we can achieve our shared goals**
  - Helping our colleagues and working together are important both between teams and within teams, both within Finland and between country-specific companies.
  - We do selfless things in order to achieve our shared goals.
  - Solution-centric approach
    - We focus on achieving the intended outcome as required by the situation
  - Initiative and proactivity are vital to us
    - When we identify areas for improvement, we bring them to others' attention, for example through the initiative system
    - We expect an independent approach to work from our employees
    - We take an active approach to our work
  - Equity, fairness, and treating everyone as an equal
  - Open communication

- **Sharing responsibility and taking responsibility**
  - Clear roles, processes, responsibilities and goal that are made through the on-boarding process of new hires as well as training
  - Systematic approach to work and honouring schedules
- **Living with perpetual change**
  - Saalasti is growing and changing continuously, and Saalasti's personnel know how to live with change and growth
  - The company's success requires flexibility and adaptation from Saalasti's personnel

### 3.4. Continuous improvement, feedback culture and learning from exceptions

Continuous improvement for the company, the teams, and the individuals is a requirement for a successful company. To continuously improve what we do, we need to know what the status quo is, observe any deviations from it, and give and receive constructive feedback. The following points describe those topics well.

#### Continuous improvement

- Continuous improvement starts with documented identification of the current situation
- Improvement means that the new way we do things is better than the old way, the new way is documented, and made available to everyone
- We drive continuous improvement in all areas of the business
- Every Saalasti employee makes suggestions aimed at improving our operations through our initiative system
  - Everyone can comment on these initiatives, which then refines and improves them further

#### Exceptions

- All of us make mistakes; it's natural
- Some mistakes result in exception reports
- Finding an exception is a positive thing; it provides us with an opportunity to improve and learn
- We're solution-centric; we're always looking for solutions, not scapegoats
  - Solution-centric approach and documenting solutions create a feedback loop of continuous improvement
- We ask questions and learn, in both directions

*Finding an exception is a good thing!*

#### Feedback culture

- Feedback provides us a chance for improvement
- We encourage our employees to give and request feedback
- We make a point of remembering to give positive feedback, and to praise and thank our co-workers
- Negative feedback is handled in a constructive manner in the group that it concerns



- Feedback and goal setting between manager and subordinate takes place in development discussions and daily interactions

### 3.5. Decision-making

At Saalasti, people make decisions that can be major, regardless of their own position in the company.

- The decisions are made:
  - according to our values
  - based on the best knowledge and facts available
  - where the best expertise concerning the matter is
  - by consulting those who the matter concerns
  - using common sense
  - if necessary, in a group setting and with team support, as long as it's clear who's responsible for making the decision
- The decision can always be revisited and revised if a better solution to the matter is found

### 3.6. Responsibility

Responsibility<sup>1</sup> is the core and centre of all our activities at Saalasti. Saalasti's owner's vision guides the whole company, and it is based on responsibility: all the businesses of the Saalasti Group companies must be responsible and "on the side of the good", for example contributing by improving the circular economy (Cross Wrap), the green transition in transport (Teräspyörä) or better use of renewable raw materials (Saalasti Finland).

Saalasti Finland's machinery is built to last – literally. Our machinery will last for decades with the proper upkeep. Our oldest machinery has been in continuous use for thirty years – and they're still producing renewable energy to meet society's needs.

In addition to our business operations, our responsibility is shown through our everyday actions. We want to develop our everyday activities so that everyone can participate and be heard. To this end we have launched a committee dedicated to staff well-being that is open to all, for example. We also want to develop a more equal and diverse workforce. Our recruiting process is conducted in line with our values, and we encourage applicants from a wide range of backgrounds to apply for our vacancies. We want to hire the best people who share our values, regardless of age, gender, religion, background or other factors.

While we are already responsible in many areas, we also have a lot of room for improvement, especially in measuring and reporting on sustainability. For example, Saalasti Finland's carbon footprint<sup>2</sup> is currently in the process of being calculated and reported. We already know that the renewable energy produced by Saalasti's machinery is equivalent to

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<sup>1</sup> In this document, we use terms "responsibility", and we use it to mean our responsibilities towards the environment, society, and good governance.

<sup>2</sup>Carbon footprint = total carbon impact, taking into account the negative and positive carbon dioxide impacts of an activity.

the energy produced by more than 18 large coal-fired power plants (500 MW). That's quite the positive carbon effect!



*Saalasti creates opportunities for its clients to utilise renewable biomasses.*

## 4. Saalasti's company culture

### 4.1. How does a family-owned company work?

Saalasti is a family company, and that is reflected in practical terms in our operations. For example, anyone can talk to anyone at Saalasti, including the CEO and the main owner.

Saalasti, as many other family companies, favours long-term thinking. We do not need to optimise our profits four times each year like publicly traded companies do. For a family company, a quarter is 25 years, not three months.

Long quarters are also connected to long careers. We ensure that our personnel can grow with the company, and we hope that our employees will enjoy working for us for a long time to come. Dismissals for industrial and economic reasons have historically been extremely rare at Saalasti. We want to hold on to our talent even in difficult economic times. We see our personnel as individuals with their own personalities, not just numbers.

Last, but perhaps most important, is the continuity of the family business. Saalasti has been a family business since 1945, and that will not change: Saalasti is a family business now and in the future, too.

### 4.2. Communication

#### **Saalasti's foundations for good communication:**

- Listening
  - Every one of us has two ears and one mouth; listening is the most important part of communication

- Listening helps us to genuinely understand each other
- Listening allows us to imagine ourselves in the other person's shoes
- A positive approach
  - We listen to each other and understand one another through positivity
  - We all have the same goal: the good of the company
  - We bring things up in a positive way in our communications
- Mutual respect
  - We behave respectfully towards each other in all our communications
  - We speak in a friendly manner even when dealing with challenging matters or even if we disagree
- We can discuss everything
  - Everyone has the right to be heard
  - We are open and transparent

### *Well-functioning communication is the cornerstone of collaboration*

#### 4.3. Community well-being

Second only to sleep, work takes up the largest part of person's time. At Saalasti, we believe that holistic wellbeing requires enjoying your work. It follows that everyone's own work is at the heart of a good workplace: getting excited about their daily work and finding meaning in it.

Well-being at work is the cornerstone of success. We want that every Saalasti employee feels good about coming to work each the morning. Physical, mental and social well-being are all important. We create a sense of community and team spirit both in everyday life and in small and large celebrations.

A part of Saalasti's agenda for promoting workplace well-being is the systemic measurement of workplace wellness. We will develop our activities based on the results of the surveys. An important part of supporting the overall well-being of our employees is the comprehensive occupational health care that we offer to our employees.

#### 4.4. What creates workplace wellness?

Each of us has the biggest impact on our own well-being at work, and we can contribute to it by:

- We do our own work so that tasks are completed properly
- This leads to successes, which are the foundation of well-being at work
- Developing our own work on our own initiative and/or directly with a supervisor or colleague
- Our goal is to create positive feedback loops, i. e. more and more successes
- We behave in a positive and supportive way in the workplace
- The manager is responsible for promoting well-being at work together with the employee: work planning, work equipment, safe working conditions and managing work and subordinates in accordance with Saalasti's values, among other things.

#### 4.5. Career paths and professional development

Saalasti has a tradition of long working relationships, and we want this to continue in the future. Long-term careers are also essential for us to succeed as a company: many of our functions and operations require in-depth knowledge that takes time to build up.

At Saalasti, we can influence our own work, whether we feel the need to do so due to changes in our personal life or a desire to find different work tasks. We will try to find our employees positions where they have potential to succeed.

Saalasti's aim is to continuously grow the company and its business, which in turn opens up new job opportunities and career paths for Saalasti employees, both at Saalasti and in other Group companies. We encourage our employees to progress through the career paths in the company and within the Group. Here's an example of one Saalasti employee's career progress:

- We hired a young student for part-time work. After they had completed their education, they became our full-time employee. In no time at all they turned out to be an experienced, skilled installation engineer and maintenance expert. Next, they travelled to Canada to help set up Saalasti's subsidiary there. A few years later they returned to Finland and transferred to a new position where they now manage our maintenance sales operations.

We encourage our staff to train both in line with their job description and to broaden their own skills through training. Each person brings the areas in which they would like to be trained to the attention of their supervisor. Each person should show initiative for learning and to take part in specific training of their own accord.

#### 4.6. Thanking and celebrating

Thanking each other is an important part of our company culture. We remember to thank and praise our colleagues for the little things in everyday life as well as for bigger successes. A thank you can be a beautiful word, a positive emoticon, a small material reminder or even some baked treats for your colleagues. We also celebrate successes as a team: we always raise a toast together after a new deal. At the end of the year, the Christmas party is an important annual event that we celebrate together.

(Add a picture here)

## 5. A word from the company's owner

Saalasti Oy has been a central part of my whole life. I was building Saalasti Oy factories with my Legos before I was old enough for school, and my father Timo took me to pulp mills all over Finland when I was the size of a fire extinguisher. Pulp mills were such exciting places for me as a little boy. I remember the days at the old Saalasti offices on Arinatie and in Pasila, and I also remember when the new, nice and big Juvanmalmi office was opened.

If a company doesn't go forward and develop, it will regress, and another company will take its place. Saalasti has always moved forward through hard work and perhaps some good

luck. Compared to Saalasti in the early 2000s, the current Saalasti Group of 2022 is a different beast in many ways. The Group has three operative businesses: Saalasti Finland and its subsidiaries, Teräspyörä, and the newest addition, Cross Wrap. In twenty years, the Group's personnel number has increased fivefold from around 30 to 150.

On the other hand, some things have not changed. We are a family business now and in the future, too. The multi-generational continuity of our family business is my main goal. We can make long-term plans, and we do not have to care about quartal goals like publicly traded companies.

Perhaps because of this long-term point of view, many family businesses do more for society than the company is required to do under the Limited Liability Companies Act. So does Saalasti. According to the Limited Liability Companies Act, the purpose of a company is to produce a profit. Of course, making a profit is important: if a company does not make a profit, it cannot progress. But profit alone is not enough. My own view is that to be successful in the future, a company must also have the best people, a good team spirit, and the business must be sustainable. I want all the companies in the Saalasti Group to lead the world in a better direction, so that we can leave a good place for future generations to live.

*“I want all the companies in the Saalasti group  
to lead the world in a better direction”*

I became a third-generation family business owner in the spring of 2021. I cannot overstate how big and important that is to me. I am immensely proud that my grandfather Tapio, an unrivalled inventor, founded this company and laid the foundations for our future. My father Timo then steered the company forward for the next three decades. I am honoured that, together with all our employees, we are taking the company to the next level.

Whenever I'm alone at the office late at night, I go for a walk through the factory. Somehow, I find it calming. The empty, completely quiet factory floor is a fantastic place. I look over the equipment we're assembling as well as our stores of spare parts and maintenance materials. Every time I think how Tapio laid the foundations for all this, and I am moved. We all have a great, successful place of work. Let us work together to make sure that the Saalasti Group continues to move forward, and that all Saalasti, Teräspyörä and Cross Wrap people can be proud of the work we do in the decades to come!