Financial year 2024

In the midst of challenging market conditions, Outokumpu was able to maintain a healthy balance sheet and a strong market position.

Review by the Board of Directors and Financial Statements 2024

Following the Corporate Sustainability Disclosure Requirement, Outokumpu's Review by the Board of Directors also includes its Sustainability statement, followed by Financial Statements.

Review by the Board of Directors

In 2024, Outokumpu's adjusted EBITDA amounted to EUR 177 million (EUR 517 million), reflecting a weaker part of the global stainless steel cycle. Lower profitability was mainly driven by the challenging market environment, including a high import pressure, in both Europe and North America but also the negative EUR 60 million impact of the four-week political strike impacting our operations in Finland in the first half of the year.

Throughout the year we successfully continued our profit improvement actions and further accelerated measures when the market environment started to turn even more difficult. Despite the changing conditions, we maintained our strong market positions in both of our main markets, Europe and North America.

In 2024, demand was weak and our stainless steel deliveries decreased significantly reaching their lowest level in history. Deliveries were even lower than during the pandemic and this was mainly driven by an adverse development in business area Europe. Even though our deliveries in business area Americas increased, they still remained at a low level. Throughout the year both of our stainless steel businesses were faced with a significant pressure coming both from lower stainless steel prices as well as tighter scrap market. We managed our net working capital efficiently and despite the challenges, kept our net debt at a low level. At the end of the year, Outokumpu remained the stainless steel producer with the strongest balance sheet in the industry. This, together with our good liquidity, provides us with a solid starting point for the new year.

Our business area Europe's adjusted EBITDA amounted to EUR 58 million (EUR 148 million), mainly due to weaker market conditions and the impacts of the political strike. Business area Americas' adjusted EBITDA decreased also to EUR 59 million (EUR 285 million) as the market was impacted by a significant increase in imports. On the positive side, business area Ferrochrome's adjusted EBITDA increased to EUR 106 million (EUR 96 million), reflecting a solid demand for our low-emission European ferrochrome.

ROCE stood at -1.2% (-2.1%) in 2024, mainly due to low profitability. Net result amounted to EUR -40 million (EUR -111 million) and earnings per share EUR -0.09 (EUR -0.26).

In 2024, we also had management changes as both President and CEO Heikki Malinen and CFO Pia Aaltonen-Forsell decided to pursue career opportunities outside Outokumpu. In June, Marc-Simon Schaar started as the new CFO, and in October, Kati ter Horst started as the new President and CEO. The transition of the top management has been smooth as they both have a long history with Outokumpu. Kati ter Horst has been a member of the Outokumpu Board of Directors for eight years and Marc-Simon Schaar has been working for the company in various roles since 2011. Additionally, in June, Juhani Ristaniemi was appointed as Executive Vice President, General Counsel and a member of the Outokumpu Leadership Team and in October, Rolf Schencking started as President of business line Advanced Materials and a member of the Outokumpu Leadership team.

The second phase of our strategy progressed well during 2024, and we have been strengthening the core of the company by making the most of our existing assets. As part of the current strategy phase, we aim to improve our EBITDA run-rate by EUR 350 million by the end of 2025. The target was increased during the year as further actions were identified and at the end of 2024, we had achieved a EUR 287 million cumulative EBITDA run-rate improvement to combat the challenging market conditions. We are the market leader in Europe and a strong number two in North America. We want to secure those positions. As part of our strategy, we also aim to keep our net debt to adjusted EBITDA ratio below 1.0 in normal market conditions. At the end of 2024, our net debt to EBITDA ratio was 1.1 even though market conditions were far from normal. In addition, we have an increased focus on shareholder returns and an ambitious aim to reduce our emissions.

In 2024, we kept our leadership position in sustainability and maintained our world-class safety performance. By the end of the year, we had successfully reduced our emissions by 32% compared to year 2016, ahead of our SBTi climate target. As a critical enabler, our share of recycled material content remained at a high level of 95%. With these actions, we supported our customers to reduce their emissions by 10 million tonnes with our low-emission stainless steel. We also proceeded with our plans to reduce our direct emissions and replace fossil coke with a bio-based solution and decided to invest in a biocarbon plant in Germany. In 2024, Outokumpu was also recognized as a Climate Leader by the Financial Times, and received an EcoVadis Platinum rating.

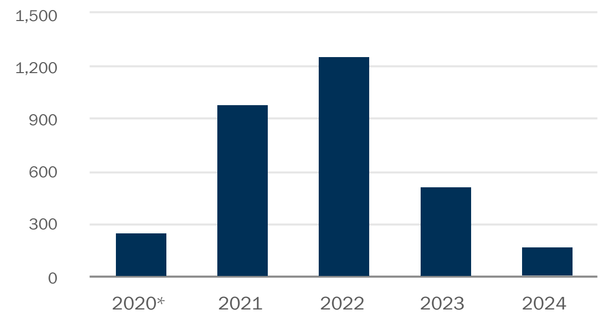
The year 2024 was challenging for Outokumpu in the weak economic environment and uncertain geopolitical situation. However, with our strong financial position and a positive long-term outlook for the global stainless steel industry, we look confidently towards the future. We are already preparing for the next market upturn and Outokumpu is in an excellent position to take full advantage of it.

Market development

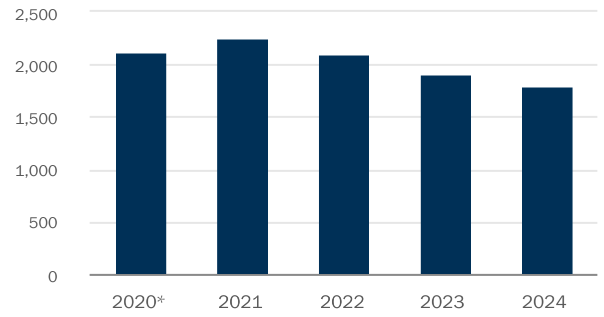
According to CRU’s latest estimates, global apparent consumption of stainless steel flat products is expected to increase by 5.8% in 2024 compared to 2023. EMEA is estimated to grow only by 1.1%, while apparent consumption in the Americas and APAC is assumed to increase by 11.3% and 6.1%, respectively.

(Source: CRU Stainless Steel Flat Products Market Outlook November 2024)

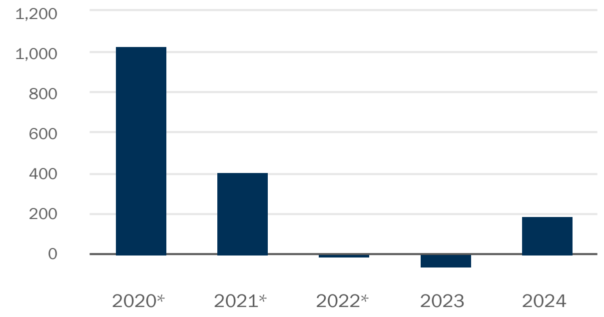
Adjusted EBITDA, € million



Stainless steel deliveries, 1,000 tonnes



Net debt, € million



*Including discontinued operations

Results

During 2024, Outokumpu’s sales decreased to EUR 5,942 million (EUR 6,961 million). Total stainless steel deliveries were 6% lower compared to the previous year. Deliveries in business area Europe decreased significantly due to weaker market environment and the political strike in Finland. Deliveries increased in business area Americas but remained still at a low level.

Results

€ million	2024	2023
Sales	**5,942**	6,961
Adjusted EBITDA	**177**	517
Items affecting comparability in EBITDA		
Loss on disposal of shares in Group companies and businesses	**-3**	-26
Restructuring costs	**-7**	-50
Inventory revaluations	**2**	-20
Onerous contracts provisions	**—**	-7
Litigation provisions	**-2**	—
Environmental	**-5**	—
EBITDA	**162**	416
Operating profit (EBIT)	**-51**	-100
Net result for the financial year	**-40**	-111
Earnings per share, €	**-0.09**	-0.26
Diluted earnings per share, €[2]	**-0.09**	-0.26
Adjusted EBITDA margin, %	**3.0**	7.4
Return on capital employed, rolling 12 months (ROCE), %[1]	**-1.2**	-2.1

[1] The balance sheet component in 2022 includes the equity component of discontinued operations.
[2] The comparative data has been revised

Adjusted EBITDA was EUR 177 million in 2024 (EUR 517 million). Profitability was impacted by notably lower realized prices for stainless steel in both Europe and Americas and the unfavorable effects resulting from a tighter scrap market. Costs remained stable compared to the previous year as the positive impact from lower energy and consumable prices in business area Europe was offset by higher fixed costs and tolling fee in business area Americas. Profitability was, however, supported by an improved result for business area Ferrochrome.

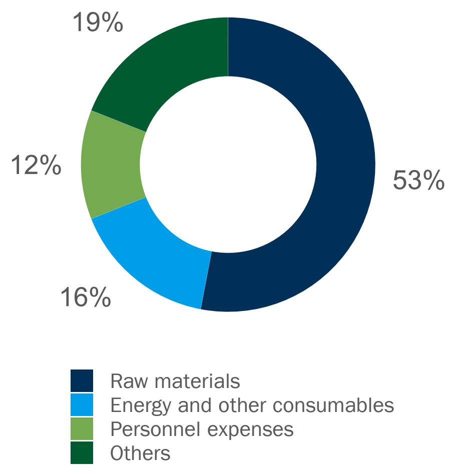
The impact of the political strike on adjusted EBITDA was approximately EUR -60 million in the first half of the year. Due to the political strike, the majority of Outokumpu’s stainless steel and ferrochrome operations in Finland as well as the Port of Tornio in Finland were shut down for four weeks. The strike also indirectly impacted the company's operations in other countries through the disruption to internal material flows in both, Europe and Americas.

Raw material-related inventory and metal derivative gains were EUR 3 million in 2024 (losses of EUR 44 million).

EBIT was EUR -51 million (EUR -100 million) in 2024. EBIT in the comparison period was impacted by items affecting comparability mainly related to impairments and German restructuring. ROCE for the rolling 12 months was -1.2% (-2.1%), mainly due to weaker profitability. ROCE in the previous year was affected by the significant impairment booking related to the renegotiated hot rolling contract in business area Americas at the end of 2023.

Net result was EUR -40 million (EUR -111 million) in 2024 and earnings per share was EUR -0.09 (EUR -0.26). Net financial expenses were EUR 41 million (EUR 37 million) and interest expenses EUR 64 million (EUR 60 million).

Cost structure, %



Adjusted EBITDA by segment

€ million	2024	2023
Europe	**58**	148
Americas	**59**	285
Ferrochrome	**106**	96
Other operations and intra-group items	**-46**	-12
Total adjusted EBITDA	**177**	517

Items affecting comparability in EBITDA

€ million	2024	2023
Europe	**-3**	-52
Americas	**-8**	-16
Ferrochrome	**—**	-3
Other operations	**-4**	-31
Total items affecting comparability in EBITDA	**-15**	-102
Total EBITDA	**162**	416

Strategy execution

Outokumpu’s strategy

Outokumpu launched its three-phase strategy in November 2020 and in the first phase, the aim was to de-risk the company. The second phase started in July 2022, and this phase will run until the end of 2025.

The third phase of the strategy will commence in 2026 and is expected to require new investments. The company’s focus in the third phase is to strengthen its market position further and to develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration, and sustainability leadership along with targeted biocoke investments.

The second phase of the strategy

In the second phase of the strategy, the aim is to strengthen Outokumpu's core. The focus is on three key priorities: sustainability, growth from productivity, and customer-focused steering. Outokumpu remains committed to capital discipline, limiting its capital expenditure to EUR 600 million for the years 2023–2025, while also increasing its focus on shareholder returns. However, Outokumpu's planned capital expenditure for the year 2025 is decreased to EUR 160 million and therefore, the planned capital expenditure for years 2023-2025 is approximately EUR 550 million.

Outokumpu's financial targets for the second phase include EUR 350 million EBITDA run-rate improvement by the end of 2025 and maintaining net debt to adjusted EBITDA ratio below 1.0 in normal market conditions. In May 2024, Outokumpu increased its EBITDA run-rate improvement target from EUR 200 million to EUR 350 million to emphasize the company’s strong focus on continuous improvement. The additional improvement is expected to be achieved through further improvements in operational performance and efficiency as well as by focusing on strengthening the commercial aspects of the business.

For the second phase, Outokumpu launched two customer-differentiated strategies for business area Europe. The company aims to strengthen cost leadership in high-volume stainless steel products and global market leadership in advanced products. In business area Americas, the initial aim is to improve cold rolling capacity by 80 kilotons with small investments as announced in June 2022. In business area Ferrochrome, carbon neutrality of the Kemi mine is a strategic priority.

Decarbonization is one of the key focus areas in the second phase of Outokumpu's strategy. The company had a target of reducing its emission intensity by 14% by the end of 2025 from the 2020 baseline. At the end of 2023, Outokumpu already exceeded this target thanks to its high recycled material content of 95%, low-emission electricity and operational improvements. Outokumpu continues to progress well towards its mid-term target to reduce emission intensity by 42% by 2030 compared to 2016.

Strategy progress in 2024

In 2024, Outokumpu improved its EBITDA run-rate by EUR 101 million, bringing the cumulative improvement to EUR 287 million since the start of the second phase. This progress keeps the company on track to achieve its EUR 350 million target by the end of 2025.

In 2024, business area Europe contributed EUR 64 million to the EBITDA run-rate improvement, driven by restructuring and operational efficiency improvements. Business area Americas added EUR 21 million, supported by increased use of railways, while business area Ferrochrome delivered EUR 16 million, leveraging sustainability-focused innovations and green premiums.

In 2024, in business area Europe, Outokumpu maintained its focus on improving competitiveness through its own actions amidst challenging market conditions. The company progressed with its restructuring plans for German operations, which included the successful closure of the Hockenheim service center, with all volumes being transferred to other sites. The closure and transfer of the precision strip operations from Dahlerbrück to Dillenburg remain on schedule, with fully realized production volumes at Dillenburg expected in the first half of 2025. This centralization is anticipated to consolidate underutilized capacity and increase European cost competitiveness over time. To secure its market leading position and further improve its cost competitiveness, Outokumpu is also assessing how it can best optimize its commodity stainless steel production in Tornio, Finland and Krefeld, Germany.

In 2024, the Avesta meltshop further improved raw material efficiency and cost management by introducing alternative sources for key ingredients such as molybdenum. These advancements build on similar improvements implemented as part of the execution of the second phase of the strategy in the Tornio and Calvert meltshops. Collectively, these efforts not only strengthen Outokumpu’s competitive position but also support its sustainability goals.

Throughout the year, the commercialization of nickel alloy 825 has been a key contributor, enhancing the company's specialty grades offering and advancing its aim to become a global market leader in advanced products.

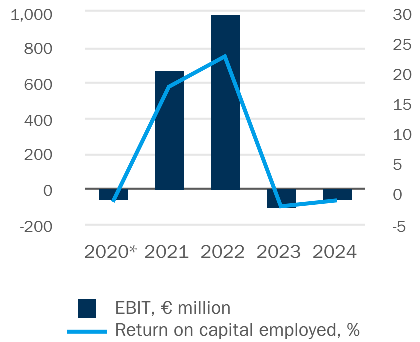
In business area Americas, Outokumpu is targeting to increase its cold rolling capacity by 80 kilotonnes as part of the second phase of its strategy. The company remains on track to meet this target, having achieved a total 65 kiloton increase in capacity by the end of the year. During 2024, capacity was increased by 10 kilotons, mainly driven by yield enhancements in San Luis Potosí, Mexico. The continued shift toward more sustainable logistics solutions has been another key focus area. The share of non-truck shipments for finished goods expanded steadily, with notable progress in both San Luis Potosí, Mexico and Alabama, U.S. These efforts have further strengthened Outokumpu's cost position and reinforced its commitment to sustainability.

After the reporting period, on February 13, 2025, Outokumpu announced, that based on an extensive feasibility study, the company decided not to invest in the expansion of its cold rolling capacity in the U.S. at this point of time. On August 3, 2023, Outokumpu had announced that it is seeking to increase its existing cold rolling capacity as part of the third strategy phase preparations.

In business area Ferrochrome, Outokumpu is advancing its commitment to achieve carbon-neutrality at its Kemi mine by the end of 2025. Following the 2023 transition to renewable fuels, several innovative projects were launched in 2024, including a partnership with Betolar Oyj to develop a low-carbon shotcrete alternative, further cutting emissions across the mine’s value chain. The ongoing transition to the sub-level caving mining method has also delivered significant cost savings, enhancing operational efficiency. Additional green premiums were secured, reinforcing Outokumpu’s strong position in producing sustainable European ferrochrome.

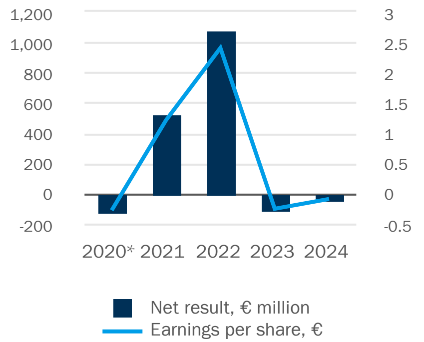
Smart decarbonization is one of the strategic focus areas for Outokumpu and efforts to replace fossil raw materials with economically viable alternatives is a key element on this journey. On December 4, 2024, Outokumpu announced its decision to invest EUR 40 million for building up a high-quality biocarbon production plant in Germany to reduce its direct emissions.

EBIT and return on capital employed



Outokumpu has redefined its capital employed and ROCE definitions in 2022. Comparative information for 2021 has been restated accordingly.

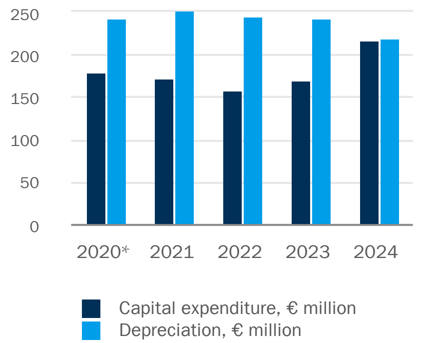
Net result and earnings per share



*Including discontinued operations. In 2024 and 2023 no discontinued operations impact in the balance sheet.

Equity-to-assets ratio and debt-to-equity ratio*

Capital expenditure and depreciation



Financial position and cash flow

Cash flow and net working capital

€ million	2024	2023
Free cash flow[1)]	**-71**	290
Change in working capital	**27**	54
Capital expenditure	**216**	170
Inventories	**1,764**	1,581

[1)] Comparison period 2023 includes discontinued operations.

Free cash flow during 2024 was EUR -71 million (EUR 290 million, including discontinued operations). The decrease in free cash flow compared to the previous year was mainly driven by weaker profitability and higher capital expenditure. Also, the comparison period was positively impacted by the cash proceeds from the Long Products divestment of EUR 96 million, partly offset by higher income taxes paid. The net working capital decrease was EUR 27 million during 2024 (a decrease of EUR 54 million).

Capital expenditure was EUR 216 million in 2024 (EUR 170 million). It includes the CRONIMET North-East GmbH acquisition and the comparison period includes the investments in the Canadian junior mining and development company FPX Nickel and in the European biocarbon producer Envigas.

Inventories on the balance sheet increased during 2024 and stood at EUR 1,764 million at the end of December (December 31, 2023: EUR 1,581 million). The inventory increase of EUR 184 million in 2024 was driven by higher inventory volumes due to preparation for a potential strike, partly offset by lower prices.

Financial position

€ million	2024	2023
Net debt		
Non-current debt	**246**	359
Current debt	**256**	82
Cash and cash equivalents	**313**	502
Net debt	**189**	-60
Net debt to adjusted EBITDA	**1.1**	-0.1
Gross debt	**502**	441
Debt-to-equity ratio (gearing), %	**5.0**	-1.6
Equity-to-assets, ratio, %	**63.2**	63.8
Liquidity reserves, € billion	**1.1**	1.3

Net debt was EUR 189 million at the end of December (December 31, 2023: EUR -60 million). Gross debt was EUR 502 million (December 31, 2023: EUR 441 million). In 2024, the net debt increase of EUR 249 million was impacted by weaker profitability and higher capital expenditure, the EUR 110 million dividend payment as well as new leasing liabilities for the new cargo vessels.

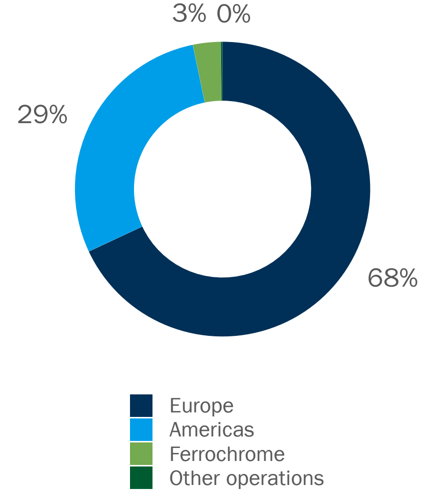
In 2021, Outokumpu signed a deal on three cargo vessels with Langh Ship to reduce its CO_2 emissions in transport. The cargo vessels became operational during the first half of 2024, and the net debt impact at the end of December 2024 was EUR 34 million. Gearing was 5.0% at the end of December 2024 (December 31, 2023: -1.6%).

Cash and cash equivalents was EUR 313 million at the end of December 2024 (December 2023: EUR 502 million) and overall liquidity reserves were EUR 1.1 billion (December 2023: 1.3 billion). The liquidity reserves include cash and cash equivalents and EUR 800 million of outstanding committed credit facilities, which were fully unutilized. At the end of 2024, the outstanding amount of issued commercial papers was EUR 79 million.

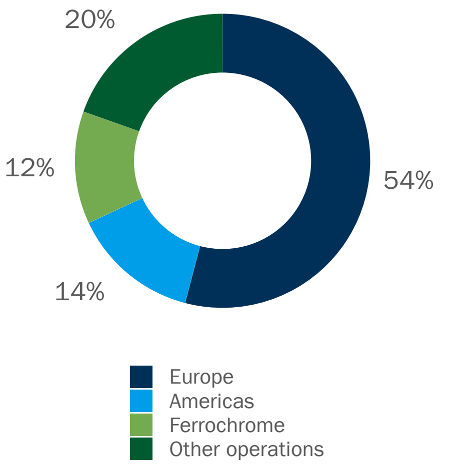
Business areas

Outokumpu has three business areas, which are also Group's operating segments. More information about the business areas can be found in note 2.1 in the consolidated Financial Statements.

External sales by business area, 5,942 € million



Capital expenditure by business area, 216 € million



Europe

EUR million, or as indicated	2024	2023
Stainless steel deliveries, 1,000 tonnes	**1,222**	1,367
Sales	**4,102**	4,818
Adjusted EBITDA	**58**	148
Items affecting comparability in EBITDA	**-3**	-52
EBITDA	**55**	96
Operating capital	**1,959**	1,850
Return on operating capital, rolling 12 months, %	**-3.0**	1.5

In 2024, business area Europe's sales decreased to EUR 4,102 million (EUR 4,818 million) and adjusted EBITDA was EUR 58 million (EUR 148 million). Stainless steel deliveries decreased by 11% compared to the previous year due to weaker market environment and the political strike in Finland. In addition, profitability was negatively impacted by lower realized prices for stainless steel and tighter scrap market.

Variable costs decreased in 2024, mainly due to lower energy and consumable prices. The impact of the political strike in Finland in the first half of 2024 was approximately EUR -40 million. Raw material-related inventory and metal derivative gains were EUR 3 million in 2024 (losses of EUR 27 million). Business area Europe's return on operating capital was -3.0% at the end of 2024 (1.5%) due to low profitability.

In 2024, apparent consumption in EMEA increased by 5.3% compared to 2023 (Source: CRU Stainless Steel Flat Products Market Outlook November 2024). EU cold-rolled imports increased to a level of 21% from the previous year's level of 19% (Source: EUROFER, January 2025).

Americas

EUR million, or as indicated	2024	2023
Stainless steel deliveries, 1,000 tonnes	**596**	552
Sales	**1,707**	1,892
Adjusted EBITDA	**59**	285
Items affecting comparability in EBITDA	**-8**	-16
EBITDA	**51**	270
Operating capital	**574**	594
Return on operating capital, rolling 12 months, %	**4.2**	25.8

In 2024, business area Americas' sales were EUR 1,707 million (EUR 1,892 million) and adjusted EBITDA decreased to EUR 59 million (EUR 285 million). Stainless steel deliveries increased by 8% compared to the previous year. Profitability was negatively impacted by notably lower realized prices for stainless steel in the U.S. and Mexico and tighter scrap market.

In 2024, fixed costs increased, and were impacted by a higher tolling fee and maintenance work. The higher tolling fee is due to the renegotiated hot rolling agreement with AM/NS that came into effect on January 1, 2024. The impact of the political strike in Finland in the first half of 2024 was approximately EUR -10 million. Raw-material related inventory and metal derivative losses were EUR 3 million in 2024 (losses of EUR 1 million). Business area Americas' return on operating capital was 4.2% at the end of 2024 (25.8%).

In 2024, the apparent consumption increased by 11% compared to 2023. The share of cold-rolled imports into the US increased to 25% compared to a level of 22% in 2023. The share of cold-rolled imports into North America increased to 34% from a level of 31% in 2023. (Source: American Iron and Steel Institute, AISI).

Ferrochrome

EUR million, or as indicated	**2024**	2023
Ferrochrome deliveries, 1,000 tonnes	**374**	355
Sales	**469**	467
Adjusted EBITDA	**106**	96
Items affecting comparability in EBITDA	**—**	-3
EBITDA	**106**	93
Operating capital	**863**	894
Return on operating capital, rolling 12 months, %	**5.5**	5.0

In 2024, business area Ferrochrome's sales were EUR 469 million (EUR 467 million), while adjusted EBITDA increased to EUR 106 million (EUR 96 million). Ferrochrome deliveries increased by 5% compared to the previous year. Lower ferrochrome price and the approximately EUR 7 million mine tax had a negative impact on result, while profitability was supported by significantly decreased variable costs, mainly due to lower electricity and reductant prices.

The impact of the political strike in Finland in the first half of 2024 was approximately EUR -10 million. Business area Ferrochrome's return on operating capital was 5.5% at the end of 2024 (5.0%)

Research and development

Outokumpu's research and development (R&D) function provides leading technical expertise and know-how and supports both external and internal stakeholders in value creation by developing innovative products, technologies and solutions for a sustainable future. Also, intellectual property, including patents, has a major role in creating value through innovations. Continuous collaboration with customers fosters a deeper understanding of their needs, enabling the R&D function to provide all the technical information necessary to choose the most suitable stainless steel grade for their requirements.

Outokumpu has three R&D centers located in Avesta, Sweden, in Krefeld, Germany and in Tornio, Finland. Outokumpu's total R&D expenses in 2024 were EUR 15 million, representing 0.2% of the annual sales (2023: EUR 14 million and 0.2%). In addition to direct R&D expenses, Outokumpu has also various strategic initiatives and development projects.

In 2024, to strengthen Outokumpu's product portfolio, an innovative method was created to enable the extension of the dimensional range of the company's quarto plate offering especially for high-alloyed stainless steels and nickel-base alloys. This Wide & Thin development was selected by the Outokumpu Leadership Team as the winner of the annual Innovation Award. Outokumpu values a culture of continuous improvement, and in 2024, Outokumpu Corrosion academy was launched, providing valuable insights and practical tips regarding corrosion related challenges across various industries. In addition, a new stainless steel technical training was introduced to improve the overall technical competence of the organization.

Outokumpu entered the metal powder business in 2023 with a new metal powder plant in Germany offering highly sustainable solutions by using recycled stainless steel as raw material. In 2024, the company further developed its offering to capitalize the increasing demand for metal powders used in Additive Manufacturing, with a focus on new, high-quality powders.

As part of Outokumpu's commitment to decarbonize its operations and supply chain, the R&D work related to the biocoke investment and its implementation continued. Furthermore, side streams like slags were investigated to be used for carbon capture and storage (CCS) utilizing our internal off-gases. In addition, Outokumpu participates with other Finnish industrial companies and universities in the Towards Carbon Neutral Metals 2 (TOCANEM2) joint research project. This project supports Outokumpu's transition towards carbon neutrality and is funded by the innovation funding center Business Finland.

Circular economy is another key focus area for the R&D function. In 2024, Outokumpu maintained its competitive edge in the Circle Green product line with industry-leading scrap ratios. Circle Green has up to 93% lower carbon footprint compared to the global industry average and it was the first innovation of its kind on a global scale with such a low carbon footprint and with a product-specific footprint calculation for every delivery. Today, more than 30 leading companies from various industry sectors in Europe and Asia are using this solution to reduce their carbon footprint. The Circle Green portfolio includes ten different grades and Outokumpu will continue to extend the offering.

Risks and uncertainties

Outokumpu is exposed to various risks and uncertainties that may have an adverse impact on its business and operations. However, the company has taken prompt measures to manage and control these risks.

The development of the global economy, geopolitical tensions, trade policies and the continued war in Ukraine all expose Outokumpu to risks and uncertainties within its operating environment. The main uncertainties in the global economy relate to the development of the trade defense measures, slow global economic growth, inflation, high interest rates, and continued uncertainties concerning China's economy. Possible further escalation of geopolitical tensions and conflicts, especially in the Middle East, could increase disruptions in the global supply chains. The consequences of these disruptions could impact Outokumpu's operating environment, business, and stainless steel demand.

Outokumpu is exposed to continued high energy price risk sensitivity owing to adverse geopolitical events. Any severe disruption or events in the natural gas supply could affect the price or availability of Outokumpu's operations in Europe.

For the year 2025, Outokumpu's energy portfolio has been hedged for two thirds of the estimated consumption. Possible increases in the cost of electricity would mainly affect the Ferrochrome business area due to the high electricity consumption in ferrochrome production. The activities implemented in relation to electricity optimization enable the mitigation of peaks in spot market electricity prices.

Cyber security threats, trade disruptions with raw materials and dependencies on critical suppliers and machinery expose Outokumpu to the risk of operational disruption and additional costs.

Outokumpu does not purchase any scrap or nickel of Russian origin for its operations. At the end of 2024, the remaining indirect supply from Russia for a very limited amount of raw material was terminated.

The company remains exposed to risks related to volatile metal prices, especially nickel. Volatile metal prices may impact Outokumpu's result, among other financial risks.

The outcome of the U.S. presidential elections has increased the likelihood of further trade defense measures, influencing possibly the global trade flows. In June 2024, the EU decided to extend the safeguard measures by two years until June 2026. The purpose of these measures is to mitigate the surge of imports. In May 2024, as a result of the anti-circumvention investigation on cold-rolled stainless steel from Indonesia, the EU imposed duties on some producers in Taiwan, Turkey, and Vietnam. In December 2024, the EU initiated a review of the safeguard measures, with the purpose of improving the functioning of the measures with some adjustments. This review will be completed by the end of March and possible changes imposed from April 1, 2025 onwards.

For more information on Outokumpu's risks, please refer to the Annual Report for 2024 and the Notes to the 2024 Financial Statements.

Significant legal proceedings

Dispute over payment of wages in the US

On July 16, 2018, a class of plaintiffs, eventually consisting of 278 former and current Outokumpu Calvert mill employees, brought a suit against Outokumpu Stainless USA, LLC in the U.S. federal district court. The plaintiffs alleged that Outokumpu failed to pay full wages for regular work and overtime work they performed. The district court entered a default judgment against Outokumpu in 2021 with respect to liability without Outokumpu having the opportunity to argue the merits of the allegations and subsequently found Outokumpu liable to the plaintiffs for approximately USD 13 million in the aggregate, plus attorney's fees. Outokumpu appealed these decisions at the time. The Court of Appeals has on October 11, 2024 upheld the district court's decisions. On November 1, 2024, Outokumpu filed a petition for a rehearing before the court of appeals which the court of appeals denied on December 6, 2024. The case has been returned to the district court for a final determination of the amount of Outokumpu's liability. Outokumpu has a USD 18.9 million provision in respect of this matter.

Claim in Germany related to expired lease agreement

On January 19, 2018, Outokumpu Nirosta GmbH was served with a claim in the district court of Krefeld for declaratory judgement by the owner of a warehouse in Krefeld that Outokumpu had leased until the end of 2016. The claim relates to a dispute over the responsibility for the maintenance and repair of the warehouse. The claimant has later in the process specified the claim and is seeking a payment of EUR 19 million. On May 4, 2022, the court issued a ruling covering only the merits of the claim. Said ruling was in favor of the claimant and was appealed by Outokumpu in the court of appeal. On June 15, 2023, the court of appeal cancelled the said ruling, and referred the dispute back to the lower court where the matter is still pending. Outokumpu is of the view that the claims asserted against it are without merit and continues to defend against them. Appropriate provisions are in place.

Outokumpu cleared out of arbitration proceedings regarding Fennovoima

Outokumpu Corporation was joined in 2023 into arbitration proceedings over a dispute between Fennovoima Oy and Rosatom entities related to the termination of an EPC (Engineering, Procurement and Construction) contract for a nuclear power plant. On February 14, 2025, Outokumpu received the Arbitral Tribunal's confirmation that it does not have jurisdiction to adjudicate claims brought by RAOS Project Oy and JSC Rusatom Energy International (JSC REIN) against Outokumpu. The arbitration proceedings with respect to Outokumpu therefore have ended. The arbitration between Fennovoima Oy and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract for a nuclear power plant continues. Outokumpu Corporation is not a party in the said dispute.

Shares and share capital

On December 31, 2024, Outokumpu's share capital was EUR 311 million and the total number of shares was 456,874,448. At the end of December, Outokumpu held 33,188,820 treasury shares. The average number of shares outstanding was 424,237,776 in 2024 (435,090,240). The closing share price at the end of the period, on December 30, was EUR 2.91.

Principal shareholders on December 31, 2024

	Shares	%
Solidium Oy	70,793,208	15.50
Varma Mutual Pension Insurance Company	24,888,403	5.45
Ilmarinen Mutual Pension Insurance Company	15,360,000	3.36
The Social Insurance Institution of Finland	8,388,652	1.84
State Pension Fund	8,000,000	1.75
Elo Mutual Pension Insurance Company	6,739,000	1.48
Mandatum Life	6,125,327	1.34
OP Life Assurance Company Ltd.	5,856,308	1.28
Nordea Life Assurance Finland Ltd.	3,586,799	0.79
Oy Etra Invest Ab	2,500,000	0.55
Etola Erkki Olavi	2,000,000	0.44
Sinituote Oy	1,588,560	0.35
Laakkonen Mikko Kalervo	1,406,000	0.31
Säästöpankki Kotimaa - Equity Fund	1,291,975	0.28
Ojala Alpo Armas	1,285,860	0.28
Helander Hannu-Jukka	1,261,500	0.28
Brotherus Ilkka Johannes	1,200,000	0.26
Danske Invest Finnish Equity Fund	1,078,667	0.24
Seligson & Co Equity Fund	1,065,896	0.23
Insurance Company Fennia Life	1,013,464	0.22
Total	**165,429,619**	**36.23**
Nominee accounts held by custodian banks	87,286,559	19.11
Treasury Shares	33,188,820	7.26
Other Shareholders	170,969,450	37.42
Total	**456,874,448**	**100.00**

Share buyback program

On February 29, 2024, Outokumpu completed its most recent share buyback program of up to EUR 50 million. In the first quarter of 2024, the company repurchased a total of 8,357,545 shares.

Through the share buyback program, Outokumpu seeks to mitigate and manage the dilutive impact of the company's outstanding convertible bonds. The repurchased shares will be initially held by Outokumpu as treasury shares and may be used to meet its obligations under the convertible bonds, maturing in July 2025. Alternatively, Outokumpu may decide to cancel any or all of the repurchased shares and reduce its capital accordingly. The share repurchases were funded by using funds from unrestricted equity.

Management shareholdings and share-based incentive programs

On December 31, 2024, the members of the Board of Directors and Outokumpu Leadership Team (OLT) altogether held 1,112,180 shares, corresponding to 0.2% of the total number of shares.

Outokumpu has established share-based incentive programs for the OLT members, selected managers and key employees, which include a Performance Share Plan and a Restricted Share Pool for key employees.

In 2024, after deductions for applicable taxes, a total of 259,031 shares were delivered to OLT members in the incentive programs based on the terms and conditions of the programs. Outokumpu used its treasury shares for the reward payments.

The Performance Share Plan and the Restricted Share Pool Program are currently ongoing for periods 2022–2024, 2023–2025, 2024–2026 and their continuation for the period 2025–2027 was approved by the Board of Directors in December 2024. For vesting conditions see note 3.4 in the consolidated Financial Statements.

In 2022, Outokumpu introduced a new sustainability-focused performance criterion for the Performance Share Plan, reflecting its commitment to continuous improvement in sustainability. All plan periods now incorporate an earning criteria aligned with Outokumpu's Science Based Targets initiative (SBTi), specifically targeting CO_2 emission reductions. For all plan periods, 80% of the remuneration is linked to return on capital employed, with the remaining 20% tied to the CO_2 emission reduction goal.

More details on the share-based incentive programs can be found in the note 3.4 in the consolidated Financial Statements.

The members of the OLT and the Board of Directors are introduced in the Corporate Governance Statement included in the Annual Report and at the Outokumpu website. Their shareholdings are also presented in the Corporate Governance Statement and their remuneration in note 3.2 in the consolidated Financial Statements. Corporate Governance Statement and Remuneration Report are also included in the Annual Report.

Changes in management and Board of Directors

CEO Heikki Malinen decided in May 2024 to leave Outokumpu. Kati ter Horst became President and CEO of Outokumpu on October 1, 2024. Kati ter Horst joined Outokumpu from the Belgian company Aliaxis S.A., the world leader in fluid management systems. She was also a member of the Outokumpu Board of Directors from 2016 to 2024.

In April 2024, CFO Pia Aaltonen-Forsell decided to pursue a career opportunity outside Outokumpu. Marc-Simon Schaar, Chief Procurement Officer and member of the OLT since 2023, took over the role as CFO on June 1, 2024. Juhani Ristaniemi, General Counsel since 2022, was appointed to the OLT on July 1, 2024.

Thomas Anstots, President of business line Advanced Materials, retired during the year. He was replaced by Rolf Schencking on October 1, 2024. Rolf Schencking joined Outokumpu from VDM, where he had held the position of Chief Technology Officer since 2018. In November, Niklas Wass, President of business line Stainless Europe announced his decision to leave the company.

The Annual General Meeting 2024 elected the same members of the Board of Directors as in 2023. Kati ter Horst, however, resigned from the Board in September in order to take the position as President and CEO on October 1.

Information presented in the notes to the Financial Statements

Related party transactions are disclosed in the Group Consolidated Financial Statements note 6.4 and in the Parent company's Financial Statements notes 8, 11, 14 and 16.

Corporate governance

Outokumpu's Corporate Governance Statement can be found at the Outokumpu website and in the Governance and remuneration section in the Annual Report.

Annual General Meeting

Outokumpu's Annual General Meeting 2024 was held on April 4, 2024, at the Clarion Hotel Helsinki, Finland. The Annual General Meeting supported all the Board of Directors' and the Shareholders' Nomination Board's proposals and approved the company's Remuneration Report in an advisory vote. The Annual General Meeting approved the Financial Statements and discharged the management of the company from liability for the financial year 2023.

The Annual General Meeting decided that a dividend of 0.26 euros per share be paid for the financial year 2023. The Annual General Meeting also authorized the Board of Directors to repurchase the company's own shares and to decide on the issuance of shares as well as special rights entitling to shares. In addition, the Meeting also approved the proposals by the Shareholders' Nomination Board regarding the members of the Board of Directors and their remuneration.

The Annual General Meeting decided in accordance with the proposal by the Nomination Board that the Board of Directors consists of eight (8) members. The Annual General Meeting re-elected Heinz Jörg Fuhrmann, Kati ter Horst, Kari Jordan, Päivi Luostarinen, Jyrki Mäki-Kala, Petter Söderström, Pierre Vareille and Julia Woodhouse as the members of the Board of Directors. The Annual General Meeting also re-elected Kari Jordan as the Chairman and Kati ter Horst as the Vice Chairman of the Board of Directors. Kati ter Horst, however, resigned from the Board in September in order to take the position as President and CEO on October 1.

Nomination Board

Outokumpu's Shareholders' Nomination Board consists of the representatives of the four largest shareholders registered in the shareholder register of the company following Nasdaq Helsinki's first trading day in August.

The Nomination Board has been established to annually prepare proposals on the composition of the Board of Directors and director remuneration for the Annual General Meeting.

On August 1, 2024, the four largest shareholders of Outokumpu were Solidium Oy, Varma Mutual Pension Insurance Company, Ilmarinen Mutual Pension Insurance Company and The Social Insurance Institution of Finland. The Shareholders' Nomination Board comprised Reima Rytsölä, CEO at Solidium Oy; Pekka Pajamo, CFO at Varma Mutual Pension Insurance Company; Jouko Pölönen, President and CEO at Ilmarinen Mutual Pension Insurance Company and Outi Antila, Director General at The Social Insurance Institution of Finland, as well as Kari Jordan, Chairman of the Board of Directors of Outokumpu.

The Nomination Board submitted its proposals to Outokumpu's Board of Directors on December 18, 2024 and changes to the proposals were communicated after the reporting period on January 7, 2025.

Board of Directors’ proposal for profit distribution

According to the parent company´s financial statements on December 31, 2024, distributable funds totaled EUR 2,555 million, of which retained earnings were EUR 369 million.

The Board of Directors proposes to the Annual General Meeting to be held on April 3, 2025, that a dividend of EUR 0.26 per share to be paid for year 2024 in two installments. This represents a dividend of EUR 110 million.

Outlook for Q1 2025

Group stainless steel deliveries in the first quarter are expected to increase by 10–20% compared to the fourth quarter (including the impact of a one week's strike), while pressure on realized stainless steel prices is expected to continue during the first quarter.

Maintenance costs are forecasted to decrease by approximately EUR 10 million in the first quarter compared to the fourth quarter.

The one-week strike in Finland in January is expected to have an approximately EUR -15 million impact on adjusted EBITDA in the first quarter.

The risk of further strikes causes uncertainty for Outokumpu's earnings development in the first quarter. The impact of each additional week of strike is expected to be approximately EUR -15 million on adjusted EBITDA.

With the current raw material prices, some raw material-related inventory and metal derivative losses are forecasted to be realized in the first quarter.

Guidance for Q1 2025

Adjusted EBITDA in the first quarter of 2025 is expected to be higher compared to the fourth quarter. This guidance includes the impact of the one-week strike.

Events after the balance sheet date

After the reporting period, on February 14, 2025, Outokumpu announced that on February 14, 2025, the Arbitral Tribunal confirmed that it does not have jurisdiction to adjudicate claims brought by RAOS Project Oy and JSC Rusatom Energy International (JSC REIN) against Outokumpu in arbitration proceedings over a dispute between Fennovoima Oy and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract between Fennovoima Oy and RAOS Project Oy in May 2022, into which Outokumpu Corporation was joined in 2023. The arbitration proceedings with respect to Outokumpu therefore have ended.

After the reporting period, on February 13, 2025, Outokumpu announced that it finalizes study on emerging nuclear technology and seeks external investors to complete the project.

After the reporting period, on February 13, 2025, Outokumpu announced, that based on an extensive feasibility study, the company decided not to invest in the expansion of its cold rolling capacity in the U.S. at this point of time. On August 3, 2023, Outokumpu had announced that it is seeking to increase its existing cold rolling capacity as part of the third strategy phase preparations.

After the reporting period, on February 12, 2025, Outokumpu appointed Matthieu Jehl as President, business line Stainless Europe and member of the Outokumpu Leadership team as of May 26, 2025, at the latest.

After the reporting period, on January 22, 2025, Outokumpu updated its financial reporting schedule for 2025. Outokumpu has previously announced that it will publish the January-September 2025 interim report on October 30, 2025. The new publication date is October 29, 2025.

After the reporting period, on January 9, 2025, Outokumpu announced that the mineral reserves in Kemi chrome mine were increased by 95%. The increase in the mineral reserves is based on new underground drilling, proving that the ground at the mine area is rich in chrome ore, which extends the life of the Kemi mine substantially.

After the reporting period, on January 7, 2025, Outokumpu announced a change to the proposals of the Shareholders' Nomination Board to the Annual General Meeting 2025. As a change to the earlier announcement, Pierre Vareille, a current member of the Board of Directors, has subsequently notified the Shareholders' Nomination Board that he is no longer available for re-election for personal reasons. Consequently, the Shareholders' Nomination Board proposes that Board of Directors would consist of eight (8) members instead of the earlier announced nine (9).

Sustainability statement

Outokumpu is accelerating the green transition as the global leader in low-emission stainless steel. The company's business is based on a circular economy: Outokumpu's products are made from 95% of recycled materials, which it then turns into fully recyclable stainless steel. With up to 75% lower carbon footprint than the industry average*, Outokumpu supports its customers in reducing their emissions. Outokumpu is committed to an ambitious science-based climate target to further reduce its carbon emission intensity by 42% by 2030. In addition, the company is committed to working toward zero safety incident; enhancing diversity, equity and inclusion and sustainable supply chain development. Furthermore, Outokumpu is committed to doing the right thing and conducting business in an ethical and responsible way.

*Outokumpu's average product carbon footprint (2024): 1.6 kg CO_2e per kg of stainless steel based on lifecycle assessment. Global average carbon footprint of stainless steel: (2024): 7 kg CO_2e per kg of stainless steel. (Outokumpu's calculation based on data provided by CRU, worldstainless, and Kobolde & Partners AB)

Content

General disclosures

Outokumpu’s sustainability statement has been prepared based on the results of the double materiality assessment considering environmental, social and governance impacts, risks and opportunities.

Basis for preparation

General basis for preparation of the sustainability statement

The sustainability statement was prepared on a consolidated basis. For the reporting year 2024, Outokumpu reports its sustainability information for the first time in accordance with the requirements of the European Sustainability Reporting Standards ("ESRS") and the Finnish Accounting Act's Chapter 7 on sustainability reporting.

For 2024, the first year reporting, Outokumpu makes use of the transitional provision in accordance with ESRS 1 and comparative figures for the year 2023 are not presented. Where information has been published in other parts of the report, Outokumpu has made use of the incorporation by reference concept, cross references have been inserted where relevant. (ESRS 2-BP-1-5-(a))

Scope of consolidation

The scope of consolidation of Outokumpu's sustainability statement is the same as for the Financial Statements. The consolidation principles primarily rely on operational control. See also Note 6.5 Subsidiaries in Financial Statements for more information about the Group. Associated companies, joint ventures or subcontractors are not included. (ESRS 2-BP-1-5-(b)-(i))

Outokumpu's subsidiaries listed in note 6.5 in the Financial Statements are exempted from individual or consolidated sustainability reporting pursuant to Articles 19a(9) or 29a(8) of Directive 2013/34/EU. (ESRS 2-BP-1-5-(b)-(ii))

Coverage of value chain

The sustainability statement contains relevant upstream and downstream value chain information as required by ESRS 1. The disclosures cover Outokumpu's upstream and downstream value chain to varying degrees based on materiality; Outokumpu's policies, actions and targets; and value chain data when disclosing metrics.

When assessing impact, risks and opportunities as part of the double materiality assessment, Outokumpu considered the entire value chain. More information on impacts, risks and opportunities can be found below, in the section "Material impacts, risks and opportunities and their interaction with strategy and business model" in this chapter. Outokumpu continues to develop its policies, actions, targets and metrics covering the value chain. (ESRS 2-BP-1-5-(c))

Omission of information and use of exemption for disclosure

Outokumpu has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation. (ESRS 2-BP-1-5-(d))

Outokumpu has not used the option to exempt the disclosure of impending developments or matters in the course of negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU. (ESRS 2-BP-1-5-(e))

Disclosures in relation to specific circumstances

Time horizons

As a general rule, Outokumpu applies the same definition of medium- and long-term as the ESRS-standards: mid-term is up to five years, and long-term is more than five years. (ESRS 2-BP-2-9-(a)) Outokumpu has not applied any additional time horizons in the reporting. (ESRS 2-BP-2-9-(b))

Value chain estimation

Outokumpu uses both direct and indirect sources to calculate the value chain's greenhouse gas emissions, indirect emission factors in particular for raw materials, and other input materials, as well as to calculate emissions from transport. Supplier-specific data is always first priority, but if that is not available, the following estimates have been used. (ESRS 2-BP-2-10-(a))

For metallic alloys and other input materials, Outokumpu has used a weighted average of supplier-specific emissions and emission factors of life-cycle assessments from relevant industry associations.

For transport, the company has used typical distances and types of transport with well-to-wheel emissions according to the EEA report 2/2022 of the European Environmental Agency for European transport and with the published e-factors of the US EPA for US transport. For business travel, the company has used the greenhouse gas emissions reports of the service provider.

Customers' avoided carbon emissions are calculated using the difference between the global average stainless steel carbon footprint of 7 tonnes of carbon dioxide equivalents per tonne of stainless steel, and Outokumpu's average product carbon footprint of 1.6 tonnes of carbon dioxide equivalents per tonne of stainless steel. Global average is calculated as a weighted average of the regional averages for Asia, Europe, North America and India. Outokumpu's product carbon footprint is based on life cycle assessment and includes both European and North American production. Avoided emissions are based on steel amounts delivered. The calculations have been verified by a third party.

In the absence of specific supplier data or industry association life-cycle-based emission data, Outokumpu has used database data from, for example, EcoInvent, or data from standards (ISO 14404). (ESRS 2-BP-2-10-(b))

Outokumpu has focused on strengthening collaboration with stakeholders in the value chain to achieve the most accurate and updated data for emissions in the value chain. When retrieving this information, Outokumpu has prioritized the data that has the most impact on emissions. Industry associations are also seen as reliable sources, as they have large coverage of direct information as the basis for their life-cycle assessments. (ESRS 2-BP-2-10-(c))

Outokumpu is constantly reviewing its value chain data and updating it with new information when available. The company's aim is to increase the share of direct emission data over time and thus increase accuracy. (ESRS 2-BP-2-10-(d))

Sources of estimation and outcome uncertainty

Due to the long time horizon, the investments related to the transition plan the company has evaluated are subject to uncertainties. (ESRS 2-BP-2-11-(a)) Measurement uncertainty is due to the viability of future techniques, as well as price development and availability of bio-based solutions and low-emission raw materials and fuels. (ESRS 2-BP-2-11-(b)-(i)) The assumptions are disclosed in more detail in the Climate change chapter. (ESRS 2-BP-2-11-(b)-(ii))

Changes in preparation or presentation of sustainability information and reporting errors in prior periods

As it is the first year of reporting based on the ESRS standards, Outokumpu does not report any changes in preparation or presentation of the sustainability statement nor errors in prior periods. (ESRS 2-BP-2-13-(a)) Comparative information in previous reports is based on another standard. (ESRS 2-BP-2-13-(b)) Previous information was based on Global Reporting Initiative (GRI). Adjustments in terms of scope, thresholds, definitions, and so on can cause small differences in the data. (ESRS 2-BP-2-13-(c)) No material errors were identified in the previous reporting period. (ESRS 2-BP-2-14-(a-c))

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

Outokumpu's Sustainability statement has been prepared in accordance with Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464), the European Sustainability Reporting Standards (ESRS) as defined in the Commission Delegated Regulation (EU) 2023/2772, the Finnish Accounting Act's Chapter 7 on sustainability reporting and EU Taxonomy Regulation (2020/852). (ESRS 2-BP-2-15)

Related to the water analyses, Outokumpu uses the standard EN ISO 11885:2009/EPA Method 1971, mod, EN 872:2005, accredited by Swedac ISO 17025, and in addition, related to the circular economy ISO 14021, certified by TUV SUD 2023. (ESRS 2-BP-2-AR 2)

Incorporation by reference

Outokumpu refers to the Financial Statements for the following data:

- net revenue in Energy consumption and mix in the Climate change chapter (ESRS E1-5-43) and Greenhouse gas emissions in Scopes 1, 2 and 3 (ESRS 1-6-55 & AR 55),
- list of subsidiaries in the consolidated statements in this section of Basis of preparation (ESRS 2-BP-1-5), and
- carbon allowances in Internal carbon pricing in the Climate change chapter (ESRS E-8 AR 65). (ESRS 2-BP-2-16)

Transitional provision

Outokumpu utilizes the transitional provision in accordance with ESRS 1: 10.2 related to chapter 5 Value chain (E1-6-AR-45-(e) and E1-6 AR 46-(i)), 10.3 related to presenting comparative information and 10.4 as described in Appendix C, and do not disclose information on Anticipated financial effects for standards E1-9, E2-6, E3-5, E4-6 and E5-6 and information on non-employee workers for standard S1-7.

Governance

The role of the administrative, management and supervisory bodies

Composition and diversity of these bodies

At the end of 2024, the Board of Directors consisted of 7 non-executive members, while the Outokumpu Leadership Team consisted of 9 executive members. (ESRS 2-GOV-1-21-(a)) There are no employee representatives on the Board of Directors or Outokumpu Leadership Team. (ESRS 2-GOV-1-21-(b))

Experience of the Board of Directors and Leadership Team

The Board of Directors as a whole has broad experience of international business, management and good governance in various sectors, including the steel, metal, chemical and forest industries, as well as the technology, banking and automobile sectors. The Outokumpu Leadership Team also possesses broad international competence and experience concerning inter alia the steel, metal, forest, machinery engineering and chemical industries. The Board of Directors also has access to internal and external stakeholders and experts with regard to sustainability-related topics. (ESRS 2-GOV-1-21-(c))

Gender and independence of the management body members

At the end of the reporting year, four out of 16 members, or 25%, of all the members in the administrative, management and supervisory bodies were women. In more detail, two out of seven members, or 29%, of the Board of Directors were women. In the Outokumpu Leadership Team, two out of nine members, or 22%, were women. (ESRS 2-GOV-1-21-(d))

At the end of 2024, all (100%) members of the Board of Directors were independent of the company and its significant shareholders, excluding one Board member, Petter Söderström, who was independent of the company but not of one of its major shareholders. (ESRS 2-GOV-1-21-(e))

Roles and responsibilities of the bodies

The Board of Directors and the President and Chief Executive Officer who is supported by the Outokumpu Leadership Team, are the administrative, management and supervisory bodies of Outokumpu responsible for the management and operations of the Outokumpu Group with regard to sustainability matters.

The Board of Directors consisted of the following of members:

- Kari Jordan (Chairman),
- Heinz Jörg Fuhrmann,
- Kati ter Horst (until September 30, 2024),
- Päivi Luostarinen,
- Jyrki Mäki-Kala,
- Petter Söderström,
- Pierre Vareille, and
- Julia Woodhouse.

The Board of Directors has set up two permanent committees, the Audit Committee and the Remuneration Committee, which consist of Board members and report to the Board of Directors.

The Audit Committee was chaired by Jyrki Mäki-Kala, and the other members of the committee were Päivi Luostarinen, Petter Söderström and Julia Woodhouse. The Remuneration Committee was chaired by Kari Jordan, and the other members of the committee were Heinz Jörg Fuhrmann, Kati ter Horst (until September 30, 2024) and Pierre Vareille.

The Outokumpu Leadership Team, chaired by the President and CEO, is a reporting and decision-making forum for steering and managing Outokumpu's corporate agenda, including its sustainability matters. The Leadership Team operates by virtue of the CEO's mandate.

The Outokumpu Leadership Team consisted of

- Kati ter Horst (President and CEO, as of October 1, 2024),
- Heikki Malinen (President and CEO, until September 30, 2024),
- Pia Aaltonen-Forsell (until May 31, 2024),
- Thomas Anstots (until September 30, 2024),
- Stefan Erdmann,
- Juhani Ristaniemi (as of July 1, 2024),
- Martti Sassi,
- Marc-Simon Schaar,
- Rolf Schencking (as of October 1, 2024),
- Johann Steiner,
- Niklas Wass, and
- Tamara Weinert. (ESRS 2-GOV-1-22-(a))

The Board of Directors has responsibility for overseeing material impacts, risks and opportunities by deciding upon the strategy and long-term targets of the Group and by monitoring their implementation, as stated in the Board and Board Committee Charters. Further, the Board of Directors decides on annual business plans and monitors their implementation.

As stated in the Board and Board Committee Charters, it is also the duty of the Board of Directors to nominate and dismiss the members of the Outokumpu Leadership Team and to define their areas of responsibility, based on a proposal by the Board's Remuneration Committee.

Within the Outokumpu Leadership Team, the material impacts, risks and opportunities have been allocated to its members to ensure further integration into the existing processes. As set out in the Corporate Governance Policy, the decision-making authority of the Outokumpu Leadership Team follow from the authority of the CEO, and it is the duty of this body to run and develop the Group's operations in line with the strategy and targets set by the Board of Directors. (ESRS 2-GOV-1-22-(b))

In monitoring and managing impacts, risks and opportunities

As mentioned above, the Board of Directors decides on Outokumpu's strategy and the long-term targets of Outokumpu Group, such as its sustainability targets and strategy. The Board of Directors also monitors their implementation and charges the President and CEO with formulating and carrying out the necessary practices and procedures.

In addition to this, Outokumpu's top management regularly reviews progress regarding material impacts, risks and opportunities in various forums, as further described below. (ESRS 2-GOV-1-22-(c))

To further ensure its continued progress within sustainability matters and to evaluate its sustainability strategy, Outokumpu has created an internal Environment, Social, and

Governance (ESG) Steering Group in 2024. The ESG Steering Group also monitors, manages and oversees impacts, risk and opportunities. The progress in set sustainability targets is reported to the Outokumpu Leadership Team and the Board of Directors by the Vice President – Sustainability.

In 2024, the ESG Steering Group consisted of:

- Johann Steiner, Executive Vice President – Sustainability, Strategy and People
- Marc-Simon Schaar, Chief Financial Officer
- Stefan Erdmann, Chief Technology Officer, and
- Juhani Ristaniemi, Executive Vice President – General Counsel.

Johann Steiner acts as the Chairman of the ESG Steering Group, and in addition, Heidi Peltonen, Vice President – Sustainability, facilitates and participates in the meetings. (ESRS 2-GOV-1-22-(c)-(i))

The Outokumpu Leadership Team acts as a reporting and decision-making forum for steering and managing Outokumpu's corporate agenda, including its sustainability matters, while taking into account impacts, risks and opportunities. The Outokumpu Leadership Team also approves transition and action plans related to sustainability.

Further, each Outokumpu business area is steered by a Business Area Board, chaired by the CEO. The Business Area Boards consist of the CEO, the CFO, the Head of the respective business area and selected other key members of senior management. Each individual reports on their own responsibilities, as necessary.

The decision-making authorities of the Outokumpu Leadership Team and the Business Area Boards follow from the authority of the CEO. It is the duty of these bodies to manage the Group's operations in line with the strategy and targets set by the Board of Directors. (ESRS 2-GOV-1-22-(c)-(ii))

Outokumpu has taken into account the existing risk management processes when conducting the double materiality assessment of assessing material impacts, risks and opportunities. Furthermore, Outokumpu is currently developing controls to assess progress in the targets related to material impacts, risks and opportunities. Outokumpu has identified risks and controls related to sustainability reporting, and more information on sustainability risks and controls can be found in the section Risk management and internal controls over sustainability reporting, below in this chapter. (ESRS 2-GOV-1-22-(c)-(iii)

In setting targets and monitoring progress

Each business area and group function of Outokumpu is responsible for ensuring its own operational compliance with the sustainability targets and action plans, which includes implementing necessary measures and ensuring that monitoring, data collection and reporting are carried out.

The President and CEO, being responsible for the company's operational management, regularly monitors the set targets related to the most material impacts, risk and opportunities, together with the rest of the Outokumpu Leadership Team.

The Board of Directors approves the sustainability targets related to material impacts, risks and opportunities and monitors how the Group is proceeding toward the targets, based on status and action plans presented. (ESRS 2-GOV-1-22-(d))

Bodies' access to expertise and skills with regard to sustainability matters

Both the Board of Directors and the Outokumpu Leadership Team are regularly given updates and presentations on sustainability-related topics from both internal and external stakeholders and experts. In addition to this, the Board of Directors attends annual site visits to part of Outokumpu's operations, granting them first-hand insights and expertise of sustainability matters.

During 2024, the Board of Directors approved updates to Outokumpu's Corporate Governance Policy and its Board and Board Committee Charter, by inter alia specifying the roles of the Board of Directors and its committees in sustainability matters, including the reporting and assurance of such matters.

In addition in 2024, the Board of Directors and the President and CEO, assessed their ways of working and performance with support from an external service provider. One of the objectives of the assessment was to identify strengths and potential development areas. The assessment promotes and facilitates the Board of Directors' and the CEO and President's general understanding and knowledge and ensures that relevant matters, such as sustainability-related topics, are part of the Board of Directors' agenda. (ESRS 2-GOV-1-23)

To gain an external stakeholder view of material impacts, risks and opportunities, Outokumpu has created an external ESG Advisory Council to the CEO consisting of different stakeholders to support Outokumpu in setting its ambition and roadmap in sustainability. The ESG Advisory Council also shares insights on new sustainability topics, such as the Corporate Sustainability Reporting Directive.

In addition to Outokumpu's senior executives participating in the council, it consists of three advisors:

- Antoine Allanore, Professor of Metallurgy, Massachusetts Institute of Technology,
- Sirpa Juutinen, Independent Sustainability Advisor, previously Partner, Sustainability and Climate Change at PwC, and
- Julia Woodhouse, Board member and member of the Audit Committee of Outokumpu (ESRS 2-GOV-1-23-(a))

As mentioned above, both the Board of Directors and the Outokumpu Leadership Team receive regular updates and presentations on relevant sustainability matters, which also relate to the material impacts, risks and opportunities. In addition to this, the Outokumpu Leadership Team has regular strategy workshops, where sustainability topics are covered. These updates, presentations and workshops all contribute to ensure that the Board of Directors' and Outokumpu Leadership Team's skills and expertise are adequate with respect to relevant impacts, risks and opportunities. (ESRS 2-GOV-1-23-(b))

Bodies' roles and expertise related to business conduct

Roles

The Board of Directors and the President and Chief Executive Officer, who is supported by the Outokumpu Leadership Team, are the administrative, management and supervisory bodies of Outokumpu responsible for the management and operations of Outokumpu Group related to business conduct matters.

Outokumpu has a group-wide Ethics and Compliance (E&C) Program in place. Outokumpu's Legal and Compliance function is responsible for managing the implementation and continuously developing Outokumpu's E&C Program. The Legal and Compliance function reports to the CEO, as well as directly to the Board Audit Committee, on E&C-related matters. E&C updates are made regularly to the Board Audit Committee. The E&C update is made to the Board of Directors once a year.

E&C-related matters are also regularly handled by an internal Ethics and Compliance Steering Group which consists of the Head of Controls and Internal Audit, Head of Ethics and Compliance, and selected members of the Outokumpu Leadership Team. The E&C Steering Group monitors the implementation and further development of the E&C Program and gets regular updates on various ethics and compliance matters, such as Code of Conduct, anti-corruption, competition law compliance, data privacy, know your business partner and misconduct reporting. The E&C Steering Group also receives a regular update on internal investigations. In addition, the Legal and Compliance function maintains a global network of ethics and compliance contact persons and several data protection governance bodies, which meet on a regular basis and support the implementation of the E&C Program in the business areas, business lines and group functions.
(G1-ESRS 2 GOV-1-5-(a))

Expertise

The members of the Outokumpu Board of Directors complete the Outokumpu Code of Conduct e-learning. In addition, the Board of Directors receives regular updates on ethics and compliance topics.

The Outokumpu Code of Conduct e-learning is an annual mandatory e-learning course for the members of the Outokumpu Leadership Team. There are also other mandatory, regular E&C e-learnings courses in the fields of anti-corruption, data protection, competition law and knowing our business partners, which are taken by the Outokumpu Leadership Team. In addition, Outokumpu Leadership Team members receive updates and are regularly trained on the various ethics and compliance topics by the Legal and Compliance function.

Furthermore, in addition to ethics and compliance training, there is other mandatory training, such as health and safety training, to be taken by the members of the Outokumpu Leadership Team. (G1-ESRS 2 GOV-1-5-(b))

Sustainability matters addressed by the administrative, management and supervisory bodies

The ESG Steering Group follows up on the progress of material impacts, risks and opportunities at least six times a year. Implementation of due diligence and effectiveness of policies, actions, metrics and targets are also reviewed by the ESG Steering Group at least six times a year.

Both the Board of Directors and the Outokumpu Leadership Team are informed about the effectiveness of policies, actions, metrics and targets, including implementation of due diligence, at least twice a year, starting from 2025. (ESRS 2-GOV-2-26-(a))

The Board of Directors considers impacts, risks, and opportunities as part of the company's strategy process. Additionally, these impacts, risks and opportunities are assessed and discussed when reviewing and making decisions on major transactions, case by case. Potential trade-offs associated with those impacts, risks and opportunities are considered in the assessment, with the recognition that sustainability is a core value for Outokumpu.

The Outokumpu Leadership Team considers the impacts of the company's actions within the value chain, along with the risks and opportunities for its own operations, as part of their role. They also cascade these considerations throughout their respective business areas, functions, and operations. (ESRS 2-GOV-2-26-(b))

The Board of Directors has addressed the set targets related to the material impacts, risks and opportunities of climate, energy, circularity, safety and diversity twice a year. The Outokumpu Leadership Team monitors the progress for the mentioned targets regularly. In 2024, various experts presented topics related to the material impacts, risks and opportunities during the Outokumpu Leadership Team meetings, such as:

- updates to the Group policies,
- decarbonization and progress on Outokumpu's climate target,
- health and safety,
- development of diversity, equity and inclusion,
- information security,
- ethics and compliance,
- sustainability reporting and recent regulatory requirements. (ESRS 2-GOV-2-26-(c))

Integration of sustainability-related performance in incentive schemes

Outokumpu operates two incentive schemes applicable to the members of its leadership team. The Short-Term Incentive plan (STI) supports the achievement of annual financial and strategic targets. The Performance Share Plan (PSP) is designed to promote the achievement of long-term strategic targets and align the management's interests with the those of the shareholders. (ESRS 2-GOV-3-29-(a))

In the Short-Term Incentive plan, there are two sustainability-related targets. Safety, in terms of total recordable injury frequency rate (TRIFR) and with a target below 1.6 in 2024, accounts for 10% of the short-term incentives for both the President and CEO and other Leadership Team members. Diversity, in terms of the number of diverse leaders added to the company, accounts for 10% of the short-term incentives of the leadership team members, but not the President and CEO. The diversity target included in the Short-Term Incentive plan is to add 100 diverse managers by the end of 2025. In the Performance Share Plan, the sustainability-related target focuses on CO2 emission reduction in line with Outokumpu's SBTi commitment, for a 20% weight. (ESRS 2-GOV-3-29-(b))

Outokumpu's remuneration policy considers sustainability-related metrics as potential performance criteria but does not make them mandatory. (ESRS 2-GOV-3-29-(c)) The sustainability-related variables comprises 20% of the total variable remuneration of the management, except for the CEO for whom it is 15%. (ESRS 2-GOV-3-29-(d))

Incentive schemes for the President and CEO are approved by the Board of Directors, while incentive schemes for other members of the leadership team are approved by the Remuneration Committee of the Board of Directors. (ESRS 2-GOV-3-29-(e))

Climate-related considerations in remuneration

Outokumpu's long-term incentive plan, the Performance Share Plan, includes sustainability-related criteria for the ongoing plan periods 2022–2024, 2023–2025 and 2024–2026. The performance share plan sets the compensation criteria for each period and is a part of the regular compensation of top executives.

As of 2022, 20% of the Performance Share Plan for 2022-2024 awarded to the top management is tied to a greenhouse gas emission reduction target, according to Outokumpu's Science Based Targets initiative (SBTi) commitment to keep global warming below 1.5°C. Specifically, Outokumpu's greenhouse gas emissions per tonne of crude steel produced must reach a reduced level each year, as outlined under disclosure requirement E1-4.

Performance assessment against climate targets

In 2024, the performance of Outokumpu's leadership bodies has been comprehensively assessed against the greenhouse gas emission reduction targets:

- Achieved a 32%% reduction in greenhouse gas emissions compared to the 2016 baseline, over its target of 24% reduction for this period.
- Against the SBTi target 2025 (1.52), the outcome of the greenhouse gas reduction was 1.42 in Performance Share Plan 2022–2024. (E1-ESRS 2 GOV-3-13)

Statement on due diligence

Outokumpu is currently developing a group-wide sustainability due diligence process covering the company's own operations and value chain with related adverse impacts on people and the environment. This work builds on the previous actions that Outokumpu has taken on mitigating its impacts on human rights and environment.

Outokumpu committed to United Nations Guiding Principles (UNGPs) on Business and Human Rights in 2021. Since then, the company has developed its approach on human rights due diligence accordingly. The main focus has been on the raw material supply chains that have been identified with the most salient impacts on human rights. Further implementation of the UNGP framework for raw material supply chains was continued in 2024 by updating the salient impacts related to the most critical supply chains. Also environmental requirements were included in the supply chain due diligence process based on existing and emerging legal requirements.

Regarding Outokumpu's own operations, a thorough human rights impact assessment together with introduction sessions for key internal stakeholders on the topic were conducted in 2024. As part of this project, also environmental impacts related to own operations were identified with limited scope based on the German Act on Supply Chain Due Diligence (LkSG). The project covered Outokumpu's all local manufacturing sites and key supporting functions at group level.

A scheduled action plan to strengthen governance and provide support the implementation of the next steps of the sustainability due diligence process has been defined based on the development work done in 2024 with related findings. The sustainability due diligence process at Outokumpu will be further elaborated for both own operations and supply chains based on this action plan and reported accordingly in the 2025 Sustainability Statement. (ESRS 2-GOV-4-30, 32)

Risk management and internal controls over sustainability reporting

Scope, main features and components of risk management and internal control processes

Outokumpu’s sustainability statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) and the European Sustainability Reporting Standards (ESRS) as defined in the Commission Delegated Regulation (EU) 2023/2772.

The objective of internal controls over sustainability reporting at Outokumpu is to provide reasonable assurance that the sustainability reports are prepared in a timely manner and in accordance with applicable laws, regulations and internal requirements.

The Risk Management Policy approved by the company’s Board of Directors defines the objectives, approaches, and areas of responsibility in the Group’s risk management activities. The risk management process consists of the following five core stages: risk identification, risk evaluation, mitigation actions, control activities, and risk reporting. Outokumpu’s internal control system is based on the Internal Control Policy and related instructions, common ways of working with clearly defined roles and responsibilities, and processes, which are run on a digital platform. This system of internal controls has five components: control environment, risk assessment, control activities, information and communication, as well as monitoring activities. Outokumpu’s system of internal controls is based on the COSO Internal Control Framework (2013) and is in use across the Group.

The Board of Directors is responsible for ensuring that the company’s internal controls are appropriately organized. The CEO, supported by executive management, is responsible for implementing and maintaining an efficient system of internal controls. The ESG Steering Group plays a significant role in managing sustainability in Outokumpu. Specifically for sustainability reporting, the ESG Steering Group reviews the sustainability disclosure, assesses reporting-related risks and monitors risk mitigation, including control activities. The Group’s internal control function supports and develops effective internal control management processes and is responsible for control testing.

The control activities target the prevention, discovery and correction of potential errors and deviations in reporting. Control activities also aim to ensure that authorization structures are designed and implemented in such a way that incompatible tasks are segregated. Control activities are performed at different organizational levels and at various stages within the reporting process.

Sustainability-related aspects, including reporting-related risks and controls, continued to be merged with the existing procedures and practices. Management monitors related achievements. Risks or threats are managed through regular assessments, reporting and status reviews. (ESRS 2-GOV-5-36-(a))

Risk assessment approach

Risk assessment involves a dynamic and iterative process identifying and evaluating risks to achieve predefined objectives, and it provides the foundation for determining how risks will be managed. The risks related to sustainability reporting are managed according to Outokumpu’s risk management policy and practices. The risks related to sustainability reporting are identified and evaluated in risk workshops or similar, addressing risks for the most relevant parts of the sustainability reporting process. (ESRS 2-GOV-5-36-(b))

Main risks identified in sustainability reporting and their mitigation

Outokumpu has identified and evaluated sustainability reporting-related risks. The risks relate to the accuracy and timeliness of the reporting, as well as to the reporting process. These risks are assessed and reviewed once a year at a minimum. In the risk assessment, the impact of risk is evaluated using financial and non-financial impact areas, as well as the likelihood of the risk occurring. The risks are mitigated by designing and implementing the reporting process and working practices in a manner, which enable controlled sustainability reporting, as well as regular execution of selected internal controls. Control activities for sustainability reporting consist of measures to ensure that sustainability information is accurate and reported in a timely manner. The main control activities consist of reviewing sustainability information in the reporting process to ensure completeness and correctness of the reported data. In addition, the monitoring of embedded system controls and the effectiveness of related IT general controls are equally important, as well as regular system access reviews. During 2024, Outokumpu implemented one new IT system for environmental reporting and extended the use of another IT system to manage sustainability reporting in an efficient manner. (ESRS 2-GOV-5-36-(c))

For both risk and internal control management, sustainability reporting related items are incorporated into Outokumpu’s common processes and practices. Clear roles and responsibilities are assigned to individuals according to the governance models, which also defines who needs to react to risk assessment results and internal control execution findings.

Group-wide policies, principles and instructions are available to all Outokumpu employees, to provide guidance on correct ways of operating. Sustainability reporting-related matters are communicated to the parties involved mainly through regular meetings, Outokumpu’s intranet, emails as well as digital platforms. The ESG Steering Group convenes regularly to address sustainability-related topics and to solve issues, including items relevant to sustainability reporting. (ESRS 2-GOV-5-36-(d))

Reporting to administrative, management and supervisory bodies

The Audit Committee reviewed overview of the sustainability reporting -related risks during 2024. ESG Steering Group will continue to assess sustainability reporting -related risks minimum once a year. Similarly, internal controls, which mitigate these risks in sustainability reporting, and the effectiveness of them, are also reported to the ESG Steering Group for information and for corrective actions, if any are needed.

The organization evaluates and communicates internal control deficiencies promptly to the parties responsible for taking corrective action, including executive and senior management, and the Board of Directors, as appropriate. Management both in Outokumpu's group companies and in functions, is responsible for the follow-up and monitoring of internal controls.

The internal audit function monitors that an appropriate control environment exists across the Group. Risk management, the compliance function, and the sustainability report assurance provider are also engaged in the review of control activities. The findings of the assurance procedures, as well as the maturity of the system of internal controls are reported to the Audit Committee on a regular basis. (ESRS 2-GOV-5-36-(e))

Strategy

Strategy, business model and value chain

Key elements of strategy related to sustainability matters

Outokumpu's offering consists of low-emission stainless steel. Stainless steel products can further be divided into classic products that provide the most commonly used stainless steel products, and the specialty products serving specific stainless steel applications or demanding end use.

Most of the products are offered to customers as flat products, that is, as hot and cold rolled coils, strip or sheet, but Outokumpu also offers a variety of options ranging from heavy plates and hot rolled coil to specialized components and metal powders. Outokumpu's commitment to innovation will drive identifying new business opportunities, investments in technologies, and the invention of new products. (ESRS 2-SBM-1-40-(a)-(i))

Outokumpu's main markets are Europe (68% of the Group's sales in 2024) and the Americas (29%). The main customer segments are distributors (40% of sales), metal processing and tubes (18%), automotive (15%), heavy industries (8%), and appliances (9%). (ESRS 2-SBM-1-40-(a)-(ii)) No Outokumpu products are banned in any markets, (ESRS 2-SBM-1-40-(a)-(iv) and the company does not operate in the fossil fuel sector. (ESRS 2-SBM-1-40-(d)-(i))

Outokumpu's headcount of 8,736 (number of employees) by geographical area is disclosed in chapter S1 (S1-6-52). (ESRS 2-SBM-1-40-(a)-(iii))

As ESRS sectors have not been defined or adopted yet, Outokumpu is not reporting significant or additional ESRS sectors. (ESRS 2-SBM-1-40-(c), ESRS 2-SBM-1-41)

Outokumpu has set its sustainability targets based on material impacts, risks, and opportunities, considering the magnitude of its entire business, and it does not have separately defined goals for specific products or customer groups.

The company's mid-term climate target is to reduce emission intensity by 42% by 2030, from the 2016 baseline, in line with its science-based climate target. This target applies to operations of both the company and its supply chain. Outokumpu's long-term target is to be carbon neutral by 2050. In line with its purpose, working towards a world that lasts forever, the company's ambition is to support its client industries in reducing their emissions in all client groups in all geographies. One of the key enablers in achieving this is circularity, and the company has set a target to use over 90% recycled raw materials. (ESRS 2-SBM-1-40-(e))

In line with the vision of being the customer's first choice in sustainable stainless steel, Outokumpu produces stainless steel with an up to 75% lower product carbon footprint than the global industry average*. During 2024, the company supported customer industries in reducing their carbon footprint by 10 million tonnes, and had a recycled material content of 95%***. To push the industry even further, the company innovated the Outokumpu Circle Green© product line, with up an to 93% lower product carbon footprint compared to the global average**. The environmental impact of product categories depends on the raw materials and production processes used. (ESRS 2-SBM-1-40-(f))

Sustainability is at the core of Outokumpu's three-phased strategy. In the first phase, the aim was to de-risk the company by the end of 2022, including strengthening its position as the sustainability leader. The second phase was started in 2022, targeting productivity investments, customer-focused steering and additional investments in sustainability, such as biocoke. The third phase of the strategy will commence in 2026, and it is expected to require new investments. Outokumpu started preparations for the third phase already in 2023. The company's focus in the third phase is to strengthen its market position further and to develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration, and sustainability leadership. In the third phase, the company aims to also create competitive advantage through clean investments to decarbonization and low-emission solutions. (ESRS 2-SBM-1-40-(g))

* Outokumpu's average product carbon footprint (2024):1.6 kg CO_2e per kg of stainless steel based on lifecycle assessment. Global average carbon footprint of stainless steel: (2024):7 kg CO_2e per kg of stainless steel. (Outokumpu's calculation based on data provided by CRU, worldstainless and Kobolde & Partners AB).
** The recycled material content measures the amount of recycled and recovered metals in relation to crude steel output. It is aligned with ISO 14021, and it excludes recovered metals generated in the same

steel making process. The method is also aligned with the EU taxonomy criteria for use of recycled steel in steel manufacturing.

*** Global average carbon footprint of stainless steel: (2024):7 kg CO_2e per kg of stainless steel (Outokumpu's calculation based on data provided by CRU, worldstainless and Kobolde & Partners AB). Outokumpu Circle Green CO_2 emissions: down to 0.5 kilos of CO_2e per kg of stainless steel.

Business model and value chain

Outokumpu's business model is based on circularity, and the majority of the company's raw materials comes from recycled steel. Stainless steel itself is infinitely recyclable. Outokumpu's value chain includes research and development, raw material sourcing and extraction, inbound logistics, production, sales and marketing, outbound logistics, processing and use, as well as scrapping and recycling back to the value chain. Structurally, the business is divided into three business areas – Europe, the Americas, and Ferrochrome – where each has responsibility for sales, supply chain management and operations. They are also Outokumpu's operating segments under International Financial Reporting Standards (IFRS). The Ferrochrome business area operates in the upstream of Outokumpu's value chain, producing ferrochrome raw material for the other two business areas, which focus on stainless steel manufacturing and sales. The business areas are supported by the Group functions. (ESRS 2-SBM-1-42)

Outokumpu is part of a global supply chain, including raw material, services, and other material suppliers worldwide. Sustainable sourcing, with the process of selecting and managing suppliers, is critical across all purchases, especially in raw material sourcing. The key inputs Outokumpu sources from its partners are scrap metal, metals required for stainless steel production, such as nickel and molybdenum, and low-emission energy to run its energy-intensive manufacturing operations. Responsible sourcing is a pivotal part of Outokumpu's sustainability roadmap, and the company is actively partnering with companies in its upstream to secure access to low-emission raw materials. Examples of this are the recent partnerships with CRONIMET to retain supply of high-quality scrap metal and with a Canadian company, FPX Nickel, to secure long-term supply of low-emission nickel metal. In addition to sourcing, Outokumpu has secured its access to low-emission ferrochrome through its own mine in Kemi. Outokumpu's Kemi mine is targeting to become carbon neutral by 2025. (ESRS 2-SBM-1-42-(a))

Outokumpu's main outputs are stainless steel products that have an up to 75% lower carbon footprint compared to the industry average. In 2024, Outokumpu delivered roughly 1.8 million tonnes of stainless steel, which supported their customers in reducing their supply chain emissions by 10 million tonnes*. The annual production of ferrochrome, the second key product of Outokumpu, is roughly 398,000 tonnes. For customers, Outokumpu's products provide a solution to reduce their Scope 3 emissions. For investors, Outokumpu aims to distribute a stable and growing dividend. In addition, interests and financing expenses were EUR 59 million and employee benefits EUR 714 million to employees in 2024. Outokumpu Group is contributing to society with operational taxes, value-added taxes, employment taxes etc., while the corporate tax in 2024 was a refund of EUR 2 million. Outokumpu contributes to the United Nations' Sustainable Development Goals through both the way it operates and its products. (ESRS 2-SBM-1-42-(b))

Outokumpu's role and presence varies between each part of its value chain. Outokumpu's core activities range from research and development to outbound logistics, while further processing, use and recycling are not part of Outokumpu's core activities. Research and development focuses on the innovation of products and materials, including, high alloy steels, other steels and side-stream products. In raw material sourcing and extraction Outokumpu plays a double role: Outokumpu has its own mining operations in Kemi, Finland, for the extraction of chromite ore, the required primary raw material for stainless steel, but is also active in raw material sourcing, focusing on securing low-emission scrap, nickel and other relevant raw materials from external sources. The production step covers refining, smelting, and production of stainless steel, including casting, shaping, heat treatment, and finishing. The sales and marketing step includes sales, customer relationships management, and distribution and channels. In inbound and outbound logistics, Outokumpu manages inventories of both raw materials and finished products, and utilizes partners for the transportation of both. (ESRS 2-SBM-1-42-(c))

* Outokumpu's average product carbon footprint (2024): 1.6 kg CO_2e per kg of stainless steel based on lifecycle assessment. Global average carbon footprint of stainless steel: (2024): 7 kg CO_2e per kg of stainless steel. Outokumpu's calculation based on data provided by CRU, worldstainless and Kobolde & Partners AB. The calculations are based on the following four studies (2024): 304 Stainless Steel Carbon Footprint Comparison EU, Indonesia and China (2022), CRU Nickel Market Outlook Data (2022), "The Global Life Cycle of Stainless Steels" (2019), and ISSF Stainless Steel and CO_2 (2022).

Interests and views of stakeholders

Stakeholder engagement

With several manufacturing facilities, Outokumpu engages with a variety of stakeholders around the world. Investors, customers, the company's own workforce, value chain workers, and the affected communities the company operates in are among the key stakeholder groups for Outokumpu. (ESRS2-SBM-2-45-(a)-(i))

Engagement with stakeholders takes place both locally in the operations and centrally at the group level. Currently, Outokumpu has certain structured frameworks in use locally to engage with stakeholders, for example at Kemi mine, Finland, through the Towards Sustainable Mining Finland standard. For European operations, the company is developing a systematic engagement approach based on the ResponsibleSteel certification. The views, interests and rights of its own workforce inform Outokumpu's strategy and business model via regular and structured forms of interaction, for example in the Outokumpu Personnel Forum and its Group Working Committee. More information on how this interaction takes place can be found in the Own workforce (S1) chapter, in the Processes section, "Processes for engaging with own workforce and workers' representatives about impacts". Similarly the views, interests and rights of value chain workers and affected communities are taken into account at the group level and locally at operations through various practices. (ESRS 2-SBM-2-45-(a)-ii))

However, Outokumpu is developing further its stakeholder engagement globally on a Group-level, to coordinate and understand the various stakeholder interests and views and how they inform the company's strategy and business model. During the development project the purpose of stakeholder engagement, as well as its outcomes, implementing amendments and monitoring-related progress, will be further defined. (ESRS 2-SBM-2-45-(iii), (iv), (v), (b), (c), (c)-(i)

The project started in 2024 and will be completed during 2025 with defined further actions. The project findings will also be linked to Outokumpu's sustainability due diligence process development regarding its own workforce, value chain workers, and the affected communities. (ESRS 2-SBM-2-45-(c-ii)) The project findings are expected to lead to identifying further actions to develop stakeholder engagement at Outokumpu. (ESRS 2-SBM-2-45-(c-iii))

Another objective is to develop a procedure for informing the company's administrative, management, and supervisory bodies about these views and interests. The reporting requirements on stakeholder engagement will be considered in close connection with the further development of Outokumpu's sustainability due diligence process. (ESRS 2-SBM-2-45-(d))

The table below includes a summary of Outokumpu's key stakeholders, as well as the topics and forms of the engagement. The impact of engaging with key stakeholders, such as the company's own workforce, value chain workers and affected communities, on Outokumpu's strategy and business model will be disclosed in 2025 Sustainability statement based on the development actions described above. (ESRS 2-SBM-2-43)

Interests and views of various stakeholders

Stakeholder type	Examples of engagement topics	Examples of engagement forms
Shareholders, investors and other capital market stakeholders	• Profitability and profit sharing • Long-term value creation • Societal value creation • Corporate governance • Environmental and social impact in own operations and value chain	• Constant dialogue and annual general meeting • Quarterly and annual publications • Events and site visits • Double-materiality assessment
Own workforce	• Strategy and organization • Well-being, health and safety • Learning and development • New initiatives and projects • Employment and labour rights	• Employee representative cooperation • Constant dialogue • Personnel surveys and trainings • Townhalls and other meetings • SpeakUp and other reporting channels
Customers and end-users	• Quality and service • Product information and safety • Environmental and social impact in own operations and value chain	• Customer surveys and audits • Sustainability due diligence • Double-materiality assessment
Suppliers, partners and workers in the value chain	• Production input quality and availability • Environmental and social impact in own operations and value chain	• Constant dialogue • Seminars, joint projects and trainings • Site visits • Sustainability due diligence • Double-materiality assessment
Affected communities related to own operations and value chain	• Well-being and health & safety • Environmental and social impact in own operations and value chain • Community impact • Rights of indigenous peoples	• Constant dialogue • Site visits • Financial support to local projects • Sustainability due diligence
Policymakers	• Political and regulatory landscape	• Constant dialogue • Hearings and other consultation processes • Events and visits to manufacturing sites
Authorities	• Legal compliance • Environmental and social impact in own operations and value chain	• Constant dialogue • Inspections and other site visits
Business organizations	• Corporate approach on political and regulatory developments	• Constant dialogue • Representation and events
Civil society representatives	• Environmental and social impact in own operations and value chain	• Constant dialogue
Research and educational institutions	• Product and process development • Future employment needs • Environmental and social impact in own operations and value chain	• Joint research and other cooperation projects • Recruitment events and student fairs • Lectures, study visits, thesis assignments and traineeships

Material impacts, risks and opportunities and their interaction with the strategy and business model

Material impacts, risks and opportunities resulting from the materiality assessment

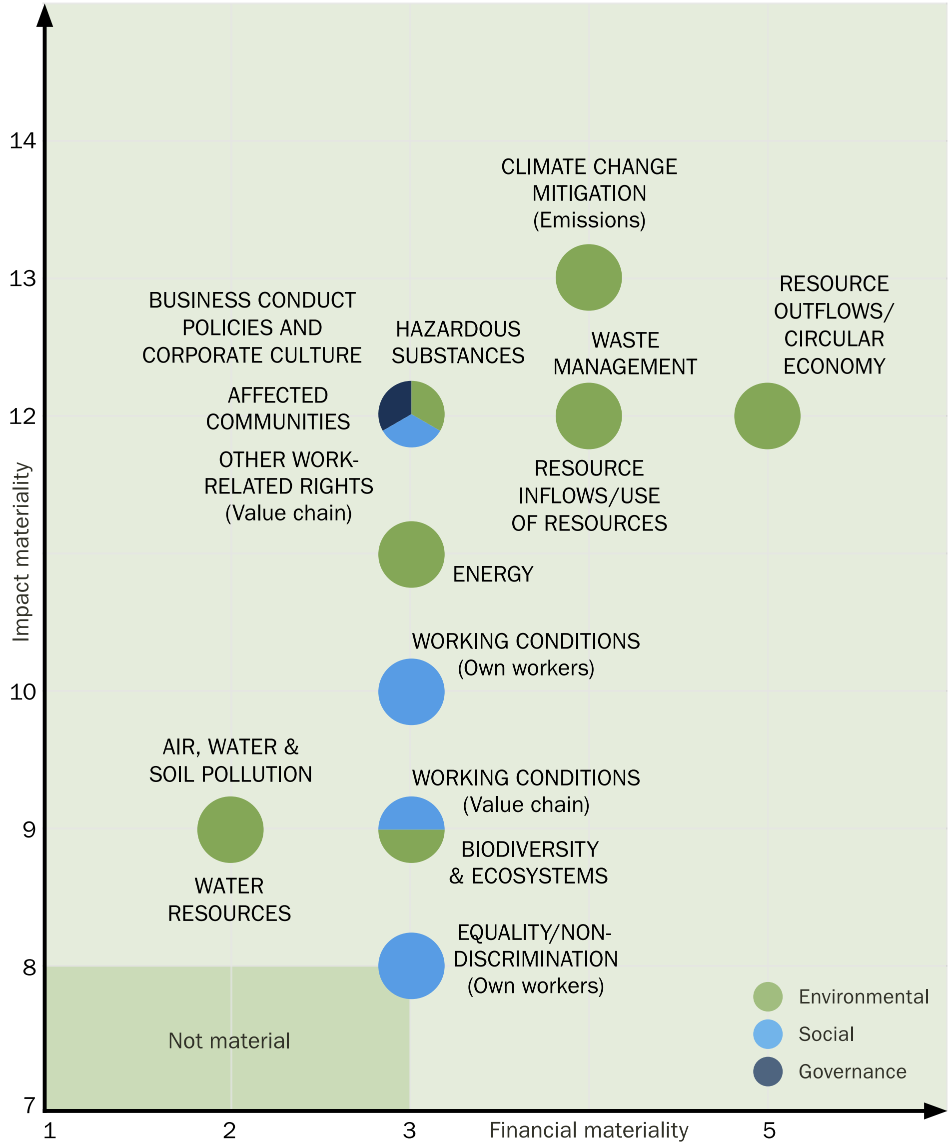
Outokumpu identified 15 topics material for the company in its double materiality assessment. Stainless steel production and its supply chain require significant amounts of energy and raw materials, contributing to greenhouse gas emissions and impacting negatively on climate change. Energy and raw material price volatility and high renewable fuel costs pose financial risks for the company's operations. However, additional energy efficiency initiatives create opportunities for reducing energy consumption and costs. Outokumpu has mitigated its impacts by using recycled raw materials, low-emission energy, and improving energy efficiency.

Producing stainless steel with over 90% recycled raw materials has a positive impact by reducing reliance on primary raw materials, reducing carbon emissions and mitigating biodiversity loss caused by mining. Rising carbon prices, availability of low-emission raw materials and uncertain decarbonization technologies are seen as a financial risk. On the other hand, the significantly lower carbon footprint of Outokumpu's stainless steel compared to the industry in general and vertically integrated ferrochrome production can create competitive advantage and financial opportunities for the company, especially considering EU's Carbon Border Adjustment Mechanism.

Stainless steel production processes and mining operations in Outokumpu's supply chain can have a negative impact on the environment. These potential impacts are caused by water usage, release of emissions to air and water and generation of waste and hazardous substances, if not mitigated appropriately. Tighter regulation and rising cost of landfill waste can potentially increase costs and compliance risks for the company. However, the life cycle benefits of long-lasting stainless steel can have a positive impact by supporting sustainability, safety and hygiene in applications within the downstream. Additional financial opportunities exist in recycling raw materials and developing by-products from the company's waste streams.

Due to the nature of steel production processes, employees can face hazardous working conditions. Outokumpu has invested in high safety standards and employee well-being which represent financial opportunities in enhanced performance and talent attraction. By promoting diversity, equity and inclusion, the company fosters innovation and attracts talent. To prevent incidents of harassment, discrimination and unconscious biases that can lead to financial risks, the company puts significant efforts in educating its employees on appropriate work behavior.

DMA matrix



All the material topics are presented in the matrix, according to the impact materiality and financial materiality. The highest number given in the scoring defines the position of the sustainability topic in the matrix, meaning that, between positive and negative impacts, the higher score was chosen for the matrix. Similarly for the financial materiality, between scores given to risks and opportunities, the higher score is chosen for the matrix.

Stainless steel has a complex global value chain with suppliers in high-risk countries. Poor working and living conditions in Outokumpu's supply chain can lead to negative impacts which pose a financial risk. Through risk-based assessment and strengthening human rights, Outokumpu has a positive impact in its supply chain and creates financial opportunities through increased transparency towards its stakeholders and better business resilience. Communities in the value chain can also be affected by the production of stainless steel. Impacts can be positive through supporting local communities, collaborating with local authorities and by promoting human rights in the supply chain. Establishing a robust human rights due diligence process has strengthened Outokumpu's supply chain resilience as well as enhanced sustainability leadership.

Non-compliance with laws and policies, or unethical behavior would result in legal, financial, and reputational consequences for Outokumpu and its partners. Outokumpu fosters a transparent and ethical culture and expects business partners to uphold similar standards across the value chain.

More information on material impacts, risks and opportunities resulting from materiality assessment (ESRS 2-SMB 3-48-(a)) are disclosed under every material topic, at the beginning of each material topics' chapters, for E1-E5, S1-S3 and G1-1.
(ESRS 2-SMB 3-48-(a))

Additional information: disclosures' locations in the report related to material impacts, risks and opportunities

Processes to identify and assess material impacts, risks and opportunities (IRO-1) are disclosed in General disclosure (ESRS2), under Impact, risk and opportunity management section, for environmental topics, E1- E5. Disclosure requirements in ESRS covered by the undertaking's sustainability statement (IRO-2) are presented after IRO-1.

Material impacts, risks and opportunities and their interaction with the strategy and business model (ESRS2 SBM-3) are presented in each topic's Strategy section in terms of climate change (E1), biodiversity and ecosystems (E4), own workforce (S1), workers in the value chain (S2), and affected communities (S3).

Effects of material impacts, risks and opportunities on the business model, value chain, strategy and decision-making

Outokumpu has integrated sustainability into its strategy, vision and purpose. The company's vision is to be the customer's first choice in sustainable stainless steel. Outokumpu's vision directly aligns with its strategy to mitigate climate-related risks and capture opportunities associated with the transition to a low-carbon economy.

The identified impacts, risks and opportunities, particularly those linked to climate change, the circular economy, and biodiversity, influence Outokumpu's business model by shaping product innovation, operational processes, and the adoption of low-emission technologies. For instance, commitments to reducing greenhouse gas emissions and improving energy efficiency drive investments in low-emission production methods and renewable energy, ensuring alignment with global warming targets below 1.5ºC.

In the value chain, sustainability considerations are central to fostering resilience and enhancing supply chain practices. Efforts to promote circular economy principles, such as increasing recycled content in stainless steel production, mitigate risks of resource scarcity and strengthen relationships with environmentally conscious suppliers. Biodiversity preservation further supports long-term operational continuity and resource security.

The company's targets also guide Outokumpu's efforts to achieve zero safety incidents, enhancing diversity, equity and inclusion, and fostering its supply chain sustainability.

Decision-making processes integrate IROs to maintain compliance with laws and regulations. Pollution prevention and waste reduction efforts not only meet regulatory standards but also reduce operational costs and enhance Outokumpu's competitive advantage. Similarly, fostering supply chain sustainability reduces risks associated with unethical practices or non-compliance among suppliers.

Outokumpu is strongly committed to the highest ethical standards and complies with the applicable laws and regulations of the countries in which it operates as well as with the agreements and commitments it has made. (ESRS 2-SMB 3-48-(b)

Material impacts

On people and the environment

Stainless steel manufacturing is energy and resource intensive, which contributes to greenhouse gas emissions, making climate change mitigation the most material topic for Outokumpu. Waste management, including hazardous substances, has the potential to cause environmental and health issues unless properly managed. Outokumpu has identified people in the supply chain, especially in alloy production, at risk to be negatively affected through working conditions or through affected communities. (ESRS 2-SBM-3-48-(c)-(i))

On the business model

The main impacts originate from Outokumpu's business model, as manufacturing stainless steel is energy-intensive and requires vast resources in the form of metal alloys. This creates large amounts of greenhouse gases, which are released into the atmosphere. The mining of primary metals for alloys is also energy intensive and contributes to resource depletion. Outokumpu includes mitigating actions in its strategy and way of working. The company has also established a transition plan which is integrated into the strategy. In addition, Outokumpu is using a high amount of recycled metals in its production, in 2024 95.3%. (ESRS 2-SBM-3-48-(c)-(ii))

Time horizons of the impacts

The expected time horizon is short-term when considering the company's own workforce and value-chain workers, short-to mid term when considering pollution, water, the circular economy, and affected communities, and long-term for climate change and biodiversity. (ESRS 2-SBM-3-48-(c)-(iii))

With business relationships

Material impacts mainly show in Outokumpu's own business activities, as described above. Business relationships extend them to value chain workers, in particular Outokumpu's raw material suppliers, since the mining of metals for alloying elements has the potential to negatively affect local environment and communities where it is mined.
(ESRS 2-SBM-3-48-(c)-(iv))

Current and anticipated financial effects

Based on the double materiality assessment on risks and opportunities, Outokumpu has not identified any current financial effects on its financial position, financial performance or cash flow or any significant risk for a material adjustment of its carrying amounts of assets and liabilities within the next annual reporting period. (ESRS 2-SBM-3-48-(d))

Outokumpu chooses to omit the information required by ESRS 2-SBM-3-48-(e), anticipated financial effects according to ESRS1 Phased-in Disclosure Requirements (Appendix C).
(ESRS 2-SBM-3-48-(e))

Resilience

The company has evaluated initially the resilience of its business and strategy as part of the double materiality assessment conducted in 2023, and it continues to develop the resilience analysis, including quantitative assessment, in the following reporting years. Based on the earlier assessment, due to its low-carbon footprint and high use of recycled raw materials, the company has built resilience against climate-related transition risks. Outokumpu is further committed to the science-based target of keeping global warming below 1.5°C and reduce its transition risk by implementing low-carbon technologies, and increasing the use of clean energy in its product portfolio. More information can be found under Climate Change chapter (E1), in the section Resilience of strategy and business model -section. (ESRS 2-SBM-3-48-(f)

Changes compared to the previous reporting period

Outokumpu conducted double materiality assessment for the first time during 2023. The scope differs slightly from previous materiality assessment, resulting in a wider number of material topics when considering the value chain impact. However, most relevant topics, such as climate change, energy and waste, have been identified as such in previous assessments. (ESRS 2-SBM-3-48-(g))

Additional disclosures

Outokumpu does not report entity-specific disclosure requirements that are not covered by ESRS. (ESRS 2-SBM-3-48-(h))

Impact, risk and opportunity management

Processes to identify and assess material impacts, risks and opportunities

Methodologies and assumptions

Methodologies applied in the process included a desktop analysis using public reporting, industry-specific publications, value chain mapping, Outokumpu's existing studies, and stakeholder and expert interviews in order to understand the context and scope of the double materiality assessment, as well as quantitative and qualitative impact and risk assessment.

The identification of impacts, risks and opportunities was guided by two key questions:

- What impacts related to the ESG topic does the company have on people and the environment along its entire value chain?
- What financial risks and opportunities can arise for the company in relation to the ESG topic? (ESRS 2-IRO-1-53-(a))

Process in identifying, assessing and monitoring impacts on people and the environment

The double materiality assessment adhered to the general principles (ESRS 1, chapter 3) and took existing practices, such as Outokumpu's previous double materiality assessment from 2021, and existing risk management practices into consideration. (ESRS 2-IRO-1-53-(b))

The analysis started with mapping out the main features of Outokumpu's activities (it included all current Outokumpu sites and locations, taking into consideration the activities from local and group-level perspectives), business relationships and geographies, to map where sustainability impacts are or would most likely occur. This mapping of impacts for each ESG topic was conducted as a desktop analysis using existing internal and public materials. As the assessment was done on a sub-topic level, a cross-check was carried out to ensure that all sub-subtopics were considered. The remaining sub-subtopics were discussed with Outokumpu experts to determine relevance and materiality for the assessment. (ESRS 2-IRO-1-53-(b)-(i), (G1-ESRS 2-IRO-1-6)

Impacts were considered within the Outokumpu value chain. The value chain is defined as the full range of activities, resources and relationships Outokumpu uses or relies on to create its products from conception to end-of-life. Regarding affected communities the information was gathered from earlier discussions held focusing on the upstream in the value chain. (ESRS 2-IRO-1-53-(b)-ii))

The listed impacts were refined and expanded based on internal and external expert interviews. The relevant stakeholders were identified to represent different parts of the value chain: NGOs, suppliers, customers, investors, and external industry specialists. Internal stakeholder interviews were held to gain understanding of the impacts connected to specific sustainability themes. Internal experts were interviewed to validate and complement the impacts. (ESRS 2-IRO-1-53-(b-iii)

Once the impacts were identified, the next step was to assess them using a set of predetermined evaluation criteria. The scales and methodology were determined based on ESRS1. The severity of an impact has been evaluated as the sum of scale, scope and, in the case of a negative impact, remediability. To ensure the comparability of positive and negative impacts on a similar scale, the severity of positive impacts were multiplied by a factor of 1.5. The likelihood of potential impacts has been rated using a 1 to 4 scale representing probabilities of occurrence of <25%, >25%, >50% and >75% within 10 years and each assigned a likelihood factor for calculation. Multiplying the severity and likelihood factor of an impact results in the materiality level of the impact. Impacts above the threshold of 50% of the maximum value are subject to disclosure, and the associated ESG topic is material for reporting purposes. The threshold mirrors EFRAG's Guidance and is defined to fit the purpose of the assessment. (ESRS 2-IRO-1-53-(b)-iv))

Overview of process for identifying, assessing and monitoring risks and opportunities related to financial effects

The process of identifying and evaluating sustainability-related risks and opportunities utilized the same methodologies, assumptions, and input parameters as those used for the identification and evaluation of related impacts. As the process was run by subtopic, the identification of impacts included the identification of risks and opportunities caused by each impact. (ESRS 2-IRO-1-53-(c), G1-ESRS 2-IRO-1-6)

Most risks and opportunities were evaluated as arising from various resource dependencies, which have the potential to cause future financial impacts. The evaluation of the financial impact explicitly takes into account the cost of preservation and remaining useful life. (ESRS 2-IRO-1-53-(c)-(i))

The financial effects of risks and opportunities were assessed using a set of predefined criteria for magnitude and the same likelihood rating as for impacts. The scales were determined in alignment with Outokumpu's risk management and based on ESRS1 requirements. The magnitude has been rated on a scale of 0–5, each implying a range of financial effect, both positive and negative. The likelihood has been rated considering a 10-year horizon and taking into account potential countermeasures. Multiplying the magnitude and likelihood factor results in the materiality level of the financial impact from 0-5. Impacts above the threshold of 3 are subject to disclosure and the associated ESG topic is material for reporting purposes. The thresholds mirror EFRAG's guidance and were defined to fit the purpose of the assessment. (ESRS 2-IRO-1-53-(c)-(ii))

The enterprise risk management process evaluates sustainability-related risks in the same way as other types of risks, using magnitude and likelihood. The methodology of the double materiality assessment was aligned with the digital risk management process, and Outokumpu further continues to integrate the identified risks, impact and opportunities in its risk management process during the next reporting year. (ESRS 2-IRO-1-53-(c)-(iii))

Decision-making process and related internal controls

Validation workshops were held to evaluate the overall assessment between the topics and within the same topic in Outokumpu's enterprise risk management process. Topics near the threshold of materiality were separately discussed during a workshop to re-evaluate the scoring, and expert judgement was used to determine final materiality, according to the EFRAG guidelines. As a control measure, management validation was done for the assessment of impacts, risks and opportunities and the materiality matrix. (ESRS 2-IRO-1-53-(d))

Integration into overall risk management and management processes

The initial identification and assessment of impact, risks, and opportunities was run in alignment with Outokumpu's risk management process using a simplified approach for the evaluation by combining financial and non-financial impacts into one rating. Outokumpu has already initiated the integration with its risk management process. (ESRS 2-IRO-1-53-(e))

The double materiality assessment process feeds into the existing risk management process and takes into account the expert knowledge of previous assessments regarding opportunities. Outokumpu also considers opportunity management in the integration into its enterprise risk management process. (ESRS 2-IRO-1-53-(f))

Input parameters and changes in them

The main input parameters for Outokumpu's double materiality assessment included desktop analysis using Outokumpu's existing materials, public reporting, industry-specific publications, and perspectives and expertise of both internal and external stakeholders. The process covered, on a general level, Outokumpu's own activities, and the geographical areas of its operations, as well as upstream and downstream value chain activities. (ESRS 2-IRO-1-53-(g))

As it is the first time Outokumpu conducted a double materiality assessment based on the ESRS, Outokumpu does not report any changes to prior reporting periods. The review of the double materiality assessment is planned for 2025. (ESRS 2-IRO-1-53-(h))

Processes to identify and assess material climate-related impacts, risks and opportunities

Impacts on climate change

Outokumpu's operations impact climate change through greenhouse gas emissions. By incorporating inputs such as evaluations of different mitigation techniques and calculated transition scenarios that project future emissions, as well as value chain emissions identified and assessed based on life-cycle studies and expert judgement, different greenhouse gas emission sources were identified. The majority come from indirect emissions connected to the sourcing of raw materials such as nickel, as well as energy consumption. The actual and potential impacts of climate change were evaluated using the same methodology and available data as for other identified impacts. (E1-ESRS 2 IRO-1-20-(a)), AR-9)

Physical risks in own operations and the value chain

Outokumpu has identified climate-related hazards as part of physical climate risk analysis for production sites, as required by the EU taxonomy's do-no-significant-harm criteria for climate change adaptation. The assessments have been based on the methodology presented in Appendix A in Annex I of the Climate Delegated Act, focusing on short-, to long-term effects by considering climate projections up to at least 10-30 years in the future. The assessments have focused only on Outokumpu's own operations and the physical risks they face. (E1-ESRS 2 IRO-1-20-(b))

Transition risks and opportunities in own operations and the value chain

Outokumpu has identified climate-related hazards as part of its transition plan. In Outokumpu's scenarios, the company has taken into account hazards that have been identified in its risk management: the stainless steel industry is energy-intensive, and production processes have high greenhouse gas emissions. Raw materials and transport also contribute to these emissions. The main risk is that decarbonization technologies and investments would not be viable and effective enough to meet transition requirements. New regulations and new technologies needed for transition could increase production costs. Availability of low-emission raw materials, like steel scrap or alloys with reduced climate impact, is also a risk. (E1-ESRS 2 IRO 1-20-(c))

Scenario analysis regarding physical and transition risks and opportunities

To identify and assess the physical and transition risks and opportunities, Outokumpu has performed a variety of analyses. Regarding physical risks, Outokumpu has performed a risk analysis for its own operations, according to the EU taxonomy's do-no-significant-harm criteria and evaluated the financial risks by site. The supply chain was evaluated in terms of the risk of interruption in supply to its operations. According to the analysis, physical climate risks do not pose a material financial risk for Outokumpu. (E1-ESRS 2 IRO-1-21)

Regarding transition risks and opportunities, Outokumpu has performed a stated policy scenario and sustainable development scenario analysis in line with the International Energy Agency Iron and Steel Technology Roadmap (2020). (E1-ESRS 2 IRO-1-21)

Identified climate-related hazards

Outokumpu has identified transition-related climate change risks based on its double materiality assessment. In addition, climate-related hazards have been identified as part of a physical climate risk analysis for production sites, according to the EU taxonomy's do-no-significant-harm criteria for climate change adaptation. These assessments follow the methodology of Appendix A, Annex I of the Climate Delegated Act, focusing on short to long-term effects, considering climate projections up to at least 10–30 years in the future. These assessments focus only on Outokumpu's own operations and the physical risks they face. (E1-ESRS 2 IRO-1, AR 11-(a))

In these assessments, Outokumpu identified climate-related risks from short- to long-term time horizons. However, the hazards were not linked to the expected lifetime of the assets, strategic planning horizons or capital allocation plans. (E1-ESRS 2 IRO-1, AR 11-(b))

The site-specific assessment took into consideration the likelihood, magnitude, and duration of the hazards at each location, whenever deemed necessary or plausible. Each factor was assessed based on scientific research of potential changes under different scenarios. The assessments took into consideration the different likelihood of extreme weather conditions, such as cyclones, floods, and so on, in different geographical locations. Duration was a key factor when looking at the effects of heat stress in Alabama, where the number of hot-temperature days is expected to increase from 7 in 2022 to 47 in 2050, under a high-temperature scenario. The magnitude of the hazards at Group level were assessed as part of the double materiality assessment and overall business risk processes, which determined the physical risks to be non-material. (E1-ESRS 2 IRO-1, AR-11-(c))

The assessments were largely based on shared socioeconomic pathways (SSPs) and climate change scenarios by the UN's Intergovernmental Panel on Climate Change (IPCC), including SSP5 – 8.5, where physical risks are most prevalent. The scenarios were considered through local or regional projections of climate-related hazards under the IPCC's climate change scenarios, such as those made by the Swedish Meteorological and Hydrological Institute. These projections provided insights into local risks at each site in different scenarios. Due to the limited data on scenarios from different local or regional providers, the level of detail varied across the assessments. Some assessments were able to identify risks based on geospatial coordinates, whereas others looked at changes on a national level. Additionally, some projections relied on the IPCC's Sixth Assessment Report data, while others relied on the older Fifth Assessment Report data. (E1-ESRS 2 IRO-1, AR 11-(d))

Identified transition events

Outokumpu has identified transition events that may cause transition risks to Outokumpu and have an adverse impact on Outokumpu's operating environment and financial position in the long, medium, and short term. (E1-ESRS 2 IRO-1, AR 12-(a))

Assessing the extent to which assets and business activities may be exposed to identified transition events, Outokumpu has identified physical climate risks and mitigation measures for all sites and included these in the general risk assessment system. The evaluation shows that the physical risk does not materially impact the Group's capital expenditure or operative expenses. However, the financial impact of the climate transition risk is significant and has been estimated for the target period until 2030. To be able to attain the 1.5°C climate target, the company has created and committed to a transition plan, in which many greenhouse gas emission reduction projects have been initiated already. (E1-ESRS 2 IRO-1, AR 12-(a-b))

Identified transition events in Outokumpu's climate-related scenarios include:

- evolving climate change policies, increasing regulation and reporting requirements;
- increased price of CO_2 emissions and the related rising electricity price;
- increased cost of raw materials and uncertainty about availability of energy and low-emission raw materials at affordable prices;
- viability and effectiveness of decarbonization technologies in the coming years;
- risk of losing customers and market share; on the other hand, customers switching to low-emission steel could have a positive impact. (E1-ESRS 2 IRO-1, AR-12-(c))

Outokumpu has also assessed assets and business activities that are incompatible with or that need significant efforts to be compatible with the transition to a climate-neutral economy. The production of ferrochrome requires coke as a reductant in the process, and while coke is used in the ferrochrome production process, emissions could be seen as partly locked in. Ferrochrome production is not included as eligible under the EU taxonomy. In stainless steel production, the use of electrodes is considered locked-in emissions, but does not pose a material risk to the greenhouse gas emission reduction targets. Outokumpu has also assessed locked-in emissions from the upstream value chain with lime-related emissions being the main source. However, the company has identified ways to reduce greenhouse gas emissions from locked-in emissions, as well. (E1-ESRS 2 IRO-1, AR 12-(d))

Compatibility of climate scenarios with financial assumptions

Outokumpu's climate scenarios are aligned with the 1.5°C target of the Science Based Targets initiative. (E1-ESRS 2 IRO-1, AR-15)

Processes to identify and assess material pollution-related impacts, risks and opportunities

All Outokumpu production sites have valid environmental permits, and production-related emissions from the company's own operations have been assessed either in environmental impact assessments or in discussion with local authorities to identify impacts and risks. This is an ongoing process since the sites are in constant dialogue with local authorities due to new investigations or renewal of permits. Value chain emissions have been screened mainly by means of life cycle assessments, according to ISO 14040 methodology indicating where in the value chain the highest risks are. (E2-ESRS 2 IRO-1-11(a)

Conducting of consultations

Local communities have the possibility to raise topics either in the permit processes or in regular meetings where the sites explain their activities to local residents. This is part of normal business and no additional measures were introduced in the context of the double materiality assessment process. (E2-ESRS 2 IRO-1-11(b))

The outcome of the materiality assessment

Stainless steel and ferrochrome manufacturing have a negative impact on the environment in the form of air and water emissions. The production processes generate pollutants such as metals and nitrates that may enter water bodies and have negative impacts on water quality and aquatic ecosystems if not properly managed. Thus, all operating sites are subject to environmental permits and have pollution abatement techniques such as wastewater treatment plants installed at sites. This applies to the company's operations in Kemi and Tornio in Finland; Avesta, Nyby and Degerfors in Sweden; Krefeld and Dillenburg in Germany; Calvert, Alabama in the US; and San Luis Potosí in Mexico. (E2-ESRS 2 IRO-1-AR-9)

Processes to identify and assess material water-related impacts, risks and opportunities

Actual and potential impacts, risks, and opportunities on water resources at own production sites and in the value chain have been assessed in the double materiality assessment process. More regarding the process can be found in the section "Processes to identify and assess material impacts, risks and opportunities". Marine resources were analyzed as part of the process; however, the results indicated that they are immaterial in terms of impacts, risks, and opportunities for Outokumpu. A water risk mapping tool (Aqueduct WRI) was utilized to assess water-related risks. (E3-ESRS 2 IRO-1-8-(a))

Conducting of consultations

Water-related topics were part of human rights impact assessments Outokumpu has conducted in the upstream value chain. Assessments include gathering input from affected communities. This information has been utilized as background information in the double materiality assessment. Direct suppliers were consulted for the double materiality assessment, as well as customers, representing the downstream value chain. (E3-ESRS 2 IRO-1-8-(b))

Processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

Actual and potential impacts on biodiversity and ecosystems at our own site locations and in the value chain have been assessed in the double materiality assessment process. Outokumpu has also conducted a biodiversity screening focusing mainly on its own operations. Outokumpu’s own operations were categorized according to the global industry classification standard, and the risk profile was assessed using ENCORE and IBAT data. After reassessment, based on the location-specific environmental factors, the final risk level was determined. Biodiversity impacts are also covered in the supplier assessment done using the EcoVadis tool based on industry risk. The negative impacts on biodiversity are particularly caused by mining activities, which are only a small part of Outokumpu’s operations in Finland. However, considering the supply chain, the scale is high. (ESRS E4-ESRS 2 IRO-1-17-(a))

Dependencies on biodiversity and ecosystems and their services have been assessed in the double materiality assessment. Outokumpu has also conducted a biodiversity screening focusing on its own operations. The screening also identified several dependencies on biodiversity and ecosystems.

Outokumpu is currently working to expand and deepen the biodiversity assessment, and to widen the scope to cover the value chain. The company is also looking at the sector variations, sector guidance and expanding the use of tools in the assessment. The process will be documented 2025. This will also cover dependencies. (ESRS E4-ESRS 2 IRO-1-17-(b))

Transition and physical risks and opportunities related to biodiversity and ecosystems have been assessed in the double materiality assessment. Outokumpu has also conducted a biodiversity screening focusing on its own operations. The screening also identified several transition and physical risks. Outokumpu is currently working to expand and deepen the biodiversity assessment, and to widen the scope to cover the value chain. The company is also looking at the sector variations, and sector guidances, and expanding the use of tools in the assessment. The process will be documented in 2025. This will also cover transition and physical risks. (E4-ESRS 2 IRO-1-17-(c))

Conducting of consultations

Outokumpu has consulted local communities as part of the environmental permit process. Regarding suppliers, affected communities have been consulted as part of the human rights impact assessment. Consultations have focused on water. A holistic approach to consulting affected communities will be developed moving forward, and more information about this is in the S3 chapter. (E4-ESRS 2 IRO-1-17-(e)) Currently, Outokumpu does not have a corporate-wide approach or a documented process on how to engage affected communities directly in setting targets to manage material negative impacts, advance positive impacts, and manage material risks and opportunities. Hence, direct interaction with them on setting targets during the double materiality assessment process did not take place. However, Outokumpu is currently developing its sustainability due diligence process to cover its own operations and value chain. Gap analysis and a related action plan to develop further the due diligence process were defined in 2024. Actions to engage affected communities directly in setting targets will be part of this action plan for 2025 and onwards. (E4-ESRS 2 IRO-1-17-(e)-(i),-(ii), (iii))

Biodiversity-sensitive areas

While Outokumpu's sites are not located in sensitive areas, Outokumpu has identified areas of high biodiversity value that are owned by the company or located near its sites. Activities at these sites include stainless steel manufacturing and chrome mining. No direct negative effects leading to deterioration or disturbance of species have been identified. All operational sites are located within 10 kilometers of at least one protected area. (E4-ESRS 2 IRO-1-19-(a))

Implementation of biodiversity mitigation measures

Due to identified impacts on the nature in the value chain and own operations, Outokumpu plans to implement biodiversity mitigation measures. Biodiversity management requirements are also determined by the ResponsibleSteel standard, and the Towards Sustainable Mining standards. In addition, Outokumpu has defined biodiversity management plans for Stainless Europe and Advanced Materials.(E4-ESRS 2 IRO-1-19-(b))

Processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Actual and potential impacts, risks, and opportunities related to resource use and the circular economy, particularly concerning resource inflows, resource outflows, and waste, at own site locations and in the value chain, have been assessed in the double materiality assessment process. More regarding the process can be found above in the section ”Processes to identify and assess material impacts, risks and opportunities”. (E5-ESRS 2 IRO-1-11-(a))

Conducting of consultations

Outokumpu’s human rights impact assessment gathers input from local communities in the upstream value chain. This information feeds into the double materiality assessment. Direct suppliers were consulted for the double materiality assessment, as well as customers, representing the downstream value chain. (E5-ESRS 2 IRO-1-11-(b))

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

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Social	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	137
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Section	Disclosure requirement	Disclosure requirement name	Location (page #)
Social	S3-2	Processes for engaging with affected communities about impacts	142
Social	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	142
Social	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	143
Social	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	143
Governance	G1-1	Business conduct and corporate culture, including actions and targets	145

(ESRS 2-IRO-2-56)

List of datapoints that derive from other EU legislation

Section	Disclosure requirement	Data point name	Location (page #)
General information	ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	45
General information	ESRS 2 GOV-1	Percentage of board members who are independent paragraph 21 (e)	45
General information	ESRS 2 GOV-4	Statement on due diligence paragraph 30	48
General information	ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	50
General information	ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	not material
General information	ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	not material
General information	ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	not material
Environmental	ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14	75
Environmental	ESRS E1-1	Undertakings excluded from Paris-aligned benchmarks paragraph 16 (g)	76
Environmental	ESRS E1-4	GHG emission reduction targets paragraph 34	80
Environmental	ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	82
Environmental	ESRS E1-5	Energy consumption and mix paragraph 37	82
Environmental	ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	82
Environmental	ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	83

Section	Disclosure requirement	Data point name	Location (page #)
Environmental	ESRS E1-6	Gross GHG emissions intensity paragraphs 53 to 55	86
Environmental	ESRS E1-7	GHG removals and carbon credits paragraph 56	not material
Environmental	ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	not material
Environmental	ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	not material
Environmental	ESRS E1-9	Location of significant assets at material physical risk paragraph 66 (c)	not material
Environmental	ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	not material
Environmental	ESRS E1-9	Degree of exposure of the portfolio to climate- related opportunities paragraph 69	not material
Environmental	ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	91
Environmental	ESRS E3-1	Water and marine resources paragraph 9	93
Environmental	ESRS E3-1	Dedicated policy paragraph 13	94
Environmental	ESRS E3-1	Sustainable oceans and seas paragraph 14	not material
Environmental	ESRS E3-4	Total water recycled and reused paragraph 28 (c)	96
Environmental	ESRS E3-4	Total water consumption in m3 per net revenue in own operations paragraph 29	97
General information	ESRS 2- IRO 1 - E4	paragraph 16 (a) i	99
General information	ESRS 2- IRO 1 - E4	paragraph 16 (b)	99
General information	ESRS 2- IRO 1 - E4	paragraph 16 (c)	99
Environmental	ESRS E4-2	Sustainable land / agriculture practices or policies paragraph 24 (b)	not material
Environmental	ESRS E4-2	Sustainable oceans / seas practices or policies paragraph 24 (c)	not material
Environmental	ESRS E4-2	Policies to address deforestation paragraph 24 (d)	not material
Environmental	ESRS E5-5	Non-recycled waste paragraph 37 (d)	108
Environmental	ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	108

Section	Disclosure requirement	Data point name	Location (page #)
Social	ESRS 2- SBM3 - S1	Risk of incidents of forced labor paragraph 14 (f)	113
Social	ESRS 2- SBM3 - S1	Risk of incidents of child labor paragraph 14 (g)	113
Social	ESRS S1-1	Human rights policy commitments paragraph 20	114
Social	ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	114
Social	ESRS S1-1	Processes and measures for preventing trafficking in human beings paragraph 22	114
Social	ESRS S1-1	Workplace accident prevention policy or management system paragraph 23	114
Social	ESRS S1-3	Grievance/complaints handling mechanisms paragraph 32 (c)	116
Social	ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	126
Social	ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	126
Social	ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	126
Social	ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	126
Social	ESRS S1-17	Incidents of discrimination paragraph 103 (a)	127
Social	ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	127
Social	ESRS 2- SBM3 – S2	Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	129
Social	ESRS S2-1	Human rights policy commitments paragraph 17	131
Social	ESRS S2-1	Policies related to value chain workers paragraph 18	132
Social	ESRS S2-1	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	133
Social	ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	133
Social	ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	137
Social	ESRS S3-1	Human rights policy commitments paragraph 16	141
Social	ESRS S3-1	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	142
Social	ESRS S3-4	Human rights issues and incidents paragraph 36	143

Section	Disclosure requirement	Data point name	Location (page #)
Social	ESRS S4-1	Policies related to consumers and end-users paragraph 16	not material
Social	ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	not material
Social	ESRS S4-4	Human rights issues and incidents paragraph 35	not material
Governance	ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	not material
Governance	ESRS G1-1	Protection of whistleblowers paragraph 10 (d)	not material
Governance	ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	not material
Governance	ESRS G1-4	Standards of anti- corruption and anti- bribery paragraph 24 (b)	not material

(ESRS 2-IRO-2-56)

Based on the results of the double materiality assessment and identified impacts, risks, and opportunities, Outokumpu conducted data point mapping in order to determine material data points to be reported on. Disclosures under the material data points are hence based on material impacts, risks and opportunities identified as part of the double materiality assessment. In this evaluation the following perspectives were considered: the significance of the information in relation to the matter it purports to depict or explain; and the capacity of such information to meet the users' decision-making needs. (ESRS 2-IRO-2-59)

Environmental information

Outokumpu's environmental strategy focuses on climate change mitigation: emissions reduction and energy efficiency, resource use and the circular economy, protecting biodiversity and ecosystems, water resources and pollution prevention.

Outokumpu's turnover is 93% eligible and aligned to the EU taxonomy. The facade on Neuer Zollhof, designed by Frank Gehry and located in Düsseldorf, Germany, is made of stainless steel from Outokumpu.

EU Taxonomy

EU taxonomy reporting

Non-financial companies are required to disclose the share of their sales, and both the capital and restricted operational expenditure associated with environmentally sustainable economic activities, as defined in the EU Taxonomy Regulation (2020/852). Eligible activities are those that are in the scope of the regulation, while an aligned activity is defined as an eligible economic activity that is making a substantial contribution to at least one of the climate and environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labor standards.

In 2023, the Commission published additional technical screening criteria related to water, the circular economy, pollution prevention and biodiversity (EU 2023/2486), and amendments to the previously published Climate Change Mitigation and Adaptation Acts (EU 2023/2485).

Outokumpu representatives from finance and sustainability have evaluated Outokumpu activities in relation to the EU taxonomy, resulting in the identification of aligned, eligible and non-eligible activities. Outokumpu has identified it's steel making activities to be eligible, in line with economic activity 3.9 “Manufacture of iron and steel” as outlined in Commission Delegated Regulation (EU) 2021/2139. The key performance indicators were calculated using the consolidated financial information and further accounting policies are disclosed after the key performance indicator table below. Full tables are available at the end of the EU Taxonomy section.

Taxonomy key performance indicators

2024	Total € million	Eligible and aligned, %	Eligible and non-aligned, %	Non-eligible, %
Sales (Turnover)	**5,942**	**93**	**0**	**7**
Capital expenditure	**201**	**78**	**0**	**22**
Restricted operating expenditure	**657**	**81**	**0**	**19**
2023				
Sales (Turnover)[1)]	6,961	93	0	7
Capital expenditure	146	75	0	25
Restricted operating expenditure[1)]	652	81	0	19

[1)] Percent related data has been revised.

The preparation of the key performance indicators requires management to make judgements, estimates and assumptions on eligible and aligned economic activities, capital expenditure allocated to those activities and related restricted operating expenditure.

Taxonomy sales (turnover) is presented in accordance with IFRS, in line with the sales in the Group’s consolidated Financial Statements. Outokumpu’s principles for defining sales (turnover) can be found in note 2.2 in the Group’s consolidated Financial Statements. The manufacturing of iron and steel is listed as an eligible economic activity.

The company reports its taxonomy eligibility and alignment only for operations; sales from service centers are excluded from eligibility. The impact of service centers is, however, insignificant as Group internal sales from mills to service centers are still eligible. Since the service centers are excluded from eligibility, restricted operating expenditure and capital expenditure associated with service centers is also excluded from eligibility. The main items of sales that are considered non-eligible include sales of ferrochrome, raw materials, other services, and energy. Only eligible activities have been assessed for alignment.

Outokumpu has invested in and holds stakes in energy companies in order to secure low emission electricity. However, Outokumpu does not hold a direct nuclear ownership; its ownership is considered immaterial and is not included in the group taxonomy key performance indicators.

All steelmaking sites have been assessed, and they meet the technical screening criteria for substantial contribution to climate change mitigation, which requires that the steel scrap input relative to product output is not lower than 70% in the production of high alloy steel. In 2022, a first assessment was carried out to ensure that the activities also meet the criteria set to determine that they do no significant harm (DNSH) to the remaining objectives. This assessment was reviewed again in 2024, and no changes that affect the outcome of the evaluation were identified.

- Criteria for DNSH to climate change adaptation: physical risks material to Outokumpu’s production units have been screened and assessed and are part of the company’s overall risk management strategy.
- Criteria for DNSH sustainable use and protection of water and marine resources and criteria for DNSH for protection and restoration of biodiversity and ecosystems: assessment, permits and plans are in place for all production sites, and all sites meet current legislation.

Outokumpu’s production sites do not use any prohibited substances. In a few activities where substances of concern are being used, Outokumpu has either considered them essential since the use is defined as best available technology in the Bref documents, or nonmaterial as the activity is insignificant compared to total eligible sale, thus meeting the DNSH criteria for pollution prevention and control.

Outokumpu's human rights due diligence process has been reviewed and is considered adequate with regards to EU taxonomy minimum safeguards on human rights and labor standards.

Taxonomy capital expenditure is presented and measured as cash-based. Taxonomy capital expenditure consists of purchases of property, plant and equipment and purchases of intangible assets. Taxonomy capital expenditure is presented in accordance with IFRS and in line with Outokumpu’s consolidated statement of cash flows. Equity investments at fair value through other comprehensive income and investments in associated companies have been excluded from the amount. Capital expenditure associated with taxonomy-eligible economic activities has been considered eligible, while capital expenditure related to the Ferrochrome business area, service centers, and directly to corporate functions has been considered non-eligible.

As all steelmaking activities were considered aligned, related capital expenditure was also considered aligned, since it is necessary to uphold the substantial contribution of the activities. Currently, plans to expand taxonomy-aligned economic activities, plans to allow the activities to become taxonomy-aligned, and individual measures enabling the target activities to become low-carbon have not been separately taken into consideration.

Taxonomy-restricted operating expenditure consists of expenses related directly to maintenance and servicing of assets, as well as research and development expenses. Of the total taxonomy-restricted operating expenditure, the portion supporting taxonomy-eligible economic activities has been considered eligible. Expenses related to the Ferrochrome business area, service centers, and corporate functions have been considered non-eligible. Research and development expenses have been included in full and considered eligible except for the part related to the manufacturing of ferrochrome, service centers and corporate.

Only one taxonomy-eligible economic activity has been identified as relevant and taken into account in the calculations, together with one environmental objective. While recycling of metallic scrap is at the core of Outokumpu’s business, the collection and sorting of scrap as outlined in the circular economy criteria document is not considered an economic activity in itself for Outokumpu. Outokumpu continues to develop its calculations and definitions as new information becomes available.

Taxonomy turnover, capital expenditure and operational expenditure

Taxonomy key performance indicators – Turnover [1)]

Financial year 2024		2024		Substantial Contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
Economic activities	Code	Turnover	Proportion of Turnover, 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or - eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		EUR (millions)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A . TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacturing of iron and steel	3.9	5,534	93%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	93%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**5,534**	**93%**	**93%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**93%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		5,534	93%	93%							Y	Y	Y	Y	Y	Y	93%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacturing of iron and steel	3.9	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**5,534**	**93%**	93%	0%	0%	0%	0%	0%								93%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		408	7%																
TOTAL		**5,942**	**100%**																

Taxonomy turnover total is presented in accordance with IFRS, in line with the sales in the Group’s consolidated statement of income in the Financial Statements. Outokumpu’s principles for defining turnover (sales) can be found in note 2.2 in the Group’s Financial Statements. The manufacturing of iron and steel is listed as an eligible economic activity.

[1)] Comparative data has been revised.

Taxonomy key performance indicators – Capital expenditure (CapEx)

Financial year 2024		2024		Substantial Contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	CapEx	Proportion of CapEx, 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or - eligible (A.2) CapEx, 2023	Category enabling activity	Category transitional activity
		EUR (millions)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A . TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacturing of iron and steel	3.9	157	78%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	75%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**157**	**78%**	**78%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**75%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		157	**78%**	78%							Y	Y	Y	Y	Y	Y	75%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacturing of iron and steel	3.9	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**157**	**78%**	78%	0%	0%	0%	0%	0%								75%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		44	22%																
TOTAL		**201**	**100%**																

Taxonomy capital expenditure is presented and measured as cash-based. Taxonomy capital expenditure consists of purchases of property, plant and equipment and purchases of intangible assets. Taxonomy capital expenditure is presented in accordance with IFRS and in line with Outokumpu's statement of cash flows. Equity investments at fair value through other comprehensive income and investments in associated companies have been excluded from the amount. Capital expenditure associated with taxonomy-eligible economic activities has been considered eligible while capital expenditure related to the Ferrochrome business area, service centers and directly to corporate functions has been considered non-eligible.

Taxonomy key performance indicators – Restricted operating expenditure (OpEx)[1)]

Financial year 2024		2024		Substantial Contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	OpEx	Proportion of CapEx, 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or - eligible (A.2) OpEx, 2023	Category enabling activity	Category transitional activity
		EUR (millions)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A . TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacturing of iron and steel	3.9	531	81%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	81%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**531**	**81%**	**81%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**81%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		531	81%	81%							Y	Y	Y	Y	Y	Y	81%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacturing of iron and steel	3.9	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**531**	**81%**	81%	0%	0%	0%	0%	0%								81%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		126	19%																
TOTAL		**657**	**100%**																

Taxonomy-restricted operating expenditure consists of expenses related directly to maintenance and servicing of assets, as well as research and development expenses. Of the total taxonomy-restricted operating expenditure, the portion supporting taxonomy-eligible economic activities has been considered eligible. Expenses related to the Ferrochrome business area, service centers, and corporate functions have been considered non-eligible. Research and development expenses have been included in full and considered eligible except for the part related to the manufacturing of ferrochrome, service centers and corporate.

[1)] Comparative data has been revised.

Nuclear and fossil gas related templates

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	No

Due to insignificant ownership in nuclear and fossil related activities, Outokumpu does not do further analysis on related activities.

Climate change is the biggest challenge of our time. Outokumpu has committed to the science-based climate target of limiting global warming below 1.5°C. The company accelerates the green transition through its products' low carbon footprint and by supporting customers in reducing their emissions.

TARGETS	PROGRESS
Reduce direct, indirect and supply chain emission intensity by	Reduced emission intensity across direct, indirect and supply chain altogether
42%	32%
by 2030 from a 2016 baseline	by end of 2024 from a 2016 baseline
Energy efficiency run-rate target to improve	Energy efficiency run-rate improved
600 GWh	391 GWh
by end of 2024 from January–September 2022 baseline	by end of 2024 from January–September 2022 baseline

E1 – Climate change

Climate change, including energy and climate change mitigation, was identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

E 1.1 Energy

Impacts	**Negative** Outokumpu's stainless steel production consumes significant amounts of energy. In addition, raw material extraction in upstream and transportation increase energy demand and its associated impact. These are actual negative impacts valid in direct operations and in the upstream value chain.
Risks and opportunities	**Opportunity** Outokumpu has initiated an energy efficiency program to reduce its energy consumption. The increased utilization of waste heat also contributes to better energy efficiency and related cost reductions. This opportunity is valid in direct operations.
	Risk Due to the energy-intensive production process of stainless steel, the volatility of energy prices presents a financial risk. The company also sees the availability and price of renewable fuels as a material risk for the transition. This risk is valid in direct operations.

E 1.2 Climate change mitigation

Impacts	**Positive** Outokumpu has achieved a significant reduction in its upstream value chain emission intensity by using recycled raw materials and low-emission energy in its production. The company aims to further reduce its emission intensity by energy efficiency, switching fossil coke to biocoke, increasing renewable energy use and investigating carbon capture. This is an actual positive impact valid in direct operations.
	Negative Outokumpu's stainless steel production, including mining in the upstream, consumes significant amounts of energy, which also contributes to greenhouse gas emissions. This is actual negative impact valid in direct operations and in upstream value chain.
Risks and opportunities	**Opportunity** Outokumpu is a front-runner in low-emission stainless steel production, which has a clear demand in the market. Regulation, through the EU's Carbon Border Adjustment Mechanism, aims to limit carbon leakage in Europe, which could be a competitive advantage for producers with a low carbon footprint. This opportunity is valid in direct operations.
	Risk The estimated increase in carbon pricing presents a financial cost to the company from its direct emissions through the European Emission Trading System and the viability of decarbonization technologies. This risk is valid in direct operations.

(ESRS 2-SMB 3-48-(a))

Strategy

Transition plan for climate change mitigation

Outokumpu is committed to climate targets targeting to keep global warming below 1.5°C in line with the Paris Agreement and aims to achieve carbon neutrality by 2050. Outokumpu prepared its decarbonization roadmap towards this target in 2021. Since then, the company has continuously assessed the decarbonization roadmap, and during 2024, Outokumpu developed an updated roadmap and the transition plan to mitigate climate change as an integral part of its strategy and business plan. (E1-1-14) Detailed below are the various elements constituting Outokumpu's transition plan.

Greenhouse gas emission reduction targets

Sustainability, including decarbonization, is at the core of Outokumpu's strategy. As mentioned earlier in the Strategy section of the report, in the second phase of the strategy, Outokumpu conducts targeted decarbonization investment while preparing to evaluate new opportunities for sustainable growth through innovation and clean business models in the coming years.

Outokumpu targets reducing carbon emission intensity across Scope 1, Scope 2 and Scope 3 by 42% by 2030 from a 2016 baseline. The target has been set according to the cross-sectoral pathway. Outokumpu's stainless steel has an up to 75% lower carbon footprint than the industry average, and recent innovations like Circle Green, with an up to 93% lower carbon footprint in the industry*, help customers reduce their emissions.

Outokumpu is exposed to coal and gas-related activities mainly through the use of coke as a reductant in the ferrochrome process and through the use of natural gas as fuel in the stainless steel process. The exposure to fossil coke, as well as fossil gas, is expected to decrease, as Outokumpu's transition plan includes a gradual switch to bio-based coke, as well as biofuels. Exposure to oil-related activities is not material and is expected to decrease further, as exemplified by the fuel switches started from light fuel oil to natural gas. (E1-1-16-(a))

Decarbonization levers

Outokumpu's key decarbonization levers in the transition plan are:

- increasing use of scrap,
- improved energy efficiency and yield,
- increasing low-carbon energy,
- increasing use of alternative fuels and electrification,
- use of biocoke,
- increasing low-emission primary raw materials, and
- carbon capture and storage/utilization.

Ongoing and planned actions that align with these listed decarbonization levers can be found under E1-3 in the action and resources section below. E1-1-16-(b))

* Global average carbon footprint of stainless steel: (2024):7 kg CO_2e per kg of stainless steel (Outokumpu's calculation based on data provided by CRU, worldstainless and Kobolde & Partners AB). Outokumpu Circle Green product carbon footprint: down to 0.5 kg of CO_2e per kg of stainless steel.

Investments and funding

To be able to attain the 1.5°C aligned climate target, the company has created and committed to a transition plan. Outokumpu has already invested in energy efficiency, low-carbon energy and biocoke EUR 48.5 million since revising its climate target in 2021. The company has decided to further invest EUR 78 million in the following years on operational decarbonization initiatives, energy efficiency and biocoke. The company continues to evaluate the transition investments required by 2030 as well as evaluating the operational expenditure related to the transition plan. Read more about key actions in 2024 under Actions and resources section, "Key Actions", in this chapter.

In 2024, about EUR 5 million of the EUR 78 million reported as EU taxonomy eligible capital expenditure, were related to projects in the transition plan. The investments related to biocoke support reducing significant amount of Outokumpu's direct emissions, but the capital expenditure is not included in the EU eligible taxonomy KPI since the ferrochrome manufacturing process is not taxonomy-eligible. (E1-1-16-(c)

Assessment of locked-in greenhouse gas emissions

Outokumpu has conducted a qualitative assessment of potential locked-in fossil greenhouse gas emissions from its key assets and products, as well as from the company's value chain, in 2024. The findings indicate that part of the coke- and lime-related emissions are seen as locked-in. These locked-in emissions are not foreseen to constitute any material risk for Outokumpu's transition journey, as they do not jeopardize Outokumpu's science based target. (E1-1-16-(d))

Alignment with Commission's delegated regulation 2021/2139

In terms of any objective or plans for aligning further economic activities with criteria established in Commission-delegated regulation 2021/2139, there are no current plans, since all Outokumpu's economic eligible activities are expected to stay aligned with the regulation. (E1-1-16-(e))

Capital expenditure in coal, oil and gas-related economic activities

In 2024, Outokumpu's capital expenditure in oil-related economic activities was EUR 0 million, in gas-related activities EUR 0 million, and in coal-related activities EUR 0 million. Total capital expenditures including decarbonization and EU Taxonomy related investments are presented in earlier sections. (E1-1-16-(f))

EU Paris-aligned benchmarks

Outokumpu derives its revenue mainly from steel manufacturing and is thus not excluded from the EU Paris-aligned benchmarks. (E1-1-16-(g))

Alignment with strategy and financial planning

Decarbonization is an integral part of Outokumpu's strategy, in line with the company's overall vision of being the customer's first choice in sustainable stainless steel. Sustainability, including decarbonization, is at the core of Outokumpu's three-phased strategy. During the first phase, starting in 2021, the company made the commitment to keep global warming below 1.5°C and created the decarbonization roadmap. The second phase of the strategy continues until 2025 focusing on strengthening the core through sustainability, growth from productivity and customer-focused steering. The third phase of the strategy is planned to commence from 2026 and the focus in the third phase is to strengthen Outokumpu's market position further and to develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration, and sustainability leadership. In the third phase, the company aims to create competitive advantage through clean investments to decarbonization aligned with its transition plans and through offering low-emission solutions. More information can be found in the Strategy section in the General information chapter.

As part of its financial planning, carbon price has been embedded in all investment decisions at Outokumpu, and the company has continued targeted investments to decarbonize its value chain. The company has committed to a transition plan and has already invested EUR 48.5 million to decarbonization and decided on investments amounting to EUR 78 million in the coming years. As part of its strategy preparation, Outokumpu continues to evaluate the future investments to decarbonization. (E1-1-16-(h))

Approval by administrative and management bodies

Outokumpu's science-based climate target was set in 2021, and proposed by the CEO and approved by the Board of Directors. The transition plan was approved by the ESG Steering Group in 2024. It has not been separately approved by the management and supervisory bodies, but CEO and Board of Directors approve the action plans related to the transition plan as part of the company's strategy process and the transition plan is reviewed as part of preparing the Sustainability statement. The role of the administrative and management bodies is disclosed in more detail in the General information chapter. Outokumpu also has an external ESG Advisory Council supporting the company in all sustainability areas including assessing the company's pathway to decarbonization. (E1-1-16-(i))

Progress in implementing the transition plan

By end of 2024, Outokumpu achieved 32% greenhouse gas emission intensity reduction from the 2016 baseline, demonstrating that the company is ahead of its SBTi target, which is aligned with the implementation of Outokumpu's transition plan. This was achieved through high use of recycled steel as raw material, low-carbon energy, and incremental improvements in operations, reaching lower emission intensity than set in the transition plan. Read more about the progress in Metrics and targets, below in this chapter. (E1-1-16-(j))

Material climate change-related impacts, risks and opportunities, and their interaction with the strategy and business model

Climate-related risks

Outokumpu has assessed the actual or potential impact of climate in its double materiality assessment, in connection with the company's strategy and business model. Most of the potential impact arises from the nature of its key activity, stainless steel production, which is energy-intensive. The company has, however, reduced that impact significantly over the years, which presents a competitive advantage in low-carbon stainless steel.

Outokumpu identified the following climate transition risks, related to Outokumpu's business model and strategy:

- decarbonization technologies and investments not being viable and effective enough to meet emission reduction targets,
- new regulations and technologies needed for transition could increase production costs,
- availability and price of low-emission raw materials and energy,
- energy cost constituting a substantial part of the total steel manufacturing costs, and the vulnerability of energy-intensive operations to fluctuations in energy prices.

Outokumpu considers the climate-related risks it has identified to be climate-related transition risks. Climate-related physical risks were not considered material for Outokumpu. (E1-ESRS 2 SBM-3-18)

Resilience of its strategy and business model

Climate resilience is at the core of Outokumpu's strategy and operations. While the resilience analysis fulfilling the requirements from CSRD has not been conducted yet, Outokumpu initially analyzed the resilience of its strategy and business model during the double materiality assessment. The company continues to further assess the climate resilience of its strategy and operations in the future. (E1-ESRS 2 SBM-3-19-(a)) Outokumpu has analyzed its transition risks based on Task Force on Climate-related Financial Disclosures (TCFD) when committing to science-based targets in 2021. (E1-ESRS 2 SBM-3-19-(b)), (E1-ESRS 2 SBM-3-AR 7-(a)

On short-term, Outokumpu has adjusted its business model to offer low-emission stainless steel as a solution to reduce other industries' climate impact. On medium-term the company has the ability to build more resilience through its decarbonization commitment, and innovate new solutions to tackle climate change. On long-term, the company aims to gain leadership in sustainability and value chain integration alongside strengthening its market position, which includes investments to green transition and adjusting the business model. E1-ESRS 2 SBM-3-AR 8-(b))

Based on the earlier assessment, due to its low-carbon footprint and high use of recycled raw materials, the company has built resilience against climate-related transition risks. Outokumpu is further committed to the science-based target by 2030 and reduce its transition risk by implementing low-carbon technologies, and increasing the use of clean energy in its product portfolio. There are uncertainties related to new technologies, regulation on climate change such as carbon pricing as well as the demand for low-emission products. (E1-ESRS 2 SBM-3-19-(c), E1-ESRS 2 SBM-3-AR 7-(b), (E1-ESRS 2 SBM-3-AR 8-(a))

Impact, risk and opportunity management

Policies

Policies related to climate change mitigation and adaptation

Outokumpu's Sustainability Policy outlines the company's sustainability principles and goals, in relation to the sustainability of the economic, environmental, and social aspects. The main principles of the policy outline that sustainability has a central role in Outokumpu's vision, strategy and planning. The principles include acting safely for the employees and the company's stakeholders, respecting human rights, and committing to increasing diversity, equity and inclusion. The company is committed to keeping global warming below 1.5°C and provides low-emission solutions to customers. Outokumpu manages material sustainability matters by embedding the circular economy to the core of its business by utilizing over 90% recycled steel to reduce dependence on primary raw materials. This also reduces greenhouse gas emissions and mitigates biodiversity loss, which Outokumpu is also considering in its decision-making. The company employs risk-based environmental management to actively minimize waste, pollution, and water use, with reuse practices and targeted conservation in high-risk regions. Outokumpu also supports safe product use through transparent handling information and phases out harmful substances wherever feasible. The company is committed to conducting business with high integrity, by making responsible, sustainable, and ethical decisions. The company operates based on its key ethical principles, the Outokumpu Code of Conduct, and other company policies and instructions, as well as Ways of Working, which form the basis of Outokumpu's actions, operations, and corporate culture. (E1-2-25), (E1-MDR-P-62)

Key contents of the policy

The Sustainability Policy includes topics on climate change mitigation, adaptation, energy efficiency, and renewable energy deployment, and outlines steps to reach carbon neutrality.

Outokumpu's Sustainability Policy states that Outokumpu helps its customer to tackle climate change through lower-emission solutions, creating value for the company, society, and the environment. Through the policy, Outokumpu commits to take climate change seriously, acknowledges the need for a just transition, and operates according to long-term climate targets based on science. Outokumpu's transition plan states targets and steps to reach the long-term target of carbon neutrality by 2050. (E1-MDR-P-65-(a))

Scope, accountability, stakeholders, and availability

The Sustainability Policy must be followed globally by all Outokumpu businesses, companies, directors, officers and employees. In addition, Outokumpu also expects its business partners across the value chain to follow similar standards to those outlined in the Sustainability Policy. (E1-MDR-P-65-(b)) The CEO and the Executive Vice President, Strategy, Sustainability and People is accountable for the implementation of the policy. (E1-MDR-P-65-(c)) Outokumpu includes the views of stakeholders such as shareholders, employees, customers, suppliers, investors and authorities, as well as public and non-governmental organizations, as part of its policy management. The public policies are also available for external stakeholders on Outokumpu's website. (E1-MDR-P-65-(e)) The policy requires Outokumpu to strive for a continuous, systematic, and open dialogue through engaging with stakeholders. (E1-MDR-P-65-(f))

Third-party standards

Outokumpu is committed to the UN Sustainable Development Goals and is also a signatory member of the UN Global Compact. The company is committed to the Business Ambition of 1.5°C Objective by 2050 and is a member of the Science Based Targets initiative. Outokumpu is also a member of the ResponsibleSteel initiative and committed to supporting its vision and mission. Outokumpu also has ResponsibleSteel certification for all its manufacturing sites in Europe, and all Outokumpu production sites are ISO 14001-certified. As a chromium mining operator, Outokumpu is a member of the Finnish Network for Sustainable Mining. (E1-MDR-P-65-(d))

Addressing material areas

Climate change mitigation

The Sustainability Policy includes climate change mitigation and outlines steps to reach carbon neutrality. The policy includes actions to reduce greenhouse gas emissions both in our own operations and in the supply chain, as well as improving energy efficiency and the use of renewable energy. The policy also guides minimizing the use of primary raw materials by replacing them with circular materials as one of the key actions to mitigating climate impact.

In addition, Outokumpu's Supplier Code of Conduct also addresses climate change by expecting suppliers to reduce the negative impacts of their operations on the environment, and especially on climate. More information about Outokumpu's Supplier Code of Conduct and it's scope, the approval process, disclosure of third-party standards, consideration given to key stakeholders, and the availability of the policy, can be found in the Workers in the value chain (S2) chapter in the Policies section. (E1-2-25-(a))

Energy efficiency

As stated in Outokumpu's Sustainability Policy, Outokumpu aims to minimize the use of resources and the negative impact of its operations on the surrounding environment by proactively developing its production processes and its energy and material efficiency. This means that Outokumpu continuously optimizes energy use and proactively develops and improves energy efficiency to help reduce its impact on the environment. (E1-2-25-(c))

Renewable energy deployment

As part of its Sustainability Policy, Outokumpu minimizes the negative impacts of its operation on the environment by increasing the share of low-carbon electricity, which is one of the key elements in Outokumpu's transition plan. The low carbon electricity includes both renewable and nuclear energy. Outokumpu is also taking steps to replace its fossil fuels with alternative solutions such as biofuels and electrification. (E1-2-25-(d))

Other

The Sustainability Policy also addresses biodiversity and its dependence on climate change. By reducing greenhouse gas emissions and virgin resource material dependency, Outokumpu contributes to maintaining biodiversity globally. In addition, the policy outlines Outokumpu's aim of reducing pollution, waste, and emissions to air, and reducing environmental impacts through risk-based environmental management. (E1-2-25-(e))

Actions and resources

Actions and resources related to climate change policies

Key actions

Outokumpu has identified and implemented key actions to mitigate climate change, and both operational and financial resources have been reserved for them. During 2024, Outokumpu continued to execute its decarbonization roadmap.

Decarbonization levers, key actions and expected outcomes during the reporting year were:

- continue high use of scrap with the outcome to reduce emissions from raw materials and reduce virgin raw material dependency,
- execute energy efficiency initiatives to reduce emissions related to energy use and financial costs,
- securing availability of low-emission electricity through PPA's and certificates to reduce emissions from energy use,
- switching from fossil fuels to alternative fuels to reduce emissions from energy, and
- investment decisions on a biocarbon plant in Germany to reduce emissions from coke

Decarbonization levers, key actions and expected outcomes in the following reporting years are:

- securing low-emission raw materials through partnerships to further reduce emissions from virgin raw materials,
- additional investments in biocoke to reduce emissions from coke,
- additional operational changes from fossil fuels to alternative fuels and electrification to reduce emissions from energy, and
- carbon capture and utilization to reduce emissions from CO_2 and CO gas and potentially support other industries to reduce emissions through utilization of waste streams.

Execution of these actions are also outlined in Outokumpu's transition plan and are crucial to meet Outokumpu's science-based emission reduction target as outlined in its Sustainability Policy objectives and targets. Outokumpu also participated in a three-year program towards carbon neutral metals TOCANEM2, which supports the metal industry's transition towards carbon neutrality. (E1-MDR-A-68-(a)), (E1-3-29-(a))

Scope and time horizon

Actions to reduce greenhouse gas emissions cover Outokumpu's value chain, focusing especially on the direct operations and supply chain where majority of the company's emissions are generated and in all geographical areas the company either operations in or are part of its upstream supply chain. If an action applies specifically to a particular location, this is explicitly stated. For example, the biocoke agglomeration plant in Tornio is specific to that site. Additionally, actions such as building partnerships with suppliers extend to the upstream value chain of Outokumpu, demonstrating coverage beyond the company's direct operations. (E1-MDR-A-68-(b)) As the decarbonization technologies develop, the company assesses the expected time horizons for each key action continuously. The high use of scrap, low-emission raw materials and low-emission energy are a continuous effort especially on the short-term, whereas the current biocoke investments reported are for mid-term. Carbon capture and storage/utilization is in research phase and to be evaluated further. As a general rule, Outokumpu applies the same definition of short-, medium- and long-term as in the Corporate Sustainability Reporting Directive ("CSRD"): short-term is one year, mid-term is up to five years, and long-term is more than five years. (E1-MDR-A-68-(c)) None of the actions were related to any provision of remedy since there was no harm to society from actual material impacts (E1-MDR-A-68-(d))

Prior progress

By the end of 2023, Outokumpu had improved its emissions intensity by 27% from the 2016 baseline. (E1-MDR-A-68-(e))

Financial resources

Since revising its climate target in 2021, Outokumpu has invested capital expenditures of EUR 48.5 million in decarbonization and has decided to invest a further EUR 78 million in the following years. The company continues to evaluate investments required by 2030, as well as possible subsidies and other financing instruments to execute its decarbonization targets. (E1-MDR-A-69-(a)) Outokumpu's mid-term targets are based on existing, cost-efficient decarbonization technologies, and the company has taken resource allocation into account as part of its strategy process. In the long-term, Outokumpu sees decarbonization as generating value in its business and enabling the achievement of the transition plan. (E1-3 AR 29)

Outokumpu's current operating expenses to implement actions taken are included in the expenses disclosed in the consolidated statement of income and in Note 2.3. Any related current capital expenditures is part of the line item Additions in Note 4.1 Intangible assets and property, plant and equipment. (E1-MDR-A-69-(b)) The company has not yet made any future allocation of financial resources. (E1-MDR-A-69-(c))

Achieved and expected GHG emission reductions

By the end of the reporting year, Outokumpu achieved a 32% reduction in CO_2 emissions intensity against the 2016 baseline. The expected CO_2 emission intensity reduction according to target was 24% in 2024. Expected emission intensity reduction until 2030 is 42%, which corresponds additionally to approximately 1 Mt CO_2 in absolute emissions. (E1-3-29-(b))

Resource dependence in action implementation

According to its strategy disclosed earlier, Outokumpu has gained a strong financial position with a strong balance sheet to prepare the company for future investments. Decarbonization is an integral part of the company's value creation, and so the investments to mitigate climate change are also seen as a significant opportunity for the company success in the future. For example, within the biocoke investment, Outokumpu also sees the financial profitability as well as potential new value creation. In addition to its own capital expenditure investments, the company also considers national and EU funds to decarbonize the industry. (E1-3-AR 21)

Capital expenditure and operational expenditure relationships

In 2024, Outokumpu invested EUR 21.5 million of capital expenditures in its transition plan, consisting of energy efficiency and biocoke investments. In addition, the company made additional operational investments, following changes in operating methods. These are not disclosed as separate line items in the Financial Statements. The investments made and planned for the transition plan are disclosed under Financial resources. (E1-3-29 (c-i))

In terms of capital and operational expenditure required to implement the actions taken or planned, the majority of Outokumpu's operative and capital spend is eligible (in the sense of EU 2021/2178), and it mainly excludes spend in the Ferrochrome business area, as the relevant scope is manufacturing of iron and steel (E1-3-29 (c-ii))

Metrics and targets

Targets related to climate change mitigation and adaptation

Relationship with policy objectives

As outlined in Outokumpu's Sustainability Policy, Outokumpu acknowledges the need for a just transition and operates according to long-term targets based on science. The transition plan shows initiatives and steps to both mid-term target by 2030 and towards carbon neutrality by 2050. While the science-based targets address mitigating climate change, Outokumpu has also established a target for energy efficiency in direct operations. (E1-MDR-T-80-(a))

Measurable targets

Outokumpu has set measurable targets for greenhouse gas emissions reduction and energy efficiency improvement. The greenhouse gas emissions reduction target is a relative target of a 42% reduction per tonne of crude steel (measured in CO_2/tonne crude steel) by 2030, based on the 2016 baseline. The energy efficiency target is 8% improved energy efficiency expressed as run-rate improvement from baseline in 2022, measured in GWh. Outokumpu's climate target of reducing greenhouse gas emissions is relative, measuring the intensity per tonne of crude steel. The energy efficiency target is an absolute reduction from the baseline. (E1-MDR-T-80-(b))

Scope and baseline year

The target of reducing emission intensity includes emissions in all three scopes: direct emissions (Scope 1) and indirect and value chain emissions (Scopes 2 and 3). The energy efficiency target covers Outokumpu's own operations. (E1-MDR-T-80-(c))

To be as representative as possible, the current baseline for the emission intensity reduction target is set as an average of three consecutive years, which are 2014, 2015 and 2016. Based on this, the baseline emission intensity value is 2.1 tCO_2/tonne of crude steel. The base year for the energy efficiency target is January-September 2022, and the baseline value is 5,404 GWh. (E1-4-MDR-T-80-(d))

Milestones

Outokumpu's climate targets span until 2050. Outokumpu's mid-term greenhouse gas emissions intensity target is set by 2030, which is then broken down into short-term, annual targets that are executed by the business areas and functions. The company also has a short-term target for energy-efficiency which is set for 2025. The Kemi mine's carbon neutrality target is also set for 2025. (E1-MDR-T-80-(e))

Methodologies and assumptions

To set the greenhouse gas emissions reduction target, Outokumpu has performed a climate scenario analysis according to the stated policies scenario, and a sustainable development scenario analysis in line with the 1.5°C ambition of the Science Based Targets initiative. The energy efficiency target is measured in cumulative run-rate improvement from the baseline, measured in GWh. (E1-MDR-T-80-(f))

Target's scientific evidence and target setting

The greenhouse gas emissions intensity reduction mid-term target is science-based, and the energy efficiency target is relative to past performance. (E1-MDR-T-80-g)) The GHG emissions target has been reviewed and approved externally by the Science Based Targets initiative, while the energy efficiency target has not been assessed by external stakeholders. (E1-MDR-T-80-(h))

Changes in targets and metrics

Greenhouse gas emission calculation is based on emission factors that are reviewed annually. In the reporting period, its scope was enlarged beyond Outokumpu's production units to include service centers, warehouses and offices. For the science-based emission intensity target set in 2021, Outokumpu has not made any changes during the reporting year, since other emissions were considered insignificant in the steel production process. (E1-MDR-T-80-(i))

Performance against disclosed targets

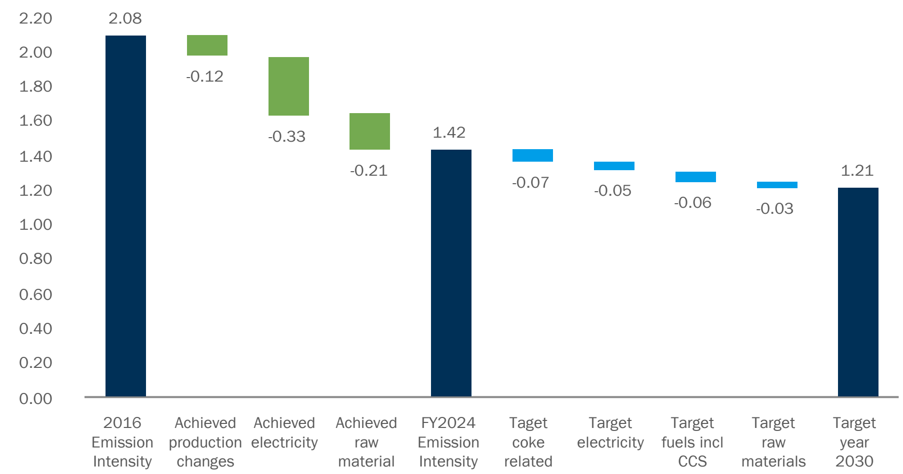
By the end of 2024, Outokumpu reduced its emission intensity by 32% from the 2016 baseline. This was enabled through high recycled material content, low-carbon energy and operational improvements. In energy efficiency, the company achieved a run-rate improvement of 391 GWh during the year, out of a total target of 600 GWh. (E1-MDR-T-80-(j))

Management of material climate-related impacts, risks and opportunities through targets

Outokumpu's climate targets are science-based, aligned with the aim of limiting the increase in the global average temperature to 1.5°C above pre-industrial levels in line with the Paris Agreement. To reach this target, Outokumpu aims to decrease direct (Scope 1) and indirect emissions (Scope 2) as well as emissions from the supply chain (Scope 3) by 42% per tonne of stainless steel by 2030 compared to the 2016 baseline. Outokumpu's energy efficiency target was set based on identifying potential measures to improve energy efficiency across the company's operations targeting an ambitious energy efficiency improvement. (E1-4-33)

Greenhouse gas emissions target and inventory boundaries

Expected emission reductions from 2016 to 2030 (tCO_2/tCS)



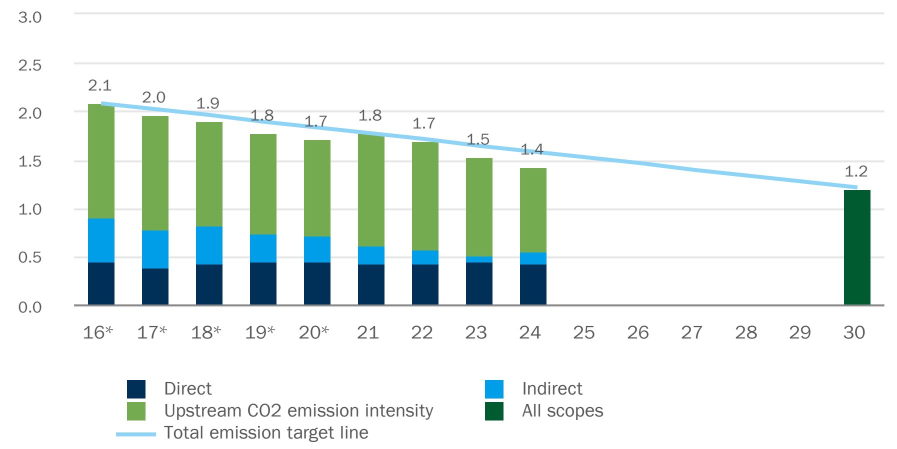
(E1-4-34-(a))

Outokumpu's climate target is a combined emission intensity target, including Scope 1, Scope 2 and Scope 3. The company has not disclosed specific targets for each scope. The target differs from total reported GHG emission as it is set based on CO_2 emissions only, since other emissions were considered insignificant in the steel production process. The target is based on market-based Scope 2. The target boundary differs also from gross greenhouse gas emissions as it addresses the steelmaking process (excluding sold ferrochrome) and does not include downstream processing and distribution. The baseline emission intensity in 2016 for Scope 1 emissions was 0.45 tCO_2/tonne of crude steel, Scope 2 was 0.45 tCO_2/tonne of crude steel and Scope 3 was 1.18 tCO_2/tonne of crude steel.

In 2024 the emission intensity was 0.4 tCO_2/tonne of crude steel in Scope 1, 0.1 tCO_2/tonne of crude steel in Scope 2 and 0.9 tCO_2/tonne of crude steel in Scope 3. Outokumpu's target is set for the emission intensity and the company currently does not have absolute science-based emission targets.

As explained above, the emission intensity target differs slightly from the gross greenhouse gas reporting. Compared to the gross greenhouse gas emissions, the science-based target covers 99.9 % of the emissions in Scope 1, 78.7 % in Scope 2 and 84.5 % in Scope 3. (E1-4-34-(b))

Outokumpu's CO_2 emission intensity progress, tonnes of CO_2 per tonne of steel



The restructuring resulted in a recalculation of the baseline and in 2% higher emission intensity figures.

* Including discontinued operations

Ensuring baseline value representativeness

As reported earlier, the current baseline for the emission intensity reduction target is set as an average of three consecutive years, which are 2014, 2015 and 2016. Based on this, the baseline emission intensity value is 2.1 tCO_2/tonne of crude steel. (E1-4-AR-25-(a-b))

Target's compatibility with global warming limit of 1.5°C

The climate target is science-based and is compatible with limiting global warming to 1.5°C, and it has been approved and published by the Science Based Targets initiative in 2021. (E1-4-34-(e)), (E1-4-16-(a))

Decarbonization levers and their contributions to the emissions reduction target

Currently expected emissions reductions by source of emissions until the target year 2030 from the baseline in 2016 is outlined in the graph earlier in the report. They address all three scopes: fuel and coke-related activities impact Scope 1, electricity impacts Scope 2, and raw materials impact Scope 3. In 2016, the company's emission intensity was 2.1 tCO_2/tCS and by 2030, the company aims to reduce its emission intensity to 1.2 tCO_2/tCS. In this timeframe, Outokumpu aims to reduce the emission intensity by 0.06 tCO_2/tCS from coke related emissions by switching to biocoke and 0.45 tCO_2/tCS by increasing low-carbon energy use globally as well as by replacing fossil fuels with renewable alternatives. By integrating with to the supply chain, Outokumpu aims to reduce its raw material emission intensity by 0.24 tCO_2/tCS. The company also sees that in the long-term, beyond the 2030 target carbon capture will be key in reducing emissions that are hard to abate. (E1-4-34-(f), (E1-4-16-(b))

Use of scenario analysis in metrics and targets

Outokumpu has performed a policy scenario and sustainable development scenario analysis in line with the International Energy Agency Iron and Steel Technology Roadmap (2020). The company's scenario analysis is according to a scenario well below 2°C and the 1.5°C ambition of the Science-Based Targets initiative. Available scenarios take into account countries' energy and climate-related policy commitments, and they provide a baseline scenario against which Outokumpu assesses the additional policy actions and measures needed to achieve the sustainable development scenario (SDS). The trajectory for emissions in the sustainable development scenario of the IEA is consistent with reaching global "net-zero" greenhouse gas emissions for the energy system as a whole by around 2070. (Source: International Energy Agency or IEA Iron and Steel Technology Roadmap, 2020.) Existing scenarios do not take into account the special features of stainless steel production. Stainless steel is produced mainly from scrap but requires the input of ferroalloys to achieve the right composition. To translate the steel industry scenarios to stainless steel production, it is assumed that the emission intensity of the steel sector is the same as the intensity of stainless steel production, including Scope 3 emissions. The target year for the scenarios is set to 2050 in line with the company's carbon neutrality target. (E1-4-AR-30-(c))

Energy consumption and mix

Tracking performance and effectiveness

Outokumpu monitors energy consumption both related to total energy used and as a key performance indicator (KPI) tailored to stainless steel process. The latter is an intensity KPI that covers all Outokumpu's production processes from ferrochrome production) to melting, hot-rolling and cold-rolling processes. The KPI is expressed as MWh/produced steel and it is followed up on monthly basis. (E1-5-MDR-M-75))

Methodologies and assumptions

Energy efficiency is defined as the sum of specific fuel and electricity energy of all processes calculated as energy consumption against the product output of those processes. Used heat values and the consumption of energy are based on documentation from suppliers. (E1-5-MDR-M-77-(a))

Energy use is part of the verification process by which the sites subject to the EU emissions trading scheme report their emissions and energy use to local authorities. Outokumpu's production units included in the emissions trading scheme are Tornio, Finland; Avesta, Nyby and Degerfors, Sweden; and Krefeld and Dillenburg; Germany. (E1-5-MDR-M-77-(b))

Total energy consumption

MWh or %	2024
(1) Fuel consumption from coal and coal products (MWh)	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	92,143
(3) Fuel consumption from natural gas (MWh)	1,689,701
(4) Fuel consumption from other fossil sources (MWh)	975,166
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	714,565
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	3,471,574
Share of fossil sources in total energy consumption (%)	50.7 %
(7) Consumption from nuclear sources (MWh)	2,714,398
Share of consumption from nuclear sources in total energy consumption (%)	39.6 %
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	30,044
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	632,120
(10) The consumption of self-generated non-fuel renewable energy (MWh)	
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	662,164
Share of renewable sources in total energy consumption (%)	9.7 %
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	6,848,136

(E1-5-37, 37-(a-b), (c)-(i-(ii)), (E1-5-38-(a-e), (E1-5-39), (E1-5-AR 34)

In 2024, the share of low-carbon electricity was 90% in Outokumpu's operations through power purchase agreements and certificates. Energy intensity was 10.9 GJ/produced tonne of stainless steel.

Energy intensity

MWh/monetary unit	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/Monetary unit)	0.0012

(E1-5-40)

Energy intensity per net revenue associated with activities in high climate impact sectors was 0.12% megawatt hours per EUR million.

High climate impact sectors

As Outokumpu produces stainless steel and ferrochrome, which are energy-intensive processes, the company's entire operations are defined as a high climate impact sector according to the EU regulation. The company's operations are covered by NACE code 24.1, which matches economic activity 3.9 of Annex I to the Climate Delegated Act: manufacture of iron and steel. (E1-5-42)

Financial reconciliation

Outokumpu's net revenue is EUR 5,942 million in note 2.2 in the Financial Statements. According to the EU regulation, Outokumpu's entire operations are defined as a high climate impact sector. (E1-5-43)

Net revenue

€ million	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity	5,942
Net revenue (other)	—
Total net revenue (Financial Statements)	5,942

(E1-5-AR-38-(b))

Gross Scopes 1, 2, 3 and total greenhouse gas emissions

Tracking performance and effectiveness

Outokumpu's key performance indicator in following its emissions is intensity-based greenhouse gas emissions (GHG) per tonne of crude steel. This metric includes all three scopes, and it is Outokumpu's target in the Science Based Targets initiative. (E1-6-MDR-M-75-(a))

Methodologies and assumptions

The greenhouse gas measuring and reporting follows the GHG Protocol Corporate Standard and steel industry standards. CO_2 emissions of electricity are calculated and monitored by the emissions factor of Outokumpu's electricity mix of 73 kg CO_2/MWh, given by the electricity supplier for the used electricity and calculated as a weighted average. CO_2 emissions outside the company (Scope 3) are included. The main impact comes from purchased goods, mainly alloys. Emissions from business travel and waste generated are also reported, at least partly, as well as downstream transportation of products. (E1-6 MDR-M-77-(a))

External validation

Outokumpu's sites that are subject to EU Emissions Trading have to verify their CO_2 emissions annually; energy use is part of this verification process. The sites are Tornio, Avesta, Nyby, Degerfors, Krefeld, and Dillenburg. Emissions are verified by accredited verification bodies for the EU ETS scheme. The verifier depends on the country in which the site is operating. (E1-6 MDR-M 77-(b))

Total greenhouse gas emissions

Scope 1 emissions are 990,643 tCO_2eq (27%), Scope 2 emissions are 364,704 tCO_2eq (10%) and Scope 3 emissions are 2,347,109 tCO_2eq (63%) of Outokumpu's total emissions in 2024. In total, Outokumpu's greenhouse gas emissions were 3,702,456 tCO_2eq. (E1-6-44-(a-d)

Outokumpu has no associate or joint ventures that Outokumpu has control over and needs to report, however, if an associate is part of the value chain, the related value chain emissions are accounted for. Therefore, the gross emissions reported are the emissions for the consolidated group. (E1-6 50)

Disaggregation of greenhouse gas emissions

To provide information for ResponsibleSteel certification, Outokumpu also reports greenhouse gas emissions for the Europe business area separated by business line, as shown in the table below.

Business line	Scope 1, tCO_2eq	Scope 2, tCO_2eq	Scope 3, tCO_2eq
Advanced Material	187,521	11,510	688,997
Stainless Europe	448,272	64,662	1,061,874

(E1-6-AR-41)

Greenhouse gas emissions and targets

	Retrospective				Milestones and target years	
	Base year[2]	Comparative	N	%N/N-1		
	2016	2023	2024	Change, %	2030[3]	Annual % Target / base year
Scope 1 GHG Emissions						
Gross Scope 1 GHG emissions (tCO_{2eq})[1]	1,213,634	n/a	990,643	n/a	689,400	3 %
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)			84 %			
Scope 2 GHG Emissions						
Gross location-based Scope 2 GHG emissions (tCO2eq)	n/a	n/a	540,274	n/a	n/a	n/a
Gross market-based Scope 2 GHG emissions (tCO2eq)	1,210,872	n/a	364,704	n/a	28,200	7 %
Significant scope 3 GHG emissions						
Total gross indirect (Scope 3) GHG emissions (tCO2eq)	3,163,556	n/a	2,347,109	n/a	2,211,400	2 %
1 Purchased goods and services	n/a	n/a	1,843,340	n/a	n/a	n/a
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	n/a	n/a	111,493	n/a	n/a	n/a
4 Upstream transportation and distribution	n/a	n/a		n/a	n/a	n/a
5 Waste generated in operations	n/a	n/a	21,957	n/a	n/a	n/a
6 Business traveling	n/a	n/a	4,469	n/a	n/a	n/a
9 Downstream transportation	n/a	n/a	218,934	n/a	n/a	n/a
11 Use of sold products	n/a	n/a	146,917	n/a	n/a	n/a
Total GHG emissions						
Total GHG emissions (location-based) (tCO2eq)	n/a	n/a	**3,878,026**	n/a	n/a	n/a
Total GHG emissions (market-based) (tCO2eq)	5,588,062	n/a	3,702,456	n/a	2,929,000	3 %

(E1-6 AR-48, E1-6-44 (a-d); 52-(b), E1-6-AR-46-(d), E1-6-48 (a-b), E1-6-49, 52 (a,a), E1-6-49, 52 (b,b), E1-6-51)

[1] Tonnes of CO2 equivalent.
[2] Base year emissions are only reported as CO_2.
[3] The company has set its science-based target only on emission intensity, however reported in the table as illustrative absolute emission target for 2030.

Methodologies and assumptions in calculating GHG emissions

Outokumpu's measuring and reporting of greenhouse gas emissions follows the GHG Protocol Corporate Standard and also utilizes steel industry standards such as ISO 14404. Outokumpu production sites falling under the European emission trading system (EU ETS) report the direct emissions according to the verified EU ETS requirements.

Scope 1 emissions were calculated based on fuel and material consumption, including the following greenhouse gases: CO_2, N_2O, and CH4. The rest of the GHG were not relevant for the fuels used. National emission factors from authorities were used for fuels, as these are also used for ETS reporting. For materials, emissions were calculated based on carbon content, in line with ETS methodology.

Greenhouse gas emissions of Scope 2 electricity are calculated and monitored by the emissions factor of Outokumpu's market-based electricity mix of 73 kg CO_2eq/MWh, given by the electricity supplier for the used electricity, and calculated as weighted average. This includes 100% of electricity use in the EU market, which comes with guarantees of origin and from ownership in power production. In addition, location-based electricity emissions are disclosed. They are calculated by the published country-specific emissions factors of the electricity generation of 2023. Electricity consumption in operations is calculated based on measured consumption, electricity consumption of offices is based on full-time employees multiplied by a factor for electricity use.

Purchased heat Scope 2 emissions are calculated based on supplier-specific information (E1-6 AR 39-(b))

Effects of significant events and changes in circumstances

Outokumpu has not identified any effects of significant events and changes in circumstances (relevant to its GHG emissions) that occur between the reporting dates of the entities in its value chain and the date of the undertaking's general purpose Financial Statements. (E1-6 AR-42-(c))

Scope 1

Biogenic emissions

Outokumpu is also using biomaterials in production. The biogenic emissions from biofuels and biocoke amounted to 8,256 tCO_2 in 2024. (E1-6-AR 43-(c))

Scope 2

Contractual instruments

Outokumpu reports both location-based and market-based GHG emissions. The science-based target is calculated and reported using market-based Scope 2 emissions. During the reporting year, Outokumpu bought guarantees of origin from energy producers covering 85% of its electricity need. Outokumpu has access to certificates through ownership, power purchase agreements (PPA) and electricity suppliers. The market-based emissions do not include other GHG than CO_2. (E1-6 AR 45-(d))

Biogenic emissions

Outokumpu uses electricity emission factors from suppliers or country-specific emissions factors that do not separate the percentage of biomass or biogenic CO_2 . Referring to transitional provision related to value chain, Outokumpu is not reporting on Scope 2 biogenic emissions in this report. Outokumpu is assessing how to retrieve this information in future disclosures, for example by directly engaging with suppliers. (E1-6-AR 45-(e))

Scope 3

Primary data

The percentage of GHG Scope 3 calculated using primary data is 66%. (E1-6-AR-46-(g))

Category

Scope 3 emissions are reported from the following categories: purchased goods and services (3.1), fuel and energy related activities (not included in Scope 1 or Scope 2) (3.3) waste generated in operations (3.5), business travel (3.6.), downstream transportation and distribution (3.9) and use of sold products (3.11). Categories that are not reported include leased assets (3.8, 3.13) and franchises (3.14) as not applicable. The processing and use of sold steel (3.10 and 3.11) are not included for the material steel due to the wide and dispersed use of the material. However, the use of the sold waste gas is included under 3.11 The end-of-life treatment(3.12) is not disclosed in the table, but it is included in the purchased goods as the upstream emissions of collecting, sorting and treating secondary steel is included. For capital goods and investments (3.2 and 3.15), for employee commuting (3.7) and upstream transport (3.4) Outokumpu is not reporting on these emissions since they have been assessed as not material for Outokumpu. (E1-6 AR 46-(i))

Biogenic emissions

Outokumpu uses both specific data and data base emission factors to calculate value chain emissions; no biogenic emissions have been reported for the value chain. (E1-6-AR-46-(j))

Reporting boundaries and methods

The reporting boundary for Scope 3 data covers all Outokumpu production processes, from mining to cold rolled steel products. The main Scope 3 impact comes from purchased goods, mainly alloys. Emissions from business travel and waste generated are also reported, and sold products to the extent feasible,as well as downstream transportation of products. Outokumpu follows a tiered approach for Scope 3 emission factors for both carbon footprint calculations and greenhouse gas reporting. Outokumpu uses specific emission factors when available, secondly industry-average collected data, and thirdly data from databases or standards, such as ISO 14404 or the Ecoinvent database.

- Category 1 (purchased goods and services): Outokumpu calculates annual weighted average emission factors for its raw materials. For each material raw material supplier Outokumpu requests first-hand specific data. Where specific emission factors are missing, Outokumpu uses emissions factors of the life-cycle assessments of relevant industry associations such as the Nickel Institute and International Molybdenum Association when available. In case neither specific supplier data nor industry average data is available, data from ISO 14404 or Ecoinvent is used. Emissions of externally sold ferrochrome are not allocated to the science-based target as that relates to stainless steel production, but they are included in the Gross greenhouse gas reporting of the company. Emissions related to other purchased goods are also calculated based on supplier-specific emission factors when available, which is the case for lime and dolomite.
- For consumables like electrodes and coke, emission factors from ISO 14404 are used.
- Category 3 (fuel and energy-related activities not included in Scopes 1 and 2): Upstream emissions of fuels are calculated using relevant emission factors from literature like the Well-to-Tank report from JRC. In some cases also emission factors from the steel industry association are used.
- Category 5 (waste generated in operations): Outokumpu uses specific data from waste treatment facilities
- Category 6 (business travel): Outokumpu uses for cars, trains and flights the emission reports from the service provider. The reports contain information on travelled distances and related CO_2 emissions, calculated using emission factors from relevant databases.

- Category 9 (downstream transportation): Outokumpu calculates the emissions for intra-company transport and deliveries based on mode of transport and typical distances. Emission factors used are according to according to EEA report 2/2022 of the European Environmental Agency for European transport, and with the published e-factors of US EPA for US transport.
- Category 11 (use of sold products): since there is a large range of uses and it is not feasible to calculate emissions for use for steel. Outokumpu also sells waste gas from ferrochrome production, and that use is included in the calculations. The emissions are calculated based on the carbon content of the waste gas. (E1-6 AR 46-(h)

Greenhouse gas emission intensity

Outokumpu reports actual greenhouse gas emissions in the table below. However, as the 2030 target is intensity-based, we cannot disclose absolute numbers for the target year.

Greenhouse gas emission intensity

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/Monetary unit)	0.0007
Total GHG emissions (market-based) per net revenue (tCO_2eq/Monetary unit)	0.0006

(E1-6-53, AR-54)

Quantitative reconciliation and GHG intensity per net revenue

Outokumpu's total amount of net revenue in the reporting year, as used to calculate the greenhouse gas emission intensity, was EUR 5,942 million. More information can be found in Note 2.2 in the Financial Statements. (E1-6-55, AR 55)

Net revenue

Net revenue, € million	2024
Net revenue used to calculate GHG intensity	5,942
Net revenue (other)	—
Total net revenue (in Financial Statements)	5,942

(E1-6-AR-55)

Internal carbon pricing

Internal carbon pricing is used in the evaluation of projects as a basis for investment decisions, and it is applied to greenhouse gas emissions of all scopes. (E1-8-MDR-M-75) Outokumpu uses the Bloomberg NEF case as a basis for the internal carbon price, which is 100 EUR/tCO_2. (E1-8-MDR-M-77-(a)) There is no external verification for the internal carbon price. (E1-8-MDR-M-77-(b))

Outokumpu has already in previous years, integrated a price for carbon dioxide into the business case calculations for decisions on capital expenditure, as well as research and development. (E1-8-63-(a)) The carbon price is part of Outokumpu's guidelines on capital expenditure. In particular, it is applied to the Group-wide energy efficiency program when allocating the annual budget to the projects submitted by each facility. Additionally, R&D projects work with the shadow price for real, worst, and best case scenarios. (E1-8-63-(b))

The carbon price is reviewed annually, and it is based on the EU emissions trading scheme's price development assumptions of Bloomberg NEF and management judgement. Outokumpu uses a fixed carbon price over time to reduce fluctuations caused by uncertain price variations. (E1-8-63-(c)) For the reporting year, the pricing scheme is used for investment decisions and thus not covering the actual emissions during 2024. The shadow price cannot be related directly to actual emissions since it is applied to investments. (E1-8-63-(d))

Outokumpu's internal carbon pricing is not used for fixed asset assessment. The Financial Statements include the allowances of the EU emissions trading scheme which are assessed according to the company's financial accounting principles and differ from the internal shadow price. Internal carbon pricing is not reflected in the Financial Statements. (E1-8-AR-65)

Humanity is facing environmental issues with climate, nature – and pollution. As stainless steel production may have impacts on nature, Outokumpu prevents, controls and mitigates pollution to protect people and the environment.

KEY ACTIONS in 2024	PLAN 2025–2029
Investigations to improve wastewater treatment in Tornio, Finland.	Continuous monitoring of performance in water discharges and air emissions.
Training of employees in awareness and pollution control in Kemi, Finland and San Luis Potosí, Mexico.	Implementing best available techniques in all operations to reduce the emission of pollutants.
	Minimizing the use of substances of concern whenever viable.
	Apply precautionary risk-based environmental management to prevent incidents.

E2 – Pollution

Pollution – including air, water and soil pollution – and hazardous substances were identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

E 2.1 Air, water and soil pollution

Impacts	**Negative** Outokumpu's own production processes generate emissions to air and water as well as waste with a potential negative impact unless managed properly. There is also a potential negative impact in the upstream value chain from the alloying metals that are mined in regions that do not have as stringent environmental legislation as the EU. These are actual negative impacts valid in direct operations and in the upstream value chain.

E 2.2 Hazardous substances

Impacts	**Positive** Stainless steel is inherently inert and does not exhibit toxic properties. Outokumpu's stainless steel contributes to good hygiene and is widely used in downstream applications such as food manufacturing and health care applications. This is an actual positive impact valid in the downstream value chain.
	Negative Outokumpu's production processes generate waste that contains hazardous substances with a potential negative impact on Outokumpu's operations if not managed properly. This is a potential negative impact valid in direct operations.
Risks and opportunities	**Risk** Improper handling of waste could result in remediation. While the stainless steel does not exhibit toxic properties, it contains substances that on their own could be hazardous, This could have a negative effect on the perception of stainless steel and its applications, thus posing a financial risk. This risk is valid in direct operations.

(ESRS 2-SMB 3-48-(a))

Impact, risk and opportunity management

Policies

Policies related to pollution

Key contents of policy

Management of pollution is part of Outokumpu's Sustainability Policy. As mentioned in the policy, Outokumpu is committed to minimizing the negative impact of its operations on the surrounding environment and communities by proactively developing its production processes and its energy and material efficiency. Continuous monitoring of performance on water consumption and discharges, input material and recycling, waste and environmental incidences are followed by immediate action if needed.

To mitigate environmental impacts, Outokumpu implements precautionary risk-based environmental management to prevent incidents and reduce emissions to air and discharges to water, and aims to minimize the use of substances of concern. (E2-MDR-P-65-(a))

Scope, accountability, stakeholders, availability, and third-party standards

More information about Outokumpu's Sustainability Policy and its scope, the approval process for the policy, and disclosure of third-party standards, consideration given to key stakeholders, and the availability of the policy, can be found in the Climate change (E1) chapter, in the Policies section (E1-2). (E2-MDR-P-65-(b-f))

Addressing material areas in policy

Mitigating negative impacts
According to its Sustainability Policy, Outokumpu reduces its impact on the environment by reducing pollution and emissions to air and water. Outokumpu also aims to minimize the use of substances of concern and phase out the use of substances of very high concern whenever viable. Outokumpu aims to minimize all negative impacts of its present and discontinued operations on the environment and local communities, including related health impacts, and aims to remediate any material negative impacts that have occurred, where viable. This is achieved by continuous monitoring of performance on energy, greenhouse gas emissions, and water and related emissions. The measures cover regulated pollutants and pollutants that have been identified as relevant for Outokumpu's activities in impact assessments. For more details on which pollutants, please see the table "Emissions to air and water" below in this chapter. (E2-1-15-(a)), (E2-1, AR 11)

Substituting and minimizing use of substances of concern
Outokumpu aims to minimize the use of substances of concern and phase out the use of substances of very high concern whenever viable, both in its own operations through evaluation and assessment of chemicals that are used, and in the upstream supply chain by requiring suppliers to comply with REACH restrictions on hazardous substances when supplying materials. (E2-1-15-(b)), (E2-1, AR-11)

Avoiding incidents and emergency situations
According to policy Outokumpu strives to prevent incidents by implements precautionary risk-based environmental management. Any environmental incidences that occur are followed by immediate action if needed in order to reduce the environmental impact In the event of unforeseen water or soil contamination, Outokumpu seeks to remediate, whenever viable, negative impacts and restore the environment as close to the state prior to the event. (E2-1-15-(c))

Actions and resources

Actions and resources related to pollution

Key actions

Key actions in 2024 included:

- In Kemi, Outokumpu continued the survey of cost-effective emission reduction methods, as well as improvement actions for water balance management.
- Employees were trained about emissions to air and dust emissions: how to detect, react to and prevent them, and in Mexico, employees were trained on emission-generating equipment. Proper training and knowledge about equipment reduces the risk of incidents and release of pollutants.
- In Tornio, the work continued on investment projects and planning due to new environmental permit limits, as well as more efficient air purification systems, in order to reduce pollutants in the long-term.
- In Tornio, the hot-rolling mill worked on a project to reduce oil consumption, and the cold-rolling mill on projects to reduce metals in process wastewater and to improve the use of material in the neutralization process.

Outokumpu's ongoing and future actions are:

- continuous monitoring of performance in water discharges and air emissions,
- implementing best available techniques (BAT) or equivalent standards in all operations, to reduce the emission of pollutants,

- preventing and reducing impacts by implementing precautionary risk based environmental management to prevent incidents and reduce emissions to air and discharges to water,
- following up on environmental incidents by immediate action if needed to prevent negative impact on the environment,
- engaging stakeholders: where relevant, each site engages with local stakeholders, including other businesses, government departments, and local communities, and
- aiming to minimize the use of substances of concern and phase out the use of substances of very high concern whenever viable.

The pollution action plan supports the policy objectives and contributes to the company's sustainability goals. In addition, the action plans contribute to achieving policy objectives related to stakeholders, such as fostering continuous engagement, ensuring transparent communication on sustainability performance, and meeting the expectations and requirements of shareholders, employees, customers, suppliers, investors, and authorities, as well as the public and non-governmental organizations. (E2-MDR-A-68-(a))

Outokumpu continuously measures relevant pollutants and takes action when needed, for example if emissions exceed target values. In such a case, the company takes immediate action to prevent damage to the environment. All Outokumpu's production sites have limit values for emissions that are set together with relevant authorities, based on the legislation and environmental impact assessment.

Actions related to substances of concern are managed at each production site where the new chemicals are assessed before use and decisions on substitution take place after assessment. (E2-2-18)

Closed mines

Before focusing on production of stainless steel, Outokumpu operated several mines across Finland and elsewhere. Outokumpu still operates the only chromium mine within European Union, in Kemi. Closed mines were not assessed to be part of Outokumpu's current value chain, neither further analyzed as part of the double materiality assessment. However, the company puts significant efforts in assessing and taking after care measures at the old mines annually.

In some of the closed mines, Outokumpu still has an environmental permit or other environmental and safety responsibilities and obligations, and the company continues to work accordingly. For example, Outokumpu regularly carries out studies and analyses, does onsite visits, environmental monitoring and maintenance, as well as cooperates with competent authorities and local stakeholders. The activities are evaluated based on these on-site visits, studies and analyses and risk-assessment of each closed mine.

In 2024 the company continued to monitor the safety and the environmental situation, and executing maintenance work at the closed mines. Comprehensive environmental studies were done at Enonkoski and Vihanti in Finland, and smaller studies at several other sites. The work will continue ensuring safety, monitoring of environmental impacts, execution of complementary restoration measures and engagement with the local stakeholders.

Scope and time horizon

Outokumpu's actions related to pollution focus on its own operations, in all business areas. (E2-MDR-A-68-(b))

The time horizon for the actions is from short to medium term, with short-term actions including monitoring of emissions, training of employees in Mexico, and taking actions on incidents. Medium-term actions are implementing risk-based environmental management to prevent incidents and reduce emissions, planning for the new environmental permit in Tornio, and minimizing substances of concern. (E2-MDR-A-68-(c))

Remedies and provisions

Outokumpu has not had any environmental incidents that would have caused material harm. In the reporting year, there were 8 environmental permit breaches at operational sites, of which 2 were related to water emissions. In total, there were 15 environmental incidents. In all of these, Outokumpu reported the incident to the environmental authorities, carried out corrective actions immediately, or resolved the incidents together with the authorities. No environmental damage was detected, nor was there any need for provision or remedy. (E2-MDR-A-68-(d))

Mitigation hierarchy

To avoid and reduce pollution, Outokumpu follows local permit levels as the key driver for reducing impact, as many of Outokumpu's sites are subject to the Industrial Emission Directive and Best Available Techniques (BAT) criteria. (E2-2-19)

Action related to pollution extends to upstream/downstream value chain engagements

Outokumpu has identified positive impacts from its products with regard to pollution in the downstream value chain. Outokumpu's technical experts work together with selected customers to design end-products that contribute to these positive impacts. (E2-2-AR-13)

Metrics and targets

Targets related to pollution

Outokumpu has not yet set specific pollution targets, since Outokumpu has been ensuring progress on pollution through actions and policies. (E2-MDR-T-81-(a)) However, Outokumpu's production sites are monitoring and tracking emissions of relevant pollutants. The sites have also implemented techniques to treat both water and air emissions before release into the environment. (ES E2-MDR-T-81-(b)) The range of pollutants that are monitored depends on the size and activities of the production sites. However, all sites are monitoring particulate matter and nitrogen oxides into air. Water emissions are monitored mainly for nitrates and suspended solids, but also for metals such as nickel and chromium. The results are analyzed and followed up over time to ensure that emissions do not exceed environmental permit or target limits, as well as to identify trends. (E2-MDR-T-81-(b)-(i)) The company has committed to reducing the environmental impact and keeping the limits defined in the environmental permits and not to increase the impact on the surrounding environment. (E2-MDR-T-81-(b)-(ii))

Pollution of air, water and soil

Outokumpu monitors its emissions into air and water. The pollutants that sites monitor and report on depend on their activities, size and permit conditions.

Outokumpu's most significant material emissions into air include particulate matter, nitrogen oxides and sulfur oxides. While, in general, steel production generates a lot of particulate matter, Outokumpu's dust filtering system effectively removes 99% of the particulate matter. The level of particulate matter from the melt shops is within the limits of environmental permits and in line with the levels of best available techniques.

The main discharges into water are metals and nitrates, which are continuously monitored. Outokumpu follows up on incidents when target values for emissions are exceeded, even if it does not amount to a permit breach. All wastewater is treated in Outokumpu's own treatment plants or in municipal water treatment systems before it is discharged.

Emissions to soil are not monitored regularly as soil pollution is mainly in the form of environmental incidents like for example oil spills. No material incidents to soil was reported for 2024. (E2-4-MDR-M-75)

Changes over time

Due to changes in reporting scope, more pollutants in scope of reporting, it is difficult to compare for example metal discharge with previous years information. Emissions into air have varied from year to year, partly based on production volumes, and in 2024 emissions of particulate matter were 125,860 kg, nitrogen oxides emissions 1,626,233 kg, and sulfur oxides emissions 214,632 kg. It means that nitrogen oxide emissions have increased slightly in 2024 while emissions of sulfur oxide and particulate matter have decreased. More information is available in the table on emissions on next page. (E2-4-30-(a))

Data collection, methodologies and assumptions

Outokumpu performs measurements and analyses of pollutants in accordance with the monitoring program specified in each environmental permit. Usually the measurements are carried out by a third party except where Outokumpu has its own laboratory that is accredited for the specific analysis. Outokumpu's measurements are mainly direct measurements. Measurements are in many cases continuous, which is the case with dust and nitrogen oxides, or periodic, as with metals into air. The measurements are done in accordance with recognized standards, such as EN 14792 for NOx and EN 13284 for particles to air, and ISO 11885 or ISO 15587 for metals and minerals to water. For Nitrate-N to water ISO 13395 is used. (E2-4-30-(b)) While emissions are mainly measured directly, in some cases calculations also are applied; for example, NOx is calculated based on NO2 measurements. (E2-4-MDR-M-77-(a))

Outokumpu's production processes are all subject to environmental permits that dictate how the emissions should be measured and what the frequency is for reporting. The emissions are either monitored in-house, which is the case for some water emissions, as well as particles and nitrogen oxides into air. Emissions can also be monitored by external companies, who provide reports to Outokumpu, which is the case for example for metals into air. Each production facility is responsible for monitoring and reporting their emissions. The emission data is reported both to relevant authorities and to Outokumpu Group. Data on pollutants listed in Annex II of Regulation (EC) No 166/2006 (European Pollutant Release and Transfer Register "E-PRTR Regulation") are monitored and reported for each production facility in accordance with the Directive, taking into account relevant thresholds. This data is then consolidated and reported in the emissions table. (E2-4-30-((c)) There is no other external validation for the measurements. (E2-4-MDR-M-77-(b))

Emissions into air and water 2024

Pollutant type	Emission into air (kg)	Emission into water (kg)	Emission into soil (kg)
Ammonia (NH3)	61,168	5,369	—
Anthracene	—	—	—
Arsenic and compounds (as As)	35	9	—
Asbestos	—	—	—
Benzene	—	—	—
Cadmium and compounds (as Cd)	—	116	—
Chlorides (as total Cl)	—	—	—
Chromium and compounds (as Cr)	2,665	1,369	—
Copper and compounds (as Cu)	162	67	—
Cyanides (as total CN)	—	149	—
Fluorides (as total F)	—	23,555	—
Fluorine and inorganic compounds (as HF)	—	—	—
Hexachlorobenzene (HCB)	—	—	—
Hydrogen cyanide (HCN)	426	—	—
Lead and compounds (as Pb)	206	71	—
Mercury and compounds (as Hg)	54	33	—
Naphthalene	—	—	—
Nickel and compounds (as Ni)	763	1,096	—
Nitrogen oxides (NOx/NO2)	1,626,233	—	—
Non-methane volatile organic compounds (NMVOC)	—	—	—
Particulate matter (PM10)	125,860	—	—
PCDD + PCDF (dioxins + furans) (as Teq)	—	—	—
Pentachlorobenzene	—	—	—
Polycyclic aromatic hydrocarbons (PAHs)	—	—	—
Sulfur oxides (SOx/SO2)	214,632	—	—
Total nitrogen	—	1,303,394	—
Total organic carbon (TOC) (as total C or COD/3)	36,480	—	—
Total phosphorus	—	—	—
Trichlorobenzenes (TCBs) (all isomers)	—	—	—
Zinc and compounds (as Zn)	1,983	1,940	—

(E2-4-28-(a))

Outokumpu does not have anything to report on soil for the reporting year within its value chain. (E2-4-28-(a))

Justification for methodology choices

The choice of methodology is taken in discussion with local environmental authorities. (E2-4-31)

Substances of concern and very high concern

Stainless steel, a widely used alloy, typically contains nickel, which is classified as a substance of concern. Nevertheless, stainless steel itself is generally considered safe, for example according to the Review on toxicity of stainless steel (2020 update) by the Finnish Institute of Occupational Health.

REACH regulation considers stainless steel as an alloy and not a chemical substance. The REACH regulation typically applies to the substances used in or released by stainless steel and therefore, for example, nickel is subject to regulation, but stainless steel itself is usually not classified as hazardous. Stainless steel's safety, stability, and versatility present numerous opportunities across a range of industries. Its non-reactive nature, and resistance to corrosion, combined with increasing demands for sustainable and long-lasting materials, make stainless steel a valuable choice in many sectors. (E2-5-MDR-M-75)

The methodologies used to regulate substances of concern and substances of very high concern are based on the European Union's REACH regulation. The chemicals included in the substance of concern are classified under REACH and CLP (Classification, Labelling and Packaging, EU Regulation 1272/2008) in specified hazard classes, and they are commonly described as chemicals that may pose a risk and are often identified for potential future regulation based on their toxicity, environmental persistence, or other properties of concern. By "amount used/generated," Outokumpu considers raw materials and other consumables used in its production and, for the amount generated, emissions of substances of concern and substances of very high concern are included. "As parts of products and service," stainless steel as a product is safe but nickel, which is a substance of concern, exists in the product (alloy), leaving Outokumpu facilities as a part of stainless steel products. The reporting threshold for REACH has been applied when reporting substances of concern, while the lower concentration limit has been applied for substances of very high concern. Outokumpu monitors inventories through chemical management systems, but there can be uncertainties in the data for the reporting period, especially regarding amounts used. The reporting will be improved for the next reporting years. These substances are regulated based on restriction limits mentioned in REACH's Annex XVII list of substances. (E2-5-MDR-M-77-(a)) No external body other than the assurance provider has provided validation for these. (E2-5-MDR-M-77-(b))

The table below outlines substances of concern or very high concern used in the processes. Since substances can have several hazard classifications, the same amounts can be repeated in several hazard classes. The largest amount is due to the use of nickel in stainless steel. It should be noted that while nickel is part of stainless steel, it is embedded in a metallic matrix, which means that the properties of the steel are not the same as those of the constituent nickel. For example, the most common stainless steel grade contains 7% nickel, and while nickel is classified as a skin sensitizer cat 1, this stainless steel is not classified as a skin sensitizer. Similarly, the stainless steel does not show any of the other hazards of nickel when tested against the classification criteria.

For substances of very high concern the major use is of disodiumtetraborate, which is used to stabilize stainless slag so that it does not cause diffuse dusting and particle emissions in the environment. The substance reacts with the slag and is not present in the slag product.

Substances of concern 2024

Substance of concern, kg	Amount generated/used	Leaving Outokumpu as emissions	Leaving Outokumpu as products	Leaving Outokumpu as parts of products and services
Carcinogenicity categories 1 and 2;	132,328,753	2,712	—	125,510,000
Germ cell mutagenicity categories 1 and 2;	2,000	—	—	—
Reproductive toxicity categories 1 and 2;	4,101	—	—	—
Endocrine disruption for human health;	—	—	—	—
Endocrine disruption for the environment;	—	—	—	—
Persistent, mobile and toxic or very persistent, very mobile properties;	—	—	—	—
Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties;	—	—	—	—
Respiratory sensitization category 1;	2,000	—	—	—
Skin sensitization category 1;	127,222,546	2,689	—	125,510,000
Chronic hazard to the aquatic environment categories 1 to 4;	5,185,867	1,045	—	—
Hazardous to the ozone layer;	—	—	—	—
Specific target organ toxicity, repeated exposure categories 1 and 2;	132,314,236	2,689	—	125,510,000
Specific target organ toxicity, single exposure categories 1 and 2;	23,073	—	—	—
Total	397,082,576	9,136	—	376,530,000

(E2-5-34)

Substances of very high concern 2024

Substance of very high concern, kg	Amount generated/used	Leaving Outokumpu as emissions	Leaving Outokumpu as products	Leaving Outokumpu as parts of products and services
Carcinogenicity categories 1 and 2;	206,768	683	—	—
Germ cell mutagenicity categories 1 and 2;	216	610	—	—
Reproductive toxicity categories 1 and 2;	374,475	610	—	—
Endocrine disruption for human health;	—	—	—	—
Endocrine disruption for the environment;	—	—	—	—
Persistent, mobile and toxic or very persistent, very mobile properties;	—	—	—	—
Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties;	—	—	—	—
Respiratory sensitization category 1;	7	—	—	—
Skin sensitization category 1;	56	—	—	—
Chronic hazard to the aquatic environment categories 1 to 4;	1,366	73	—	—
Hazardous to the ozone layer;	—	—	—	—
Specific target organ toxicity, repeated exposure categories 1 and 2;	231	—	—	—
Specific target organ toxicity, single exposure categories 1 and 2;	—	—	—	—
Total	583,118	1,976	—	—

(E2-5-35)

People, nature and the economy all need water. Outokumpu uses mainly surface water from rivers and the sea, including rainwater. The company measures the withdrawal of water, recycles it as much as possible, and treats all water before any discharges.

KEY ACTIONS in 2024	PLAN 2025–2027
Prioritizing water efficiency, recycling water and treating wastewater.	Assessment of the impact of water use on the environment and more systematic analysis of water resources.
Consistent and comprehensive monitoring of water use.	Development of improvement plan for water management on each site.
Engaging different stakeholders for improved knowledge on water management.	

E3 – Water resources

Water resources were identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

E 3.1 Water resources

Impacts	**Negative** High water consumption for cooling and other operational activities can negatively affect local areas and surrounding biodiversity systems, especially in water-stressed regions. This is an actual negative impact valid in direct operations.

(ESRS 2-SMB 3-48-(a))

Impact, risk and opportunity management

Policies

Policies related to water

Key contents of policy

Outokumpu's Sustainability Policy includes sustainable sourcing of water, optimizing water use, reducing environmental impacts, and ensuring compliance with regulations.

Regarding negative impacts, Outokumpu recognizes that high water consumption can have detrimental effects on local areas and surrounding ecosystems, especially in water-stressed regions. According to the Sustainability Policy, Outokumpu aims to mitigate this by optimizing water use in production facilities (more information under “Product and service design” section). The commitment to reduce water consumption in high water risk regions is reflected in the company's Sustainability Policy as well (more information under “High-water stress areas” section). Additionally, the Sustainability Policy addresses the negative impact of high water consumption by water reuse (more information under “Water management” section).

The process for monitoring water usage and discharges at Outokumpu involves continuous performance tracking. Outokumpu's Sustainability Policy highlights the continuous monitoring of water consumption and discharges, with immediate actions taken when necessary. Through regular data collection and analysis from the production sites, Outokumpu ensures ongoing improvement and effective management of its water resources. (E3-MDR-P-65-(a))

Scope, accountability, stakeholders, availability, and third-party standards

More information about Outokumpu's Sustainability Policy and its scope, the approval process for the policy, and disclosure of third-party standards, consideration given to key stakeholders, and the availability of the policy, can be found in the Climate change (E1) chapter, in Policies section (E1-2). (E3-MDR-P-65-(b-f))

Addressing material areas in policy

Water management

Outokumpu's Sustainability Policy covers the following matters: use and sourcing of water resources in its own operations, water treatment, prevention and abatement of water pollution. In detail: (E3-1-12-(a))

- Outokumpu considers sustainable sourcing of water in operations whenever commercially viable. Since the topic of marine resources is not material for Outokumpu, Outokumpu does not cover it in its Sustainability Policy. (E3-1-12-(a)-(i))
- Outokumpu aims to reduce environmental impact through reusing water and wastewater treatment, and it frequently assesses impact on water. (E3-1-12-(a)-(ii))
- Outokumpu prevents and reduces its impacts by implementing precautionary risk-based environmental management to prevent incidents and reduce waste, pollution and emissions into air and discharges into water. Waste and production residues are dealt with accordingly, and no related discharges into water bodies are allowed. In the event of unforeseen water or soil contamination, Outokumpu seeks to remediate, whenever viable, negative impacts and restore the environment to as close possible to the state prior to the event. (E3-1-12-a-(iii))

Product and service design

According to Outokumpu's Sustainability Policy:

- Outokumpu optimizes material, energy, and water use to continuously improve efficiency.
- Outokumpu proactively develops its products and processes to help reduce impact on the environment.

The preservation of marine resources is not covered by Outokumpu's Sustainability Policy since the topic of marine resources is not material for Outokumpu. (E3-1-12-(b))

High water stress areas

According to Outokumpu's Sustainability Policy, Outokumpu is committed to reducing and monitoring material water consumption in production plants in geographic areas experiencing high water risk. The company operates a cold rolling mill in San Luis Potosí, Mexico, in a dry, extremely high water stress area according to Aqueduct assessment. The aforementioned policy covers only the company's own operations. (E3-1-12-(c)), (E3-1-13)

Actions and resources

Actions and resources related to water

Key actions

Stainless steel operating sites

Key actions taken in the reporting year for all production sites:

- Outokumpu has recycled and reused water, treated wastewater before releasing it into the environment, and monitored water resources, and it continues to uphold these practices to ensure sustainable water management.
- Internal and external audits were conducted to help drive the company's efforts to improve its practices. The yearly ISO 14001 surveillance audits were conducted during the reporting year at the sites and covered water-related matters. Additionally, internal environmental audits were performed throughout the reporting year, addressing water-related topics.
- The company worked closely with different communities, organizations and authorities, to improve its sustainable water use, while sharing data and resources with stakeholders to enhance common water management efforts. This action taken is aligned with one of Outokumpu's Sustainability Policy main principles, which states that the company "strives for a continuous, systematic, and open dialogue through engaging with our stakeholders such as shareholders, employees, customers, suppliers, investors, and authorities, as well as the public and non-governmental organizations."

Key actions planned for the future are based on the Water Stewardship plan developed by Outokumpu. The Water Stewardship plan focuses on sustainable water management by minimizing impacts on water resources, prioritizing water efficiency, regular assessments, stakeholder engagement, and continuous improvement to manage and protect water resources responsibly while minimizing environmental impacts. Key actions planned are:

- Analyze water usage from each source on each site. The expected outcome would be a better understanding of water usage from different sources, revealing opportunities for reducing usage and improving water management practices.
- Assess the impacts of water use on the environment at each site, to gain insight into the impact caused by sites. The expected outcome would be enabling the implementation of

proactive measures to be taken in the future to minimize environmental damage. The implementation of the action contributes to the achievement of Outokumpu's Sustainability Policy, and the "frequently assesses impact on water" part in particular.
- Develop continuous improvement plans for water management at each site. The expected outcome would be improved water management and resource efficiency. The implementation of the action contributes to the achievement of Outokumpu's Sustainability Policy, in which it is stated that Outokumpu proactively develops its processes to help reduce impact on the environment.

Mine operations

Key actions taken in the reporting year:

- Continuous measuring devices were installed at both groundwater level monitoring points and fixed survey points, to monitor surface subsidence.
- Regular weekly collection sampling of discharged water was started.
- To improve dam safety monitoring and water balance calculations, continuous measuring devices were installed at leachate water measurement points.

Key action planned for the future is based on Kemi mine's water management plan. The Kemi mine has a comprehensive water management plan based on water balance calculations and long-term monitoring. The plan, systematically implemented and regularly updated, addresses water entering the mining area, its treatment, and potential risks such as water contamination.

Key actions planned:

- Efforts are focused on preventing the drying out of surface layers and reducing the risk of groundwater-level depletion. The plan is to develop a system for monitoring groundwater levels and ground surface movements, involving continuous measurement processes. The expected outcome is having a robust system for tracking groundwater and surface conditions. The implementation of the action contributes to the achievement of Outokumpu's Sustainability Policy, and particularly the monitoring aspect.

The Water Stewardship plan was developed in alignment with the guidance provided by the Alliance for Water Stewardship standard. Kemi mine's water management plan was developed to meet the requirements of the Towards Sustainable Mining standard. The Water Stewardship and Water Management plans support the water management policy objectives. (E3-MDR-A-68-(a))

Scope and time horizon

The Water Stewardship plan and key actions include only the company's own operations. The future key actions from the Water Stewardship plan mentioned previously include only Business Line Stainless Europe sites (Krefeld, Tornio), and Business Line Advanced Materials sites (Avesta, Nyby, Degerfors, Dillenburg). The business area Americas including the production sites in the US and Mexico currently do not have specific action plans on water resources, but they measure water usage and are evaluating potential projects to improve water management. Outokumpu plans to develop group-wide plans in the near future. (E3-MDR-A-68-(b))

Each key action, namely analyzing water usage, assessing the impacts of water use on the environment, developing improvement plans on water management, and developing a system for monitoring groundwater levels, is planned to be completed within a medium-term time horizon. The assessment of the impact of water use on the environment and the development of the improvement plans on water management key actions are planned to be fully completed by the end of 2027. (E3-MDR-A-68-(c))

Remedy

In 2024, Outokumpu did not have cases of harm by actual material impacts that would require actions to provide remedy. (E3-MDR-A-68-(d))

Prior progress

In the Annual Report 2023 and the Sustainability Report 2023, published by Outokumpu, it was stated that the company "started to define a water stewardship program." The Water Stewardship plan, which was finalized in March 2024, established water management principles and outlined future actions for European sites. These actions are described in the "Key actions" above. (E3-MDR-A-68-(e))

Actions and resources in areas of water risk

Currently, there are no specific actions established or resources allocated to reduce water consumption, but Outokumpu plans to evaluate actions in the near future. In terms of monitoring, Outokumpu has a monitoring action through the use of local key performance indicators (KPIs) on water usage: well-water usage per packed tonne, treated water usage per pickled tonne, and total water usage per packed tonne. Water usage is monitored daily. (E3-2-19)

Metrics and targets

Targets related to water

Outokumpu has not yet set specific water targets, since Outokumpu has been ensuring progress on water resources through actions, policies, monitoring, and key performance indicators (KPIs). However, the company plans to assess potential water targets by the end of 2025. (E3-MDR-T-81-(a))

Outokumpu tracks the effectiveness of its policies and actions related to water resources impacts, risks, and opportunities through several processes. (E3-MDR-T-81-(b)) Outokumpu's Sustainability Policy emphasizes the importance of continuous monitoring of performance on water resources, meaning that Outokumpu tracks the effectiveness of water resource management through monitoring processes. The tracked metrics are outlined in more detail in the section "Tracking performance and effectiveness". In addition to metrics and KPIs, Outokumpu tracks the effectiveness of its policies and actions through other processes, including regular audits and engagement with stakeholders. (E3-MDR-T-81-(b)-(i)) For water-related matters, Outokumpu's Sustainability Policy defines the ambition level and expectations. For the San Luis Potosí site, KPIs are reviewed annually, and the level of ambition is set for the upcoming year. The established KPIs are based on historical data. The review process involves participation from various stakeholders, including people from production, maintenance, and upper management. The volumes of water monitored are based on direct measurements. The well water usage per packed tonne in 2024 was 1.04 m³, well below a reference-level set by San Luis Potosí site of 1.45 m³. For treated water usage per pickled tonne, the site exceeded a reference-level set by San Luis Potosí site of 250 liters per tonne by using 330 liters per tonne. The total water usage per packed tonne was 1.75 m³, below a reference-level of 1.85 m³ set by San Luis Potosí site. (E3-MDR-T-81-(b)-(ii))

Targets related to areas of water risk and reduction of water consumption

Outokumpu has not yet set specific water-related targets, including those for areas at water risk. The KPIs mentioned earlier for the San Luis Potosí site are not currently linked to specific long-term targets. However, as previously mentioned, the company plans to evaluate potential targets by the end of 2025. (E3-3-23-(a),(c))

Water consumption

Tracking performance and effectiveness

Outokumpu tracks its performance and effectiveness related to material impacts, risks, and opportunities through several key metrics: water withdrawal, water discharge, water consumption, recycled and reused water, and total water stored. Water withdrawal per source and water discharges per source are important metrics: tracking these metrics demonstrates the company's commitment to aligning operations with its policy objectives, and these metrics are critical in assessing water consumption as well, which is identified as a negative impact.

Water consumption is a critical metric for evaluating water resource management. On-site consumption primarily occurs through processes such as evaporation, which is commonly observed in cooling systems, along with various other processes. Additionally, water is consumed through wet waste materials such as neutralization sludge. This water, unlike that returned to water bodies, evaporates into the air as the waste dries. Since water consumption is recognized as a negative environmental impact, tracking this metric is essential for identifying opportunities to mitigate its effects.(E3-4-MDR-M-75)

Water consumption data for own operations

Volume (m³)	2024
(a) Total water consumption	6,289,440
(b) Consumption in areas at water risk	88,894
(c) Total water recycled and reused	13,070,955
(d) Total water stored	7,900
(d) Changes in water storage	—

(E3-4-28(a), (b), (c), (d))

Water withdrawal and discharges

Volume (m³)	2024
Surface water	24,294,029
Seawater	13,735,214
Municipal water	923,235
Groundwater	2,713,863
Rainwater	2,315,454
Water withdrawal by source	**43,981,794**
Water discharges	**37,692,355**
Wastewater to municipal treatment	1,086,228
Discharge to surface water	30,173,613
Discharge to sea water	6,412,481
Discharge to groundwater	20,033

Contextual information regarding water resources

Total water consumption

The provided data on water withdrawal and water discharges has been compiled following recognized environmental management and sustainability standards. All Outokumpu sites are ISO 14001 certified, which provides guidelines for monitoring and measuring environmental performance, including water usage. Additionally, Outokumpu follows the GRI 303: Water and Effluents 2018 standard, which provides a framework for managing water use.

Total water withdrawal is the sum of all measured withdrawn water volumes, or calculated water volumes based on pumps readings. The sources of water withdrawal include surface water, seawater, municipal water, groundwater, and rainwater. Rainwater is estimated by multiplying the annual rainfall precipitation by the area from which rainwater is collected. If evaporation data is available, as in the case of the Kemi mine, where it is calculated using a simulation program, this data is also incorporated to refine the estimation, leading to more accurate results. In addition to evaporation, runoff coefficients are applied, which can vary based on surfaces such as roofs, asphalt, or soil.

Total water discharged is the sum of all discharged measured water volumes, or calculated water volumes. The calculated water volumes can be based on pump readings, or can be based on the system design. In some cases, estimations may be necessary, if complete data for calculations is not available, with assumptions based on past practices and historical data. The discharged volumes can be directed to municipal treatment facilities, surface water bodies, groundwater or seawater.

Outokumpu's total water consumption is calculated as the difference between total water withdrawal and total water discharged. For offices and service centers, total water consumption is based on the full-time equivalent (FTE).

In 2024, 93.7% of total water withdrawal volumes were based on measurements, 0.06% were based on sampling and extrapolation, and 6.24% were based on estimations. For total water discharged volumes, 87.16% were based on measurements, 0.06% were based on sampling and extrapolation, and 12.78% were based on estimations. Thus, the total water consumption for the reporting period is broken down as follows: 89.53% of water volumes were based on measurements, 0.06% were based on sampling and extrapolation, and 10.41% were based on estimations.

Consumption in areas at water risk

At the San Luis Potosí site, total water consumption is calculated as the difference between the total water withdrawn and the total water discharged. Withdrawal volumes are directly measured, while discharged volumes are partially measured and partially estimated. The water withdrawn is municipal water and groundwater, and it is discharged back to the same sources. Unlike other sites, the San Luis Potosí site does not collect and include rainwater in its water balance calculations due to the absence or negligible amount of rainwater volumes. To enhance water use efficiency, the site not only uses treated water, but also purchases additional treated water externally.

Total water recycled and reused

At Outokumpu, the volumes of recycled water are counted only once, regardless of how many times the water is recycled within the system. For instance, if 10 m³ of water is recycled 10 times, it is considered as 10 m³ of recycled water. If 10 m³ of water recycled 10 times would be considered as 100 m³, this would represent the theoretical volume that could have been withdrawn but was not. According to the ESRS definition, recycled water refers to water or wastewater that is used more than once before being discharged. Considering theoretically saved water as recycled water would not comply with the ESRS definition, as these volumes were never discharged and present in the system. Additionally, these volumes would vastly exceed withdrawn water amounts. To provide an accurate representation, the approach of counting recycled water volumes only once is applied.

Water recycling in operations takes place within cooling systems, and through the recycling of treated water back to the processes. In cooling systems, make-up water volumes serve as the foundation for calculating recycled water volumes. Treated water is also recycled at the sites, reducing the need to withdraw water from natural sources. Water recycling occurs not only at stainless steel sites but also at the mine. In Kemi mine, around 99% of withdrawn water was recycled during 2024.

At Outokumpu, apart from recycled water, there is also reused water, which, according to the ESRS definition, refers to water that has been used in one process and then repurposed for another. There are different ways of reusing water, depending on the site and its specific processes. Reused water volumes are reported together with recycled volumes in the table "Water consumption data for own operations".

Recycled and reused water volumes can be either directly measured if make-up or treated water volumes returned to the process are metered, calculated if data on make-up water flow and production time is available, or estimated if data is based on historical data and specific assumptions.

Total water stored

For total water stored, Outokumpu applies the GRI definition of water held in water storage facilities or reservoirs. Water ponds are not considered as water storage. The water storage volumes are measured. The changes in water storage during the reporting period are 0, as water is continuously retrieved and supplied to the storage.

Water quality and quantity at water basins

Authorities or local water associations measure their respective water basins' water quality. Water basins' water quantity is usually measured in flow rate. (E3-4-28-(e)), (E3-4-MDR-M-77-(a))

External validation

The data related to water resources is not validated by any external body other than the assurance provider. (E3-4-MDR-M-77-(b))

Water intensity

Metrics	Volume (m³)	Net Revenue (Million EUR)	Water Intensity (m³/Million EUR)
Water consumption and intensity	6,289,440	5,942	1,058.52

(E3-4-29)

Biodiversity loss is one of the triple planetary crises humanity faces, along with climate change and pollution. As businesses rely on natural resources, they must also protect them. Outokumpu contributes to mitigating biodiversity loss through the reduction of greenhouse gas emissions and virgin resource material dependency by using over 90% recycled raw materials in its production.

KEY ACTIONS in 2024

Included biodiversity loss mitigation in the Sustainability Policy.

Development of biodiversity management plans for business lines.

Established site-spesific biodiversity plans.

Joined UN Global Compact Finland's training program for science-based targets for nature.

PLAN 2025

Assess biodiversity impacts, action plan and strategy, in a global scope over a time horizon until 2030.

E4 – Biodiversity and ecosystems

Biodiversity and ecosystems were identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

E 4.1 Biodiversity and ecosystems

Impacts	**Negative** The operations of production sites can potentially impact on local biodiversity. In the upstream value chain, especially mining can potentially cause a substantial impact on biodiversity and ecosystems.
Risks and opportunities	**Risk** Increased regulation may lead to increased operational costs and reporting, and risks arising from failure to comply to Outokumpu and its operations. Not addressing biodiversity concerns can cause pressure from the financial sector, business environment and society on Outokumpu and its operations.

(ESRS 2-SMB 3-48-(a))

Strategy

Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Outokumpu has considered the resilience of its current business models and strategy to biodiversity and ecosystems-related physical, transition and systemic risks and opportunities during its double materiality assessment process. In addition, resilience was also assessed in biodiversity screening. (E4-1-13-(a), (c))

Outokumpu's double materiality assessment covered its operations and downstream value chain, while the biodiversity screening performed in 2023 focused on Outokumpu's own operations. (E4-1-13-(b)) In the biodiversity screening, the company used location-based screening with a ten-kilometer threshold from its sites when assessing biodiversity sensitivity. (E4-1-13-(c)) The analysis considered a long-term time horizon of ten years. (E4-1-13-(d))

The conclusion of the biodiversity screening on direct operations was that there are no systemic risks for Outokumpu. Local physical risks related to biodiversity are currently most relevant to Outokumpu, but transitional risks will increase over the years. (E4-1-13-(c), (e))

Outokumpu assessed its stakeholders views by interviewing customers, suppliers, investors, non-governmental organizations, and external industry specialists when conducting the double materiality assessment. (E4-1-13-(f))

Material biodiversity-related impacts, risks and opportunities and their interaction with the strategy and business model

List of material sites

Outokumpu has conducted a study to screen its direct biodiversity risks and impacts. Outokumpu's production processes were categorized according to the Global Industry Classification Standard and its risk profile was assessed using ENCORE and IBAT rating data. After assessing the results of the screening, based on the local environmental factors, five production sites were categorized as material.

The business activities in service centers and offices are likely to be very limited in terms of impacts and dependencies on nature, as Outokumpu's sites are mostly located in urban commercial or industrial areas, and there is little connection with the natural world surrounding the areas. (E4-ESRS 2 SBM-3-16-(a))

Areas of high biodiversity value

Even though Outokumpu's sites are not located in sensitive areas, Outokumpu has identified areas of high biodiversity value that are owned by the company or located nearby its sites. Activities on these sites include both stainless steel manufacturing and chrome mining. (E4-ESRS 2 SBM-3-16-(a)-(i)) The sites in Calvert, Alabama in the US, Dahlerbrück and Dillenburg in Germany, and Kemi and Tornio in Finland have been assessed to have high biodiversity value and categorized as material. (E4-ESRS 2 SBM-3-16-(a)-(ii))

Dahlerbrück is the only Outokumpu site, in which a 0.042 km² protected area, based on the EU's Natura legislation, is partly located on the company's property. The site has not identified impacts on the protected area.

At the Kemi mine, there is a Natura 2000 area located next to the property border in the northwest and in the east. However, there is no indication of a negative impact caused by the mining activities on biodiversity.

Tornio's integrated ferrochrome and stainless steel plant is located near the Tornionjoki river and on the northern coast of the Gulf of Bothnia. The river is protected according to EU Natura legislation. The impacts on the Gulf of Bothnia have been analyzed since 1975 and based on the results they are not significant. The river is located upstream from the Tornio site, and the site is thus assessed not to have significant impacts on the river.

In Outokumpu's site in Calvert, Alabama, in the US, there are some 80 hectares of property in the plant defined as wetland, including some restrictions on land use. The site management has identified, as a biodiversity aspect, that part of the wetland area is home to quite a wide array of wildlife, such as wild turkeys, wild bears and gopher tortoises, among other species. The company has not identified negative impacts on the wildlife. (E4-ESRS 2 SBM-3-16-(a)-(iii))

Land degradation, desertification or soil sealing, and threatened species

As to the impacts, Outokumpu has not identified negative impacts regarding land degradation, desertification, or soil sealing. (E4-ESRS 2 SBM-3-16-(b)) Overall, Outokumpu has not identified threatened species affected by its operations. (E4-ESRS 2 SBM-3-16-(c))

Impact, risk and opportunity management

Policies

Policies related to biodiversity and ecosystems

Key contents of policies

According to Outokumpu's Sustainability Policy, Supplier Code of Conduct and Raw Materials Supplier Requirements, biodiversity aspects, such as land-use change, direct exploitation, pollution, and state of species, are considered in decision-making and management of change and assessed in the environmental impact assessments and permit processes of operations.

Outokumpu demonstrates its commitment to biodiversity by safeguarding ecosystems and maintaining favorable conditions. The company manages negative impacts on biodiversity, and if necessary, undertakes remediation efforts, all in accordance with the mitigation hierarchy principles.

Outokumpu supports protecting biodiversity at its production sites near high-risk biodiversity areas as well as within its value chain and engages with local communities on nature-related matters including social impacts, whenever deemed material. (E4-MDR-P-65-(a))

Scope, accountability, stakeholders, availability, and third-party standards

More information about Outokumpu's Sustainability Policy and its scope, the approval process for the policy, disclosure of third-party standards, consideration given to key stakeholders, and the availability of the policy, can be found in the Climate change (E1) chapter, in the Policies section.

More information about Outokumpu's Supplier Code of Conduct and Raw Materials Supplier Requirements and their scope, the approval process for the policies, disclosure of third-party standards, consideration given to key stakeholders, and the availability of the policy, can be found in the Workers in the value chain (S2) chapter in the Policies section. (E4-MDR-P-65-(b-f))

Addressing material areas in policies

Outokumpu's Sustainability Policy, Supplier Code of Conduct and Raw Materials Supplier Requirements cover contributions to impact drivers of biodiversity loss and impacts on ecosystems. (E4-2-23-(a))

While Outokumpu contributes to maintaining biodiversity globally especially through the reduction of greenhouse gas emissions and virgin resource material dependency, through the above-mentioned policies Outokumpu also prevents and reduces its impacts on biodiversity and ecosystems. Outokumpu has risk-based environmental management to prevent incidents and reduce waste, pollution and emissions into air and discharges into water as well as harmful impacts related to noise and vibration. In the event of unforeseen water or soil contamination, Outokumpu seeks to remediate, whenever viable, negative impacts and restore the environment as close as possible to the state prior to the event.

In addition, Outokumpu expects its raw material suppliers to ensure that the materials and services are produced in a sustainable and energy-efficient way that minimizes negative impacts on the environment. This includes minimizing greenhouse gas emissions, sustainable sourcing of renewable raw materials, conserving resources, and protecting biodiversity. (E4-2-23-(b))

Material dependencies, risks and opportunities

Outokumpu's Sustainability Policy covers material dependencies as well as material physical and transition risks and opportunities that relate to biodiversity and ecosystems. As mentioned earlier, one of Outokumpu's most significant contributions to mitigating biodiversity loss is to minimize the use of virgin resources. The company utilizes the identified opportunities in resource inflows, outflows, and waste management, as well as in by-products and recovery of waste.

Furthermore, Outokumpu is committed to minimizing material water consumption in production plants in those geographic areas that experience high water risk. Outokumpu also considers sustainable sourcing of water in operations whenever viable and aims to reduce environmental impact through water reuse and wastewater treatment and frequently assesses impact on water. (E4-2-23-(c))

Traceability

Outokumpu's Supplier Code of Conduct and Raw Materials Supplier Requirements cover supplier requirements on transparency in biodiversity. According to these policies, suppliers and subcontractors shall ensure that all environmental risks are identified and assessed, mitigated by setting environmental improvement targets, and monitored, evaluated and reported.

Suppliers are expected to co-operate in a transparent manner with Outokumpu: documenting compliance, providing information to Outokumpu on request, and, if considered necessary by Outokumpu, granting Outokumpu or a third party authorized by Outokumpu, the possibility to conduct audits in their facilities. The supplier must also evaluate and monitor their own supply chain and provide proof of their practices if requested by Outokumpu.

Raw material suppliers shall have a system for identifying their products by type and lot or serial number, and their status during all stages of production and testing. Suppliers shall maintain a method of traceability that ensures tracking of the supply chain back to the manufacturer of all items included in the product being supplied. (E4-2-23-(d))

Sourcing and social consequences

Outokumpu's Sustainability Policy states that Outokumpu supports protecting biodiversity at its production sites near high-risk biodiversity areas as well as within its value chain. The policy also addresses consumption from ecosystems, such as water. The Raw Materials Supplier Requirements state that suppliers shall be able to provide a plan to manage risks and impacts on environment, covering also biodiversity, including a plan to remediate potential negative impacts. (E4-2-23-(e))

Outokumpu engages with local communities on nature-related matters, including social impacts, whenever deemed material. The company also engages with representatives of affected communities close to its own operations and along the supply chain, including on environmental topics. (E4-2-23-(f))

Sustainability Policy coverage

Outokumpu's Sustainability Policy covers operational sites owned, leased, or managed in or near protected areas or biodiversity-sensitive areas outside protected areas. (E4-2-24-(a))

Actions and resources

Actions and resources related to biodiversity and ecosystems

Key actions

Key actions related to biodiversity and ecosystems at Outokumpu in 2024 were:

- biodiversity identified in material topics in sustainability strategy and embedded into the sustainability policy of the company,
- new biodiversity management plans for Business Area Europe based on direct biodiversity impacts,
- established local biodiversity plans, and
- started a process to address potential biodiversity impacts in the value chain.

In addition, Outokumpu also participates in the UN Global Compact Finland's training program, which focused on science-based targets for nature, with 14 other companies.

Moving forward, Outokumpu will assess the biodiversity impacts, action plan and strategy, and continue the work based on the outcome. The work on addressing the value chain impacts, and developing the site-level biodiversity action plans will also continue. (E4-MDR-A-68-(a))

Scope and time horizon

The assessment of the biodiversity impacts, action plan and strategy will be done on a global scope with a time horizon until 2030 (E4-MDR-A-68-(b)), and will be completed by the end of 2025. (E4-MDR-A-68-(c)) Outokumpu has not provided a remedy for biodiversity and ecosystem-related impacts in 2024. (E4-MDR-A-68-(d))

Prior progress

Outokumpu contributes to maintaining biodiversity globally especially by reducing greenhouse gas emissions and virgin resource material dependency. Progress on these topics is explained in the chapters on Climate change and Resource use and the circular economy. Additionally it was disclosed in the previous annual report that Outokumpu will start implementing local biodiversity action plans. The work has been started, and it will continue moving forward. (E4-MDR-A-68-(e))

Biodiversity offsets

Offsetting has not been used during the reporting year for Outokumpu's biodiversity work. However, Outokumpu has been, for example, planting fish near its sites in Kemi and Tornio, Finland. In Kemi, Outokumpu is planting 10,000 pike-perch yearly, while the environmental permit requires the company to plant 6,000 pike-perch yearly to compensate for water discharges. In Tornio, Outokumpu is paying the environmental authority a fee yearly, with which fish stocking of migratory white wish and sea trout is organized twice a year. Outokumpu's site in Tornio is also paying a water protection fee annually to the Finnish-Swedish border river commission, which enables the commission to support studies and projects related to water management. The company will assess the role of offsetting as part of developing its biodiversity action plan during 2025. (E4-3-28-(b), (b)-(i), (b)-(ii))

Incorporation of local and indigenous knowledge

Outokumpu is developing a group-wide approach to engaging affected communities in its action plans. Therefore, direct interaction with the affected communities on biodiversity was not included in the double materiality assessment process. Outokumpu is currently developing sustainability due diligence process to cover both its own operations and the value chain. Gap analysis and a related action plan to further develop the due diligence process steps were completed in 2024. Outokumpu will continue planning how to engage with affected communities directly.

Locally, Outokumpu has been consulting the affected communities regarding nature-based solutions for example during the environmental permit process and environmental impact assessments. In Kemi, the company also has continuous dialogue with a local bird association to ensure for example that Outokumpu is taking bird-life into account in its operations. (ESRS E4-3-28-(c))

Metrics and targets

Targets related to biodiversity and ecosystems

Outokumpu contributes to maintaining biodiversity globally especially by reducing greenhouse gas emissions and dependency on virgin resources, and it has set targets for these. The company has not set specific, group-wide biodiversity targets. The progress in reducing greenhouse gas emissions and using recycled raw materials is described in the chapters on Climate change (E1) and Resource use and the circular economy (E5). (E4-MDR-T-81-(b); E4-4-32-(a), (a)-(i), (ii), (iii)); E4-4-32-(b-c))

Outokumpu is tracking the development of biodiversity drivers in its own operations, such as emissions, water consumption, waste and pollution. The company is also reviewing biodiversity plans and actions with own sites. Biodiversity is also part of the supplier assessment processes for risk categories, such as mining. (E4-MDR-T-81-(b)-(i))

Outokumpu's Sustainability Policy, Supplier Code of Conduct and Raw Materials Supplier Requirements define the ambition level and expectations. In addition biodiversity management plans for business lines Stainless Europe and Advanced Materials define the expectations for the company's own operations. The company is also guided by the requirements of the ResponsibleSteel and Toward Sustainable Mining standards. (E4-MDR-T-81-(b)-(ii))

Outokumpu's targets for greenhouse gas emissions and use of recycled raw materials are global (E4-4-32-(d)), and in the mitigation hierarchy, these targets strive to avoid and reduce impacts. (E4-4-32-(f)) Outokumpu does not use offsets in target setting. (E4-4-32-(e))

Impact metrics related to biodiversity and ecosystems change

As Outokumpu does not have a separate global metric for biodiversity, there is also not a metric to evaluate its effectiveness. Outokumpu follows its contribution through the reduction of greenhouse gas emissions and virgin resource material dependency, and more information on the impact of reducing greenhouse gas emissions and using recycled raw materials is given in the chapters on Climate change (E1) and Resource use and the circular economy (E5). (E4-5-MDR-M-75, E4-5-MDR-M-77-(a-b))

Sites located near biodiversity-sensitive areas 2024

Description	Number of sites	Area (hectares)
Owned	5	2,121
Leased	1	238
Managed	—	—

(ESRS E4-5-35)

Change of land, freshwater and sea use

Outokumpu is not currently measuring changes in land, freshwater and sea usage. (E4-5-38)

A circular economy is vital for tackling climate change. Outokumpu's business is based on the circular economy: its stainless steel products are made of over 95% recycled material content which reduces the use of virgin resources and results in mitigating biodiversity loss and reducing greenhouse gas emissions.

KEY ACTIONS in 2024	PLAN 2025–2027
Optimizing scrap sourcing (over 90% scrap input in steel production)	Developing strategies to minimize waste generation.
Recovering valuable metals from slag and dust.	Creating site-specific plans for waste efficiency improvement.
Managing waste from operations to minimize the risk of improper disposal.	Integrating emergency preparedness for waste contamination into site-specific emergency plans.
Ensuring safe and responsible waste disposal.	
Conducting regular audits and monitoring at all sites.	

E5 – Resource use and the circular economy

Use of resources, the circular economy and waste management were identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

E 5.1 Resource inflows/use of resources

Impacts	**Positive** Outokumpu's stainless steel is produced over 90% from recycled raw materials which reduces dependency on virgin raw materials. Reducing the need for primary material also reduces overall greenhouse gas emissions and mitigates biodiversity loss in the upstream value chain. This is an actual positive impact valid in the upstream value chain.
	Negative Mineral extraction often has substantial environmental and social impacts adversely affecting local communities, workers and ecosystems. Main part of primary ferroalloys (except ferrochrome) come from countries with higher risk than Europe. This is an actual negative impact valid in the upstream value chain.
Risks and opportunities	**Opportunity** The increased demand for low-emission stainless steel presents an opportunity for using recycled steel in production. This opportunity is valid in direct operations. Outokumpu gains a competitive advantage by sourcing ferrochrome with a low-carbon footprint from its mine in Kemi. This opportunity is valid in direct operations. The company has identified further potential to achieve increased efficiency by enhancing metal recycling, optimizing resources and using significant amounts of scrap metal instead of primary raw materials. This opportunity is valid in direct operations.
	Risk Outokumpu has identified that the availability of low-emission raw materials and price changes especially in alloy metals such as nickel and chrome may have a significant financial impact. This risk is valid in direct operations. Reliance on ferroalloys from countries with geopolitical tensions pose supply chain and regulatory risks. This risk is valid in direct operations.

E 5.2 Resource outflows/circular economy

Impacts	**Positive** Outokumpu recycles, reuses and utilizes materials such as metals from dust and scales, recovered lime, bricks, and recycled sludge, thus reducing the need for virgin materials and associated impacts on the environment. By developing by-products from slag, Outokumpu reduces waste generation and minimizes primary raw materials. This is an actual positive impact valid in direct operations, and the upstream and downstream value chains.
	Negative The use of industrial by-products and waste such as slags can lead to potential environmental issues, if not handled properly. This is potential negative impact valid in direct operations and downstream value chain.
Risks and opportunities	**Opportunity** Utilization of by-products presents new market opportunities. In addition, stainless steel is a durable, long-lasting material that can be recycled and reused from scrap to produce a new product. These opportunities are valid in direct operations.

E 5.3 Waste management

Impacts	**Positive** Outokumpu reduces landfill waste through recycling metals and acids, repurposing recovered materials in production, and developing slag by-products to reduce waste. This is an actual positive impact valid in direct operations, and the upstream and downstream value chains.
	Negative Landfill waste from production processes, including slag, tailing sand, sludges, dust, and scales, poses environmental risks. This is an actual negative impact valid in direct operations. Hazardous waste from steel recycling, such as electric arc furnace dust, can contaminate the environment and pose health risks if not properly managed, leading to regulatory and cost challenges. This is a potential negative impact valid in direct operations and the downstream value chain.
Risks and opportunities	**Opportunity** Outokumpu's development of slag-based by-products for applications such as refractory and concrete production creates opportunities for new revenue streams. This opportunity is valid in direct operations. Reducing waste streams, especially hazardous ones, and recycling or selling non-hazardous by-products, can lower regulatory risks and costs while boosting revenues. This opportunity is valid in direct operations.
	Risk Increased prices for land filling and waste treatment pose a financial risk for Outokumpu by raising operational costs, while the long-term impacts of waste disposal may result in significant financial impacts including liability for the remediation of contaminated sites. These risks are valid in direct operations.

(ESRS 2-SMB 3-48-(a))

Impact, risk and opportunity management

Policies

Policies related to resource use and the circular economy

Key contents of policy

Outokumpu is committed to sustainable production and aims to minimize the use of resources by the means of the circular economy, as stated in the company’s Sustainability Policy. The company is committed to minimizing the use of primary raw materials by using recycled or renewable materials, and it utilizes the identified opportunities in resource inflows, outflows, and waste management.

Outokumpu’s Supplier Code of Conduct expects all suppliers to be committed to responsible production, aim to minimize the use of resources, and use recycled materials where possible. (E5-MDR-P-65-(a))

Scope, accountability, stakeholders, availability, and third-party standards

More information about Outokumpu’s Sustainability Policy and its scope, the approval process for the policy, disclosure of third-party standards, consideration given to key stakeholders, and the availability of the policy, can be found in the Climate change (E1) chapter, in the Policies section.

More information about Outokumpu’s Supplier Code of Conduct and Raw Materials Supplier Requirements and their scope, the approval process for the policies, disclosure of third-party standards, consideration given to key stakeholders, and the availability of the policy, can be found in the Workers in the value chain (S2) chapter in the Policies section. (E5-MDR-P-65-(b-f))

Addressing material areas in policy

Outokumpu’s Sustainability Policy addresses transitioning away from virgin resources by committing to minimizing the use of primary raw materials and using recycled or renewable materials and by prioritizing renewable raw material sources over non-renewable options whenever viable. (E5-1-15-(a)) The Sustainability Policy further addresses sourcing of sustainable and renewable resources by stating that Outokumpu ensures a stable and secure supply chain for recycled materials. This is further elaborated in Outokumpu’s

Supplier Code of Conduct, in which it is stated that Outokumpu expects its suppliers to be committed to responsible production, to aim to minimize the use of resources, and to use recycled materials where possible. (E5-1-15-(b))

Actions and resources

Actions and resources related to resource use and circular economy

Key actions

Stainless steel operating sites

Key actions taken in the reporting year:

- identifying and matching scrap supply with planned product mix in order to achieve >90% scrap input in steel,
- continuously screening incoming raw materials to identify and remove any radioactive sources to ensure that the steel does not become contaminated with radioactivity,
- extracting valuable metals from slag and dust to recycle them as raw materials and thus reduce the need for virgin metals,
- identifying and categorizing waste generated by its operations, to minimize risk of disposing of the waste in an inappropriate way which could cause contamination,
- safe and responsible disposal of waste by collaborating with licensed waste management providers,
- regular audits and monitoring at all sites to ensure compliance with standards – the yearly ISO 14001 surveillance audits were conducted during the reporting year at the sites and covered resource use and waste-related matters, and additionally, internal environmental audits were performed throughout the reporting year, addressing resource use and waste-related topics,
- training to employees on waste management, and
- regularly reviewing applicable local and national regulation to meet requirements.

Key actions planned for the future are based on the waste management plan developed by Outokumpu. The waste management plan outlines Outokumpu's commitment to minimizing environmental impacts through effective waste management. Key actions planned are:

- Implementation of a review of the types of waste whenever there is a significant change to the company’s processes, or at least every 5 years: the expected outcome is a better understanding of the company’s waste streams, enabling improved waste management,
- Development of strategies to minimize waste generation from its operations. The expected outcome is a reduction in overall waste generation, improved resource efficiency, and cost savings. The implementation of the action contributes to the achievement of Outokumpu’s Sustainability Policy, aligning with Outokumpu's commitment to reduce environmental impact.
- Development of a continuous improvement plan for each site that outlines its strategy for enhancing waste management and resource efficiency. The expected outcome will be the establishment of better monitoring systems and processes, along with improved data collection and reporting methods. The implementation of this action supports Outokumpu’s Sustainability Policy by proactively monitoring input materials and waste-related matters.
- Integration of emergency preparedness at each site for spills and other types of waste contamination into their specific emergency plans. The expected outcome is improved readiness to respond effectively to spills and waste contamination, minimizing environmental impact. The implementation of the action supports Outokumpu's Sustainability Policy by reinforcing its commitment to minimizing environmental impact and proactively adopting precautionary measures to prevent incidents and reduce waste.

Mine operations

Key action taken in the reporting year in Kemi mine is based on its waste management plan. The mine has a thorough waste management plan that includes details about extractive waste, the utilization of such waste, designated waste areas, the environmental impacts, measures to prevent pollution, and operational monitoring.

Key action taken was to enhance characterization information, Kemi mine started more detailed drill core sample analysis from the gangue in 2024. The formed gangue is utilized in the mine directly. Currently, there are no specific key actions regarding waste management planned in Kemi, but Outokumpu is actively working on developing them.

Kemi mine’s waste management plan was developed to meet the requirements of the Towards Sustainable Mining standard. The waste management plans support waste management policy objectives. (E5-MDR-A-68-(a))

Scope and time horizon

The waste management plan and future key actions include the company’s own operations, and also cover, to some extent, downstream waste recovery operations. The future key actions from the waste management plan mentioned previously include business line Stainless Europe’s sites (Krefeld and Tornio), and business line Advanced Materials’ sites (Avesta, Nyby, Degerfors and Dillenburg). Production sites in Calvert in the US and San Luis Potosí in Mexico are developing actions related to waste management. Outokumpu intends to develop comprehensive waste management action plans for all its sites in the future. (E5-MDR-A-68-(b))

Each key action, namely the implementation of the review of waste types, the development of strategies to minimize waste generation, the development of an improvement plan for waste management, and the integration of emergency preparedness for waste contamination in the emergency preparedness plan, is planned to be completed within a medium-term time horizon. The development of strategies and an improvement plan, as well as the integration of emergency preparedness plan key actions are planned to be fully completed by the end of 2027. (E5-MDR-A-68-(c)) In 2024, Outokumpu has not had cases of harm by actual material impacts that would require actions. (E5-MDR-A-68-(d))

Prior progress

Outokumpu has previously disclosed an ambition to have a minimum of 90% recycled material content in its steel. This target has already been reached several years in the row and the company continues to work towards the target in the following years. (E5-MDR-A-68-(e))

Metrics and targets

Targets related to resource use and the circular economy

Outokumpu has not yet set specific waste- or resource-related targets, since Outokumpu has been ensuring progress through actions, policies, monitoring, and key performance indicators (KPIs). However, the company plans to assess potential waste targets by the end of 2025. (E5-MDR-T-81-(a))

Outokumpu tracks the effectiveness of its policies and actions related to resource use and the circular economy as well as waste impacts, risks, and opportunities through different processes. (E5-3-24-(e), E5-MDR-T-81-(b)) The effectiveness is tracked through monitoring processes. The tracked metrics are outlined in more detail below in the “Tracking performance and effectiveness” section. In addition to metrics and KPIs, Outokumpu tracks the effectiveness of its policies and actions through other processes, including regular audits and engagement with stakeholders. (E5-MDR-T-81-(b)-(i))

For resource use, circular economy and waste-related topics, Outokumpu's Sustainability Policy as well as the Supplier Code of Conduct define the ambition level and expectations. According to the Sustainability Policy, Outokumpu is committed to minimizing the use of primary raw materials by using recycled and recovered metals as far as possible as raw material for its steel. By setting a KPI for recycled material content in steel, Outokumpu ensures a continuous high rate of circular material use as well as minimizes the use of primary raw materials in steel. Outokumpu’s current KPI address recovered and recycled metals. Outokumpu maintains a group-level internal recycled material content KPI for it’s steel products. The ambition is to annually reach over 90% recycled material content and in 2024 the company reached 95.3%. (E5-MDR-T-81-(b)-(ii))

These targets do not address other matters related to resources or the circular economy. (E5-3-24-(f))

Resource inflows

Tracking performance and effectiveness

In terms of metrics used to evaluate performance and effectiveness, in relation to material impact, risk or opportunity, for resource inflow, the material opportunity is to use as much recycled metals as viable in the steel making process. For the ferrochrome process, Outokumpu has identified the use of biomass as the best option to mitigate risks identified in the double materiality assessment. (E5-4-MDR-M-75)

Data collection, methodologies and assumptions

The recycled material content KPI gives the share of recycled and recovered metals used to manufacture the steel products in relation to total steel produced. The calculations are aligned with ISO 14021 and exclude recovered metals generated in the same steel making process. The method is also aligned with the EU taxonomy criteria for use of recycled steel in steel manufacturing. Packaging and consumables like pickling acids that are not part of the product are not included in this KPI calculations.

For calculation of total material use, raw materials and utilities for production of all products, including packaging, are considered. More information can be found in the table “Materials used in the process” below.

Calculation is based on measured consumption where data is available. Otherwise purchased amounts are used. (E5-4-MDR-M-77-(a)) The KPI for recycled content of Outokumpu’s steel products has been verified against ISO 14021 by TÜV SÜD. (E5-4-MDR-M-77-(b))

Outokumpu’s most important raw material is recycled steel, from both stainless and carbon steel. All of Outokumpu’s stainless steel mills can be considered as significant recycling facilities, and the company recycles over two million tonnes of metals per year. In addition to recycled steel, Outokumpu uses primary alloys to get the right alloying composition in the steel. The most important alloys are nickel and chrome, which are added in the production mainly as ferrochrome and ferronickel. Outokumpu also uses small amounts of other metal alloys, including rare earth metals. Slag formers, such lime and ferrosilica, are also used in the process, resulting in slag by-products.

The company makes its own ferrochrome, and in that process the main inputs are chromite from the company’s Kemi mine and coke.

In addition to the above-mentioned technical materials, pickling acids that are used in the process are also material and are thus included in the table of materials used below.

A significant amount of water is used in Outokumpu's production processes, for example for cooling. The company uses mainly surface water for these purposes. Water is not included in the resource use table in this chapter. More information about water management is available in the chapter on Water resources (E3).

Metal alloys are the most material upstream resources. The inflows to produce these upstream resources are mainly metal ore, energy and water. (E5-4-30)

Materials used in the process

Product and material category, Weight (tonnes) or %	2024
Total weight of products and materials	4,564,152
Weight of biological materials	19,542
% of biological materials of total weight	0.4
Weight of secondary or recycled materials	2,275,966
% of secondary or recycled materials of total weight	49.9

(E5-4-31-(a-c))

Outokumpu weighs all raw materials entering its processes when the materials arrive at the company's sites. The data reported for the year is based on direct measurement. (E5-4-32) No double counting can occur, as Outokumpu does not declare reused inflows. (E5-4-AR-25)

Resource outflows

Tracking performance and effectiveness

Outokumpu tracks its performance and effectiveness related to material impacts, risks, and opportunities for resource outflow through several key metrics. These include the total waste generated; the total waste diverted from disposal (preparation for reuse, recycling, and other recovery operations) broken down into hazardous and non-hazardous waste categories; and the total waste sent for disposal (incineration, landfill, and other disposal operations) broken down into hazardous and non-hazardous waste categories. Metrics also cover non-recycled waste, the percentage of non-recycled waste, and the total hazardous and radioactive waste produced. All the metrics can be found in the tables in the "Waste" section. (E5-5-MDR-M-75)

Further information on the methodologies for the metrics mentioned above can be found in the "Methodologies for data collection" section. (E5-5-MDR-M-77-(a)) No external body other than the assurance provider has provided validation. (E5-5-MDR-M-77-(b))

Products and materials

Outokumpu's main products are semi-finished products of stainless steel from the Europe and Americas business areas. In addition, the Ferrochrome business area produces ferrochrome, which is used as a raw material in the making of steel, both in Outokumpu's own steel making operations and when sold to other steel producers. The stainless steel semi-finished products (mainly coils and plates) are used by Outokumpu's customers further down the value chain to manufacture stainless steel products that are used for appliances, automotive, architecture, building and construction, metal processing and tubes, chemical and petrochemical, and heavy industries. (E5-5-35)

Expected durability and recyclable content

Outokumpu main product, stainless steel, had during 2024 a recycled content of 95% (calculated according to ISO 14021). Outokumpu's ferrochrome products and slag products do not contain any recycled materials so the weight of secondary materials of total input materials is lower when taking all produced materials into account. The share of recycled material of all input materials and products is 49.9 % as outlined in the "Materials used" table on this page. Stainless steel is often used for its corrosion resistance, which is attributed to the passive film that forms on the surface spontaneously in contact with air, protecting the material from corrosion. The life-time of the application depends on the application rather than the stainless steel. It can vary from about six months when used in for example mobile phones to 60 years in buildings or 120 years in constructions such as bridges. As a steel supplier it is not possible to relate the durability of Outokumpu material in relation to industry average since the products are semi finished steel products which are manufactured into new products within weeks of delivery. However, Outokumpu helps its customer to increase the durability of their products by supplying information and advice on which steel grades are suitable for different applications, thus prolonging the life time of the customers' products. The recyclable content of stainless steel is 100%. The packaging consist of different plastics that are recyclable, if sorted, and wooden pallets that can be reused. The share of packaging is between 0.3% and 0,4% of the product and will not impact the overall recyclability.

Ferrochrome is mainly used as a raw material in steel manufacturing, which is why it is impossible to estimate durability. Slag products are minerals that are mainly used to replace primary raw materials such as sand and gravel in for example road construction as a base layer, with an expected durability the same as for the road. Ferrochrome and slag are not recyclable as such since they are intended to be included in other products. However, the metallic constituents of ferrochrome; iron and chromium, are recycled as part of the steel when the end-product is discarded.

The main packaging used for stainless steel semi-finished products are plastic covers and wooden pallets. The plastics contain 70% recycled content on average. The pallets are sometimes re-used but new pallets are made out of virgin wood. (E5-5-36-(a), (c))

Waste

Total amount of waste generated

Particulars of waste generated, Quantity (tonnes)	Type	2024
Total amount of waste generated		**2,787,009**
Total amount of waste diverted from disposal		**1,292,626**
Total amount of hazardous waste diverted from disposal		**57,896**
Hazardous waste diverted from disposal	Preparation for reuse	0
Hazardous waste diverted from disposal	Recycling	57,541
Hazardous waste diverted from disposal	Other recovery operations	355
Total amount of non-hazardous waste diverted from disposal		**1,234,730**
Non-hazardous waste diverted from disposal	Preparation for reuse	15,846
Non-hazardous waste diverted from disposal	Recycling/Stored[1)]	1,214,603
Non-hazardous waste diverted from disposal	Other recovery operations	4,281
Total amount of waste directed to disposal		**1,494,384**
Total amount of hazardous waste directed to disposal		**59,371**
Hazardous waste directed to disposal	Incineration	0
Hazardous waste directed to disposal	Landfill	59,299
Hazardous waste directed to disposal	Other disposal operations	72
Total amount of non-hazardous waste directed to disposal		**1,435,013**
Non-hazardous waste directed to disposal	Incineration	0
Non-hazardous waste directed to disposal	Landfill	1,435,013
Non-hazardous waste directed to disposal	Other disposal operations	0
Non-recycled waste		1,514,865
Percentage of non-recycled waste		54.35

(E5-5-37-(a-d))

[1)] The amount of stored slag from Calvert site is included in Recycling/Stored* row. The amount of slag stored in 2024 was 962,000 tons.

Composition of waste and waste streams

The main waste streams come from Outokumpu's ferrochrome business, in terms of mining waste and waste from ferrochrome production, and from its stainless steel production sites. (E5-5-38)

The main waste streams at Outokumpu are:

- tailing sand from chromite mining,
- steelmaking dust from stainless steel operations,
- slag, of which only part is classified as waste, as some is classified as by-product,
- sludge from regeneration or neutralization,
- oily waste, and
- scales. (E5-5-38-(a))

Outokumpu's main waste flows consist of metals and minerals, either as such or as compounds in sludges. There is also sludge that is contaminated with oil. By weight, the tailings sand from mining and slag from steelmaking are the main waste category, and in 2024, tailing sand alone was 1,250,608 tonnes. Steel slag is partly categorized as waste and partly as by-product. The slag categorized as waste can also be utilized. In 2024, our slag utilization rate was 88.6% – this figure includes slag as waste and slag as a by-product, and excludes stored slag. (E5-5-38-(b))

Hazardous and radioactive waste

Waste type, tonnes	2024
Hazardous waste	117,266
Radioactive waste	179

(E5-5-39)

Methodologies for data collection

Since Outokumpu's products are semi-finished and go for further processing, the information about expected use and durability is based on industry estimations, combined with factual information about material properties.

The handling and disposal of Outokumpu's main waste streams is highly dependent on local regulations. For example, slag classification and use is different in the different regions in which the company operates. Similarly, the possibility to recycle waste streams is dependent on availability of further processing. For example, reprocessing and metal recovery from stainless steel dust is restricted to only a few locations in Europe.

The provided data on waste categories has been compiled following recognized environmental management and sustainability standards. All Outokumpu sites are ISO 14001 certified, which provides guidelines for monitoring and measuring environmental performance, including sustainable waste management practices. Additionally, Outokumpu follows the GRI 306: Waste 2020 standard, which provides a structured framework for effective waste management.

Outokumpu follows the Waste Hierarchy for categorizing waste, using the definitions for “preparing for reuse”, “recycling”, “other recovery operations”, and “disposal” as outlined in the Waste Hierarchy. Under "non-recycled" waste in the table above, the value is calculated by taking the total generated waste and excluding only the recycled waste. Additionally, “prevention”, the first step in the waste hierarchy, is a critical focus for Outokumpu. The company emphasizes the importance of waste reduction in its Sustainability Policy.

Waste is weighed, with wet waste like sludges being reported based on its dry weight. In cases where the waste was not weighed, estimates are made using reasonable assumptions and historical data. Non-hazardous wastes include tailing sand, scales, and slag. Tailing sand is sent to landfill, while scales are diverted from landfill, that is to be recycled with metals being retrieved. Slag can either be recycled, where metals are retrieved, or partially land filled. While some slag at Calvert site is recycled, part of it is stored. Since there is no specific category for “stored waste”, the stored slag at Calvert site is included in “Recycling/Stored[1)]” row in the “non-hazardous” waste category, as it will eventually be recycled. For the Tornio site, the slag is categorized as a by-product.

Hazardous waste includes steelmaking dust, oily sludge, regeneration sludge and neutralization sludge. Steelmaking dust is mainly diverted from landfill, meaning that it is recycled, but a portion of steelmaking dust is also sent to landfill. Oily sludge is partially diverted from landfill and recovered for energy purposes, and partially landfilled. Regeneration sludge is landfilled. Neutralization sludge is mainly land filled, and a small amount is diverted from landfill, to be recycled. For offices and service centers, the waste generated is based on the full-time-equivalent (FTE). (E5-5-40)

Social information

Outokumpu's work on social responsibility focuses on its own workforce, workers in the value chain, and affected communities. Outokumpu contributes to economic and social well-being by providing jobs directly to over 8,000 people and additionally indirectly through its value chain around the world, and to the local communities, through financial contributions.

Outokumpu employs around 8,500 people in almost 30 countries. In 2024, focus areas related to its own workforce were health and safety as well as diversity, equity and inclusion.

TARGETS	PROGRESS
Safety target (annual)	Safety performance
<1.6	1.5
Total recordable incident frequency rate (TRIFR) by the end of 2024	Total recordable incident frequency rate (TRIFR) remained at the same record low level as last year, positioning the company as the leader of its industry
Diversity target	
+100	+55
diverse leaders in leadership teams by the end of 2025 from the 2022 baseline	diverse leaders in leadership teams at the end of 2024
	Women’s euro
Pay equity	0.996

S1 – Own workforce

Working conditions and equality as well as non-discrimination related to its own workforce were identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

S 1.1 Working conditions

Impacts	**Positive** Safety practices are of a very high standard. Outokumpu encourages its employees to take care of their health and supports them with well-being benefits and initiatives. Flexible working conditions are provided whenever possible. The majority of Outokumpu's employees are covered by collective bargaining agreements. There are many ways for employees to make their voices heard and raise possible concerns. These are actual impacts valid in direct operations.
	Negative A large part of Outokumpu’s workforce is exposed to hazards such as heat, noise, chemicals, and heavy machinery. Many Outokumpu employees work in shifts. Some employees may also be exposed to a high workload. These are actual impacts valid in direct operations.
Risks and opportunities	**Opportunity** Outokumpu’s extensive health and safety measures, stable employment, strong employee dialogue practices, and investments in training and development are likely to improve employee satisfaction and performance, enhance loyalty and help attract talent. These opportunities are valid in direct operations.
	Risk Potential controversies regarding the protection of employee rights could lead to sanctions, remediation costs, labor unrest, reputational damage, and revenue loss. Unsafe or otherwise poor working conditions may also lower productivity, decrease engagement, increase employee turnover and impair Outokumpu’s ability to attract talent. These risks are valid in direct operations.

S 1.2 Equality and Non-discrimination

Impacts	**Positive**	Outokumpu has set clear targets and action plans to promote diversity, equity and inclusion. The company is Fair Pay Workplace certified and its recruitment process is designed to mitigate potential bias. These are potential impacts valid in direct operations.
	Negative	Outokumpu has a male dominated workforce, which is typical of heavy industry, and as always with one dominant genre in the workforce, topics such as diversity, equity, and inclusion need special attention. Significantly different working conditions in Outokumpu's production facilities versus its offices might endanger equal access to tools and communication. These are potential impacts valid in direct operations.
Risks and opportunities	**Opportunity**	Outokumpu's commitment to diversity, equity and inclusion may increase its reputation among clients, investors and future talents. By creating opportunities for all, Outokumpu can access a wider range of talents and create a more diverse and inclusive workforce, which may increase productivity and foster innovation. These opportunities are valid in direct operations.
	Risk	Constant vigilance is required to ensure a work environment entirely free of harassment and discrimination. Outokumpu may also be subject to the same unconscious biases and inequalities as society at large. Potential discrimination or harassment cases can lead to lower performance, fines, reputational damage, and challenges in attracting talent. These risks are valid in direct operations.

(ESRS 2-SMB 3-48-(a))

Strategy

Material impacts, risks and opportunities related to own workforce and their interaction with the strategy and business model

Interaction with the strategy and business model

Most of the impacts related to Outokumpu's own workforce arise from the nature of Outokumpu's key activity, stainless steel production. Outokumpu runs industrial operations in which a significant part of its workforce is exposed to hazards such as heat, noise, chemicals, and heavy machinery. The workforce in this type of industry is traditionally male dominated, which may constitute a challenge for diversity, equity and inclusion. (S1-ESRS 2 SBM-3-13-(a)-(i))

In turn, the identified impacts contribute to shaping Outokumpu's strategy and business model. For example, safety is a number one strategic priority, a license for the company to operate, and it is ensured with clear targets and actions. (S1-ESRS 2 SBM-3-13-(a)-(ii)))

Risks and opportunities related to own workforce are intrinsically linked to impacts as well as connected to Outokumpu's business model. Mitigating the potential and actual adverse effects on the workforce of a heavy industry context can also help the company to avoid financial risks arising for example from hazards or productivity loss, and pursue financial opportunities linked to competitive advantage and an engaged and innovative workforce. (S1-ESRS 2 SBM-3-13-(b))

Types of employees and non-employees

The company's own workforce considered here includes both Outokumpu's own employees and non-employees directly working in Outokumpu's operations, such as sub-contractors for security, maintenance, or facility services, as well as agency workers replacing personnel in production on a temporary basis, and self-employed workers. (S1-ESRS 2 SBM-3-14-(a))

Material negative impacts

In the double materiality assessment, actual and potential impacts have been identified regarding, for example, health and safety, high workload, harassment or discrimination. Such impacts can have serious consequences that, in many cases, are very severe or long-term. Actual negative impacts are mostly concentrated on a few people, and not systematic. The scale of negative impact is medium and can be remediated, in most cases, with effort, such as time and cost. (S1-ESRS 2 SBM-3-14-(b))

Material positive impacts

Outokumpu has also identified potential positive impacts related to encouraging well-being, strong collective bargaining and employee listening practices, promoting equal opportunities and providing training and skills development. The fulfillment of the diversity, equity and inclusion targets towards 2025 will have a positive impact on a concentrated group of stakeholders. Positive impacts that Outokumpu can have on its own workforce, which go above the effort of adhering to laws and regulations, are limited in their scale. (S1-ESRS 2 SBM-3-14-(c))

Risks and opportunities

Identified risks include reputational damage, litigation costs, low attractiveness as an employer, and decreased productivity. These may result from poor working conditions, health and safety issues, discrimination and harassment, lack of training and development, or data privacy breaches, to name a few. While the risks are high, they are also assessed to be rather unlikely.

Opportunities relate to increased productivity, attractiveness as an employer, employee engagement and loyalty. Good working conditions, health and safety prevention, active promotion of diversity, equity and inclusion, and investment in training and skills development, all contribute to seizing these opportunities. (S1-ESRS 2 SBM-3-14-(d))

Material impacts related to the transition plan

Outokumpu has in place its transition plan for climate change mitigation. Climate change is both an opportunity and a transition risk for Outokumpu. Outokumpu does not consider its transition plan to have material impacts on its workers, provided that the company reaches its climate targets. (S1-ESRS 2 SBM-3-14-(e))

Risks related to forced labor and child labor

Risks related to forced labor and compulsory labor were not identified as material in the double materiality assessment. Outokumpu's own operations are not considered at significant risk of incidents of forced or compulsory labor, nor does Outokumpu operate in countries or geographical areas at such significant risk. (S1-ESRS 2 SBM-3-14-(f))

Neither were risks related to child labor considered material in the analysis. Outokumpu operates mainly in Europe and the Americas. Europe and the US are free from child labor. In Mexico, where the risk of child labor is higher, Outokumpu operates under strict ways of working when recruiting employees and non-employees to its workforce and can thereby ensure an environment free of child labor. (S1-ESRS 2 SBM-3-14-(g))

Understanding potential greater risks

To understand how some groups of workers may be at greater risk of harm, Outokumpu conducted a thorough survey in 2022 on diversity, equity and inclusion, which among other things provided insights into the perception of employees with disabilities or those belonging to a minority. ResponsibleSteel audits that covered Outokumpu's European operations in 2023 also helped form a solid view of the risks posed to people with particular characteristics or working in special context. Outokumpu's human rights risk and impact assessment for its own operations was conducted for the first time in 2021 followed by a more thorough update in 2024. The findings of this updated assessment support the other mappings of potential greater risks and defining further actions to prevent and mitigate these identified risks. (S1-ESRS 2 SBM-3-15)

Risks and opportunities related to specific groups

Through these surveys, audits and assessments, Outokumpu has not identified significant risks or opportunities related to specific groups of people. The most salient difference within the workforce is between people working in an office environment and those working in production facilities, who are more exposed to safety-related risks. Safety practices and culture are however so strong in Outokumpu that these risks have been reduced to a minimum. (S1-ESRS 2 SBM-3-16)

Impact, risk and opportunity management

Policies

Policies related to own workforce

The key policies related to Outokumpu's own workforce are the Sustainability Policy, Code of Conduct, Human Rights Policy, Health and Safety Policy and Recruitment Policy. These policies cover all of Outokumpu's workforce. In addition, Outokumpu has many policies and regulations on a local level, on topics such as working time, remote working, leaves of absence, work environment and safety, equal treatment, and training and development. (S1-1-19, S1-MDR-P-65-(b))

Key contents of the policies

The Outokumpu Sustainability Policy states the company's commitment to diversity, equity and inclusion, a work environment that allows all team members to contribute and to develop, human rights and dignity, a safe and healthy workplace, and employee development.

The Outokumpu Code of Conduct provides the principles and rules that all employees at Outokumpu need to follow in their daily work, and it ensures that all Outokumpu employees live up to the Ethical Principles, Ways of Working and highest standards of integrity by setting examples and giving practical advice.

The Human Rights Policy describes the main principles and rules followed by Outokumpu Group in relation to respecting and protecting human rights.

The Health and Safety Policy describes the main principles and rules followed by Outokumpu in relation to occupational health and safety management. Health and safety are integral parts of Outokumpu operations and decision-making, with a central role in Outokumpu's vision, strategies, and planning.

The Recruitment Policy outlines key principles that apply to recruitment at Outokumpu, such as transparency, equitable opportunity, and one-over-one approval. It mandates the usage of interview panels aligned with the demographics of the organization, and states the goal of 50% diversity on all candidate short-lists. (S1-MDR-P-65-(a))

Scope, accountability, stakeholders, availability, and third-party standards

More information about the approval process, stakeholders and availability, and coverage of the policies as well as third-party standards is available in the following sections:

regarding the Sustainability Policy in the Climate change chapter (E1), Code of Conduct in the Governance chapter (G1) and the Human Rights Policy in Affected communities (S3).

The Recruitment Policy applies to all of Outokumpu's workforce. The Executive Vice President, Strategy, Sustainability and People is accountable for the implementation of the policy. While it does not directly reflect any specific third-party standard, it is set to safeguard the interests of Outokumpu's workforce, notably in terms of equality and non-discrimination. The policy is available to all Outokumpu employees on the company's intranet. (S1-MDR-P-65-(b)-(f))

Human Rights Policy commitments relevant for own workforce

Outokumpu has a Human Rights Policy that describes the main principles and rules followed by Outokumpu in relation to respecting and protecting human rights. The policy must be followed globally by all Outokumpu businesses, companies, directors, officers, and employees. The company is also a member of ResponsibleSteel.

More information about the Human Rights Policy commitments relevant to the company's own workforce is available in the Affected communities (S3) chapter, in the Policy section, under "Key contents of the policy". (S1-1-20)

Human Rights Policy commitments related to own workforce

The Human Rights Policy states that the company:

- respects and promotes human rights,
- expects all its business partners to respect and promote human rights,
- has specific human rights principles addressing its most salient human rights issues;
- conducts human rights due diligence as part of its decision-making processes by identifying, preventing, mitigating, and accounting for potential and actual adverse human rights impacts,
- maintains a grievance mechanism for employees and external stakeholders, and
- is committed to the UNGPs and its human rights due diligence and grievance mechanism is in line with the expectations of the UNGPs. (S1-1-20-(a))

Outokumpu also cooperates with, informs and consults its employees and their representatives. The Outokumpu Personnel Forum is an important information channel between its personnel and management in European operations, based on the European Works Council Directive. More information is available below in this chapter in "Engaging with own workforce" (S1-2). (S1-1-20-(b))

Remedy for human rights impact

Measures to provide or enable remedy for human rights impacts are being developed as part of Outokumpu's sustainability due diligence process as defined in the action plan for 2025. The scope covers both Outokumpu's own operations and value chain, including own workforce, value chain workers and affected communities that might be in the need of remedial actions. (S1-1-20-(c))

Alignment with internationally recognized instruments

In accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), Outokumpu commits to respecting human rights and undertaking human rights due diligence as part of its corporate decision-making process.

According to Outokumpu's Human Rights Policy, the company complies with all national laws and respects international human rights principles, including the United Nations Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the European Convention on Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In addition to the UNGPs, Outokumpu is committed to the OECD Guidelines for Multinational Enterprises and to the UN Global Compact as a signatory. The company also refers to the Indigenous and Tribal Peoples Convention, 1989 (No. 169) and the UN's Declaration on the Rights of Indigenous Peoples regarding its approach to indigenous people's rights.

Besides the Human Rights Policy, aspects related to human rights are covered in the Code of Conduct, Sustainability Policy and Supplier Code of Conduct. (S1-1-21)

As stated in the Human Rights Policy, Outokumpu does not accept the use of forced labor, bonded labor, slavery, nor any form of modern slavery within Outokumpu or in its supply chain, nor does the company tolerate or accept any form of human trafficking. (S1-1-22)

Workplace accident prevention policy

The Health and Safety Policy describes the main principles and rules followed by Outokumpu Group in relation to occupational health and safety management. Outokumpu is aiming for health and safety excellence with implemented, standardized and disciplined health and safety management practices and ambitious objectives. Outokumpu's goal is to prevent all workplace injuries and occupational ill health by eliminating and minimizing health and safety risks, raising awareness and developing a positive culture. (S1-1-23)

Policies eliminating discrimination

Outokumpu's Code of Conduct, Human Rights Policy and Recruitment Policy all play a part in eliminating discrimination and advancing diversity, equity and inclusion. (S1-1-24-(a)) Outokumpu's Code of Conduct specifically mentions various grounds for discrimination, including racial and ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, political opinion, and more, adhering to both European Union regulations and national laws. (S1-1-24-(b)) Outokumpu does not tolerate discrimination, intimidation nor verbal, psychological, physical, or sexual harassment, nor abuse at work, such as humiliating or physical punishment. (S1-1-24-(c))

Outokumpu's policies against discrimination and for diversity and inclusion are implemented via a combination of well-functioning ways to gain insights into the perspectives of its people, such as formal and informal engagement practices, people pulse surveys and a SpeakUp channel, for which more information in the Processes section below in this chapter (S1-2), as well as targeted diversity, equity and inclusion related actions, including regular pay equity monitoring and team dialogue trainings in its operations. More information is available in the Actions and resources section below in this chapter (S1-4). (S1-1-24-(d))

Processes

Processes for engaging with own workforce and workers' representatives about impacts

Outokumpu engages with its workforce both directly and through workers' representatives, to gain perspectives and inform its decisions and activities aimed at managing actual and potential impacts. Outokumpu's own workforce is involved in determining which targets to sets and which actions to drive, as well as in evaluating the progress against the targets and the outcomes of actions. (S1-2-27)

As workers' representation largely depends on the location, the table provides an overview of the type of representation in place in Outokumpu's main countries of operation.

Type of representation in main countries of operation

Country	Coverage	Workers' representation and collective bargaining
Finland	U	All employees are covered by employee representatives and collective agreements: Teollisuusliitto (blue-collar employees), Pro (salaried employees), YTN (senior salaried employees).
Sweden	U	All employees are covered by employee representatives and collective agreements: "Tjänstemannaavtalet" (white-collar employees) and "Röda Avtalet" (blue-collars)
Germany	U	Tariff and non-tariff employees are represented by a works council and covered by collective agreements. Executives are represented by a speakers' committee and covered by company specific agreements.
UK	R	Employees are represented by the Employee Forum.
Netherlands	U	All employees are represented by a works council and included in collective agreements: CAO Metalelektro and CAO Metalelektro hoger personeel.
Lithuania	R	Employees are represented by a works council with an advisory function.
Italy	U	All employees are covered by employee representatives and collective agreements: "Metal Industry" (CCNL Aziende Industria metalmeccanica e della installazione di impianti) and "Dirigenti Industry".
Poland	R	Employees are represented by a works council, which must be consulted about certain topics and informed about the economic situation of the employer.
USA	N	No unions nor formal employee representation are in place but employees can join regional Team Member Networking Groups (TNG) and reach out directly to any of the executive management via a link on the intranet, to ask a question or make a suggestion. All employee relations matters are handled through direct communication and collaboration between management and employees.
Mexico	U / N	All blue-collar workers are unionized. Every department in the plant has a union representative to support employees' needs. White collar employees are not part of a union or subject to a collective bargaining agreement. Employees can reach out to any of the executive management directly, as in the US. Women may also join the Female TNG group. All employee relations matters for white-collar employees are handled through direct communication and collaboration between management and employees.

U = Collective agreement(s) and union(s) in place.
R = Organized employee representation in place.
N = No union nor organized employee representation in place.

Besides local representation, Outokumpu also operates a European Works Council which is kept informed and consulted on group-wide and cross-border topics. (S1-2-27-(a))

Direct engagement includes regular, structured communication with employees at all levels. For example, employees are encouraged to give their views in direct discussions with their manager, but also by contacting HR or management when needed. Regular people pulse surveys provide another opportunity for feedback as do town hall meetings at many levels of the organization, from the quarterly result reviews with the CEO to all-hands meetings in different sites.

More formal engagement with workers' representatives takes place locally from every week to every quarter, depending on the site and the employee group concerned, but also whenever there is a need to inform, consult or co-determine on specific topics. The topics that call for some type of engagement depend on local agreements and regulations, but typical subjects relate to workplace organization, safety and working conditions, remuneration, employment protection and social plans. In some countries, there are separate representatives for health and safety matters.

On the European level, the Group Working Committee (GWC) meets on a quarterly basis and the Outokumpu Personnel Forum (OPF) once a year. (S1-2-27-(b))

The person responsible for human resources (HR) in the context where the engagement takes place normally bears the operational responsibility for facilitating that engagement. For example, in Germany the labor director accounts for the engagement in Germany, and in Sweden it is the Head of HR who has this responsibility. The Executive Vice President – Sustainability, Strategy and People heads the European Works Council. On some sites, the managing director takes the lead in ensuring that the engagement happens, usually together with the HR Business Partner. (S1-2-27-(c))

Although labor rights are considered in the different collective bargaining agreements and emphasized in Outokumpu's Code of Conduct and policies, there is no global agreement with workers' representatives specifically related to the respect of human rights of the workforce. (S1-2-27-(d))

The effectiveness of the engagement is regularly assessed as part of the discussions between the company and employee representatives, according to procedures described in the different local agreements in place. (S1-2-27-(e))

To gain insights into the perspectives of people who may be particularly vulnerable or marginalized, Outokumpu regularly inquires about inclusion and equity via group-wide pulse surveys. The results of the surveys are analyzed and discussed at many levels, from group to departments to teams, whenever confidentiality allows, and actions are taken.

Employees are encouraged to raise any issue by contacting their manager, manager's manager, company management, HR, compliance, internal audit, via physical mailboxes or the SpeakUp channel. HR also closely follows absences and other signs of potential ill-being to offer prompt support when needed. More information on these processes is in the next section below, in this chapter.

In the Americas, Team Member Networking groups offer a safe place and a representation opportunity for certain minority groups. (S1-2-28)

Processes to remediate negative impacts and channels for own workforce to raise concerns

Remedy

Outokumpu is currently further developing a sustainability due diligence process to cover both own operations and value chain, including Outokumpu's own workforce, value chain workers and affected communities. A gap-analysis and a related action plan to develop the due diligence process further were completed in 2024. Outokumpu does not currently have a general group-level approach to providing or contributing to remedy. Developing a general approach and establishing a related process for providing, enabling, and also assessing the effectiveness of remedy, will be part of this action plan for 2025. Currently, these situations are managed on a case-level based on the UNGPs and OECD guidelines and consulting external experts, when needed. (S1-3-32-(a))

Grievance mechanisms

Outokumpu has a whistleblowing channel called SpeakUp in place, hosted by a third party, through which concerns can be raised in a confidential manner. It allows the company's own workforce, workers in the value chain, affected communities, and other external stakeholders, to report their concerns confidentially and also anonymously, if allowed by the local laws and regulations. SpeakUp channel is available in several languages and a link to the channel can be found on intranet and on Outokumpu's external website. More information about reporting misconduct can be found in the Governance section. S1-3-32-(b))

Outokumpu has, based on the ResponsibleSteel audits for Outokumpu's European operations and the sustainability due diligence process for its own operations and value chain, identified the need to develop its approach to providing various types of grievance mechanisms to its own workforce, value chain workers and affected communities which will be developed as part of the sustainability due diligence action plan for 2025.(S1-3-32-(c))

Outokumpu actively promotes awareness of the SpeakUp channel among its own workforce through regular internal communications, training sessions, and introduction programs for new employees. (S1-3-32-(d))

The issues that are raised via the company's whistleblowing channel SpeakUp are handled according to Outokumpu's internal procedure, to ensure proper and independent investigation. Monitoring possible remedial actions are included in this procedure. The effectiveness of the SpeakUp channel is not being evaluated based on the criteria set for grievance mechanisms by UNGPs or OECD guidelines at the moment. However, this is also under work as part of the sustainability due diligence action plan. (S1-3-32-(e))

Outokumpu has a strict non-retaliation policy for reports made in good faith. This means that the person who reports an issue shall not face negative consequences if the reporter has reported their concerns in good faith. Furthermore, if the misconduct report is within the scope of the EU Whistleblower Protection Directive (EU) 2019/1937 and the consequent local laws and regulations, they also receive protection based on these laws and regulations. Outokumpu's policies and practices are regularly reviewed and updated to ensure that they also account for more recent developments. Business conduct topics and how employees perceive the various elements of the company's actions, operations and corporate culture are also regularly evaluated and measured through various means, such as through employee engagement surveys targeted at all employees. During 2024, there were two (2) employee engagement surveys conducted. These surveys included questions around the key themes of the corporate culture – ethical behavior, health and safety, diversity, equity, and inclusion as well as reporting concerns. On the latter it was asked if Outokumpu's own workforce is aware of the ways and channels of how to report possible concerns at Outokumpu and if they fear possible negative consequences of doing so. (S1-3-33)

Evaluating the need to develop procedures to assess that Outokumpu's own workforce is aware of and trusts structures and processes as way to raise their concerns or needs, and to have them addressed, will also be part of the action plan to develop further the sustainability due diligence process in 2025 and onwards. (S1-3-34)

Actions and resources

Actions on material impacts on own workforce

Key actions

The work with Outokumpu's own workforce focuses on the following topics: work on safety, health and well-being, learning and development, and diversity, equity and inclusion. Key actions include the actions taken in 2024 as well as other ongoing and future actions.

Safety

Outokumpu takes proactive actions regarding its safety management system, including hazard recognition, safety behavior observations and preventive safety actions, to flag potential risks and unsafe acts and behaviors before they lead to an accident. Outokumpu also continuously trains its employees to behave safely, for example through customized trainings.

In 2024, Outokumpu continued to test state-of-the-art technology for safety and utilized AI-driven robots in Finland to automate some parts of the safety inspection work and reduce the exposure of employees to hazardous areas. The work on utilizing AI will continue in 2025.

Health and well-being

During 2024, Outokumpu worked on enhancing its strategy regarding mental health. An expected outcome by prioritizing the well-being of its employees, is that Outokumpu gains a competitive advantage by creating a more resilient, healthier, and more productive workforce. The work will continue in 2025. Outokumpu encourages its employees to take care of their physical health by offering various exercise benefits and discounts to sports and well-being services, and health support programs on-site.

Learning and development

During the reporting year, the focus was on leaders as leadership forms the firm foundation for a high-performing organization. Firstly, 360° assessments for Outokumpu leaders were started during 2024, to support their self-awareness and development. Secondly, emphasis was also put on leadership pipeline training for all leaders to develop their leadership skills. During 2024, 3,400 hours of leadership training was delivered across the company. In addition, HR-facilitated “Team Excellence” training was offered for leaders and their teams who want to learn to function as a cohesive unit. During 2024, 52 Team Excellence sessions were delivered. The work on leader training and capacity building continues in 2025.

Outokumpu supports professional development and growth by building capabilities across the company, which is expected to meet the business needs and requirements for the future. A total of 70,913 training hours were delivered during 2024, across all of Outokumpu's locations. The average employee spent 8.1 hours in training during the year. The top learning categories involving the majority of Outokumpu's employees included safety, compliance, leadership, and inclusion. The work is ongoing.

Diversity, equity and inclusion

Outokumpu continuously promotes diversity and equity by standardized recruitment and promotion practices to mitigate potential biases. To strengthen an inclusive working culture, Outokumpu created a team dialogue training, which was launched in 2023 and rolled out to all employees in local operations also in 2024. By the end of the year, 86% of all blue collar employees had gone through the team dialogue training – which was delivered as a discussion based game in small groups, all facilitated by their manager and/or HR. In 2024, pay transparency was improved for all employees by sharing access on their job grade and comparative ratio. The comparative ratio shows where an employee's salary stands in comparison to the pay scale for the position and location. Increasing transparency supports the pay equity agenda. In early 2024, Outokumpu received the Fair Pay Workplace certification, which is maintained through regular monitoring and action plan follow up with an external partner. With these key actions, Outokumpu expects to avoid the potential negative impacts of operating in a traditionally male dominated industry, mitigate the related risks, and promote the positive impact and seize the opportunities linked to providing a diverse, fair and inclusive environment to its own workforce. (S1-MDR-A-68-(a))

Scope

Safety

Safety actions take place globally throughout Outokumpu, with extra emphasize in production sites and service centers. They include both employees and non-employees in the workforce.

Health and well-being, learning and development, diversity, equity and inclusion

While the actions described above take place throughout Outokumpu, some of them are targeted at a specific part of the workforce, such as leaders when it comes to leadership training or operators and technicians when it comes to team dialogue training. They normally do not include non-employees in the workforce. (S1-MDR-A-68-(b))

Time horizon

Safety

The actions are part of a comprehensive safety management system which is not limited in time but is operated on a continuous basis and enhanced year after year.

Health and well-being. learning and development, diversity, equity and inclusion

The actions are part of a comprehensive human resources management framework which is not limited in time but is operated on a continuous basis and enhanced year after year. (S1-MDR-A-68-(c))

Prior progress

Safety

From 2022 to 2023, the total recordable incident frequency rate (TRIFR) fell by 17%. This was achieved with strong safety management, strengthened safety culture, and the usage of state-of-the art technology such as robots, among other things.

Health and well-being. learning and development, diversity, equity and inclusion

In 2023, Outokumpu's engagement index was 77, being +3 points against the external benchmark provided by the survey provider. Over 300 leaders participated in Outokumpu's leadership programs. The number of diverse leaders increased by 57, against a target of +40. A 60% agreement score was reached in all areas of inclusion. In adjusted terms, women earned EUR 0.986 for every EUR 1 earned by men. (S1-MDR-A-68-(e))

Preventing, mitigating or remediating material negative impacts

Outokumpu is taking action to prevent negative outcomes related to the safety hazards its workforce is exposed to. During 2024, the company for example analyzed every incident's root cause and when relevant, shared the results group-wide to ensure that preventive actions across the company were taken. Analysis was also done at group level and embedded in the company's annual planning, for example, regarding hand safety. Already before 2024, it was ensured that all sites have first aiders in place and the company has escalated routines to ensure that employees and contractors have the chance to get to hospital by ambulance as quickly as possible in the case of a safety hazard. These preventative actions will continue to be taken in 2025 and onwards. In 2025, the company is also planning to focus on learning from near-misses. (S1-4-38-(a))

In 2024, there were 181 work related incidents reported leading to injuries. Out of the 181 incidents, there were 31 recordables reported including the classification as fatality, lost time injury, restricted work injury or medical treated injury. In each case, Outokumpu has supported with the provision of a remedy in the form of first aid, medical treatment, rehabilitation and time off work. (S1-4-38-(b), S1-MDR-A-68-(d))

Outokumpu makes thousands of safety behavior observations (SBOs) each year, carefully reports all hazards, and thoroughly investigates every safety incident. These observations, reports and investigations inform action-taking, from very local and specific levels (for example, changing one specific procedure on one production line) to group level (for example, theme discussions and communication campaigns on a specific type of hazard). (S1-4-39)

In 2024, Outokumpu has not taken any measure to mitigate impacts on workers that arise from the transition to a greener economy, since the impact from this transition is positive for Outokumpu's workforce. The company continuously trains and develops its workforce on green technologies when moving forward in its climate strategy. (S1-4-AR-43)

Delivering positive impacts

Outokumpu is taking action to deliver positive impacts to its workforce in terms of health and well-being, learning and development, and diversity, equity and inclusion, as described above in the paragraph on key actions. (S1-4-38-(c))

Tracking actions' effectiveness

The effectiveness of actions and initiatives is continuously tracked and assessed through a variety of metrics, such as people pulse surveys and health and safety records. Outokumpu also holds regular review meetings and solicits feedback from its workforce, including discussions with workers' representatives, to ensure that its actions are yielding the desired outcomes.

A good example of this tracking is the feedback Outokumpu receives from its employees through regular people pulse surveys. The surveys are conducted with an external partner, Viva Glint, to ensure confidentiality. In 2024, the Outokumpu engagement index remained at an excellent level compared to the external benchmarks being at 76 on a scale of 1–100. The response rates are at a good level and provide us with representative and reliable results. The engagement index consists of two questions that are the main drivers for engagement: "How happy are you at Outokumpu?" and "Would you recommend Outokumpu as a great place to work?".

In 2024, people pulses have included topics such as safety behavior, mental health, rewards, fair and respectful treatment, career and development opportunities, empowerment, and manager satisfaction. After each pulse survey is completed all managers are responsible for making the results transparent to their employees and implementing appropriate improvement initiatives.

More information is available in the Metrics and targets section below in this chapter. (S1-4-38-(d))

Actions related to risks and opportunities

Actions to mitigate material risks related to own workforce are the same as the actions aiming at preventing, mitigating or remediating material negative impacts, as described earlier in this section. (S1-4-40-(a))

Actions to pursue material opportunities related to own workforce are the same as the actions aiming at delivering positive impacts, as described earlier in this section. (S1-4-40-(b))

Avoiding negative impacts

Outokumpu ensures through its policies and targets that the company's own practices do not cause or contribute to material negative impacts on its own workforce.

To begin with, Outokumpu has a safety-first approach to all its activities. The company believes that strong safety performance correlates with improved quality and operational efficiency. Good health and well-being of the personnel are essential values on their own. In addition, a healthy and thriving team of professionals is an asset to the company's success, and all employees should return home healthy, safe and sound every day. Outokumpu strives consciously toward a company culture where all decisions and activities result from the following safety principles:

- Safety before volume: safety takes priority over all other activities, including production.
- Safety starts with me: everyone is responsible for their own safety and for caring for the safety of their colleagues.
- No shortcuts: procedures are followed and risks evaluated before acting.
- No repeats: all incidents are investigated and actions taken to prevent re-occurrence, anywhere. (S1-4-41)

In addition, Outokumpu's commitment to data security is guided by the company's security policy and information and cyber security principles based on industry-accepted standards and frameworks. To protect the data on its own workforce, Outokumpu requires suppliers to align with the company's data protection guidelines. This includes mandatory GDPR training for their staff, secure data handling practices, robust backup and recovery procedures, and encryption to protect data at rest and in transit. Suppliers must also implement strict access controls, secure their networks with measures such as firewalls and intrusion prevention systems, and have incident response plans to manage security breaches effectively. These requirements ensure Outokumpu's data on its own workforce is handled and stored in a secure manner. (S1-4-41)

Resource allocation to manage material impacts

Outokumpu allocates significant resources, both financial and non-financial, to managing material impacts on its workforce. Financial resources include investments in safety equipment, health and safety initiatives, and training programs, as well as the technology and people to manage these. Non-financial resources include for example allocating time and expertise for developing policies and processes, employee engagement and leadership development. (S1-4-43, S1-MDR-A-69-(a))

In 2024, about 100 experts worked in health and safety teams, and over 130 in HR. There were also more than 20 people working on compliance, internal audit, and employee representation activities. Additionally, Outokumpu invested EUR 14 million related to health and safety OPEX and CAPEX projects. Besides project related investments, Outokumpu also spent EUR 0.5 million in licenses for learning and development tools supporting both health and safety as well as diversity, equity and inclusion. (S1-MDR-A-69-(b))

Outokumpu regularly reviews its resource allocation and adjusts it when needed to meet business needs and the expectations of its own workforce, so that the company is effectively managing its material impacts at all times. In 2025, the financial resources allocated to managing material impacts related to the company's own workforce is expected to remain at a similar level as in 2024. (S1-MDR-A-69-(c))

Metrics and targets

Targets related to own workforce

Outokumpu uses outcome-oriented targets in two focus areas to drive and measure progress in addressing material impacts, risks and opportunities related to its own workforce: safety as well as diversity, equity and inclusion (DEI). Each individual target described below serves multiple purposes related to the workforce: reducing negative impacts (S1-5-44-(a)), advancing positive impacts (S1-5-44-(b)) and managing material risks and opportunities (S1-5-44-(c)).

Relationship with policy objectives

Safety

The ultimate goal for Outokumpu is to have zero accidents, with an underlying management philosophy to continuously improve our safety practices. To strive towards that, Outokumpu sets total recordable incident frequency rate (TRIFR) targets yearly.

Diversity, equity and inclusion
In 2022, Outokumpu's Board of Directors defined a set of diversity, equity and inclusion targets for 2025. These targets support the implementation of the company's Sustainability Policy, Code of Conduct, Human Rights Policy, and Recruitment Policy when it comes to building a work environment where everyone, regardless of their particularities and differences, is treated fairly and has the opportunity to contribute and to develop. (S1-MDR-T-80-(a))

Measurable target

Safety
In 2024, the target was to keep a world-class TRIFR level of 1.6, while evening out the solid performance throughout its operations. This target is included for 10% weight in the short-term incentive plan applicable to the management, including the CEO.

Diversity, equity and inclusion
Diversity targets are to increase diversity in leadership by adding 100 diverse leaders compared to the baseline of July 2022 and to ensure that all international management teams include a minimum of 30% of diverse leaders, by the end of 2025.

For equity, the target was to obtain external certification on compensation fairness, and for inclusion, to reach a 60% agreement score in the people pulse survey, on all questions related to inclusion and across all diverse employee groups. (S1-MDR-T-80-(b))

Scope

Safety
While this target is set at a group level, it is turned into to site level targets, which are included in local incentive plans.

Diversity, equity and inclusion
These targets are defined at group level. (S1-MDR-T-80-(c))

Baseline year

Safety
Outokumpu aims to be the industry leader in safety, with a vision of zero accidents. Since 2016, it has reduced the total recordable incident frequency rates (TRIFR) in relation to one million working hours, meaning work-related incidents, by 83%, from 8.7 to 1.5 in 2024.

Diversity, equity and inclusion
In diversity targets, the baseline for adding 100 diverse leaders is July 2022. In the target of a minimum of 30% diverse leaders in the international management teams, there is no baseline set.

In equity, the target to reach equal pay was set in 2022, and in inclusion the target is to maintain the baseline set by the diversity, equity and inclusion survey conducted in 2022. (S1-MDR-T-80-(d))

Milestones

Safety
These targets are set yearly, but closely followed on a monthly basis.

Diversity, equity and inclusion
For the target of adding 100 diverse leaders by 2025, interim targets are defined for the end of each calendar year and included in the short-term incentive plan applicable to the management for 10% weight. Other target levels are intended to be maintained each year. (S1-MDR-T-80-(e))

Methodologies and assumptions

Safety
To define appropriate target levels, the health and safety department analyzes the trends in safety data across sites in the light of industry benchmarks, and it makes a proposal to the management. At group and business area levels, the targets are approved by the Board of Directors.

Diversity, equity and inclusion
At Outokumpu, a diverse leader is defined as a manager, meaning an employee with a minimum of one direct report, who is female and/or belongs to an ethnic minority and/or whose nationality differs from their working country. (S1-MDR-T-80-(f))

Process for target setting

Safety
Outokumpu's employees are involved in this target setting process via the voice of their health and safety representatives as well as their workers' representatives.

Diversity, equity and inclusion
While employee representatives were not directly involved in setting these targets, the perspectives of employees obtained in the diversity, equity and inclusion survey conducted in 2022 was a key input. (S1-MDR-T-80-(h), S1-5-47-(a))

Changes in metrics and targets

In 2024, there was no change in the target principle, metrics and underlying methodology that would impact comparability. (S1-MDR-T-80-(i))

Performance against disclosed target

Safety

In 2024, Outokumpu achieved a TRIFR of 1.5. Performance has confirmed the record low level from previous year, positioning Outokumpu as a leader in the industry sector.

Diversity, equity and inclusion

By the end of 2024, altogether 55 diverse leaders had been added to the group and 10 management teams out of 12 included 30% or more diverse leaders. The Fair Pay workplace certification was achieved in March 2024, and Outokumpu started to publicly disclose both its unadjusted pay gap and adjusted pay gap. At the end of 2024, women in Outokumpu earned EUR 0.996 for every EUR 1 earned by men (a gap of 0.4%), up from EUR 0.986 in 2023. These numbers consider the compensation from similar job positions, qualifications, and experience. Without taking these explanatory factors into account, women earned EUR 1.09 for EUR 1 earned by men on average. This reflects the structural differences in gender by type of job: men dominate the workforce at the mills while the proportion of women is higher in office jobs.

In the company-wide People Pulses 2024, an agreement score of 78 was reached on all eight (8) questions related to inclusion. The agreement score increased +1 since the previous year. The most significant increases were experiences in manager-related questions, such as how the manager cares about the team members as persons and values their perspectives. This is reflected in the question “I feel like I belong in our team”, where the agreement score increased +2 since the previous pulse, reaching a result of 82 which is 3 points higher than the average of all companies surveyed using the tool Viva Glint. (S1-MDR-T-80-(j))

Process for tracking performance

Safety

A dashboard and a presentation with more underlying data are made available to all employees on the intranet, and the CEO hosts a monthly call to review the situation and learn from incidents that may have happened. The progress is also closely followed and discussed with all employees at site level.

Diversity, equity and inclusion

To track performance against the DEI targets and identify improvement opportunities, Outokumpu has several tools and practices. Diversity in leadership is monitored via a dashboard in PowerBI, which is updated quarterly and discussed in management team meetings. Pay equity is regularly checked by HR thanks to Syndio, a specialized pay equity platform, and remediation is proposed when necessary as part of the annual salary review process. Inclusion is followed up through regular pulse surveys in Viva Glint, and discussed along with possible actions to take at team, department and company levels. All these systems operate under strict permission authorization and governance, to ensure data reliability and protection. (S1-5-47-(b))

Process for identifying improvements

Safety

Every incident or near-miss is analyzed and every hazard is reported. Outokumpu has two safety reporting systems in place, MIA in Europe and Intellex in USA. These systems use workflows to generate actions to mitigate the reported items. More complex cases are analyzed using root cause analysis methods and mitigation actions are also tracked in the reporting system. Learning points and further actions are regularly discussed with employee representatives, for example in the Group Working Committee.

Diversity, equity and inclusion

Overall progress against the targets, learning points and further action points are regularly discussed with employee representatives, for example in the Group Working Committee. (S1-5-47-(c))

Employee characteristics

Employee headcount

As of December 31, 2024, the company had 8,736 employees. The four biggest countries represent 81% of the entire Outokumpu Group. At year-end 2024, those four countries with the most employees were, in descending order, Finland, Germany, Sweden and the US.

The tables below present the breakdown of all of Outokumpu’s employees by gender, region and type of employment contract.

Employee headcount by gender

Gender	Number of employees (headcount)
Female	1,648
Male	7,088
Other	0
Not reported	0
Total employees	8,736

Employee headcount in countries with at least 50 employees, representing more than 10% of the total headcount

Country	Number of employees (headcount)
Finland	2,589
Sweden	1,566
Germany	1,926
USA	978

(S1-6-50-(a))

Employees by contract type, broken down by gender (headcount)

2024

FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Number of employees (headcount)				
1,648	7,088			8,736
Number of permanent employees (headcount)				
1,526	6,801			8,327
Number of temporary employees (headcount)				
122	287			409
Number of non-guaranteed hours employees (headcount)				
Number of full-time employees (headcount)				
1,534	6,137			7,671
Number of part-time employees (headcount)				
114	951			1,065

*Gender as specified by the employees themselves. (S1-6-50-(b))

Employees by contract type, broken down by region (headcount)

2024

Europe	America	Asia	Australia	Africa	Total
Number of employees (headcount)					
6,899	1,786	45	3	3	8,736
Number of permanent employees (headcount)					
6,509	1,769	43	3	3	8,327
Number of temporary employees (headcount)					
390	17	2			409
Number of non-guaranteed hours employees (headcount)					
Number of full-time employees (headcount)					
5,835	1,785	45	3	3	7,671
Number of part-time employees (headcount)					
1,064	1				1,065

(S1-6-52)

The information on gender is based on self-reporting. The current split in gender is between male and female, where the female rate is 19%. During the last three years, there has been a 3% increase in the female-to-male ratio.

Outokumpu has 1,065 part-time employees and 7,671 full-time employees, bringing the share of part-time employees to 12.2%. A key explanation is the collectively reduced working time in operations areas in Germany from contractually 35 hours per week to 33 hours per week, due to difficult market conditions.

Outokumpu had 8,327 permanent employees and 409 temporary employees, 95.3% and 4.7%, respectively. Temporary workers enable the company to react to volatile market conditions. They are also a valuable talent pool from which to hire full-time employees when needed. (S1-6-50-(e))

In 2024, a total of 537 employees left Outokumpu, which is a turnover rate of 6.4% based on 8,327 permanent employees. (S1-6-50-(c))

Outokumpu's total headcount can be found in the Group key figures in the Financial Statements. (S1-6-50-(f))

Outokumpu also follows upon its workforce via other metrics, such as absences and sickness rates. (S1-6-MDR-M-75)

Methodologies and assumptions

The headcount figures are taken from Outokumpu's global personnel information system. All relevant information is stored for each person, and this can be reported in different ways, for instance by full-time equivalent, employee group, employment status, absence status, all organizational department levels, legal entity, location, and cost center, to name just a few.

Outokumpu distinguishes between headcount and full-time equivalent with the following definitions:

- Headcount is the number of individuals employed by the company. Every such individual, even working part-time, counts as 1.
- A full-time equivalent (FTE) is a unit of measurement used to calculate the number of full-time hours worked by all employees in a business. If your business considers 40 hours to be a full-time work week, then an employee working 40 hours per week would have an FTE of 1.0. In contrast, a part-time employee working only 20 hours per week would have an FTE of 0.5, which shows that their hours worked are equivalent to half of a full-time employee. Additionally, FTE will be 0 for employees who are on sick leave or parental leave for more than six months or who are on a notice period without a requirement to work. (S1-6-50-(d), S1-6-MDR-M-77-(a))

In this report, Outokumpu reports its employees by headcount and as of December 31, 2024. (S1-6-50-(d)-(i), S1-6-50-(d)-(ii))

The key figures related to own workforce are not validated by any external body other than the assurance provider. (S1-6-MDR-M-77-(b))

Collective bargaining coverage and social dialogue

Outokumpu maintains a consistent policy of freedom of association. All Outokumpu's employees are free to join trade unions according to the local rules and regulations. In 2024, 78.8% of the Group's employees were covered by collective agreements (2023: 78.5%). (S1-8-60-(a))

Collective bargaining and social dialogue coverage

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with >50 empl. representing >10% total employees)	Employees – non-EEA (estimate for regions with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0–19%		USA	
20–39%			
40–59%			
60–79%			
80–100%	Finland, Sweden, Germany		Finland, Sweden, Germany

(S1-8-60-(b-c), S1-8-63-(a), S1-8-AR 70)

The Outokumpu Personnel Forum is an important information channel between its personnel and management in the company's European operations. The forum is based on the European Works Council Directive. The Personnel Forum appoints the Group Working Committee, which is responsible for the operative cooperation between the management and employees. During the year, the committee convened five times. (S1-8-63-(b))

Outokumpu does not use metrics other than those stated above, to evaluate performance and effectiveness in relation to collective bargaining coverage. (S1-8-MDR-M-75)

Similar to all headcount figures, data from employees who are covered by collective agreement or individual contract are taken from Outokumpu's global personnel information system. The numbers concerning social dialogue are nearly the same. When there are differences, data is collected individually from the countries concerned. (S1-8-MDR-M-77-(a))

The key figures related to own workforce are not validated by any external body other than the assurance provider. (S1-8-MDR-M-77-(b))

Diversity metrics

Outokumpu has established targets and a comprehensive roadmap to strengthen diversity, equity, and inclusion (DEI) throughout the company.

Gender diversity at top management level

2024

Gender	Male	Female	Other	Not disclosed	Total
Number of top management employees	54	33	0	0	87
Percentage of top management employees	62.1%	37.9%	—%	—%	100.0%

(S1-9-66-(a))

Outokumpu defines top management in its diversity target as all leaders belonging to a key management team, at business area, business line or group function level. Besides the Outokumpu Leadership Team including the CEO, the leadership teams from the Americas and Ferrochrome business areas, the Stainless Europe and Advanced Materials business lines, as well as from the Group functions Finance, HR, Procurement, Legal, Technology and IT are part of Outokumpu's top management. The majority of the leaders of these leadership teams report to the CEO. (S1-9-66-(a), S1-9-MDR-M-77-(a), S1-9-AR-71)

Outokumpu also follows the development of diversity in leadership on a quarterly basis through two other metrics: the share of diversity in each key management team (related to its 30% target) and the number of diverse leaders added to the organization overall (related to its +100 target). More information is available in the Targets related to own workforce section (S1-5) below in this chapter. (S1-9-MDR-M-75)

Age distribution across own workforce

Age groups	Under 30 years	30-50 years	Over 50 years	Total
Number of employees	1,310	4,400	3,026	8,736
Percentage of employees	15.0%	50.4%	34.6%	100.0%

(S1-9-66-(b))

The key figures related to own workforce are not validated by any other external body than the assurance provider. (S1-9-MDR-M-77-(b))

Adequate wages

Outokumpu is committed to providing its team members with a comprehensive total rewards package, encompassing base salary, short-term incentives and benefits aligned with market practices and local pay structures, and equity-based long-term incentives for eligible individuals.

According to its thorough analysis, all employees at Outokumpu are paid wages that meet or exceed the established adequacy benchmarks within their respective countries. (S1-10-69, S1-10-70)

To check whether all its employees are paid adequate wages, Outokumpu compared the lowest salary paid in 2024 in each country with the minimum wage standards in the respective country. For countries where minimum wage information is not available, data on adequate wages is obtained by researching sector-specific wage agreements and/or collective agreements. (S1-10-MDR-M-77-(a))

The key figures related to adequate wages are not validated by any external body other than the assurance provider. (S1-10-MDR-M-77-(b))

Outokumpu does not use metrics other than those stated above to evaluate performance and effectiveness in relation to adequate wages. (S1-10-MDR-M-75)

Social protection

All Outokumpu employees are covered by social protection against loss of income due to major life events. In many of Outokumpu's operating countries, this coverage is mandated by law or collective agreements. In some cases, Outokumpu provides benefits beyond what public and collective programs mandate. These additional benefits are highlighted in the table.

Social protection by country

Country	Sickness	Unemployment	Injury & disability	Parental leave	Retirement
Finland	X	X	X	X	X
Sweden	X Outokumpu	X Outokumpu	X	X Outokumpu	X
Germany	X	X	X Outokumpu	X	X
UK	X Outokumpu	X	X	X Outokumpu	X Outokumpu
Netherlands	X Outokumpu	X	X Outokumpu	X	X Outokumpu
Lithuania	X	X	X	X	X
Italy	X	X	X	X	X
Poland	X	X	X	X	X
USA	X Outokumpu	X	X Outokumpu	X Outokumpu	X Outokumpu
Mexico	X	X	X	X	X Outokumpu

X = covered by public program or collective agreement.

X Outokumpu = Outokumpu-specific coverage instead or on top of public program.

Only countries where Outokumpu has at least 50 employees are listed in the table.

In countries where Outokumpu has fewer than 50 employees, all employees are also covered by social protection against loss of income due to sickness, unemployment, occupational injury or disability, parental leave and retirement. (S1-11-74-(a-e), S1-11-75)

Persons with disabilities

In most of Outokumpu's main countries of operation, data collection regarding disabilities is legally restricted. Asking employees for this type of personal information is usually considered an unlawful invasion of privacy.

The only notable exception is Germany, where according to the German Social Code, Outokumpu reports on the number of positions filled by individuals with severe disabilities.

In 2024, altogether 9.6% of Outokumpu's workforce in Germany were people with disabilities. (S1-12-79)

The data about people with disabilities in Germany is gathered in and reported from the German payroll system. (S1-12-MDR-M-77-(a))

The percentage of people with disabilities in Outokumpu Germany is reviewed both by the assurance provider and by the German authorities. (S1-12-MDR-M-77-(b))

Outokumpu does not use metrics other than those stated above to evaluate performance and effectiveness in relation to people with disabilities. (S1-10-MDR-M-75)

Training and skills development metrics

Outokumpu invests in the growth and advancement of its workforce. To support the employees' professional development, leadership skills, and succession planning, Outokumpu implements various employee programs.

Overall, the number of training courses increased again in 2024. The focus remained on management development, with its Leadership Pipeline training program, and its License to Lead training especially designed for shift supervisors. In operations, safety was as usual a key training topic and "Team Dialogue" trainings were rolled out to increase awareness on diversity, equity and inclusion through discussion. Function-specific qualifications were also in focus, with programs such as Sales Academy and Finance Academy.

The majority of the training is organized in e-learning courses, although the number of face-to-face events has increased significantly since the Covid years. The e-learning courses focused on training in the areas of security, ethics and compliance and cyber and data security, while leadership topics were mainly covered in face-to-face events.

Employees are encouraged and supported to set and achieve goals, ensuring they get personal and professional benefits from the company's development opportunities.

Training hours by gender

2024

Gender	Male	Female	Other	Not Disclosed	Total
Training hours	55,479	15,434	0	0	70,913
Average training hours per employee	7.8	9.4	0	0	8.1

(S1-13-83-(b))

Performance discussions by gender

2024

Gender	Male	Female	Other	Not Disclosed	Total
Percentage of agreed performance discussions	92.0%	88.8%	— %	—%	91.4%

(S1-13-83-(a))

Outokumpu's performance management happens in an annual and continuous process, which ensures that managers and employees understand their main tasks, as well as how they contribute to Outokumpu's strategy implementation and business targets. Managers need to follow up and support their direct reports in achieving their targets, which is seen as an excellent opportunity to give regular feedback and leverage high performance. All employees in Outokumpu are included in the performance management process.

Outokumpu also uses other metrics to evaluate performance and effectiveness in relation to learning and development, such as training feedback scores, or average performance rating in different areas. (S1-13-MDR-M-75)

Learning information such as training hours as well as performance management-related data is available in Outokumpu's global personnel information system. Information from external trainings is also maintained in the system. (S1-13-MDR-M-77-(a))

The key figures related to own workforce are not validated by any external body other than the assurance provider. (S1-13-MDR-M-77-(b))

Health and safety metrics

Outokumpu monitors, measures, analyzes and evaluates health and safety performance regularly. The company uses both leading, or preventive, and lagging, or reactive, indicators for health and safety. The company has in place a yearly development plan for health and safety, and internal audits and regular reviews are made with the long-term objectives and vision in the background. (S1-14-MDR-M-75)

Outokumpu has in place a corporate instruction that describes and defines every indicator alongside the method for calculating incident frequencies for those indicators. (S1-14-MDR-M-77-(a))

Outokumpu regularly audits the following sites for its stainless steel operations: sites in Tornio, Finland; Dahlerbrück, Dillenburg and Krefeld, Germany, as well as Avesta, Degerfors and Nyby in Sweden are certified according to the ResponsibleSteel certification. In addition, its operations in Avesta and Nyby in Sweden, Calvert in Alabama, the US, and Castelleone in Italy are certified according to ISO 45001. The desired certification and verifier depend on the country in which site is operating. (S1-14-MDR-M-77-(b))

Work-related injuries

2024	Own Workforce	Employees	Non-employees	Value chain workers on employer's sites
% of workforce covered under health & safety management system	100 %	100 %	100 %	N/A
Number of fatalities as a result of work-related injuries & ill health	1	—	1	—
Rate of recordable work-related accidents in own workforce (TRIFR), %	1.5	1.4	2.0	N/A
Number of recordable work-related accidents	31	21	10	N/A
Number of cases of recordable work related ill health	N/A	3	N/A	N/A
Number of days lost to work-related injuries and fatalities	636	598	38	N/A

(ESRS S1-14-88-(a-e))

Work-life balance metrics

Outokumpu is committed to promoting the work–life balance of its team members. The company offers various benefits such as paid leaves, occupational health care and support programs, depending on the location. The company tries for and accommodates flexible arrangements wherever the nature of work allows. It also supports part-time work and encourages all of its employees to take the family-related leaves to which they are entitled to.

100% of 8,736 employees are entitled to take family-related leave. (S1-15-93-(a), S1-15-94) 38 (2.3%) of 1,648 women and 91 (1.3%) of 7,088 men have taken family-related leave during the year.

Work–life balance – family-related leave by gender

	Male	Female	Other	Not disclosed	Total
Personnel utilized family-related leave by gender	1.3 %	2.3 %	— %	— %	1.5 %

(S1-15-93-(b))

Outokumpu does not use metrics other than those stated above to evaluate performance and effectiveness in relation to work–life balance, although employees' insights on that topic are regularly checked in people pulse surveys. (S1-15-MDR-M-75)

Absence information from employees, such as maternity and paternity leave, are taken from the global personnel information system. Both short-term and long-term absences (6 months or more) are tracked in the system. (S1-15-MDR-M-77-(a))

The key figures related to own workforce are not validated by any external body other than the assurance provider. (S1-15-MDR-M-77-(b))

Remuneration metrics

To ensure fairness and non-discrimination, Outokumpu runs regular statistical analyses of compensation, considering internal job factors, individual factors, and external market conditions. This enables the company to identify and address any pay discrepancies, which are systematically corrected as part of its annual salary review process. It also works closely with collective bargaining agents and employee representatives to ensure alignment with both ethical and legal standards.

Gender pay gap

The company's unadjusted gender pay gap is currently 8.76%%, meaning female employees earn EUR 4,804 more annually on average than male employees. This unadjusted gap is largely due to the distribution of roles, with women more represented in senior administrative and executive positions, which offer higher pay, while men are more concentrated in operational roles, which tend to pay less. These structural differences significantly influence the overall pay gap. (S1-16-97-(a))

Remuneration ratio

The remuneration ratio between the highest-paid individual and the median-paid employee is 32.59 to 1, meaning that the highest pay is 32.59 times more than the median. This ratio is largely influenced by the number of operational roles, which typically offer lower pay. Additionally, the company's salaries align with local market practices, with many roles located in regions with high inflation, lower living costs, and fluctuating exchange rates. While these salaries are lower, they remain competitive within their local markets. (S1-16-97-(b))

Methodologies to calculate remuneration metrics

To calculate the gender pay gap, Outokumpu compares the average actual pay of women with that of men, regardless of possible explanatory factors such as job level, qualifications, and experience. Currently only base pay and short-term incentives are included in the calculation, but the company intends to include other compensation elements in the calculation in the future.

To calculate the remuneration ratio, in 2024, Outokumpu considers base salaries and short-term incentives on target level, and compares the remuneration of the highest-paid individual to the median remuneration of all other employees within the organization. As of 2025, the data set will be enhanced to include other compensation elements, such as benefits and long-term incentives. (S1-16-97-(c), S1-16-MDR-M-77-(a))

The remuneration ratio is not validated by any external body other than the assurance provider. The gender pay gap, however, is also validated by Fair Pay Workplace, the independent organization Outokumpu works with to ensure pay equity. (S1-16-MDR-M-77-(b))

To evaluate performance and effectiveness in relation to remuneration, Outokumpu also calculates its adjusted gender pay gap, and in the USA, pay gaps linked to ethnicity. (S1-16-MDR-M-75)

Incidents, complaints and severe human rights impacts

Outokumpu is currently developing a group-wide process to track and report the data required by S1-17 on the number of work-related incidents, complaints and severe human rights impacts within its own workforce, and any related material fines, sanctions or compensation. More information about the processes for remedy at Outokumpu is under Own workforce (S1) chapter in Processes section under “Remedy”. (S1-17-MDR-M-75)

As part of this development work, Outokumpu will also decide on the methodologies and assumptions behind the metrics, (S1-17-MDR-M-77-(a)) as well as estimate if any other external bodies besides the assurance provider are required or included in providing the valuation. (S1-17-MDR-M-77-(b))

Incidents and complaints of discrimination and harassment

Outokumpu is developing further its approach to systematic identification and reporting of incidents and complaints of discrimination or harassment, covering both local operations and group functions. The process will be finalized in 2025 as part of the sustainability due diligence development. (S1-17-103-(c))

The process development is coordinated by Group Sustainability together with key internal stakeholders. These include, among others, Human Resources and Occupational Health and Safety teams at manufacturing sites, which work with alleged local cases at operations as well as group functions such as Legal, Ethics & Compliance and Internal Audit, which maintain Outokumpu’s group-wide whistleblowing channel SpeakUp. This is a global form of grievance mechanisms at Outokumpu and includes also reported cases related to social sustainability and human rights matters. (S1-17-103-(d))

Currently, work-related incidents and complaints of discrimination are investigated case-by-case at local operations or centrally by Internal Audit. Outokumpu will continue developing data gathering process on these cases to ensure reliable and consistent information from local operations and group functions. Consequently, Outokumpu will disclose the more detailed data for work-related incidents and complaints for 2025. (S1-17-103-(a)), (S1-17-103-(b)).

Severe human rights incidents

Outokumpu is also developing a general group-level approach to systematic identification of severe human rights issues and incidents concerning its own workforce, value chain workers and affected communities. The process for gathering this data is under development and will be ready during 2025 as part of the sustainability due diligence development. If such cases have emerged, they have been assessed case by case. (S1-17-104-(a))

In 2024, there was one reported case of severe human rights issues or incidents connected to Outokumpu’s own operations. A contractor fatality took place at Outokumpu’s manufacturing site in San Luis Potosí, Mexico, while a contractor was working at height. Full measures were taken to investigate the incident jointly with the authorities and improvements were taken across sites. Outokumpu had not reported any fatalities since May 2017. (S1-17-104-(a))

In 2024, no paid fines, penalties or compensation (EUR 0) for damages as a result of the work-related incidents, complaints or severe human rights incidents were reported. As yet, there is no structured group-wide process to track the amount of material fines, penalties, and compensation for damages as a result of the incidents, complaints and reconciliation of such monetary amounts. This process, covering both local operations and group functions, will be finalized during 2025. (S1-17-103-(c)), (S1-17-104-(b))

Outokumpu is part of the global value chain by producing stainless steel. From production and delivery of raw materials to services supporting its operations, the company recognizes the importance of the workers in the value chain, and it is committed to respecting their human rights.

KEY ACTIONS in 2024

Supplier Code of Conduct renewed and introduced to additional upstream value chain categories.

Upstream value chain mapping completed to identify high risk value chains.

Criteria for human rights and environmental impact assessment refined.

PLAN 2025

Analyze the upstream value chain beyond direct suppliers in selected additional categories, to increase knowledge about impacts in these value chains.

Heightened focus on addressing identified impacts and development of grievance mechanisms and remedy process.

S2 – Workers in the value chain

Workers in the value chain, their working conditions and other work-related rights were identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

S 2.1 Working conditions

Impacts	**Positive** Outokumpu strives to use its influence effectively, both alone and in collaboration with others, to improve the working conditions in the upstream value chain and to have an actual positive impact. Outokumpu has a potential positive impact on the upstream value chain workers by actively strengthening human rights in the supply chain. The social audits and human rights assessments identify shortcomings and drive supplier improvements.
	Negative Poor working conditions in the form of inadequate wage, excessive overtime, health and safety issues and restricted freedom of association have an actual negative impact on workers in the upstream value chain, especially in high risk countries, where labor regulations are inadequate or poorly enforced. Poor access to whistleblower channels may prevent reporting of violations, which has an actual negative impact, too.
Risks and opportunities	**Risk** Human rights violations against upstream value chain workers and a lack of transparency regarding human rights issues can harm Outokumpu's reputation, leading to decreased sales and public scrutiny. Legal proceedings against the company or its partners could result in fines, penalties, and loss of business licenses, negatively impacting financial performance. Additionally, social unrest from labor issues can disrupt supply chains and increase operational costs, which can negatively impact the financial performance.

S 2.3 Other work-related rights (value chain)

Impacts	**Positive** Outokumpu has a potential positive impact on the upstream value chain workers by actively strengthening human rights in the supply chain. The social audits and human rights assessments identify shortcomings and drive supplier improvements. By providing training and support on human rights to its suppliers Outokumpu can enhance positive impacts on the human rights and sustainability practices across its value chain.
	Negative Without regular reviews of labor conditions, severe human rights issues such as modern slavery and forced labor can arise in Outokumpu's upstream value chain. Poor housing, limited water access, and sanitation issues among value chain workers can lead to health and safety violations. In the mining industry, child labor may occur, particularly in less developed countries, leading to significant harm to children's rights and well-being. These are potential negative impacts on the upstream value chain workers.
Risks and opportunities	**Opportunity** A resilient supply chain, supported by human rights-focused guidelines, can prevent disruptions, reduce operational costs, and create new revenue opportunities. Effective due diligence and strategic upstream value chain management can further reduce costs and differentiate Outokumpu from competitors, enhancing market access. Strong ESG performance may also boost access to capital and attract investors, resulting in favorable financing conditions and improved business opportunities. Risks related to value chain workers remained below the reporting threshold.

(ESRS 2-SMB 3-48-(a))

Strategy

Material value chain workers-related impacts, risks and opportunities and their interaction with strategy and business model

Interaction with the strategy and business model

Actual and potential impacts on value chain workers, as identified in ESRS 2 IRO-1 are connected to the Outokumpu's strategy and business models as raw materials availability is tied to geographical occurrence and sourcing has to be done also from countries with identified human rights risks. To decrease the negative impacts, Outokumpu has been adapting it's strategy and business model e.g. through building partnerships with suppliers showing commitment in sustainability and human rights and putting strong focus on supplier due diligence process to identify, prevent and mitigate any negative impacts. (ESRS 2-S2-SBM-3-10-(a)-(i) (ESRS 2-S2-SBM-3-10-(a)-(ii), (ESRS 2-S2-SBM-3-10-(b)

Types of value chain workers

According to Outokumpu's double materiality assessment, value chain workers subjected to material impacts include: (S2-ESRS 2 SBM-3-11-(a), S2-ESRS 2 SBM-3-11)

- workers working for entities in Outokumpu's upstream value chain involved in the extraction of metals or minerals, in refining and processing of metals and minerals, and in the activities of logistics, and
- workers within the prior categories who are particularly vulnerable to negative impacts include young workers and migrant workers. (S2-ESRS 2 SBM-3-11-(a-v)

Geographies with risk of child labor or of forced labor

As part of its supply chain due diligence, Outokumpu identifies the risk of human rights violations in the countries from where it might source metals and minerals. Based on the TDi AIRS human rights risk score, sourcing countries with high risk for human rights violations are Zimbabwe, Swaziland, Turkey, Saudi Arabia, Vietnam, China, Gabon and Madagascar. In Brazil, Colombia, Mexico, India, Indonesia, Peru, United Arab Emirates, South Africa and Mongolia the risk for human rights violations is medium.

According to VeriskMaplecroft's Child Labor Index, Zimbabwe, Eswatini, Vietnam, China, Madagascar, Brazil, Colombia, Mexico and India are sourcing countries with an extreme risk of child labor in Outokumpu's supply chain of metals and minerals. Taking into account the global slavery index of WalkFree, Saudi Arabia, Turkey, and the United Arab Emirates are considered to have an extreme risk for forced labor, and India, Colombia, Gabon, Peru, Indonesia, and Mexico are considered to have a high risk of forced labor. (S2-ESRS 2 SBM-3-11-(b))

Material negative impacts

In the metals and mining industry, poor working conditions can have a systemic negative impact on value chain workers in high risk countries. A potential systematic negative impact also lies in child labor and forced labor in metals and minerals mining and processing in the high-risk countries in the upstream value chain. Hazardous substances in scrap have a negative impact in scrap recycling and processing. (S2-ESRS 2 SBM-3-11-(c))

Material positive impacts

Outokumpu is driving a positive impact on value chain workers by supporting human rights initiatives, as well as education of suppliers and enforcing its Supplier Code of Conduct and Raw Materials Supplier Requirements. The aim is to increase the commitment to protect and respect human rights in the upstream value chain, which will potentially improve the working conditions and other work-related rights of value chain workers. (S2-ESRS 2 SBM-3-11-(d))

Risks and opportunities

There are financial risks relating to poor working conditions in the upstream value chain, proceedings against Outokumpu and its partners and third-party intermediaries can lead to fines, penalties and sanctions. In addition, where Outokumpu would have contributed to the negative impacts, the remediation of such impacts can cause financial effects on Outokumpu. Failure in requiring business partners to follow ethical standards leading to human and labor rights breaches can cause reputational damage and thus financial losses to Outokumpu. A lack of transparency regarding human rights issues in the company's value chain can also have a negative impact on brand image and sales figures. In addition, social unrest (e.g., strikes, protests) due to labor or human rights violations could lead to delays or interruptions in the supply chain.

Effective due diligence with Outokumpu's partners and third-party intermediaries can improve supply chain resilience and decrease operational costs. Outokumpu can differentiate itself from competitors and gain access to regulated ethical markets, which can open new revenue streams. (S2-ESRS 2 SBM-3-11-(e))

Understanding potential greater risks

Understanding of how workers with particular characteristics, those working in particular contexts, or those undertaking particular activities may be at greater risk of harm is gained through surveys and risk and impact assessments. These are carried out for specific high-risk countries and specific industry sectors. All data gathered during the supplier due diligence process (onboarding, self-assessments and on-site assessments) is utilized. (S2-ESRS 2 SBM-3-12)

Risks and opportunities related to specific groups

The potential opportunity to strengthen business by committing to high integrity and respecting human rights comes from addressing impacts on value chain workers in the metals and mining industry in high-risk countries. This includes vulnerable groups like young workers at risk of child labor and minorities and immigrant workers vulnerable to forced labor. (S2-ESRS 2 SBM-3-13)

Impact, risk and opportunity management

Policies

Policies related to value chain workers

The key policies related to the value chain workers are Outokumpu's Supplier Code of Conduct and Raw Materials Supplier Requirements. Other supporting policies are the Human Rights Policy, Sustainability Policy and Code of Conduct. These policies relate to all the impacts, risks and opportunities on environmental, social and governance topics with a connection to the upstream value chain workers. (S2-1-16)

Key contents of policies

The Supplier Code of Conduct outlines the standards and expectations Outokumpu sets for its suppliers to ensure ethical, sustainable and responsible practices throughout the value chain. The policy covers safety and healthy workplace, sustainable future, human rights and dignity, and good corporate citizenship, following the four key ethical principles in the Outokumpu Code of Conduct. The policy expects suppliers to:

- take all necessary actions to keep their workforce and surrounding communities safe and healthy,
- reduce negative impacts on the environment, especially on climate and biodiversity, and reduce the use of energy and minimize waste and emission into air, water and soil,
- respect and protect internationally recognized human rights and have a proper grievance and remedy processes, and
- comply with all applicable laws and regulations as well as adhere to similar ethical standards as Outokumpu.

It is stated, that alongside any other actions Outokumpu may take, if a supplier causes or contributes to human rights violations, they are expected to cease those violations immediately, provide remedies to the affected individuals, and implement a corrective action plan.

The Raw Materials Supplier Requirements describe the minimum requirements for suppliers delivering raw materials. Expectations are set on responsible and ethical business practices, human rights, health and safety, environment, quality management, supply and production control, product liability, intellectual property rights, confidentiality and security, corporate governance, financial statement, self-assessments and audits, and business contacts. Outokumpu expects its suppliers to have or work toward systems that follow the UN Guiding Principles on Business and Human Rights. Suppliers are expected to co-operate in a transparent manner with Outokumpu, including granting Outokumpu or a third party authorized by Outokumpu the possibility to conduct audits in their facilities.

Outokumpu monitors its suppliers' compliance with the Supplier Code of Conduct and Raw Materials Supplier Requirements through self-assessments, screenings and audits.

As stated in Outokumpu's Human Rights Policy and Sustainability Policy, Outokumpu expects its employees, business partners and other parties, whose own impacts may be directly linked to our operations, products, or services, to respect and not infringe upon human rights. More information on the Human Rights Policy can be found in the Affected communities (S3) chapter in the Policies section and on the Sustainability Policy in Climate change chapter (E1) in the Policies section under "Policies related to climate change mitigation".

In addition, responsible purchasing and knowing business partners is part of the Outokumpu Code of Conduct. As stated in the Code of Conduct, suppliers are expected to co-operate in a transparent manner with Outokumpu and must also evaluate and monitor their own supply chain. Outokumpu wants to know who its business partners are to ensure Outokumpu is not involved in any unethical, illegal or criminal activities. Outokumpu employees must follow Outokumpu's risk-based due diligence approach, which considers and verifies the basic facts about our business partners. Outokumpu employees shall regularly monitor the activities of their business partners to ensure Outokumpu can continue business with them. More information on the Code of Conduct can be found in the Governance (G1-1) chapter in the Policies section under "Policies related to business conduct and corporate culture".

More information specifically on commitments to address trafficking, forced and child labor is provided below in this chapter under "Addressing trafficking, forced and child labor". (S2-MDR-P-65-(a))

Compliance with the Supplier Code of Conduct and Raw Materials Supplier Requirements is formally integrated into agreements and general terms and conditions with suppliers. Since the Supplier Code of Conduct and Raw Materials Supplier Requirements were launched, signed confirmations have been obtained from targeted suppliers to ensure they commit to and implement principles aligned with the Outokumpu's policies in their operations. To promote transparency and awareness, all relevant policies are publicly accessible on the company's website and regularly communicated to external stakeholders through various engagement channels. (S2-MDR-P-65-(f))

Scope

The Outokumpu Supplier Code of Conduct is applicable to all suppliers and their workforce, that deliver materials, products and/or services to any Outokumpu legal entity, regardless of their position in the supply chain, meaning whether they are direct suppliers or are further upstream. Outokumpu expects its direct suppliers to ensure that their suppliers comply with the Outokumpu Supplier Code of Conduct as well.

The Raw Materials Supplier Requirements are applicable to the raw materials category with a focus specifically on metals and mining industry-related sustainability. (S2-MDR-P-65-(b))

Accountability and stakeholders

As many of the identified salient human rights risks and impacts are connected to Outokumpu's sourcing activities, the related responsibility for ensuring the implementation of policies and engagement in the upstream value chain cascades from the CEO to the CFO and from there to the Head of Raw Materials and further to the Head of Supplier Sustainability, who has operational responsibility. More information about accountability is available in the Affected communities (S3) chapter in the Policies section. (S2-MDR-P-65-(c))

Outokumpu has collected views from stakeholders through various channels that have an influence on how to set its policies. Outokumpu is in the process of developing a group-wide approach and establishing a process for stakeholder engagement, including workers in the value chain, as part of the company's sustainability due diligence process development. More information on the development of stakeholder engagement at Outokumpu can be found in the General information chapter (ESRS 2 SBM-2). (S2-MDR-P-65-(e))

Third-party standards and alignment with internationally recognized instruments

Through the Human Rights Policy, Outokumpu is committed to conducting its business with high integrity and in compliance with all national laws and international human rights principles including the United Nations Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the European Convention on Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In addition to the United Nations Guiding Principles on Business and Human Rights, Outokumpu is committed to the OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the OECD Guidelines for Multinational Enterprises, and the UN Sustainable Development Goals and is also a signatory member of the UN Global Compact.

Outokumpu is also a member of the ResponsibleSteel initiative and committed to supporting its vision and mission. Outokumpu also has ResponsibleSteel certification for all its manufacturing sites in Europe. As a chromium mining operator, Outokumpu is a member of the Finnish Network for Sustainable Mining (S2-MDR-P-65-(d)), (S2-1-19)

Human rights commitments relevant for value chain workers

Outokumpu's human rights commitments relevant to value chain workers are stated in the Human Rights Policy. Outokumpu expects all its suppliers to adhere similarly to internationally recognized human rights standards, such as the Universal Declaration of Human Rights, and the company actively works to ensure that workers within its supply chain are treated with dignity and are free from forced labor, child labor, or any form of exploitation. Regular assessments and audits are conducted to verify compliance with these commitments.

More information about the coverage of the Human Rights Policy is available in the Affected communities (S3) chapter, in the Policies section, under "Key contents of the policy". (S2-1-17)

General approach to respecting human rights of value chain workers

Outokumpu is dedicated to collaborating with partners, suppliers, sub-suppliers, and customers to proactively address and mitigate potential and actual adverse impacts on human rights, including environment and community rights. To follow up the commitments stated in the policies related to value chain workers and monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises, Outokumpu monitors its raw material suppliers through self-assessments, screenings and audits. Most suppliers also go through monthly compliance screening for sanctions. Procurement uses EcoVadis for self-assessments, with focus on environment, labor and human rights, ethics, and sustainable procurement. As a result of the self-assessments, improvement opportunities and non-conformities to requirements can be identified and corrective actions agreed with the suppliers. The countries in which suppliers operate are mapped against the countries listed in the Dodd Frank Act Section 1502, conflict-affected and high-risk areas (CAHRAs) as published by the European Union, and TDi Sustainability's Alert Index for Responsible Sourcing (AIRS).

In addition to EcoVadis and the country risks, suppliers are also assessed based on, for example, available certifications, spend, previous audit results, and overall performance scorecard results. Based on these indicators, suppliers are annually selected for on-site reviews. Those reviews vary from on-site visit to audit or human rights impact assessment, depending on the identified risk level

This structured, impact and risk-focused supplier due diligence process identifies and prioritizes areas with the highest potential for severe human rights impacts and aligns with Outokumpu's commitment to fostering responsible and ethical practices throughout its value chain. (S2-1-17-(a))

Engagement with value chain workers

Upstream value chain workers are engaged during social audits and human rights assessment via interviews before and during audits. Typical candidates for worker interviews are:

- directly employed male site worker,
- directly employed female site worker,
- site worker engaged in the workers' council or union,
- young worker or trainee,
- sub-contracted site worker,
- temporary site worker,
- worker belonging to a minority,
- security worker,
- driver,
- cleaning worker,
- canteen worker and
- union representative.

The human rights impact assessment includes, in addition, interviews with the community and non-governmental organizations. (S2-1-17-(b))

Remedy

More information on remedy for human rights impacts can be found in Own workforce (S1) chapter, in the Policies section, under "Remedy for human rights impact". (S2-1-17-(c))

Addressing trafficking, forced and child labor

Trafficking, forced and child labor are addressed in several Outokumpu policies: the Supplier Code of Conduct, Raw Materials Supplier Requirements, Human Rights Policy and Sustainability Policy.

Outokumpu's Supplier of Code of Conduct states that Outokumpu expects its suppliers, regardless their place (direct suppliers or further upstream) in the supply chain, to respect and protect internationally recognized human rights, respect and protect the rights of children, comply with international labor treaties and condemn all forms of modern slavery, forced labor, and the use of child labor. The Supplier Code of Conduct include provisions addressing the safety of workers, equal opportunities and pay, freedom of association, human trafficking, the use of forced labor or child labor. These provisions are fully in line with the applicable ILO standards.

The Raw Materials Supplier Requirements state that Outokumpu expects its suppliers to respect and protect all human rights, and pay specific attention for example to condemning the use of child labor, forced labor, bonded labor, slavery, or any form of modern slavery, and human trafficking. The Raw Materials Supplier Requirements also state that Outokumpu does not tolerate restrictions of movement, excessive recruitment fees for employees, confiscation of identity documents and/or passports or withholding of wages.

In Outokumpu's Human Rights Policy, it is stated that Outokumpu does not accept the use of forced labor, bonded labor, slavery, or any form of modern slavery within Outokumpu or in its supply chain. The company does not tolerate or accept any form of human trafficking, restrictions of movement, excessive recruitment fees for employees, confiscation of identity documents and/or passports or withholding of wages, and it does not approve of child labor with no exceptions.

In the Sustainability Policy, it is stated that at Outokumpu, the human rights and dignity commitment mean that Outokumpu condemns the use of child labor, forced or bonded labor or any kind of slavery. In addition, business conduct with high integrity means that Outokumpu ensures that modern slavery and human trafficking play no part in the supply chain or in any part of the business. (S2-1-18)

Cases of non-respect and aligning with international instruments

Outokumpu does not currently have a corporate process in place to track and monitor cases of non-respect of UNGPs, the ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines involving workers in the value chain. Such a process and policies with relevant instruments will be defined when developing further sustainability due diligence for Outokumpu's own operations and value chain in 2025. During the reporting period, there has been one reported case of non-respect of these guidelines in Outokumpu's own operations. Outokumpu understands the meaning of "a case of non-respect" as a situation in which a severe human rights impact, such as a fatality, has happened despite the due diligence process and/or other measures based on the aforementioned frameworks. More information can be found in disclosures regarding the company's own workforce (S1) chapter, under "Incidents, complaints and severe human rights impacts".

In addition, Procurement organization has a separate process to identify and manage ESG incidents in the supply chain: ESG (environment, social and governance) incidents in the supply chain are cases of non-compliance that are identified by or reported to the Procurement organization. An investigation is coordinated and documented by the Procurement organization. The main purpose of the ESG incident management process is to fulfill obligations under the UNGPs. The process includes desktop research, potential purchasing stops, decisions about on-site assessments, a human rights impact and risk assessment, Outokumpu's attribution to the identified impacts and risks, defining and agreeing on improvement actions, internal and external stakeholder information, and documentation of the case.(S2-1-19)

Processes

Processes for engaging with value chain workers

Upstream value chain workers perspectives are canvassed during supplier audit interviews. Outokumpu's social audits focus on worker interviews and human rights impact assessments include interviews with the value chain workers, community and non-governmental organizations (NGOs). In addition to the current management processes focused on upstream value chain, Outokumpu is developing further a general process to engage with various types of stakeholders affected by its operations during 2025. (S2-2-22)

Engagement strategy

Suppliers are selected for three different types of on-site assessments: sustainability visits, on-site audits and human rights impact assessments. The assessment type is based on a number of criteria related to human right and environmental risks. These include industry and country specific risks, EcoVadis result, environmental and safety certifications and possible results of previous on site assessments. The on-site visit type is defined based on the risk level identified, human rights impact assessment being applied for suppliers with highest risk score.

The purpose of the on-site assessments is to determine the maturity level of the supplier's human rights due diligence processes, assess how the supplier addresses selected specific issues as well as identify and assess specific potential and actual human rights risks in the supplier's own operations or its value chain (e.g. working conditions. Furthermore, the purpose of the on-site assessments is to define recommendations for improvement of the supplier's human rights due diligence processes and suggest mitigation actions for potential and actual human rights impacts. Typical human right risks assessed during visits include working conditions (wage, overtime, health and safety, freedom of association), access to whistleblower channels, forced and child labor, housing and hygiene.

Outokumpu sustainability visit includes management interviews and a site tour but doesn't include direct involvement of the supplier's workers.

Outokumpu social audit is executed by a trained Outokumpu employee, and it consists of following phases: audit preparation, on-site visit with a focus on worker interviews and final report. The final result is a written audit report including the maturity level of the supplier's human rights due diligence processes, a human rights risk assessment and recommendations for improvement.

Human rights impact assessment is a third-party assessment for a high-risk supplier, with Outokumpu participation. It is an enhanced assessment of one or multiple suppliers, their site or sites, and the surroundings. The process includes interviews with the value chain workers, union representatives, community, and non-governmental organizations. The final result is an extensive assessment report, including the maturity level of the supplier's human rights due diligence processes and recommendations for improvement.

The information and perspectives of the interviewed value chain workers and their representatives are taken into consideration when the final report and improvement recommendations are prepared. The results are communicated to the supplier, and needed improvement actions are agreed upon together. The results are also evaluated internally and utilized in the supplier sustainability impact and risk assessment. (S2-2-22-(a))

Engagement stages and frequency

While Outokumpu's social audit focuses on worker interviews, the human rights impact assessment includes interviews with the value chain workers, community and non-governmental organizations. An audit plan is created annually based on the supplier sustainability impact and risk assessment. In 2024, Outokumpu conducted 3 social audits and 1 human rights impact assessment. (S2-2-22-(b))

Responsibility and oversight

The information on accountability and responsibility for human rights in Outokumpu is disclosed in this chapter in the Policies section under “Accountability, availability and stakeholders.” Significant deviations or findings from these visits are reviewed with the Head of Raw Materials and, if necessary, escalated to the CFO, the group Sustainability team, and the CEO for decision-making. (S2-2-22-(c))

Global framework agreements

Outokumpu has not made a global framework agreement with any global union federation. (S2-2-22-(d))

Assessment of engagement effectiveness

In terms of how effectiveness of engagement with chain workers is assessed, based on findings during on-site audits and assessments, improvement actions are agreed together with the supplier. Outokumpu then follows the progress of actions by keeping regular contact with the supplier. In severe cases, re-audit can be executed to validate actions. In 2024, 26 actions were agreed. (S2-2-22-(e))

Interviewees for audits and assessment are selected based on the potential to encounter negative impacts and to ensure inclusion of the perspectives of those who are particularly vulnerable to such impacts or marginalized (for example, female workers, workers in menial tasks, immigrant workers). (S2-2-23)

In addition to the current management processes focused on upstream value chain, Outokumpu is developing a general process to ensure interaction with various types of stakeholders affected by its operations during 2025. (S2-2-24)

Processes for remediating negative impacts on value chain workers

Description of processes and channels

In terms of remedy, each incident is dealt with on a case-by-case basis, and as yet, there is not a group-level remedy process. More information about Outokumpu’s remedy process development can be found in the Own work force (S1) chapter, in the Processes section under “Remedy”. (S2-3-27-(a)),

On specific channels to raise concerns for value chain workers, more information can be found in the Own workforce (S1) chapter, in the Processes section. In addition, in relation to workers in the value chain, Outokumpu’s website contains contact details of key persons responsible for sustainability, and supplier sustainability. The company representatives also provide their contact details to upstream value chain workers during onsite audits and assessments, for further questions or reporting any concerns. (S2-3-27-(b))

With regard to value chain workers, the Outokumpu Supplier Code of Conduct states that the supplier shall ensure that its employees and stakeholders have an opportunity to raise concerns through appropriate channels. In the Raw Materials Supplier Requirements it is further stipulated that Outokumpu expects its suppliers to have or work towards having a grievance mechanism. Additional information on the processes by which Outokumpu supports the availability of channels to raise concerns related to its own operations and value chain can be found in the Own workforce (S1) chapter in the Processes section. (S2-3-27-(c))

Outokumpu monitors and tracks its own channels, including SpeakUp and the ESG incident management system, but for the time being does not collect data from upstream value chain actors. Outokumpu has not yet comprehensively discussed with the value chain workers about the effectiveness of the channels. (S2-3-27-(d))

Assurance of awareness and protection

As to how value chain workers are aware of and trust the structures and processes as a way to raise their concerns or needs and have them addressed, Outokumpu does not currently have an approach in place. It is stated in both the Supplier Code of Conduct and the Raw Materials Supplier Requirements that Outokumpu does not tolerate retaliation against any individual who reports a concern in good faith. The company also highlights to its suppliers during assessments that no retaliation against interviewed workers or communities will be tolerated. Outokumpu also has a Reporting Misconduct Instruction, which includes a section on protection against retaliation. (S2-3-28)

Disclosure of adoption

Outokumpu has identified the need to develop its approach to providing various types of grievance mechanisms, as the stakeholders’ circumstances and possibilities to use Outokumpu’s existing whistleblowing channel SpeakUp might be limited. Outokumpu will start to develop its grievance process further during 2025. (S2-3-29)

Actions and resources

Action on material impacts on value chain workers

Key actions, scope, and time horizon

Key actions taken in the reporting year

Updated Supplier Code of Conduct: Outokumpu revised its Supplier Code of Conduct to integrate clearer social and sustainability standards, with an emphasis on labor rights and human rights. This update aims to encourage suppliers on all sourcing categories to embed sustainability into their core operations. The expected outcome of these updates is an improvement in working conditions and ethical practices throughout the value chain. The long-term target is that 100% of the targeted suppliers will be committed to Outokumpu's Supplier Code of Conduct.

Value Chain Mapping and Risk Assessment: Outokumpu conducted upstream value chain mapping along with impact and risk assessments to identify high-risk sourcing categories and the most significant potential negative impacts on value chain workers. By leveraging these assessment outcomes, Outokumpu aims to enhance preventive and mitigating actions to better manage identified risks and impacts.

Refined Impact Assessment Criteria: Outokumpu refined the criteria used for human rights and environmental impact assessments to support value chain impact and risk assessments as well as supplier on-site assessments. The updated criteria aim to enable a broader and more precise evaluation of worker-related impacts across the value chain.

Continued On-Site Assessments: On-site assessments remained a key action for managing material human rights and other sustainability impacts. In 2024, Outokumpu conducted three social audits and one human rights impact assessment. These assessments aim to address human rights impacts at the site, within the supplier's operations and across their supply chains, resulting in agreed actions to mitigate identified risks.

Human Rights Impact Assessment: Based on Outokumpu's supply chain due diligence process, a human rights impact assessment was conducted for a supplier in Mexico. The objective was to evaluate the maturity of their human rights management processes, identify potential impacts and gain better understanding on the industry and country context. In collaboration with a third-party expert, Outokumpu facilitated discussions with various stakeholders. These included communities, NGOs, former workers, employees, management, workers' councils and subcontractors. The third-party expert prepared an assessment report, and Outokumpu provided recommendations to improve the supplier's human rights due diligence practices.

Social Audits in Brazil: Three social audits were conducted on suppliers in Brazil, one of which was a re-audit to assess the progress of previously agreed actions. Topics assessed included e.g. working conditions in mining operations and wages.

Key actions planned for coming years

Expanding Value Chain Analysis Beyond Direct Suppliers: Outokumpu plans to analyze the upstream value chain in selected additional sourcing categories to deepen its understanding of impacts beyond direct suppliers. This effort builds on previous value chain mapping and aims to identify human rights risks and impacts in less visible parts of the value chain. The expected outcome is to address, prevent, and mitigate these impacts effectively, leading to improvements in working conditions and ethical practices within these areas.

Heightened Focus on Grievance Mechanisms and Remedy: Outokumpu will develop its grievance and remedy processes during 2025, covering its own workforce, value chain workers and affected communities. Expected outcome is to get better visibility in potential and actual human rights infringements and enable to address, prevent and mitigate the negative impacts related to Outokumpu's own workforce, value chain workers and affected communities. (S2-MDR-A-68-(a)), (S2-MDR-A-68-(b)), (S2-MDR-A-68-(c))

In 2024, Outokumpu has not identified any incidents in the supply chain where it would have caused or contributed to an actual impact. There has been no action to provide or enable remedy in relation to impacts that were identified on a general level in the double materiality assessment. (S2-MDR-A-68-(d),(e)), (S2-4-32-(b))

Preventing, mitigating or remediating material negative impacts

To prevent, mitigate and remedy material negative impacts on value chain workers, Outokumpu applies a due diligence approach. The process covers analyzing both actual and potential negative impacts across all stages of supplier management, from the onboarding of new suppliers to regular evaluations and assessments throughout the partnership.

The country-level risk assessment is one key tool for supplier and supply chain impact and risk mapping. The assessment is based on the supplier's operating countries and country risk indices for trade sanctions, conflicts, state of the law, human rights, and the environment. Additionally, suppliers are assessed against, for example, available certifications, previous audit results, self-assessments such as EcoVadis, and overall performance scorecard results. Based on these indicators, suppliers are selected for on-site reviews. Those reviews vary from on-site visit with a sustainability focus, to a social audit, or to a human rights impact assessment, depending on the identified impacts and risks. If a supplier fails to meet Outokumpu's requirements at any stage, Outokumpu may terminate the contract and/or exclude the supplier from future business opportunities. (S2-4-32-(a)

During 2024, Outokumpu continued capacity building on human rights related to value chain workers, and the supplier sustainability team has attended advanced training courses. The team has been engaged in supporting the human rights of value chain workers, through sustainability-focused meetings and speaking at trade shows and seminars. Internal training in various topical subjects has been given to category managers and buyers, such as on sanctions, impact and risk assessment, supplier performance evaluation, and the audit process. (S2-4-32-(c))

Cases in which Outokumpu has audited or assessed suppliers and aligned the next steps with them, the company stays in close contact with them in order to follow-up on the status of the improvement actions. (S2-4-32-(d))

Identification process

Outokumpu applies an impact and risk-based approach in its supplier management stages. Country-level risk assessment is one key tool for supplier and supply chain risk mapping and this process is described in more detail in Preventing, mitigating and remediating negative material impacts. Risks and possible impacts are also identified and assessed according to, for example, available certifications, previous audit results, self-assessments such as EcoVadis, and overall performance scorecard results as well as previous on site visits, social audits, and human rights impact assessments. Identified non-conformities and improvement areas are discussed with the suppliers. Needed actions are agreed and followed up.

In addition, ESG incident management process is used to identify needed actions. Any incidents in the upstream value chain are defined, identified, managed, and documented by the Procurement organization. The process includes desktop research, potential purchasing stops and decisions about on-site assessments or a human rights risk assessment. The process includes also defining Outokumpu's attribution to the identified impacts and improvement actions, internal and external stakeholder information, and documentation of the case. More information on audits and assessments as well as incidents, can be found previously in this chapter under "Key actions." (S2-4-33-(a))

Approach to taking action

To address especially the material negative impacts on workers in its value chain, Outokumpu requires its suppliers to adhere to international labor and human rights standards through its Supplier Code of Conduct and Raw Materials Supplier Requirements.

To further evaluate, prevent and mitigate the impacts, these topics are also covered as part of the social audits and human rights impact assessments Outokumpu conducts in its supply chain. In case of observed deficiencies, improvement actions are required from the supplier, respectively.

Based on the self-assessments, site visits and audits, the identified non-conformities and improvement areas are discussed with the suppliers, and needed actions are agreed and followed upon. (S2-4-33-(b))

In terms of enabling and providing remedy, each suspected incident is currently dealt with on a case-by-case basis as the group-level process for remedy is currently under development. More information about Outokumpu's remedy process development can be found in the Own workforce (s1) chapter, in the Processes section under "Remedy" (S2-4-33-(c)

Addressing material risks and opportunities

Mitigating material risks

To mitigate material risks and negative impacts, Outokumpu continues to develop its remedy process as well as unify supplier management and onboarding processes. In addition, business risk and sustainability impact management including performance evaluation in all supplier categories will be further developed. Training for all procurement personnel will be provided on following the processes and other new ways of working to ensure a harmonized approach in supplier management. The work on monitoring supply chain sustainability and impacts on value chain workers continues, for example, through regular desktop reviews and sustainability audits.

Outokumpu will release and implement the renewed Supplier Requirements in selected upstream value chain sectors. The long-term goal is to have 100% of targeted suppliers commit to Outokumpu's Supplier Code of Conduct and Raw Materials Supplier Requirements.

In addition to identified material risks, Outokumpu anticipates the continuous evolution of regulations related to supply chain transparency, ethical sourcing, and environmental impact. Outokumpu's plan involves staying informed of these changes and proactively adapting its practices to align with emerging legislation. (S2-4-34-(a))

Pursuing material opportunities

Outokumpu continues to foster material opportunities for value chain workers by promoting high social standards across its supply chain. Outokumpu believes this approach strengthens the company's reputation and ESG performance and, in addition, enhances its attractiveness as an employer and business partner.

In 2024, Outokumpu updated its Supplier Code of Conduct to incorporate clearer social and sustainability standards, with a particular focus on labor rights and human rights. By encouraging suppliers to adopt these standards, Outokumpu aims to drive improvements in working conditions and ethical practices across the value chain. This approach puts positive pressure on suppliers to integrate sustainability into their core operations, potentially opening new business opportunities and revenue streams for Outokumpu.

Additionally, by requiring suppliers to align with these elevated standards, Outokumpu strengthens the resilience of its supply chain, enabling greater stability and long-term success. These efforts can further enhance Outokumpu's reputation as a socially responsible company and can position Outokumpu as an attractive partner in the marketplace, helping it pursue future growth opportunities. (S2-4-34-(b))

Avoiding negative impacts

As sustainability is a core value for Outokumpu, human rights are not compromised, and the company strives to avoid any negative impacts concerning its own operations and value chain. A potential raw material supplier is qualified before they can be approved and added to the Outokumpu supplier portfolio. In the qualification process, the potential impacts, risks and/or opportunities related to the supplier are identified and evaluated. The identification of impacts and risks follows Outokumpu's Know Your Business Partner Instruction and utilizes country-level sustainability and compliance risks indices. The onboarding process of suppliers with a high-risk profile ensures the supplier commits to complying with the Outokumpu Supplier Code of Conduct and Raw Material Supplier Requirements and can provide confirmed raw materials, products, or services on a consistent basis. All new suppliers go through compliance screening for trade sanctions before any business is initiated. (S2-4-35)

Reporting human rights issues

There were no severe cases reported for workers in the value chain in 2024. (S2-4-36)

Resource allocation to manage material impacts

In 2024 Outokumpu's supplier sustainability management team consisted of four full-time employees dedicated to upstream value chain sustainability impact and risk identification and management. In addition, the company used external experts to support value chain worker engagement, supplier audits and monitoring corrective actions. Outokumpu has included financial planning for supplier sustainability as part of its procurement financial planning. (S2-4-38)

Metrics and targets

Targets related to workers in the value chain

Outokumpu has no quantified targets in place for upstream value chain workers currently. (S2-MDR-T-81-(a)), However, Outokumpu has set operational targets for measuring and improving the sustainability performance of its suppliers. The target is to increase the number of sustainability-rated suppliers and execute planned on-site assessments. Also the progress on corrective action plans is monitored. (S2-MDR-T-81-(b)) There is also an operational target to increase the share of suppliers that commit to respecting and protecting the rights of value chain workers by signing the Outokumpu Supplier Code of Conduct. Additionally, the share of suppliers that have signed the Raw Materials Supplier Requirements was monitored. (S2-MDR-T-81-((b)-(i))

Material impacts and risks in the upstream value chain, identified in the double materiality assessment in 2023, were addressed through various actions implemented in 2024. The effectiveness of policies and actions in mitigating the negative impacts and risks will be assessed when the double materiality assessment is updated in 2025. (S2-MDR-T-81-(b)) In addition, Outokumpu is evaluating qualitative and quantitative indicators in the future for tracking progress on impacts, risks and opportunities related to its value chain workers. (S2-MDR-T-81-((b)-(ii)))

As a company with a global value chain, Outokumpu has direct and indirect impacts on people locally, nationally and globally. The company is committed to respecting the human rights of all those communities that may be affected by the company's own operations or through its business relationships.

KEY ACTIONS in 2024

Establishing Outokumpu's sustainability due diligence process for own operations and value chain including affected communities.

Completed gap analysis and action plan for sustainability due diligence process development.

Continued commitment to and implementation of international frameworks related to affected communities such as UNGPs, ResponsibleSteel and Towards Sustainable Mining Finland.

PLAN 2025

In-depth identification of affected communities and related salient impacts, risks and opportunities with special focus on indigenous peoples.

Policy updates to manage material impacts, risks and opportunities related to various types of affected communities.

Development of engagement methods, grievance mechanisms and remedy process.

Further elaboration of the sustainability due diligence process to define actions and targets.

S3 – Affected communities

Affected communities were identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

S 3.1 Affected communities

Impacts	**Positive** Outokumpu's positive impacts are based on supporting the economic and social development of local communities for example through financial contributions (e.g. paying taxes, providing sponsorship and donations) and various forms of cooperation with local actors (e.g. educational institutions and civil society organizations). These are actual impacts valid in Outokumpu's own operations. In addition, Outokumpu's positive impacts on affected communities are related to promoting and ensuring respect for human rights and the environment. This includes improving living and working conditions as well as supporting civil and political rights of the local communities and their right to a clean and healthy environment. These are actual impacts valid in the upstream value chain.
	Negative Outokumpu's negative impacts relate to the local natural and living environment, for example through production-related emissions and transportation logistics. Negative impacts on local economic and social welfare may be caused through restructuring or closure of operations. These are potential impacts valid in Outokumpu's own operations. In addition, Outokumpu's negative impacts on affected communities are related to non-respect of human rights especially with regard to indigenous peoples, such as loss or degradation of traditional lifestyles and resettlement of communities. The negative impacts can also be environmental such as loss of biodiversity and other damages caused by mining activities. These are actual impacts valid in the upstream value chain.
Risks and opportunities	**Opportunity** The main opportunities are related to establishing a robust human rights due diligence process. This may lead to more resilient supply chains, decreasing costs and reputational benefits to Outokumpu. It may also improve the company's ranking in various ESG performance ratings, attracting increased attention from investors and leading to more favorable financial terms. These opportunities are valid in both Outokumpu's own operations and the upstream value chain.
	Risk Main risks are related to delays in or stoppages of the company's own or it's suppliers or other business partners' projects and fines or other mitigation or remediation costs in the case of environmental or human rights incidents related to affected communities. These may also be a source of reputational risk that may affect Outokumpu's financial performance. These risks are valid in both Outokumpu's own operations and in the upstream value chain.

(ESRS 2-SMB 3-48-(a))

Strategy

Material impacts, risks and opportunities related to affected communities and their interaction with strategy and business model

Interaction with the strategy and business model

Most of the impacts related to Outokumpu's affected communities are based on the characteristics of Outokumpu's main activities, stainless steel production and mining. These operations require skillful workforce, are regulated and permit-based and require production inputs from global supply chains. (ESRS 2-S3-SBM-3-8-(a)-(i))

Outokumpu's own operations are location-based and have been established in existing locations for a longer time. The company has positive impacts on the affected communities by contributing to the local economic and social welfare (providing jobs, paying taxes, giving sponsorships and donations). Outokumpu's negative impacts are reflected in natural and living environment of the affected communities through the manufacturing processes of physical end-products, such as local emissions transportation logistics. Also the restructuring of operations may have negative impacts on the local economic and social welfare. (ESRS 2-S3-SBM-3-8-(a)-(i))

Outokumpu's raw material availability is tied to their geographical occurrence. Consequently, sourcing is done also from countries and regions with identified human rights risks that concern not only value chain workers but also local communities. Outokumpu has positive impacts by promoting and ensuring respect for human rights and the environment in these communities. Respectively, negative impacts on affected communities are manifested as non-respect of human rights and environmental damage with special focus on indigenous peoples' rights. (ESRS 2-S3-SBM-3-8-(a)-(i))

The affected communities related to both Outokumpu's own operations and value chain upstream contribute to ensuring business continuity. Steering own operations locally in cooperation with respective communities is important in ensuring legal and social license to operate and the availability of skillful workforce, among others. For affected communities in the value chain upstream, developments related to human rights and the state of the local ecological environment impact the stability of supply chains and reliability of raw material availability. Securing the supply chain resilience especially for key raw materials in high-risk societies and countries feeds into strategy and business model considerations. ((ESRS 2-S3-SBM-3-8-(a)-(ii))

Consequently, affected communities and respective local circumstances inform for their part the strategy and business model development at Outokumpu in minimizing related risks and identifying opportunities. However, this linkage is not currently based on any general Group-wide approach. Therefore, the interaction between affected communities and Outokumpu's strategy and business model is one of the identified topics that will be further evaluated as part of global stakeholder engagement process development in 2025. For more information, see section Interest and views of stakeholders (ESRS 2 SBM-2) under Strategy. (ESRS 2-S3-SBM-3-8-(b))

Outokumpu acknowledges the varying degrees of impacts on different community groups. However, Outokumpu does not currently have a general corporate-level approach to systematically identify all affected communities who can be materially impacted by its own operations or in its value chain. The company is currently developing its sustainability due diligence process to cover these aspects. Related gap analysis and action plan to define further actions were completed in 2024. Developing a general approach to ensure identification of all affected communities that can be materially impacted by Outokumpu's operations will be part of this action plan for 2025. This process is also linked to the general development of stakeholder engagement at Outokumpu based on the requirements in ESRS 2 SBM-2. (S3-ESRS 2 SBM-3-9)

Types of communities

As stated above, Outokumpu is in the process of developing a general approach and establishing a related process to ensure all affected communities are identified and described. On a general level, it can be stated that the communities affected by Outokumpu's operations are: (S3-ESRS 2 SBM-3-9-(a))

- communities living or working around Outokumpu's own operating sites or more remote communities affected by activities at those sites
- communities along Outokumpu's upstream value chain, where metals and minerals mining and processing activities are conducted
- communities at one or both endpoints of the value chain, for example, at the point of extraction of metals or minerals
- communities of indigenous peoples along Outokumpu's upstream value chain where metals and minerals mining and processing activities are conducted.
  (S3-ESRS 2 SBM-3-9-(a)-(i-iv))

Material negative impacts

Outokumpu's material negative impacts on the environment or human rights may affect communities around its own operations or along the value chain. Outokumpu is currently developing its sustainability due diligence process based on a gap analysis conducted in 2024 with a related action plan. A structured mapping of these impacts based on how widespread or systemic they are, or if they are related to individual incidents is part of this development process.

Following the development of the sustainability due diligence process covering its own operations and value chain, Outokumpu will also evaluate the occurrence of the material negative impacts on various affected communities as a part of the impact assessment and prioritization to identify and categorize the most salient impacts. (S3-ESRS 2 SBM-3-9-(b))

Material positive impacts

In Outokumpu's own operations, the positive impacts on affected communities are based on supporting the economic and social development of local communities, for example through paying taxes or providing sponsorship for specific initiatives and purposes. Outokumpu also supports local communities via cooperation with schools, among other things. For the affected communities in Outokumpu's upstream value chain, the positive impacts may be focused on supporting human rights initiatives and promoting good human rights practices, providing training, and increasing awareness as well as enhancing inclusion. As yet, there is no systematic approach to initiate and evaluate these activities that aim at resulting in positive impacts to cover all or specific affected communities.

There are two distinct approaches to the communities affected by Outokumpu:

1. communities close to and directly affected by Outokumpu's own operations (sites) located in economies and societies with widely established and robust legislation on the environment and human rights in place, and
2. communities along the value chain indirectly affected by Outokumpu's operations, mainly upstream supply chains related to raw material procurement (especially in countries of high risk and less-established legal requirements on the environment and human rights).

The elements to cover from an impact, risk and opportunity perspective vary between these two approaches mainly due to different type of societies. Accordingly, Outokumpu's possibilities and means to use leverage to have an impact varies as well, being bigger in the local communities in which Outokumpu operates, compared to the more complex and geographically more widely spread supply chains. (S3-ESRS 2 SBM-3-9-(c))

Risks and opportunities

Outokumpu is developing a more systematic approach to identify and evaluate the material risks and opportunities that arise from the impacts and dependencies on its affected communities. For the moment, there is not such an approach, but the development of Outokumpu's sustainability due diligence process will enable the company to have a more structured view on managing these impacts and dependencies as well as to identify the related risks and opportunities. Through this process, Outokumpu will also evaluate the need to introduce and maintain social dialogue with its affected communities to support these efforts. (S3-ESRS 2 SBM-3-9-(d))

Understanding potential greater risks

Outokumpu will develop procedures for defining and identifying affected communities with particular characteristics, living in particular contexts or undertaking particular activities with related greater risk of harm as part of its sustainability due diligence process development in 2025 and onwards. As yet, there is no such structured approach covering Outokumpu's own operations and value chain that would allow the company to develop a systematic understanding of the matter. (S3-ESRS 2 SBM-3-10)

Specific groups related risks and opportunities

Outokumpu will also develop a structured approach for systematic mapping and understanding of specific groups among affected communities, as currently no such procedure exists. This will be part of the further development the company's sustainability due diligence process in as defined in the related action plan for 2025 and onwards. (S3-ESRS 2 SBM-3-11)

Impact, risk and opportunity management

Policies

Policies related to affected communities

Outokumpu's work on human rights due diligence, including engagement with affected communities, is based on the company's Human Rights Policy. Other supporting policies include the Sustainability Policy, disclosed in the Climate change chapter (E1), the Code of Conduct, disclosed in the Governance chapter (G1), and the Supplier Code of Conduct with the related Raw Materials Supplier Requirements, disclosed in the Workers in the value chain chapter (S2). Outokumpu started to develop its group-wide sustainability due diligence process on human rights and environment in 2024. The scope covers both its own operations and value chain and is based on Outokumpu's previous work on human rights due diligence according to UNGPs. During 2024, a human rights impact assessment for own operations was conducted, and a gap analysis and action plan to develop the sustainability due diligence process further were completed. Actions for 2025 include reviewing and, if required, updating the policies to manage material impacts, risks and opportunities related to affected communities, including specific affected communities. (S3-1-14)

Key contents of policy

Outokumpu's Human Rights Policy describes the main principles and rules followed by Outokumpu Group in relation to respecting and protecting human rights. It covers Outokumpu's main principles on human rights, explaining the company's general commitment, as well as the most salient human rights and the related principles. These include the UN Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights;

the European Convention on Human Rights, the International Bill of Human Rights as well as the United Nations Global Compact of which Outokumpu is a signatory member.

It also describes Outokumpu’s commitment to the UN Guiding Principles on Business and Human Rights (UNGPs), and how it undertakes a human rights due diligence process based on the UNGP framework. (S3-MDR-P-65-(a))

Scope and accountability

The Human Rights Policy must be followed globally by all Outokumpu businesses, companies, directors, officers, and employees. (S3-MDR-P-65-(b)) The CEO has the most senior level of oversight and accountability for human rights at Outokumpu. Responsibilities cascade down via the Executive Vice President - Strategy, Sustainability and People, who represents sustainability in Outokumpu’s Leadership Team, to the Vice President - Sustainability, who is responsible for the overall sustainability agenda at Outokumpu, and further to the Head of Human Rights in the Group sustainability team.The Human Rights Policy is approved and signed by the Executive Vice President – Strategy, Sustainability and People. (S3-MDR-P-65-(c))

Third-party standards

Through the Human Rights Policy, Outokumpu respects and takes into account the following third-party standards and initiatives to evaluate and manage risks and impacts: the UN Guiding Principles on Business and Human Rights (UNGPs), the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the Convention on the Rights of the Child and the Declaration on the Rights of Indigenous Peoples.

Outokumpu's manufacturing operations in Europe are certified according to the ResponsibleSteel standard and mining operations in Kemi, Finland, according to the Towards Sustainable Mining Finland scheme. Both standards have requirements on stakeholder engagement and local community engagement. ResponsibleSteel includes additional requirements on human rights due diligence, covering also workers in the value chain. (S3-MDR-P-65-(d))

Stakeholders and availability

Outokumpu collects views from stakeholders through various channels that have an influence on how the company sets its policies. Outokumpu is in the process of developing a group-wide approach on stakeholder engagement, including affected communities, supporting company’s sustainability due diligence process development. More information on the work on stakeholder engagement at Outokumpu can be found in the General information chapter (ESRS 2 SBM-2). (S3-MDR-P-65-(e))

Outokumpu’s Human Rights Policy and supporting policy documentation, the Code of Conduct, Sustainability Policy and Supplier Code of Conduct, are publicly available on the company’s website and also communicated to the company’s external stakeholders on different occasions. They are also available internally to all Outokumpu employees. (S3-MDR-P-65-(f))

Policy provisions and indigenous peoples

Preventing and addressing impacts on indigenous peoples is based on Outokumpu’s Human Rights Policy, Sustainability Policy, Code of Conduct and Supplier Code of Conduct, with related Raw Materials Supplier Requirements. As stated in the Human Rights Policy, Outokumpu is committed to and expects all its business partners, suppliers, sub-suppliers, and customers to protect the rights of indigenous peoples as laid out in the Indigenous and Tribal Peoples Convention, 1989 (No. 169) and the UN Declaration on the Rights of Indigenous Peoples. These rights include, but are not limited to, their right to land and their right to free, prior, and informed consent (FPIC) when exploration or exploitation of resources of their lands is permitted or undertaken. Both provisions are also mentioned in Outokumpu’s Sustainability Policy. Respecting and promoting indigenous people’s rights is also mentioned in the company’s Supplier Code of Conduct. (S3-1-15)

Human rights policy commitments to affected communities

Outokumpu’s Human Rights Policy commitments relevant to affected communities are listed in the Human Rights Policy earlier in this chapter, under “Key contents of policy.” (S3-1-16)

General approach to respecting human rights of communities and indigenous people specifically

Outokumpu’s general approach in relation to respect for human rights of communities, and indigenous peoples specifically, are based on Outokumpu’s Human Rights Policy commitments relevant to affected communities and international human rights commitments listed above. Outokumpu is also committed to and also expects all its business partners, suppliers, sub-suppliers, and customers to protect the rights of indigenous peoples as laid out in the policy provisions listed above. (S3-1-16-(a))

General approach to engaging with affected communities

Outokumpu’s general approach in relation to engagement with affected communities is based on its Human Rights Policy, Sustainability Policy, Code of Conduct and Supplier Code of Conduct with related Raw Materials Supplier Requirements. Outokumpu does not currently have a documented corporate-wide approach on engaging specifically with affected communities. (S3-1-16-(b))

As to a general approach to providing and/or enabling a remedy for human rights impacts, more information is in the Own workforce (S1) chapter, in the Policies section, under “Remedy for human rights impact.”(S3-1-16-(c))

Tracking and monitoring cases of non-respect

Outokumpu does not currently have a corporate-wide process in place to track and monitor cases of non-respect of UNGPs, the ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines involving affected communities. Such a process together with policies and relevant instruments, will be developed as part of Outokumpu's sustainability due diligence process development in 2025, covering its own operations and value chain. For the reporting period, there has been one reported case of non-respect of these guidelines in Outokumpu's own operations. Outokumpu understands the meaning of "a case of non-respect" as a situation in which a severe human rights impact, such as a fatality, has happened despite the human rights due diligence process and/or other measures based on the aforementioned frameworks. More information can be found in disclosures regarding the company's own workforce (S1) chapter, under "Incidents, complaints and severe human rights impacts." (S3-1-17)

Policy documentation, cross-reference and updates

During the reporting year, no significant changes were adopted to the policies related to managing Outokumpu's material impacts on affected communities or the associated material risks and opportunities. The relevant policies for affected communities, namely the Human Rights Policy, Sustainability Policy, Code of Conduct and Supplier Code of Conduct, were reviewed during 2024 with only minor or no changes.

As Outokumpu is developing its sustainability due diligence process to cover its own operations and value chain, updating the policies to the extent required will be part of actions defined for 2025. (S3-1-AR-9)

Processes

Processes for engaging with affected communities about impacts

On engagement with affected communities

Outokumpu is currently developing a sustainability due diligence process to cover its own operations and value chain, also taking into account systematic engagement with affected communities. Developing a group-wide approach to engage with the affected communities will be part of this action plan for 2025. However, Outokumpu has local activities with affected communities close to its production sites even now. More information on the development of stakeholder engagement at Outokumpu can be found in General information (ESRS 2 SBM-2). (S3-2-24)

Processes to remediate negative impacts and channels for affected communities to raise concerns

Remedy and channels for raising concerns

More information about Outokumpu's general approach to and processes for providing or contributing to a remedy when the company has identified that it is connected with a material negative impact on affected communities is in the Own work force (S1) chapter, in the Processes section, under "Remedy". (S3-3-27-(a))

More information about specific channels to raise concerns is the Own workforce (S1) chapter, in the Processes section, under "Grievance mechanisms." In addition, in relation to affected communities, Outokumpu's local operations and Group functions can be contacted via email or phone. (S3-3-27-(b))

More information on the processes by which Outokumpu supports the availability of channels to raise concerns related to its own operations and value chain, can be found in the Own workforce (S1) chapter, in the Processes section. In addition, Outokumpu will evaluate the need to define means to support such channel availability by its business relationships as part of the sustainability due diligence process development.(S3-3-AR-19), (S3-3-27-(c))

Tracking and monitoring of concerns

More information on how issues raised and addressed are tracked and monitored and how effectiveness of these channels is ensured is in the Own workforce (S1) chapter, in the Processes section, under "Grievance mechanisms."(S3-3-27-(d), S3-3-29)

Awareness and trust in the remedy structures

Outokumpu has a policy to protect against retaliation for individuals that use channels to raise concerns. More information can be found in the Governance section under "Protecting whistleblowers." Regarding how the affected communities are aware of and trust the existing structures and processes as a way to raise their concerns or needs and have them addressed, Outokumpu is developing its processes to address these aspects.

Outokumpu has evaluated the awareness of it's whistleblowing channel SpeakUp during the ResponsibleSteel audits for its European operations by means of sample interviews with the local community representatives. The conclusion was that the channel is not known well enough among these stakeholders. Outokumpu will continue to define procedures to increase affected communities' awareness of and trust in structures and processes as a way to raise their concerns or needs. This will be done as part of the sustainability due diligence process development. (S3-3-28)

Third-party mechanisms

Outokumpu will also evaluate the need to introduce third-party grievance mechanisms to ensure proper access globally to affected communities related to its own operations and value chain. This evaluation will be conducted as part of Outokumpu's sustainability due diligence process development in 2025. (S3-3-AR-20)

Actions and resources

Action on material impacts on affected communities

Outokumpu is currently developing a group-wide approach to define actions to address material impacts on affected communities, including providing or enabling remedy. This work is done as part of the sustainability due diligence process development at Outokumpu, covering its own operations and value chain. S3-MDR-A-(62))

Incidents and issues

In 2024, there have been no reports of severe human rights issues or incidents connected to the affected communities related to Outokumpu's own operations or value chain. Outokumpu is developing a group-level approach to identify systematically severe human rights issues and incidents connected to the aforementioned communities during 2025. Currently, if such cases emerge, they would be investigated case by case. Outokumpu defines a severe human rights issue to mean, for example, loss of life, detention, adverse health effects, malnutrition, loss of livelihood, human trafficking, forced labor, and/or child labor. (S3-4-36)

Resource allocation

Outokumpu appointed a Head of Human Rights at Group Sustainability function during 2023 to establish a group-level framework for human rights. During 2024, the Head of Human Rights in the Group Sustainability team and the Supplier Sustainability and Quality team continued implementing Outokumpu's work on human rights according to the UNGP framework and started developing a sustainability due diligence process for Outokumpu's own operations and value chain. Besides using its own resources, the company also uses external experts to assess and support the due diligence process development. No specific allocated financial resources for mitigating material impacts exist, but this is included in the Group functions financial planning as part of the company's sustainability due diligence implementation. The resource allocation for managing Outokumpu's material impacts will be further defined in 2025. (S3-4-38)

Metrics and targets

Targets related to affected communities

Outokumpu is currently developing further its sustainability due diligence process covering its own operations and value chain. One of the focus areas of this work are Outokumpu's impacts on various affected communities as well as related actions to prevent, mitigate and bring these impacts to an end. Consequently, no group-wide targets have been defined for this purpose yet but setting such targets will be evaluated as part of the due diligence process development during 2025. (S3-ESRS-2-72) (S3-MDR-T-81-(a))

Elaborating on practices and processes on how to track the effectiveness of policies and actions related to the identified impacts will also be part of this ongoing development work. For evaluation of the actions and policies regarding risks and opportunities, a similar approach will be defined in unison, even if these aspects are not directly included in the sustainability due diligence process. During 2025, Outokumpu will also assess the need to establish selected qualitative and/or quantitative indicators when developing further the sustainability due diligence process. (S3-MDR-T-81-(b), (b)-(i), (b)-(ii))

Nevertheless, Outokumpu has already now certain practices in place to track the effectiveness of its policies and actions related to the impacts, risks and opportunities concerning affected communities. For example, Outokumpu is committed to global initiatives such as UN Global Compact and the UN Guiding Principles on Business and Human Rights. Together with the UN Sustainable Development Goals, they provide a general framework for setting targets and defining the company's actions towards the various affected communities. Outokumpu's European operations are ResponsibleSteel-certified, and its mining operations in Finland follow the Towards Sustainable Mining Finland standard. In addition, environmental and social aspects related to affected communities are included in various internal audit and evaluation schemes as well as in the supply chain due diligence process. The need to elaborate these aspects further in the existing internal management tools will also be considered in 2025. (S3-MDR-T-81-(b)-(i))

Governance information

Outokumpu's governance work enhances business conduct and corporate culture. Outokumpu is committed to conducting business with high integrity. This means conducting business in an ethical and responsible way. Outokumpu believes that every employee has a role in making ethical choices that help to build a world that lasts forever.

Outokumpu is committed to conducting business with high integrity. The company's Code of Conduct provides the principles and rules that all employees need to follow and commit to in their daily work. It guides the employees by setting examples and giving practical advice so that everyone is able to make the right choices and conduct business in an ethical and responsible manner.

TARGETS	PROGRESS
Targeted completion rate of the new Code of Conduct e-learning	Achieved completion rate of the new Code of Conduct e-learning by all employees
100%	97%
including all employees, administrative and operational	

G1–1 Business conduct policies and corporate culture

Business conduct policies and corporate culture was identified as material for Outokumpu in its double materiality assessment.

Material impacts, risks and opportunities resulting from the materiality assessment

G1-1 Business conduct policies and corporate culture

Impacts	**Positive** Fostering a corporate culture that is anchored in transparency and ethical, responsible and sustainable business practices offers employees a safe and welcoming place to work and also enables them to raise concerns. Outokumpu's commitment to conduct business with high integrity also has a positive impact on other stakeholders of the company. Furthermore, Outokumpu expects that its business partners follow similar ethical standards as Outokumpu. These actual positive impacts concern the whole value chain.
	Negative If Outokumpu fails to conduct business in an ethical and responsible manner and maintain a corporate culture where every employee has a role in doing the right thing, it can lead to non-compliant and unethical business practices. Non-compliant and unethical business practices of Outokumpu's business partners can also have negative impacts on Outokumpu and its stakeholders. These potential negative impacts concern the whole value chain.
Risks and opportunities	**Risk** Non-compliance with laws and regulations and the company's business conduct policies as well as other unethical behavior, can weaken the operations and result in adverse legal, financial and reputational consequences for Outokumpu and its stakeholders, impacting the whole value chain.

(ESRS 2-SMB 3-8-(a))

Impact, risk and opportunity management

Policies

Policies related to business conduct and corporate culture

Outokumpu has formulated policies that address the identification and management of the company's material impacts, risks, and opportunities related to business conduct matters. At Outokumpu, the most important business conduct policy is the group-wide Code of Conduct which is the core element of Outokumpu's group-wide Ethics and Compliance (E&C) program. The aim of the Code of Conduct is to ensure that all Outokumpu employees live up to Outokumpu's Ethical Principles, Ways of Working and act with high integrity.

Key contents of the policies

The Outokumpu Ethical Principles are part of the Code of Conduct and they are issued by the Outokumpu Board of Directors. As per these principles, Outokumpu respects and promotes human rights and conducts business in a safe, sustainable and ethical and compliant manner. These key Ethical Principles guide how to act towards employees, customers, other business partners and society at Outokumpu.

The Outokumpu Code of Conduct is structured based on the company's Ways of Working. These form the foundation for daily work at Outokumpu: we operate safely, always; we leverage the power of One Outokumpu; we deliver; we value and grow people and diversity; we act sustainably; and we are a trusted partner. These Ways of Working unite the company and create a common understanding on how Outokumpu does business, treats people and works towards a world that lasts forever.

The Code of Conduct provides the principles and rules that all employees need to follow and commit to in their daily work. It guides the employees by setting examples and giving practical advice so that everyone is able to make the right choices in their everyday work. The Code of Conduct contains information about the following key areas: health and safety, working together as one Outokumpu, responsible purchasing, protecting assets, information and personal data, safeguarding insider information, communicating with external audiences, corporate governance, avoiding conflicts of interest, financial integrity, preventing money laundering, respectful employment practices, working conditions and rights of employees, sustainable operations and co-operation with communities, anti-corruption including using agents, consultants and distributors as well as reasonable gifts, hospitality and travel expenses, knowing our business partners, competition law compliance, responsibility to comply with the Code of Conduct, co-operation in audits and investigations and raising concerns including information about Outokumpu's SpeakUp channel.

In addition to the Code of Conduct, there are other business conduct related policies and instructions in place as part of Outokumpu's operating principles framework, including policies around the areas of health and safety, anti-corruption, know your business partner, and data protection as well as competition law compliance. Furthermore, there is a Supplier Code of Conduct and supplier requirements available for Outokumpu's suppliers. Policies and instructions, including the Code of Conduct, are implemented through training, communications, and internal control activities. (G1-MDR-P-65-(a))

Scope and approval process

The Outokumpu Code of Conduct is applicable to all Outokumpu employees globally. Outokumpu also expects that all its business partners follow similar ethical standards as Outokumpu.

Outokumpu's suppliers globally are expected to comply with the Outokumpu Supplier Code of Conduct and supplier requirements. More information about the management of suppliers can be found in the Workers in the value chain (S2) chapter. (G1-MDR-P-65-(b))

The Outokumpu Board of Directors determines Outokumpu's Ethical Principles, which are part of the Outokumpu Code of Conduct. The Outokumpu Ways of Working are determined by the CEO and the Outokumpu Leadership Team, and the Outokumpu Human Resources function facilitates their implementation. The CEO of Outokumpu approves and monitors the implementation of the Code of Conduct. (G1-MDR-P-65-(c))

Third-party standards

As stated in the Code of Conduct, Outokumpu honors and is committed to the International Bill of Human Rights, United Nations Global Compact, UN Guiding Principles on Business and Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. (G1-MDR-P-65-(d))

Availability and implementation

Outokumpu's Legal and Compliance function drives the implementation and further development of the group-wide E&C program. Implementing the Outokumpu Code of Conduct is facilitated by the Group Ethics and Compliance team and the Code of Conduct and the related e-learning has been drafted in co-operation with internal stakeholders. (G1-MDR-P-65-(e))

The Code of Conduct is available internally in eleven (11) languages. There is a dedicated Code of Conduct page on the company's intranet where the Code of Conduct and its language versions can be found. There are also communication materials available related to the Code of Conduct, such as posters that can be posted on the walls of Outokumpu's sites globally. The English version of the Code of Conduct can also be found on Outokumpu's external website.

Outokumpu expects that its business partners follow similar ethical standards as Outokumpu. In addition, Outokumpu expects that its suppliers globally comply with the Supplier Code of Conduct and supplier requirements. Furthermore, training can be organized for business partners on key ethics and compliance topics, as needed. (G1-MDR-P-65-(f))

Establishing, developing, promoting and evaluating the corporate culture

Outokumpu is committed to fostering a corporate culture that is anchored in transparency, integrity and ethical, responsible and sustainable business practices. Outokumpu wants to act as a reliable and trusted partner towards all its stakeholders, including customers, employees, investors and the communities Outokumpu is operating in. Outokumpu's corporate culture is established and developed through the vision, the Outokumpu Code of Conduct and other policies and commitments that are implemented through training, communications and internal control activities. Outokumpu's corporate culture is evaluated regularly to ensure it aligns with the company's commitment to conduct business with high integrity, and fosters a safe and welcoming work culture.

Outokumpu's vision is to be customer's first choice in sustainable stainless steel. Sustainability is an integral part of Outokumpu's strategy making it an important element of Outokumpu's corporate culture. At Outokumpu ethical and compliant business practices are at the heart of conducting a sustainable business where everyone can contribute by making ethical and responsible choices as part of the daily activities at work.

Outokumpu has instituted robust business conduct policies that serve to guide the behavior and operations of the company in an ethical and responsible manner. These policies are embedded in the corporate culture, promoting responsible behavior at every level of the organization.

Outokumpu is committed to complying with applicable laws and regulations, Ethical Principles, the Outokumpu Code of Conduct and other company policies and instructions, as well as Ways of Working, which form the basis of Outokumpu's actions, operations and corporate culture. Outokumpu's Ways of Working unite the company and create a common understanding and corporate culture on how the company does business and treat its people.

At Outokumpu, safety takes priority over all other activities. This affects Outokumpu's corporate culture and emphasizes the importance of health and safety. Everyday actions at work are based on Outokumpu's safety principles. Outokumpu's Cardinal Safety rules, which are the fundament for instructions and standard operational procedures, ensure strict compliance with the safety principles. Furthermore, Outokumpu is committed creating a work environment where everyone feels safe and welcomed, regardless of their background. Additionally, the company fosters a collaborative working culture, embracing diversity, equity, and inclusion.

The business conduct policies are implemented through training, communications and internal control activities. For Code of Conduct and related ethics and compliance matters the Group Ethics and Compliance team conducts e-learning modules and other engaging training and communications to help employees do the right thing. The senior management of Outokumpu also has an important role in setting the tone from the top and communicating the importance of ethical and compliant business practices. One example of such communications is the monthly safety calls led by the CEO. These calls regularly promote one of the key elements of Outokumpu's corporate culture: health and safety.

Outokumpu's policies and practices are regularly reviewed and updated to ensure that they also account for more recent developments in the business environment. Business conduct topics and how employees perceive the various elements of the company's actions, operations and corporate culture are also regularly evaluated and measured through various means, such as through employee engagement surveys targeted at all employees. There were two employee engagement surveys conducted in 2024. These surveys included questions around the key themes of corporate culture – ethical behavior, health and safety, diversity, equity, and inclusion as well as raising concerns.

At Outokumpu, integrity is part of the annual performance management process as part of the evaluation of the core behaviors, highlighting the importance of complying with the Outokumpu Code of Conduct and other policies, including Outokumpu's health and safety standards. For the administrative employees there is a reminder and consequence management process in place for the mandatory ethics and compliance e-learning modules. The process underlines the importance of completing the trainings on time – everyone needs to do their own part in knowing the rules and doing the right thing.

Finally, Outokumpu is committed to fostering a corporate culture of speaking up. This means that Outokumpu encourages all employees, business partners and other stakeholders to raise concerns, if they suspect a violation of the Outokumpu Code of Conduct or other misconduct. (G1-1-9)

Mechanism for reporting misconduct

Outokumpu aims to foster a transparent and open culture. The company encourages all employees, business partners and other stakeholders to raise concerns, if they suspect a violation of its Code of Conduct or other misconduct. Any activity that is against applicable laws, regulations or Outokumpu's policies, or any activity that can cause direct or indirect financial or other damage to Outokumpu, its employees or other stakeholders, is considered misconduct. Outokumpu employees are expected to protect Outokumpu's reputation, take action to prevent harm from occurring, and raise concerns if they suspect misconduct. Furthermore, internal audits and assessments conducted by external, independent parties aim and help to identify possible inappropriate conduct.

All available reporting channels are detailed in the Outokumpu Code of Conduct. Employees shall report suspected misconduct to their immediate manager, manager's manager or other members of the company management. If this is not possible due to the confidentiality or the nature of the matter, suspected misconduct shall be reported to Outokumpu Internal Audit, Compliance or Human Resources. When other channels do not feel comfortable, concerns shall be reported via the Outokumpu SpeakUp channel. SpeakUp is a confidential communication channel hosted by a third-party service provider, which enables employees and also external stakeholders to report alleged misconduct confidentially and anonymously, if allowed by the local laws and regulations. The SpeakUp channel is available in different languages.

When concerns are reported, they will be treated with strict confidence and assessed and reviewed in accordance with the internal investigations procedure typically led by Group Internal Audit. (G1-1-10-(a))

Protecting whistleblowers

Outokumpu aims to foster a corporate culture that upholds the highest standards of ethics, encourages the culture of speaking up and protects the whistleblowers.

Outokumpu has an internal Group-level reporting channel called SpeakUp in place, where concerns can be raised confidentially and anonymously, if allowed by the local laws and regulations. SpeakUp is hosted by a third-party service provider. The channel can be used internally, and it is also available for external parties. In certain countries within the European Union (EU), Outokumpu has established a possibility to use a local SpeakUp channel as required by the EU Whistleblower Protection Directive (EU) 2019/1937 and the consequent local laws and regulations.

Outokumpu has a strict non-retaliation policy for reports made in good faith. This means that the reporter shall not face negative consequences if they have reported the suspected misconduct in good faith. Furthermore, if the misconduct report is within the scope of the EU Whistleblower Protection Directive (EU) 2019/1937 and the consequent local laws and regulations, the reporter receives protection based on these laws and regulations.

The Outokumpu Code of Conduct contains information about how to raise concerns at Outokumpu. In addition, the internal Misconduct Reporting Instruction contains more information about misconduct reporting and Outokumpu's internal investigations procedure, including information about the designated functions who receive the reports and investigate the alleged misconduct, as needed. Furthermore, due to the EU Whistleblower Protection Directive (EU) 2019/1937 and the consequent local laws and regulations, the Misconduct Reporting Instruction can be supplemented with country-specific guidelines for Outokumpu entities operating in certain EU countries.

Employees are informed and trained on the topic of misconduct reporting through e-learning modules, such as through the Code of Conduct e-learning applicable for all employees, as well as through other trainings. There is also specific training organized to the persons who receive and handle misconduct reports, to ensure professional handling of the reported concerns.

In addition to the trainings, employees are informed about misconduct reporting through communications, such as through SpeakUp posters. There is also a separate misconduct reporting page available on Outokumpu's intranet. A link to the SpeakUp channel can be found on the intranet as well as on Outokumpu's external website. A link to the SpeakUp channel is also included in the Outokumpu Supplier Code of Conduct, encouraging suppliers to report suspected misconduct or unethical behavior related to their business relationship with Outokumpu. (G1-1-10-(c))

Investigating incidents

Outokumpu has an internal investigations procedure in place to investigate business conduct incidents, including incidents of corruption and bribery. The company is committed to handling misconduct reports independently, objectively and as promptly as reasonably possible.

Reports are assessed and reviewed in accordance with Outokumpu's internal investigations procedure typically led by Group Internal Audit. In those countries where locally managed misconduct reporting procedures have been implemented due to the EU Whistleblower Protection Directive (EU) 2019/1937 and the consequent local laws and regulations, there are local employees appointed to manage the assessment and review of the reported concerns locally in co-operation with Group Internal Audit, if permitted by the local laws and regulations. As a consequence of internal investigations, the management can be given recommendations on remedial actions, including corrective, preventative and disciplinary actions. The Outokumpu Ethics and Compliance Steering Group and Board Audit Committee regularly receive updates on the reported concerns. (G1-1-10-(e))

Training on business conduct

The Group Ethics and Compliance team at Outokumpu conducts trainings and shares information on a regular basis on various ethics and compliance topics, including the Code of Conduct, to help ensure that Outokumpu's employees globally know how to apply the policies and principles on business conduct in their daily decision-making. At Outokumpu, training is given both through mandatory e-learning modules as well as through face-to-face training, webinars and discussions. A reminder and consequence management process are applied for the mandatory ethics and compliance e-learnings, as applicable, making sure that employees complete the trainings on time.

In addition to the ethics and compliance training, there are other e-learning modules and training courses available for employees such as in the areas of health and safety as well as safe and welcoming culture. (G1-1-10-(g))

Functions most at risk of corruption and bribery

Outokumpu has a strict zero tolerance policy for any form of corruption or bribery as stated in the Outokumpu Code of Conduct. For this purpose, Outokumpu has a global anti-corruption compliance program in place as part of the group-wide Ethics and Compliance program. The purpose of the anti-corruption compliance program is to help to identify, assess and mitigate risks related to corruption and bribery in the global environment where Outokumpu operates. The program contains various elements to mitigate corruption and bribery risks, such as a detailed internal guidance document, the Anti-Corruption Instruction, which supplements the anti-corruption requirements as stated in Outokumpu's Code of Conduct. There are also other internal policies in place to mitigate corruption and bribery risks. Furthermore, the Outokumpu Supplier Code of Conduct contains requirements for suppliers to comply with applicable anti-corruption rules.

Outokumpu employees are being trained on the anti-corruption topic through various training courses, such as through Outokumpu Code of Conduct e-learning, which is applicable to all Outokumpu employees. In addition, there is an anti-corruption e-learning in place for administrative employees. In addition, there are other forms of anti-corruption-related trainings and communications to the employees.

At Outokumpu, certain functions are subject to elevated corruption and bribery risks as a result of their tasks and responsibilities. Due to their role in financial transactions and interactions with external stakeholders the company has identified the sales and procurement functions to be most at risk in respect of corruption and bribery. Outokumpu will continue to implement and improve, where necessary, applicable anti-corruption measures to mitigate any possible risks related to corruption and bribery. (G1-1-10-(h))

Actions and resources

Actions and resources related to business conduct and corporate culture

Key actions

The effective implementation and further development of Outokumpu's group-wide E&C program continued in 2024.

The Outokumpu Code of Conduct is applicable for all Outokumpu employees globally. For these purposes there is a Code of Conduct e-learning available for all Outokumpu employees in order to educate them about the key contents of the Code of Conduct and help them to make ethical and responsible decisions as part of their responsibilities at work. As a key action in 2024, the Code of Conduct e-learning was fully renewed and launched, making it engaging and topical for all Outokumpu employees, for both the administrative employees and operators.

In addition to the renewal and launch of the new Code of Conduct e-learning, other ethics and compliance e-learning modules in the areas of anti-corruption, competition law compliance, data protection and know your business partner were renewed and launched in 2024. The Group Ethics and Compliance team also actively conducted face-to-face and webinar training sessions on these topics and on the importance of reporting concerns so that employees at Outokumpu would know how to do the right thing. Risk mitigation measures also continued in these areas, such as through the improvement of processes and documentation. (G1-MDR-A-68-(a))

Scope and time horizon

New Code of Conduct e-learning

The Code of Conduct e-learning is an annual mandatory training for all administrative employees and managers of operators. Based on the decision made in 2024, the objective is that the operators take the training every other year or more often if there are material changes to the Code of Conduct or the e-learning. The training is available in several languages so that everyone can complete the training in their own language.

The new Code of Conduct e-learning, launched in May 2024, is a mandatory training for all Outokumpu employees globally as per the set training schedule. The Outokumpu Board of Directors also completes the training. The goal was 100% completion by all employees in 2024.

Other E&C training

In addition to the Code of Conduct e-learning, there are other mandatory ethics and compliance e-learning modules in place in the areas of anti-corruption, competition law compliance, data protection and know your business partner. These training modules are targeted at the administrative employees globally. Managers of operators globally also complete the data protection training. The training modules are available in several languages. All of these modules were renewed and launched in 2024 with the purpose that they will be completed by the said employees during 2025.

In addition to e-learning, the Group Ethics and Compliance team actively conducted face-to-face and webinar training sessions on ethics and compliance topics during 2024. These training sessions were mainly targeted at the administrative employees and, on some occasions, also at external parties, such as sales agents.

Other measures
The Group Ethics and Compliance team continued to implement various measures in the areas of anti-corruption, competition law compliance, data protection, know your business partner and misconduct reporting, for example through improved internal processes and documentation. The purpose of these measures was to further mitigate risks and improve the various elements of Outokumpu's group-wide E&C program. (G1-MDR-A-68-(b-c))

Prior progress

The Code of Conduct e-learning has been a mandatory training for Outokumpu employees also earlier. In 2023, 98% of administrative employees and managers of operators completed the training.

Other ethics and compliance e-learning modules in the areas of anti-corruption, competition law compliance, data protection and know your business partner have been mandatory for administrative employees and managers of operators also in the previous years as per the determined training schedule. The Group Ethics and Compliance team has also consistently conducted other ethics and compliance training as well as gradually implemented various risk mitigation measures and developed Outokumpu's group-wide E&C program (G1-MDR-A-68-(e))

Metrics and targets

Metrics and targets related to business conduct and corporate culture

Tracking performance and effectiveness

Outokumpu uses the training completion status of the Code of Conduct e-learning as a metric to evaluate the effectiveness of the implementation of the training. (G1-MDR-M-75)

Methodologies and assumptions

It is the assumption that all Outokumpu employees complete the Code of Conduct e-learning as per the determined training schedule.

The training is available for employees through the central HR system and each employee must log in to complete it. HR Learning Services supports with the technical implementation of the training and regularly monitors the training statistics together with other internal stakeholders. (G1-MDR-M-77-(a))

External validation

The measurement of the metrics (i.e. the training completion % of the Code of Conduct e-learning) is validated by the assurance provider, and no other external body. (G1-MDR-M-77-(b))

Relationship with policy objectives

The Outokumpu Code of Conduct is the core element of Outokumpu's group-wide E&C program, setting the ethical standards for Outokumpu's operations globally. The Code of Conduct e-learning supports the target that all employees would know and understand the key content of the Code of Conduct and would be able to conduct business in an ethical and responsible manner. At Outokumpu, every employee has a role in making ethical decisions that help to build a world that lasts forever. (G1-MDR-T-80-(a))

Measurable target

The target was that all Outokumpu employees globally complete the new Code of Conduct e-learning in 2024. The target was measured through the training statistics (training completion %) of the Code of Conduct e-learning. (G1-MDR-T-80-(b))

Scope

Since the actions were aimed at Outokumpu's internal stakeholders, the target was aligned with this scope. (G1-MDR-T-80-(c))

Milestones

The renewed Code of Conduct training was launched in May 2024. There was a separate deadline for administrative employees and managers of operators to complete the training in June 2024. The operators were expected to complete the training as per the planned training schedule for each Outokumpu site. (G1-MDR-T-80-(e))

Methodologies and assumptions

Outokumpu is committed to conducting business with high integrity and wants to make sure that all employees globally know the company's key rules on how to do the right thing. In addition to the company's own expectations, there are expectations set by external parties to conduct training for the employees on the ethical and compliant behavior.

The completion of the new Code of Conduct e-learning by all employees was a key target in 2024 in respect of the implementation of the key content of the group-wide Code of Conduct in all Outokumpu sites. (G1-MDR-T-80-(f))

Target setting

Outokumpu's Group Ethics and Compliance team facilitates the implementation of the Outokumpu Code of Conduct and related e-learning. The content of the new Code of

Conduct e-learning was renewed in co-operation with other functions, including Sustainability, Human Resources, Health and Safety, Cyber Security and business areas and business lines. The target that all employees should complete the training in 2024 was supported by the E&C Steering Group. (G1-MDR-T-80-(h))

Performance against disclosed target

97% of Outokumpu employees completed the new Code of Conduct e-learning in 2024. The completion of the Code of Conduct e-learning took efforts and discipline from the whole organization, especially from the operator side. Since the completion of the training by all employees was recognized as important for the company, necessary efforts were made to achieve the target.

The training completion rates were monitored by the HR Learning Services and the Group Ethics and Compliance team following the launch of the renewed training. The training statistics were also regularly shared with the HR colleagues who helped to organize the trainings for operators based on the planned site training schedules.

Outokumpu has a reminder and consequence management process in place for the mandatory ethics and compliance e-learning modules, including the Code of Conduct e-learning. This process applies to the administrative employees globally. As per the process, the administrative employees are expected to complete the training within the set timeline. In case of non-completions there is a reminder and escalation process, and as a final stage of the process, the Outokumpu user account of the administrative employee who has not taken the training on time, will be temporarily disabled (this process step applies to the administrative employees globally, except in Germany). The completion of the new Code of Conduct e-learning was monitored as per this process in 2024. (G1-MDR-T-80-(j))

Group key figures

Key figures

€ million, or as indicated	**2024**	2023	2022	2021	2020[1)]
Scope of activity					
Sales	**5,942**	6,961	9,494	7,243	5,639
change in sales, %	**-14.6**	-26.7	31.1	28.4	-11.9
exports from and sales outside Finland, of total sales, %*	**96.3**	96.5	95.9	96.4	96.3
Capital employed on Dec 31 [2) 3) *]	**4,250**	4,204	4,751	3,828	3,543
Capital expenditure *	**216**	170	158	171	180
in relation to sales, %	**3.6**	2.4	1.7	2.4	3.2
Depreciation and amortization	**220**	242	245	249	243
Impairments	**-7**	274	11	45	3
Research and development costs	**15**	14	15	14	21
in relation to sales, %	**0.2**	0.2	0.2	0.2	0.4
Personnel on Dec 31, FTE [4)]	**8,424**	8,453	8,357	8,439	9,602
average for the year, FTE [4)]	**8,443**	8,412	8,683	8,714	10,000
Personnel on Dec 31, headcount	**8,736**	8,750	8,591	8,727	9,915

Alternative performance measures are marked with *. For more information, please see Reconciliation of alternative performance measures section.
In year 2022, Outokumpu announced to divest majority of the Long Products business operations and classified these businesses as assets held for sale and reported as discontinued operations. The divestment was completed on January 3, 2023.

[1)] Including discontinued operations.
[2)] In 2022, including discontinued operations' equity. In 2021, including discontinued operations.
[3)] Outokumpu has redefined its capital employed and ROCE definitions in 2022. Information for year 2020 has not been restated.
[4)] In 2024, Outokumpu has redefined personnel, full time equivalent (FTE) measure, FTE is excluding interim workforce. Comparison year 2023 has been revised accordingly.
[5)] Until the year-end 2022, the balance sheet component is including discontinued operations except for Sept 30 and Dec 31, 2022, where only the equity component of discontinued operations is included.
[6)] Discontinued operations are impacting the comparative years' numbers 2020–2022.

€ million, or as indicated	**2024**	2023	2022	2021	2020[1)]
Profitability					
EBITDA*	**162**	416	1,248	968	191
Adjusted EBITDA*	**177**	517	1,256	980	250
in relation to sales, %	**3.0**	7.4	13.2	13.5	4.4
Adjusted EBITDA, including discontinued operations*	**177**	517	1,387	1,021	250
Operating profit (EBIT)*	**-51**	-100	992	674	-55
in relation to sales, %	**-0.9**	-1.4	10.5	9.3	-1.0
Adjusted EBIT*	**-43**	274	1,010	728	4
Result before taxes	**-89**	-133	933	610	-151
in relation to sales, %	**-1.5**	-1.9	9.8	8.4	-2.7
Net result for the financial year	**-40**	-111	1,086	526	-116
in relation to sales, %	**-0.7**	-1.6	11.4	7.3	-2.1
Net result for the financial year, including discontinued operations	**-40**	-106	1,140	553	-116
Return on equity (ROE), % * [6)]	**-1.1**	-2.6	30.6	20.1	-4.7
Return on capital employed (ROCE), % [3) 5) *]	**-1.2**	-2.1	22.6	17.6	-1.4

€ million, or as indicated	2024	2023	2022	2021	2020[1]
Financing and financial position					
Net financial expenses*	**41**	37	71	79	98
in relation to sales, %	**0.7**	0.5	0.7	1.1	1.7
Interest expenses*	**64**	60	44	64	78
in relation to sales, %	**1.1**	0.9	0.5	0.9	1.4
Gross debt* [2]	**502**	441	633	709	1,404
Net debt* [2]	**189**	-60	-10	408	1,028
Net debt adjusted EBITDA* [2]	**1.1**	-0.1	0.0	0.4	4.1
Share capital	**311**	311	311	311	311
Total equity	**3,748**	3,762	4,119	3,120	2,360
Equity-to-assets ratio, % * [2]	**63.2**	63.8	59.2	48.3	40.8
Debt-to-equity ratio (gearing), % * [2]	**5.0**	-1.6	-0.3	13.1	43.6
Net cash generated from operating activities [2]	**147**	325	778	597	322
Free cash flow * [2]	**-71**	290	619	448	147

Alternative performance measures are marked with *. For more information, please see Reconciliation of alternative performance measures section.

In year 2022, Outokumpu announced to divest majority of the Long Products business operations and classified these businesses as assets held for sale and reported as discontinued operations.
The divestment was completed on January 3, 2023.

[1] Including discontinued operations.

[2] Discontinued operations are impacting the comparative years' numbers 2020–2022. Free cash flow for year 2023 include discontinued operations i.e. proceeds from the sale of Long product business.

Reconciliation of alternative performance measures

Certain financial key figures and ratios presented in Outokumpu's Annual Report are not measures of financial performance, financial position or cash flows under IFRS and are therefore considered as alternative performance measures. These measures are not defined by IFRS and therefore may not be directly comparable with financial measures and ratios used by other companies, including those in the same industry. The reason for presenting these measures is that either they are statutory requirements applicable to the financial statements of the Group or the management believes that these measures provide meaningful supplemental information on the underlying business performance or financial position of the Group. These financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Alternative performance measures are marked with * in the Key figures table.

Key figure EUR million, or as indicated	Definition of the key figure or source in the consolidated Financial Statements	2024	2023
Exports from and sales outside Finland			
Exports from and sales outside Finland is an indicator of the international nature of the Group's business.			
Sales	Consolidated statement of income	**5,942**	6,961
Sales by destination to Finland	Note 2.2	**222**	243
Exports from and sales outside Finland	Sales - Sales by destination to Finland	**5,719**	6,717
in relation to total sales, %	Comparison to sales	**96.3**	96.5
Capital expenditure			
Capital expenditure indicates the investment in assets to generate future cash flows for the Group.			
Capital expenditure	Purchases of property, plant and equipment and intangible assets, other than emission allowances; and investments in equity at fair value through other comprehensive income and associated companies, and acquisitions of businesses.	**216**	170
in relation to sales, %	Comparison to sales	**3.6**	2.4

Key figure EUR million, or as indicated	Definition of the key figure or source in the consolidated Financial Statements	2024	2023
Operating capital (segment reporting)			
Operating capital is a measure for the amount of capital invested in Group's operations. It is used as a measure for the business areas' net assets.			
Capital employed on Dec 31	Defined later in this section	**4,250**	4,204
Cash and cash equivalents	Consolidated statement of financial position	**313**	502
Lease receivables	Note 4.2	**7**	—
Investments in associated companies	Consolidated statement of financial position	**77**	62
Investments in equity at fair value through other comprehensive income	Consolidated statement of financial position	**28**	12
Investments at fair value through profit or loss	Note 5.5	**28**	27
Net deferred tax assets	Note 2.6	**498**	423
Net employee benefit obligations	Note 3.3	**196**	212
Operating capital on Dec 31	Capital employed – cash and cash equivalents – lease receivables– investments in associated companies – investments in equity at fair value through other comprehensive income – investments at fair value through profit or loss – net deferred tax asset – net asset held for sale + net employee benefit obligations	**3,495**	3,390

Key figure EUR million, or as indicated	Definition of the key figure or source in the consolidated Financial Statements	2024	2023
Operating profit (EBIT) and adjusted EBIT			
Operating profit (EBIT) and adjusted EBIT are measures of financial performance of the Group. The items affecting comparability in EBIT relate to material income and expense items of unusual nature, and their purpose is to improve comparability of financial performance between reporting periods.			
Net result for the financial year	Consolidated statement of income	**-40**	-111
Income taxes	Consolidated statement of income	**49**	22
Total financial income and expenses	Consolidated statement of income	**-41**	-37
Share of results in associated companies	Consolidated statement of income	**3**	4
Operating profit (EBIT)	Consolidated statement of income	**-51**	-100
in relation to sales, %	Comparison to sales	**-0.9**	-1.4
Items affecting comparability in EBIT	Note 2.1	**-8**	-374
Adjusted EBIT	Operating profit (EBIT) - Items affecting comparability in EBIT	**-43**	274

EBITDA and adjusted EBITDA

EBITDA and adjusted EBITDA are measures of the financial performance of the Group. Adjusted EBITDA is Outokumpu's main performance indicator in financial reporting. The items affecting comparability in EBITDA relate to material income and expense items of unusual nature, and their purpose is to improve comparability of financial performance between reporting periods.

Operating profit (EBIT)	Consolidated statement of income	**-51**	-100
Depreciation and amortization	Note 2.3	**220**	242
Impairments	Note 2.4	**-7**	274
EBITDA	EBIT before depreciation, amortization and impairments	**162**	416
Items affecting comparability in EBITDA	Note 2.1	**-15**	-102
Adjusted EBITDA	EBITDA - Items affecting comparability in EBITDA	**177**	517
in relation to sales, %	Comparison to sales	**3.0**	7.4

Key figure EUR million, or as indicated	Definition of the key figure or source in the consolidated Financial Statements	2024	2023
Net financial expenses and interest expenses			
Net financial expenses and interest expenses are measures for the cost of Group's financing.			
Net financial expenses	Total financial income and expenses in the Consolidated statement of income	**41**	37
in relation to sales, %	Comparison to sales	**0.7**	0.5
Interest expenses	Consolidated statement of income	**64**	60
in relation to sales, %	Comparison to sales	**1.1**	0.9

Capital employed

Capital employed is a measure for the amount of capital invested in Group's operations.

Capital employed is the sum of:			
Total equity:	Consolidated statement of financial position	**3,748**	3,762
Gross debt	Defined later in this section	**502**	441
Capital employed on Dec 31	Total equity + gross debt	**4,250**	4,204

Operating profit (EBIT), EBITDA and adjusted EBITDA, including discontinued operations

Net result for the financial year, including discontinued operations	Consolidated statement of income	**-40**	-106
Income taxes	Consolidated statement of income	**49**	22
Total financial income and expenses	Consolidated statement of income	**-41**	-37
Share of results in associated companies	Consolidated statement of income	**3**	4
Operating profit (EBIT)	Consolidated statement of income + Note 6.1	**-51**	-95
Depreciation and amortization	Note 2.3	**220**	242
Impairments	Note 2.4	**-7**	274
EBITDA	EBIT before depreciation, amortization and impairments	**162**	421
Items affecting comparability in EBITDA	Note 2.1 + discontinued operations	**-15**	-97
Adjusted EBITDA	EBITDA - Items affecting comparability in EBITDA	**177**	517

Key figure EUR million, or as indicated	Definition of the key figure or source in the consolidated Financial Statements	2024	2023
Return on equity (ROE)			
Return on equity is an indicator of the value the Group generates to the capital the shareholders have invested in the Group.			
Total equity on Dec 31 of previous year	Consolidated statement of financial position	**3,762**	4,119
Total equity on March 31		**3,761**	4,064
Total equity on June 30		**3,697**	4,141
Total equity on Sept 30		**3,626**	4,135
Total equity on Dec 31	Consolidated statement of financial position	**3,748**	3,762
Total equity (4-quarter average)	Average of the opening and 4 quarter-end values	**3,719**	4,044
Net result for the financial year, incl. discontinued operations	Consolidated statement of income	**-40**	-106
Return on equity (ROE), %	Net result for the financial year / Total equity (4-quarter average)	**-1.1**	-2.6
Return on capital employed (ROCE)			
Return on capital employed is a measure for the value the Group generates to the capital invested in its operations.			
Capital employed on Dec 31 of previous year [1]	Defined earlier in this section	**4,204**	4,751
Capital employed on March 31		**4,175**	4,612
Capital employed on June 30		**4,134**	4,541
Capital employed on Sept 30		**4,079**	4,531
Capital employed on Dec 31	Defined earlier in this section	**4,250**	4,204
Capital employed (4-quarter average)	Average of the opening and 4-quarter-end values	**4,168**	4,528
Operating profit (EBIT)	Consolidated statement of income	**-51**	-100
Share of results in associated companies	Consolidated statement of income	**3**	4
Return on capital employed (ROCE), %	(Operating profit (EBIT) + Share of results in associated companies) / Capital employed (4-quarter average)	**-1.2**	-2.1

[1] Dec 31 2022, the equity component of discontinued operations is included.

Key figure EUR million, or as indicated	Definition of the key figure or source in the consolidated Financial Statements	2024	2023
Gross debt			
Gross debt is a measure for the level of debt financing in the Group.			
Non-current debt	Consolidated statement of financial position	**246**	359
Current debt	Consolidated statement of financial position	**256**	82
Gross debt	Non-current + current debt	**502**	441
Net debt			
Net debt is a measure for the level of debt financing in the Group.			
Gross debt	Defined earlier in this section	**502**	441
Cash and cash equivalents	Consolidated statement of financial position	**313**	502
Net debt	Gross debt – cash and cash equivalents	**189**	-60
in relation to sales, %	Comparison to sales	**3.2**	-0.9
Net debt to adjusted EBITDA			
Net debt to Adjusted EBITDA is an indicator of the Group's indebtedness.			
Net debt	Defined earlier in this section	**189**	-60
Adjusted EBITDA	Defined earlier in this section	**177**	517
Net debt to Adjusted EBITDA	Net debt / Adjusted EBITDA	**1.1**	-0.1
Equity-to-assets ratio			
Equity-to-assets ratio shows the proportion the Group's assets financed with equity. The equity-to-assets ratio indicates the financial risk level of the Group.			
Total equity	Consolidated statement of financial position	**3,748**	3,762
Total assets	Consolidated statement of financial position	**5,965**	5,927
Advances received	Note 4.5	**32**	31
Equity-to-assets ratio, %	Total equity/(Total assets - advances received)	**63.2**	63.8
Debt-to-equity ratio (gearing)			
Debt-to-equity ratio or gearing is an indicator of the financial risk level and the indebtedness of the Group.			
Net debt	Defined earlier in this section	**189**	-60
Total equity	Consolidated statement of financial position	**3,748**	3,762
Debt-to-equity ratio (gearing), %	Net debt / Total equity	**5.0**	-1.6
Free cash flow			
Free cash flow is an indicator of the cash flow that remains for e.g. payment of dividends and liabilities.			
Free cash flow	Consolidated statement of cash flows, cash flow before financing activities	**-71**	290

Definitions of financial key figures

Key figure	Purpose	Definition
Operating profit (EBIT)	Operating profit (EBIT) is a measure of financial performance of the Group.	Net result for the period excluding income taxes, financial income and expenses and share of results in associated companies
EBITDA	EBITDA is a measure of financial performance of the Group.	EBIT before depreciation, amortization and impairments
Items affecting comparability (IAC) in EBITDA or in EBIT	Items affecting comparability in EBITDA or EBIT improves comparability of financial performance between reporting periods.	Material income and expense items which affect the comparability between periods because of their unusual nature, size or incidence resulting for example from group-wide restructuring programs or disposals of assets or businesses.
Adjusted EBITDA or EBIT	Adjusted EBITDA is Outokumpu's main performance indicator in financial reporting.	EBITDA or EBIT +/- items affecting comparability
Capital employed	Capital employed is a measure for the amount of capital invested in the Group's operations.	Total equity + gross debt
Operating capital (segment reporting)	Operating capital is a measure for the amount of capital invested in the Group's operations. It is used as a measure for the business areas' net assets.	Capital employed – cash and cash equivalents - lease receivables– investments in associated companies – investments in equity at fair value through other comprehensive income – investments at fair value through profit or loss – net deferred tax asset – net asset held for sale + net employee benefit obligations
Capital expenditure	Capital expenditure indicates the investment in assets to generate future cash flows for the Group.	Purchases of property, plant and equipment and intangible assets, other than emission allowances; and investments in equity at fair value through other comprehensive income and in associated companies and acquisitions of businesses
Free cash flow	Free cash flow is an indicator of the cash flow that remains for e.g. payment of dividends and liabilities.	Cash flow before financing activities
Return on capital employed (ROCE)	Return on capital employed is a measure for the value the Group generates to the capital invested in its operations.	$\frac{\text{Operating profit (EBIT) + Share of results in associated companies}}{\text{Capital employed (4-quarter rolling average)}} \times 100$
Return on operating capital (ROOC) (segment reporting)	Return on operating capital is an internal measure for the value the business areas generate to the capital invested in their operations.	$\frac{\text{Adjusted EBIT}}{\text{Operating capital (4-quarter rolling average)}} \times 100$

Key figure	Purpose	Definition
Return on equity (ROE)	Return on equity is an indicator of the value the Group generates to the capital the shareholders have invested in the Group.	$\frac{\text{Net result for the financial period}}{\text{Total equity (4-quarter rolling average)}} \times 100$
Gross debt	Gross debt is a measure for the level of debt financing in the Group.	Non-current debt + current debt
Net debt	Net debt is a measure for the level of debt financing in the Group.	Gross debt – cash and cash equivalents
Equity-to-assets ratio	Equity-to-assets ratio shows the proportion of the Group's assets financed with equity. It indicates the financial risk level of the Group.	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio (gearing)	Debt-to-equity ratio or gearing is an indicator of the financial risk level and the indebtedness of the Group.	$\frac{\text{Net debt}}{\text{Total equity}} \times 100$
Net debt to adjusted EBITDA	Net debt to adjusted EBITDA is an indicator of the Group's indebtedness.	$\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$
Personnel, full-time equivalent		Headcount adjusted to full-time equivalent number of personnel, excluding personnel on sick leave or parental leave of more than 6 months and excluding personnel whose employment has been terminated and who are on notice period without requirement to work and excluding interim workforce.

Share-related key figures[1)]

		2024	2023	2022	2021	2020
Earnings per share	€	**-0.09**	-0.24	2.52	1.26	-0.28
Earnings per share continuing operations	€	**-0.09**	-0.26	2.40	1.21	—
Diluted earnings per share [2)]	€	**-0.09**	-0.24	2.33	1.17	-0.28
Diluted earnings per share continuing operations [2)]	€	**-0.09**	-0.26	2.22	1.13	—
Cash flow per share	€	**0.35**	0.75	1.72	1.36	0.78
Equity per share	€	**8.85**	8.73	9.27	6.89	5.70
Dividend per share	€	**0.26** [3)]	0.26	0.35	0.15	—
Dividend payout ratio	%	**-278.43**	-105.97	13.64	12.30	—
Dividend yield	%	**8.95**	5.80	7.40	2.70	—
Price / earnings ratio		**neg.**	neg.	1.88	4.37	neg.
Development of share price						
Average trading price	€	**3.59**	4.77	4.69	4.96	2.66
Lowest trading price	€	**2.77**	3.60	3.51	3.36	2.08
Highest trading price	€	**4.48**	5.90	6.48	6.01	4.44
Trading price at the end of the period	€	**2.91**	4.48	4.73	5.50	3.22
Change during the period	%	**-35.2**	-5.2	-14.0	70.8	14.8
Change in the OMX Helsinki index during the period	%	**-6.2**	-6.6	-13.4	18.3	10.1
Market capitalization at the end of the period [4)]	€ million	**1,231**	1,933	2,101	2,489	1,327
Development in trading volume						
Trading volume [5)]	1,000 shares	**385,456**	386,008	720,801	880,092	1,100,628
In relation to adjusted weighted average number of shares	%	**90.9**	88.7	159.5	200.5	265.9
Adjusted weighted average number of shares [4)]		**424,237,776**	435,090,240	451,932,876	438,871,175	413,907,618
Adjusted diluted weighted average number of shares [4) 6)]		**470,977,109**	475,843,726	493,535,712	479,163,509	437,336,296
Number of shares at the end of the period [4)]		**423,685,628**	431,190,703	444,134,611	452,571,977	412,002,212

1) Including discontinued operations if not otherwise stated. In 2023 only impact of discontinued operations is the transactions related to the sale of Long Products business operations.
2) The comparative information has been revised.
3) The Board of Directors' proposal to the Annual General Meeting.
4) Excluding treasury shares.
5) Includes only Nasdaq Helsinki trading.
6) The convertible bonds maturing in July 2025 can be converted into maximum of 45,261,669 ordinary shares.

Definitions of share-related key figures

Key figure	Definition
Earnings per share	$\frac{\text{Net result for the financial year attributable to the equity holders}}{\text{Adjusted weighted average number of shares during the period}}$
Diluted earnings per share	$\frac{\text{Net result for the financial year attributable to the equity holders + interest expenses on convertible bonds, net of tax}}{\text{Adjusted diluted weighted average number of shares during the period}}$
Cash flow per share	$\frac{\text{Net cash generated from operating activities}}{\text{Adjusted weighted average number of shares during the period}}$
Equity per share	$\frac{\text{Equity attributable to the equity holders}}{\text{Adjusted number of shares at the end of the period}}$
Dividend per share	$\frac{\text{Dividend for the financial year}}{\text{Adjusted number of shares at the end of the period}}$
Dividend payout ratio	$\frac{\text{Dividend for the financial year}}{\text{Net result for the financial year attributable to the equity holders}} \times 100$
Dividend yield	$\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}} \times 100$
Price/ earnings ratio (P/E)	$\frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$
Average trading price	$\frac{\text{EUR amount traded during the period}}{\text{Adjusted number of shares traded during the period}}$
Market capitalization at end of the period	Number of shares outstanding at the end of the period x Trading price at the end of the period
Trading volume	Number of shares traded during the period, and in relation to the adjusted weighted average number of shares during the period

Financial Statements

The year 2024 was challenging for Outokumpu in the weak economic environment and uncertain geopolitical situation. However, Outokumpu's financial position remained strong.

"Throughout the year we successfully continued our profit improvement actions, and despite the challenges, we kept our net debt at a low level."

– Marc-Simon Schaar, CFO

Financial statements content

Consolidated Financial Statements, IFRS

Consolidated statement of income

€ million	Note	2024	2023
Continuing operations			
Sales	2.2	**5,942**	6,961
Cost of sales	2.3	**-5,710**	-6,474
Gross margin		**232**	486
Other operating income	2.4	**57**	62
Selling and marketing expenses	2.3	**-71**	-73
Administrative expenses	2.3	**-240**	-260
Research and development expenses	2.3	**-15**	-14
Other operating expenses	2.4	**-15**	-302
Operating profit (EBIT)		**-51**	-100
Share of results in associated companies	6.6	**3**	4
Financial income and expenses	2.5		
Interest income and other financial income		**13**	21
Interest expenses		**-64**	-60
Market price gains and losses		**20**	11
Other financial expenses		**-10**	-9
Total financial income and expenses		**-41**	-37
Result before taxes		**-89**	-133
Income taxes	2.6	**49**	22
Net result for the period from continuing operations		**-40**	-111

€ million	Note	2024	2023
Discontinued operations			
Net result for the period from discontinued operations	6.1	**—**	5
Net result for the period		**-40**	-106
Earnings per share for result from continuing operations attributable to the equity holders of the parent company	2.7		
Earnings per share, EUR		**-0.09**	-0.26
Diluted earnings per share, EUR		**-0.09**	-0.26
Earnings per share for result attributable to the equity holders of the parent company	2.7		
Earnings per share, EUR		**-0.09**	-0.24
Diluted earnings per share, EUR		**-0.09**	-0.24

Net result for the financial year is fully attributable to the equity holders of the parent company. The notes are an integral part of the Financial Statements.

Diluted earnings per share has been revised for the comparative period, see more information in note 2.7.

Consolidated statement of comprehensive income

€ million	Note	2024	2023
Net result for the period		**-40**	-106
Other comprehensive income, continuing operations			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations			
Change in exchange differences		**108**	-58
Cash flow hedges	5.4		
Fair value changes during the financial year		**12**	71
Reclassification to profit or loss		**-13**	-15
Income taxes	2.6	**0**	-6
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit plans	3.3		
Changes during the financial year		**12**	-15
Income taxes	2.6	**-4**	5
Equity investments at fair value through other comprehensive income	5.6		
Fair value changes during the financial year		**13**	-23
Share of other comprehensive income in associated companies	6.6	**0**	1
Other comprehensive income for the financial year, continuing operations, net of tax		**127**	-41
Other comprehensive income for the financial year, discontinued operations, net of tax		**—**	-12
Other comprehensive income for the financial year, net of tax		**127**	-53
Total comprehensive income for the financial year		**88**	-159

Total comprehensive income for the financial year is fully attributable to the equity holders of the parent company. The notes are an integral part of the Financial Statements.

Consolidated statement of financial position

€ million	Note	2024	2023
ASSETS			
Non-current assets			
Intangible assets	4.1, 4.3	**580**	556
Property, plant and equipment	4.1	**1,935**	1,905
Right-of-use assets	4.2	**179**	147
Investments in associated companies	6.6	**77**	62
Equity investments at fair value through other comprehensive income	5.6	**28**	12
Deferred tax assets	2.6	**504**	454
Trade and other receivables	4.5	**10**	12
		3,313	3,148
Current assets			
Inventories	4.4	**1,764**	1,581
Investments at fair value through profit or loss	5.5	**28**	27
Derivative financial instruments	5.4	**39**	34
Current tax receivables	2.6	**16**	27
Trade and other receivables	4.5	**492**	609
Cash and cash equivalents	5.1	**313**	502
		2,652	2,779
TOTAL ASSETS		**5,965**	5,927

€ million	Note	2024	2023
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company			
Share capital		**311**	311
Premium fund and other restricted reserves		**714**	714
Invested unrestricted equity reserve		**2,307**	2,307
Treasury share		**-159**	-169
Fair value reserves		**21**	6
Retained earnings		**553**	593
Total equity	5.2	**3,748**	3,762
Non-current liabilities			
Non-current debt	5.1	**246**	359
Derivative financial instruments	5.4	**0**	8
Deferred tax liabilities	2.6	**6**	31
Employee benefit obligations	3.3	**196**	212
Provisions	4.6	**52**	73
Trade and other payables	4.5	**13**	16
		513	700
Current liabilities			
Current debt	5.1	**256**	82
Derivative financial instruments	5.4	**17**	40
Provisions	4.6	**33**	37
Current tax liabilities	2.6	**8**	8
Trade and other payables	4.5	**1,390**	1,299
		1,704	1,465
TOTAL EQUITY AND LIABILITIES		**5,965**	5,927

The notes are an integral part of the Financial Statements.

Consolidated statement of cash flows

€ million	Note	2024	2023
Cash flow from operating activities			
Net result for the financial year		**-40**	-106
Adjustments for			
Depreciation, amortization and impairments	2.3, 2.4, 4.1, 4.2	**213**	516
Gains/ losses on sale of non-current assets, Group companies and businesses	2.4	**-1**	-6
Financial income and expense	2.5	**41**	37
Income taxes	2.6	**-49**	-22
Other adjustments		**2**	-28
		205	497
Change in net working capital			
Change in trade and other receivables		**139**	101
Change in inventories		**-165**	165
Change in trade and other payables		**53**	-212
		27	54
Interest and dividends received		**13**	19
Interest paid		**-52**	-47
Other financial items		**-8**	-9
Income taxes paid		**2**	-84
Net cash from operating activities		**147**	325

€ million	Note	2024	2023
Cash flow from investing activities			
Equity investments at fair value through other comprehensive income	5.6	**-2**	-14
Purchases of property, plant and equipment	4.1	**-173**	-129
Purchases of intangible assets	4.1	**-38**	-17
Investments in associated companies	6.6	**-13**	-10
Proceeds from sale of property, plant and equipment and intangible assets	4.1	**4**	37
Proceeds from disposal of shares in Group companies and businesses, net of cash	6.2	**5**	97
Other investing cash flow		**-1**	1
Net cash from investing activities		**-218**	-35
Cash flow before financing activities		**-71**	290
Cash flow from financing activities			
Dividends paid	5.2	**-110**	-152
Repurchase of treasury shares	5.2	**-34**	-70
Repayments of non-current debt	5.1	**-15**	-169
Change in current debt	5.1	**79**	0
Repayments of lease liabilities	4.2	**-38**	-39
Net cash from financing activities		**-118**	-430
Net change in cash and cash equivalents		**-189**	-140
Cash and cash equivalents at the beginning of the financial year [1)]		**502**	644
Net change in cash and cash equivalents		**-189**	-140
Foreign exchange rate effect on cash and cash equivalents		**1**	-2
Cash and cash equivalents at the end of the financial year	5.1	**313**	502

The notes are an integral part of the Financial Statements.

[1)] Cash and cash equivalents at the beginning of the financial year 2023 includes cash and cash equivalents of discontinued operations amounting to EUR 117 million.

Consolidated statement of changes in equity

€ million	Note	Share capital	Premium fund	Other restricted reserves	Invested unrestricted equity reserve	Treasury shares	Fair value reserve from equity investments	Fair value reserve from derivatives	Cumulative translation differences	Remeasure-ments of defined benefit plans	Other retained earnings	Total equity
Equity on January 1, 2023		**311**	**714**	**3**	**2,308**	**-129**	**-93**	**-48**	**3**	**-128**	**1,179**	**4,119**
Net result for the period		—	—	—	—	—	—	—	—	—	-106	-106
Other comprehensive income		—	—	—	—	—	-23	49	-68	-11	1	-53
Total comprehensive income for the financial year		—	—	—	—	—	-23	49	-68	-11	-105	-159
Transactions with equity holders of the parent company												
Contributions and distributions												
Dividends	5.2	—	—	—	—	—	—	—	—	—	-152	-152
Convertible bonds		—	—	—	0	1	—	—	—	—	—	0
Share-based payments	3.4	—	—	—	—	9	—	—	—	—	-10	-2
Repurchase of treasury shares[1)]	5.2	—	—	—	—	-50	—	—	—	—	—	-50
Fair value transfer to inventory	5.4	—	—	—	—	—	—	5	—	—	—	5
Other [2)]		—	—	-3	—	—	117	—	28	—	-142	—
Equity on December 31, 2023		**311**	**714**	**0**	**2,307**	**-169**	**1**	**5**	**-38**	**-139**	**770**	**3,762**
Net result for the period		—	—	—	—	—	—	—	—	—	-40	-40
Other comprehensive income		—	—	—	—	—	13	-1	108	8	0	127
Total comprehensive income for the financial year		—	—	—	—	—	13	-1	108	8	-40	88
Transactions with equity holders of the parent company												
Contributions and distributions												
Dividends	5.2	—	—	—	—	—	—	—	—	—	-110	-110
Share-based payments	3.4	—	—	—	—	6	—	—	—	—	-6	0
Repurchase of treasury shares [3)]	5.2	—	—	—	—	4	—	—	—	—	—	4
Fair value transfer to inventory	5.4	—	—	—	—	—	—	4	—	—	—	4
Other		—	—	—	—	—	—	—	—	0	0	—
Equity on December 31, 2024		**311**	**714**	**0**	**2,307**	**-159**	**14**	**8**	**70**	**-131**	**615**	**3,748**

The notes are an integral part of the Financial Statements.
Equity is fully attributable to the equity holders of the parent company. See note 5.2 for more information on equity.

[1)] Treasury shares were acquired as part of the share buyback program announced on November 29, 2023. Because of the nature of the contract with the third party, Outokumpu has recognized EUR 38 million financial liability related to the share buyback program and the maximum amount of EUR 50 million is impacting Group equity already in 2023.

[2)] Other is related to reclassification of cumulative translation differences amounting to EUR 28 million and reclassification of investment to Voimaosakeyhtiö SF from equity investments at fair value through other comprehensive income to associated company amounting to EUR 117 million. These changes did not have an impact in total equity.

[3)] On February 29, 2024, Outokumpu completed its up to EUR 50 million share buyback program which was announced on November 29, 2023. Due to the nature of the contract with a third party, Outokumpu recognized a EUR 38 million financial liability in December 2023 related to this share buyback program and the maximum amount of EUR 50 million impacted Group equity in 2023. During the program, Outokumpu repurchased a total of 11,000,000 of its own shares and used a total of EUR 46 million for the repurchase of shares. As the original commitment was higher, a EUR 4 million impact was recognized in equity in relation to this program.

Notes to the consolidated Financial Statements

Outokumpu presents the notes to the consolidated Financial Statements as grouped in the following six sections.

1. Basis of reporting
2. Business result
3. Employee benefits
4. Operating assets and liabilities
5. Capital structure and financial risk management
6. Group structure and other notes

The basis of preparation, accounting principles and management judgements applicable to the entire consolidated Financial Statements are presented in the Basis of reporting section, but the accounting principles, management judgements, and risks related to each disclosure item are presented in the related note. The table outlines the notes structure and indicates which notes include accounting principle, management judgement and risk information, and the following icons are used to indicate these topics within the notes.

Note	Accounting principles	Management judgements	Risk information
1 Basis of reporting			
1.1 Corporate information			
1.2 Basis of preparation	■	▼	●
2 Business result			
2.1 Operating segments	■		
2.2 Revenue	■		
2.3 Cost of sales and selling, general and administrative expenses	■		
2.4 Other operating income and expenses	■		
2.5 Financial income and expenses	■		
2.6 Income taxes	■	▼	
2.7 Earnings per share	■		
3 Employee benefits			
3.1 Employee benefit expenses			
3.2 Employee benefits for key management	■		
3.3 Employee benefit obligations	■	▼	●
3.4 Share-based payments	■	▼	
4 Operating assets and liabilities			
4.1 Intangible assets and property, plant and equipment	■	▼	
4.2 Leases	■	▼	
4.3 Goodwill impairment test	■	▼	
4.4 Inventories	■	▼	
4.5 Trade and other receivables and payables	■		●
4.6 Provisions	■	▼	

Note	Accounting principles	Management judgements	Risk information
5 Capital structure and financial risk management			
5.1 Net debt and capital management	■		●
5.2 Equity	■		
5.3 Financial risk management and insurances			●
5.4 Derivative instruments	■		
5.5 Financial assets and liabilities	■		
5.6 Equity investments at fair value through other comprehensive income	■	▼	
5.7 Commitments and contingent liabilities	■		
6 Group structure and other notes			
6.1 Discontinued operations	■		
6.2 Business acquisitions and disposals	■		
6.3 Disputes and litigations			
6.4 Related parties			
6.5 Subsidiaries			
6.6 Associated companies	■		
6.7 New IFRS standards			
6.8 Events after the balance sheet date			

1. Basis of reporting

This notes section covers the company information, general basis of preparation as well as accounting principles that are applicable to the entire consolidated Financial Statements.

1.1 Corporate information

Outokumpu Corporation is a Finnish public limited liability company organized under the laws of Finland and domiciled in Helsinki, Finland. The company has been listed on the Nasdaq Helsinki since 1988. Outokumpu Corporation is the parent company ("parent company", "Outokumpu Corporation") of the Outokumpu Group (the "Group", "Outokumpu", the "company").

Outokumpu is the global leader in stainless steel. The foundation of Outokumpu’s business is its ability to tailor stainless steel into any form and for almost any purpose. Stainless steel is sustainable, durable and designed to last forever. The Group’s customers use it to create civilization’s basic structures and its most famous landmarks as well as products for households and various industries. Outokumpu employs some 8,700 professionals in close to 30 countries.

Outokumpu’s consolidated Financial Statements according to ESEF regulations are published in XHTML format at www.outokumpu.com/reports. Financial Statements presented in other reports and formats, such as in the Annual report PDF or print, do not constitute as reports according to the ESEF regulations.

On February 17, 2025, the Board of Directors of Outokumpu Corporation approved the publishing of these consolidated Financial Statements. According to the Finnish Companies Act, the General Meeting of Shareholders is entitled to decide on the adoption of the Financial Statements.

1.2 Basis of preparation

These consolidated Financial Statements of Outokumpu have been prepared on a going concern basis for the financial year 2024 covering the period from January 1 to December 31, 2024.

The consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union including SIC and IFRIC interpretations in force on December 31, 2024. The consolidated Financial Statements also comply with the regulations of Finnish accounting and company legislation complementing the IFRS.

The consolidated Financial Statements are presented in millions of euros and have been prepared under the historical costs convention unless otherwise stated in the accounting principles. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure. Key figures have been calculated using exact figures.

Outokumpu completed the divestment of the Long Products business operations on January 3, 2023 and classified these businesses as assets held for sale and reported as discontinued operations in 2022. See more information in note 6.1.

Corporate information	
Company name	Outokumpu Corporation
Legal form	Public limited liability company
Country of incorporation	Finland
Domicile and principal place of business	Helsinki, Finland
Company address	P.O. Box 245, 00181 Helsinki, Finland
Ultimate parent company	Outokumpu Corporation

Risk information

Global economy and geopolitical conflicts

The development of the global economy, geopolitical tensions, trade policies and the continued war in Ukraine all expose Outokumpu to risks and uncertainties within its operating environment. The main uncertainties in the global economy relate to the development of the trade defense measures, to slow global economic growth, inflation, high interest rates, and continued uncertainties concerning China's economy. Possible further escalation of geopolitical tensions and conflicts, especially in the Middle East, could increase disruptions in the global supply chains. The consequences of these disruptions could impact Outokumpu's operating environment, business, and stainless steel demand.

However, the company has taken prompt measures to manage and control these risks. These developments have not had material impact on the valuation of the consolidated statement of financial position in 2024.

For more information on risks and uncertainties see Review of Board of Directors and notes to Financial Statements.

Climate matters

Outokumpu aims to reduce its carbon emission intensity by 42% by the end of 2030 compared to the 2016 level, in line with its Science-Based Target initiative (SBTi) 1.5 degree climate target.

Outokumpu has assessed physical climate risks and mitigation measures for all sites and included them in the general risk assessment system. The evaluation shows that the physical risk does not materially impact the Group's capital expenditure or operative expenses. However, the financial impact of the climate transition risk is significant and has been estimated for the target period until 2030.

To be able to attain the 1.5 degree climate target, the company has created and committed to a low carbon roadmap and many carbon emission reduction projects have been initiated already. The avoided direct emissions from Outokumpu's European sites in that period correspond to European emission allowances of about EUR 59[1)] million. See more information about climate related risks and transition plan in the Sustainability Statement in the Review of Board of Directors.

[1)] The financial impact is evaluated with Company's carbon price of 100 EUR per ton of CO_2.

Management judgements

The preparation of the Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and contingent liabilities at the reporting date, as well as the reported amounts of income and expenses during the reporting period.

The management estimates and judgments are continuously evaluated and they are based on prior experience and other factors, such as future expectations assumed to be reasonable considering the circumstances. Although these estimates are based on management's best knowledge of the circumstances at the end of the reporting period, actual results may differ from the estimates and the assumptions.

The table in the beginning of the notes to the consolidated Financial Statements outlines the notes that include material management judgments.

Accounting principles

Principles of consolidation

The consolidated Financial Statements include the parent company Outokumpu Corporation and all subsidiaries controlled by Outokumpu Corporation either directly or indirectly. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date on which control commences until the date on which control ceases. Changes in the parent company's ownership interest in a subsidiary are accounted for as equity transactions if the parent company retains control of the subsidiary.

All intra-group transactions, receivables, liabilities and unrealized margins, as well as distribution of profits within the Group, are eliminated in the preparation of consolidated Financial Statements.

Foreign currency transactions

Transactions of each subsidiary included in the consolidated Financial Statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary ("the functional currency"). The functional currency is mainly the subsidiary's local currency except for subsidiary in Mexico who uses the US dollar as their functional currency.

The consolidated Financial Statements are presented in euros which is the functional and presentation currency of the parent company. Group companies' foreign currency transactions are translated into local functional currencies using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities in foreign currencies are translated into functional currencies at the exchange rates prevailing at the end of the reporting period.

Foreign exchange differences arising from interest-bearing assets and liabilities and related derivatives are recognized in financial income and expenses in the consolidated statement of income. Foreign exchange differences arising in respect of other financial instruments are included in EBIT under sales, purchases or other operating income and expenses. The effective portion of accumulated exchange differences arisen from hedges of net investments in foreign operations are recognized in equity.

For those subsidiaries whose functional and presentation currency is not the euro, the items in the statements of income and comprehensive income, and in the statement of cash flows are translated into euro using monthly average exchange rates. The assets and liabilities in the statement of financial position are translated using the exchange rates prevailing at the reporting date. The translation differences arising from the use of different exchange rates explained above are recognized in the Group's equity through other comprehensive income.

Any goodwill arising on acquisitions of foreign operations and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisitions of those foreign operations are treated as assets and liabilities of those foreign operations. They are translated into euro using the exchange rates prevailing at the reporting date. When a foreign operation is sold, or is otherwise partially or completely disposed of, the translation differences accumulated in equity are reclassified in profit or loss as part of the gain or loss on the sale.

Adoption of new and amended IFRS standards

As of January 1, 2024, Outokumpu has applied the following new and amended standards, interpretations and decisions.

- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements. The amendments aim to improve the disclosure of supplier finance arrangements (also known as reverse factoring or supply chain financing). Entities must disclose the amount of cash flows associated with these arrangements that were not included in the cash flow statement, any changes in the outstanding balances related to supplier finance arrangements between the beginning and end of the reporting period, and the nature and extent of the arrangements, including terms and conditions. Outokumpu doesn't have any Supplier Finance Arrangements according to IFRS 7.
- Amendments to IAS 1 Presentation of Financial Statements, Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants. The amendments aim to provide clearer guidance and reduce the risk of liabilities being incorrectly classified due to technical breaches of covenants. Entities must disclose information about the nature of the covenants and any breaches that occurred, including details of any waivers or amendments received after the reporting period but before the Financial Statements are authorized for issue.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains.

The new and amended standards, interpretations and decisions did not have material impact on Outokumpu's consolidated Financial Statements.

2. Business result

In 2024, Outokumpu's sales and adjusted EBITDA decreased significantly compared to the previous year, reflecting a weaker part of the stainless steel cycle. Profitability was negatively impacted by both lower stainless steel deliveries as well as weaker realized prices for stainless steel. Despite challenging conditions, Outokumpu maintained its strong financial position.

2.1 Operating segments

Outokumpu's business is divided into three business areas which are Europe, the Americas, and Ferrochrome. The business areas have responsibility for commercial activities, supply chain management and operations and they are Outokumpu's operating segments under IFRS.

In addition to the business area structure, Group Functions cover Legal and compliance, Health and safety, Procurement, Finance, Treasury and IR, Strategy, HR, Group communications, R&D, Technology, Sustainability and Group IT.

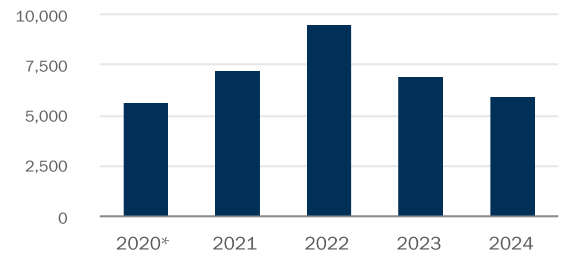
Europe consists of both coil and plate operations in Europe. The high-volume and tailored standard stainless steel grades are primarily used for example in architecture, building and construction, transportation, catering and appliances, chemical, petrochemical and energy sectors, as well as other process industries. The production facilities are located in Finland, Germany and Sweden. The business area has an extensive service center and sales network across Europe, Middle East, Africa and APAC region.

Americas produces standard austenitic and ferritic grades as well as tailored products. Its largest customer segments are automotive and transport, consumer appliances, oil and gas, chemical and petrochemical industries, food and beverage processing, as well as building and construction industry. The business area has production units in the US and Mexico.

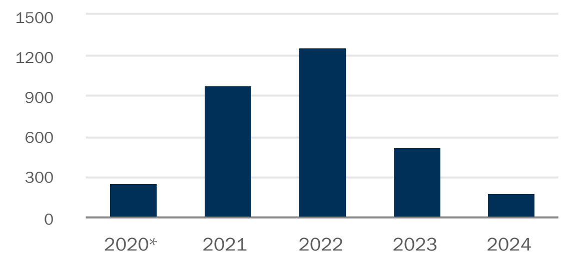
Ferrochrome produces charge grade of ferrochrome. The business area has a chrome mine in Kemi, Finland and ferrochrome smelters in Tornio, Finland.

Other operations consist of activities outside the three operating segments, as well as industrial holdings, non-core businesses and strategic group level investments. Such business development expenses, Corporate Management expenses and other extraordinary costs that are not part of business area performance assessment and not allocated to the business areas are also reported under Other operations. Sales of Other operations consist of sales of electricity to the Group's production facilities in Finland and in Sweden, sales of non-core businesses and internal services.

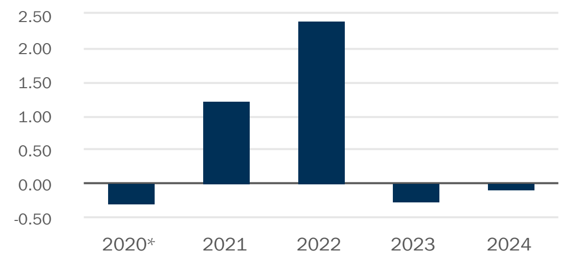
Sales, € million



Adjusted EBITDA, € million



Earnings per share, €



* Including discontinued operations

Sales EUR

5.9

billion

Adjusted EBITDA EUR

177

million

Net result EUR

-40

million

Earnings per share EUR

-0.09

2024 € million	Europe	Americas	Ferrochrome	Operating segments total	Reconciliation Other operations	Eliminations	Group
External sales	4,044	1,707	180	5,930	11	—	5,942
Inter-segment sales	58	—	289	347	175	-522	—
Sales	4,102	1,707	469	6,277	186	-522	5,942
Adjusted EBITDA	58	59	106	223	-46	-1	177
Items affecting comparability in EBITDA							
Loss on disposal of shares in Group companies and businesses	—	—	—	—	-3	—	-3
Litigation provisions	—	-2	—	-2	—	—	-2
Restructuring costs	-5	—	—	-5	-2	—	-7
Inventory revaluations	2	—	—	2	—	—	2
Environmental	—	-5	—	-5	—	—	-5
EBITDA	55	51	106	212	-50	-1	162
Depreciation and amortization	-115	-33	-58	-206	-14	—	-220
Impairments	7	0	—	7	—	—	7
Operating profit (EBIT)	-52	18	48	14	-64	-1	-51
Assets in operating capital	2,948	944	986	4,879	297	-168	5,008
Other assets							453
Deferred tax assets							504
Total assets							5,965
Liabilities in operating capital	989	370	123	1,482	182	-152	1,513
Other liabilities							698
Deferred tax liabilities							6
Total liabilities							2,217
Operating capital	1,959	574	863	3,396	115	-16	3,495
Return on operating capital (ROOC), %	-3.0	4.2	5.5				

2023 € million	Europe	Americas	Ferrochrome	Operating segments total	Other operations	Eliminations	Group
							Reconciliation
External sales	4,749	1,883	207	6,840	121	—	6,961
Inter-segment sales	69	8	260	337	287	-624	—
Sales	4,818	1,892	467	7,177	408	-624	6,961
Adjusted EBITDA	148	285	96	529	-18	6	517
Items affecting comparability in EBITDA							
Loss on disposal of shares in Group companies and businesses	—	—	—	—	-26	—	-26
Onerous contracts provisions	-7	—	—	-7	—	—	-7
Restructuring costs	-26	-16	-3	-45	-5	—	-50
Inventory revaluations	-20	—	—	-20	—	—	-20
EBITDA	96	270	93	458	-49	6	416
Depreciation and amortization	-119	-60	-50	-228	-14	—	-242
Impairments	-8	-264	-2	-274	—	—	-274
Operating profit (EBIT)	-31	-54	41	-44	-107	51	-100
Assets in operating capital [1)]	2,843	940	1,018	4,801	293	-222	4,871
Other assets							602
Deferred tax assets							454
Total assets							5,927
Liabilities in operating capital [1)]	993	346	125	1,463	226	-208	1,480
Other liabilities							653
Deferred tax liabilities							31
Total liabilities							2,165
Operating capital [1)]	1,850	594	894	3,338	67	-15	3,390
Return on operating capital (ROOC), %	1.5	25.8	5.0				

[1)] The data for other operations and eliminations has been revised.

Items affecting comparability in EBITDA and EBIT

€ million	2024	2023
Restructuring costs	**-7**	-50
Environmental	**-5**	—
Loss on disposal of shares in Group companies and businesses	**-3**	-26
Inventory revaluations	**2**	-20
Onerous contracts provisions	**—**	-7
Litigation provisions	**-2**	—
Items affecting comparability in EBITDA	**-15**	-102
Impairments on non-current assets	**7**	-272
Items affecting comparability in EBIT	**-8**	-374

In 2024, the German restructuring provisions of 2023 were revised which led to an increase of EUR 5 million. At the same time, the impairment of EUR 5 million recognized in 2023 was reversed. The environmental items of EUR 5 million are related to flooding that was caused by torrential rains in San Luis Potosí, Mexico. The loss on the disposal of shares in Group companies and businesses of EUR 3 million is due to a final escrow account agreement relating to the sale of Long Products businesses in 2023.

In 2023, Outokumpu recognized items affecting comparability relating to the sale of the remaining Long Products business in Degerfors and Storfors, Sweden, with a loss of EUR 26 million; an onerous contracts provision of EUR 7 million related to the metal powder plant in Germany; and a propane-related inventory write-down of EUR 20 million. Outokumpu also recognized restructuring costs totaling EUR 50 million, of which EUR 26 million is related to restructuring in Germany and EUR 16 million to the renegotiated hot rolling agreement in business area Americas; regarding these two items, impairments of EUR 5 million and EUR 264 million were also booked, respectively.

Accounting principles

Outokumpu's CEO, supported by the Leadership Team, is the Group's chief operating decision maker. The segments are reviewed regularly for the purpose of assessing performance and allocating resources to segments. The review is based on internal management reporting on IFRS based financial information.

Adjusted EBITDA

Adjusted EBITDA is Outokumpu's main performance indicator in financial reporting, and is also used to assess the segments' performance. Adjusted EBITDA is defined as EBIT before depreciation, amortization and impairment charges, and excluding such material income and expense items which affect the comparability between periods due to their unusual nature, size or incidence resulting from, for example, Group-wide restructuring programs or disposals of assets or businesses.

Adjusted EBITDA is an alternative performance measure, meaning that it is not an IFRS-defined measure. It is defined also in the Reconciliation of alternative performance measures section within the Review by the Board of Directors and reconciled to the consolidated statement of income. Alternative performance measures are unaudited.

Operating capital and ROOC

Segment assets and liabilities resulting in the operating capital are allocated to the segments based on the operations and the physical location of the assets and are measured the same way as in the Financial Statements.

Return on operating capital (ROOC) is a key figure for the segment reporting and it is an internal measure for the value the business areas generate to the capital invested in their operations. The formula for calculating Return on operating capital (ROOC) is presented in the Review by the Board of Directors section Definitions of financial key figures.

2.2 Revenue

External sales by geographical destination

€ million	Finland	Germany	Italy	The UK	Poland	Other Europe	North America	APAC region	Other countries	Group
2024										
Operating segment										
Europe	199	1,124	704	235	195	1,156	92	291	48	4,044
Americas	—	—	—	0	—	—	1,691	6	10	1,707
Ferrochrome	14	22	14	7	0	89	21	11	1	180
Other operations	9	3	—	0	—	0	—	—	—	11
	222	**1,148**	**718**	**243**	**195**	**1,244**	**1,805**	**307**	**59**	**5,942**
2023										
Operating segment										
Europe	222	1,360	977	252	202	1,243	105	318	70	4,749
Americas	—	—	—	0	—	—	1,856	5	22	1,883
Ferrochrome	13	26	13	3	0	87	21	44	0	207
Other operations	8	45	17	5	—	31	13	2	—	121
	243	**1,431**	**1,007**	**261**	**202**	**1,361**	**1,995**	**368**	**91**	**6,961**

The presentation of the external sales by geographical destination has been revised compared to 2023.

Accounting principles

Outokumpu generates revenue mainly from sales of stainless steel and ferrochrome. Outokumpu ships these goods to customers under a variety of Incoterms, and considers the physical possession as well as risks and rewards related to the ownership of the goods to be transferred accordingly. This also signifies the transfer of control of the goods to the customer.

Outokumpu's performance obligations related to sale of stainless steel and ferrochrome are satisfied and revenue from contracts with customers recognized at a point of time. Only revenue from the performance obligation related to transportation of the goods is recognized over a period of time, and the period under which the revenue is recognized is relatively short. Moreover, the timing of revenue recognition does not have an impact when assessing the uncertainty associated with future cash flows, as the sales of goods and transportation service are billed from the customer on the same invoice. Outokumpu acts as a principal with regards to transportation of goods. The amount of the remaining performance obligations related to the transportation service was immaterial at the end of 2024.

Outokumpu has bill-and-hold arrangements with selected European customers. Under these arrangements, based on a customer request, Outokumpu holds the readily available material at its own stock locations for the customer for up to a period of three months before the actual delivery of the material. Outokumpu has transferred control of these materials to the customer as Outokumpu is not able to direct the material to another customer, and consequently recognizes the revenue for the material sales. The revenue related to Outokumpu's transportation service performance obligation to deliver the material is recognized over the time when the delivery takes place. At the end of 2024, the amount of revenue recognized under the bill-and-hold arrangements for products not yet delivered was immaterial.

Stainless steel and ferrochrome sales prices are mainly fixed before delivery, and volume discounts estimated and accrued in the revenue recognition are the only variable component in pricing. In individual cases, the sales price of ferrochrome is based on the period of time when the customer uses the purchased ferrochrome. The payment terms vary from advance payment to 90 days payment term, and do not include any significant financing component.

Outokumpu can sell nickel procured under Group's nickel sourcing agreement. These sales are recognized to revenue when the title to the material is transferred to the buyer.

Liabilities related to customer contracts are presented in note 4.5.

Outokumpu does not have individual significant customers as defined in IFRS 8.

2.3 Cost of sales and selling, general and administrative expenses

€ million	2024	2023
Cost of sales	**-5,710**	-6,474
Selling and marketing expenses	**-71**	-73
Administrative expenses	**-240**	-260
Research and development expenses	**-15**	-14
Total	**-6,035**	-6,821

Cost of sales and selling, general and administrative expenses by nature

€ million	2024	2023
Materials	**-3,094**	-3,671
Supplies	**-619**	-737
Energy	**-360**	-461
Maintenance	**-239**	-226
Freight	**-250**	-248
Employee benefits	**-714**	-712
Depreciation and amortization	**-220**	-242
Other	**-539**	-524
Total	**-6,035**	-6,821

Depreciation and amortization by function

€ million	2024	2023
Cost of sales	**-211**	-233
Selling and marketing expenses	**0**	0
Administrative expenses	**-8**	-7
Research and development expenses	**-1**	-1
Total	**-220**	-242

Auditor fees

€ million	2024	2023
Audit	**-2.9**	-2.9
Audit-related services	**—**	—
Tax advisory	**-0.1**	-0.1
Other services	**-0.2**	-0.2
Total	**-3.2**	-3.2

PricewaterhouseCoopers has provided non-audit services to Outokumpu in total of EUR 0.3 million during 2024 (2023: EUR 0.3 million). These services comprised of Sustainability Statement audit and other agreed-upon procedures.

Accounting principles

Cost of sales

Cost of sales includes expenses related to materials and supplies, energy, maintenance and freight. Employee benefit expenses, depreciation and amortization and other expenses are included to the extent they relate to operational activities.

Research and development costs

As a main rule, research and development costs are expensed as incurred. If development is expected to generate future economic benefits for the Group, related costs are capitalized as intangible assets and amortized on a systematic basis over their useful lives.

Repairs and maintenance costs

Ordinary repairs and maintenance is carried out to maintain operating conditions of the mills and the equipment, and the related costs are expensed as they are incurred.

The costs of major repairs and renovations are included in the asset's carrying amount as capital expenditure when these activities are expected to generate future economic benefits for the Group, for example in form of a longer useful life, a wider product range, a higher output, or an improved quality, in excess of the originally assessed standard performance level.

Depreciation and amortization methods and useful lives of non-current assets

Depreciation and amortization methods as well as estimates for useful lives of different types of intangible asset and property, plant and equipment items are described in the note 4.1.

2.4 Other operating income and expenses

Other operating income

€ million	2024	2023
Exchange gains and losses from foreign exchange derivatives	**12**	-2
Market price gains and losses from commodity derivatives	**11**	10
Market price gains and losses from derivative financial instruments	**23**	8
Sale of services and rental income	**9**	7
Gains on sale of non-current assets	**5**	33
Gains from disposal of subsidiaries and businesses	**3**	—
Insurance compensation	**1**	6
Other income items	**16**	8
Total	**57**	62

Other operating expenses

€ million	2024	2023
Exchange gains and losses from foreign exchange derivatives	**-6**	—
Market price gains and losses from commodity derivatives	**-1**	—
Market price gains and losses from derivative financial instruments	**-7**	—
Impairments and impairment reversals in non-current assets	**7**	-274
Loss on disposal of shares in Group companies and businesses	**-3**	-26
Loss on sale of non-current assets	**-4**	0
Other expense items	**-9**	-2
Total	**-15**	-302

In 2024, other operating income includes EUR 3 million of gains from disposal of subsidiaries and businesses, which is related to the sale of Mexico branch distribution business in Mexico City, Guadalajara and Monterrey. More information on the disposal in note 6.2.

In 2024, other operating expenses includes EUR 7 million of impairments and impairment reversals in non-current assets, which is related to impairment reversals of right-of-use assets in Germany.

In 2023, the gain on sale of non-current assets is mainly related to the sale of emission allowances amounting to EUR 29 million. Impairments in non-current assets are mainly related to impairment in business area Americas (EUR 264 million) and impairments in Germany (EUR 8 million) related to restructuring and the metal powder plant. Loss on disposal of shares in Group companies and businesses is related to the sale of Degerfors.

Accounting principles

Other operating income and expenses include items such as gains or losses from disposals of non-current assets or businesses and gains or losses from derivative financial instruments that are not hedge accounted or do not relate to the Group's financing activities. Other operating income also includes rental and lease income, insurance compensations and government and other grants and support.

Grants and other support are recognized as income over the same periods as the costs they are intended to compensate. Investment grants related to purchases of non-current assets are deducted from the cost of the asset and recognized as income on a systematic basis as a reduction in depreciation or amortization over the useful life of the asset.

Other operating expenses include costs related to emission allowances and impairment losses related to non-current assets.

2.5 Financial income and expenses

€ million	2024	2023
Interest income	**11**	16
Other financial income	**2**	5
Interest income and other financial income	**13**	21
Interest expenses		
Debt at amortized cost	**-17**	-19
Factoring	**-22**	-19
Lease liabilities	**-13**	-10
Employee benefit obligations	**-7**	-7
Other interest expenses	**-6**	-5
Interest expenses	**-64**	-60
Capitalized interests	**—**	2
Fees related to committed credit facilities	**-7**	-6
Other fees	**-3**	-4
Other financial expenses	**-10**	-9
Exchange gains and losses		
Derivatives	**64**	-5
Cash, loans and receivables	**-50**	16
Other market price gains and losses		
Derivatives	**5**	5
Other	**1**	-4
Market price gains and losses	**20**	11
Total	**-41**	-37

Exchange gains and losses in the consolidated statement of income

€ million	2024	2023
In sales	**-5**	7
In purchases	**-17**	9
In other operating income and expenses	**6**	-2
In financial income and expenses	**14**	11
Total	**-2**	24

Exchange gains and losses include EUR 71 million of net exchange gain on derivative financial instruments (2023: EUR 7 million net exchange loss) of which a gain of EUR 6 million (2023: EUR 2 million loss) has been recognized in other operating income and expenses and a gain of EUR 64 million (2023: EUR 5 million loss) in financial income and expenses.

Accounting principles

Financial income includes mainly interest income on cash and cash equivalents and defined benefit plans.

Financial expenses include mainly interest expenses of borrowings, lease liabilities, factoring and defined benefit plans.

Other income and expenses include fees related to commitment credit facilities, other financial fees and capitalized interests.

Exchange gains and losses include exchange and other market price gains and losses on cash, debt and receivables and derivatives related to Group's financing activities.

Exchange and other market price gains and losses on operative items and related derivative instruments are recognized in EBIT. Exchange and other market price gains and losses on financing items and related derivative instruments are recognized in financial income and expenses.

2.6 Income taxes

Income taxes in the consolidated statement of income

€ million	2024	2023
Current taxes	**-10**	-23
Deferred taxes	**59**	45
Total	**49**	22

Reconciliation of income taxes in the consolidated statement of income

€ million	2024	2023
Result before taxes	**-89**	-133
Income taxes at Finnish tax rate of 20%	**18**	27
Difference between Finnish and foreign tax rates	**-1**	-1
Non-deductible expenses and tax exempt income	**-5**	0
Current year result for which no deferred tax asset has been recognized	**0**	—
Changes in deferred tax recognition	**37**	10
Group company disposals	**-1**	-5
Taxes for prior years	**1**	-6
Tax rate changes and other changes in tax laws	**0**	-3
Associated companies	**1**	1
Total	**49**	22

Accumulated deferred taxes recognized in equity

€ million	2024	2023
Deferred tax on convertible bonds equity component	**0**	-1
Net investment hedging	**-4**	-4
Remeasurements of the net defined benefit liability	**65**	69
Derivatives	**-2**	-2
Total	**58**	63

Deferred tax assets and liabilities

€ million	Jan 1, 2024 Net deferred tax assets (+) and liabilities (-)	Movements Reclassifications	Recognized in profit or loss	Recognized in other comprehensive income or directly in equity	Translation differences	Dec 31, 2024 Net deferred tax assets (+) and liabilities (-)
Intangible assets	8	—	-1	—	0	7
Property, plant and equipment	-97	-1	8	—	-1	-90
Right-of-use assets	-25	1	-10	—	0	-34
Inventories	-11	—	12	—	0	2
Net derivative financial assets	-3	—	2	0	0	-1
Other financial assets	6	—	3	—	0	9
Employee benefit obligations	26	—	-1	-4	0	21
Other financial liabilities	5	1	1	—	0	6
Lease liabilities	38	-1	7	—	0	44
Provisions	14	0	-1	—	0	13
Tax losses and tax credits	461	0	39	—	21	520
Net deferred tax assets	423	0	59	-5	21	**498**
Deferred tax assets	454					**504**
Deferred tax liabilities	-31					**-6**

€ million	Jan 1, 2023 Net deferred tax assets (+) and liabilities (-)	Movements Reclassifications	Recognized in profit or loss	Recognized in other comprehensive income or directly in equity	Translation differences	Dec 31, 2023 Net deferred tax assets (+) and liabilities (-)
Intangible assets	8	0	0	—	0	8
Property, plant and equipment	-189	9	83	—	0	-97
Right-of-use assets	-26	—	2	—	0	-25
Inventories	3	1	-14	—	0	-11
Net derivative financial assets	2	0	3	-8	0	-3
Other financial assets	31	-2	-24	—	0	6
Employee benefit obligations	16	-16	21	5	0	26
Other financial liabilities	5	0	0	—	0	5
Lease liabilities	39	—	0	—	0	38
Provisions	1	16	-3	—	0	14
Tax losses and tax credits	500	-9	-23	—	-8	461
Net deferred tax assets	390	0	45	-2	-9	**423**
Deferred tax assets	390					**454**
Deferred tax liabilities	0					**-31**

Right-of-use assets and lease liabilities have been presented separately compared to the 2023 Financial Statements.

Tax losses and related deferred tax assets

€ million	Tax losses carried forward 2024	2023	Recognized deferred tax assets 2024	2023	Unrecognized deferred tax assets 2024	2023
Expire later than in 5 year	**1,093**	1,090	**253**	238	**12**	25
Never expire	**1,056**	967	**267**	222	**—**	—
Total	**2,150**	2,056	**520**	461	**12**	25

Tax losses by country

€ million	2024	2023
Finland	**79**	94
Germany	**234**	169
Sweden	**197**	198
The US	**1,400**	1,358
The UK	**186**	179
Other countries	**54**	58
Total	**2,150**	2,056

As of December 31, 2024, Outokumpu Group has recognized a deferred tax asset on all material tax losses. The tax attributes of the Outokumpu Group for which no deferred tax asset has been recognized relate to a portion of the US state tax losses which are estimated to expire before utilization.

In 2024, the Group has released uncertain tax positions amounting to EUR 19 million.

No deferred tax liabilities were recorded on undistributed profits of foreign subsidiaries, as such profits are not to be distributed in the foreseeable future.

Management judgements

Outokumpu operates and earns income in numerous countries and is subject to changes in tax laws in multiple jurisdictions. When recognizing income tax liabilities, material judgments and estimates need to be made on tax uncertainties.

In deferred tax asset recognition, the management assesses whether the realization of future tax benefits is sufficiently probable to support the recognition. This assessment requires judgment regarding, for example, realizable benefits from future taxable income, available tax strategies, as well as other positive and negative factors. The recorded amount of deferred tax assets could be reduced as a result of changes in these estimates or in tax regulations imposing restrictions on the utilization of future tax benefits.

Accounting principles

Current and deferred income taxes are determined on entity level to the extent an entity is subject to income taxation. The income taxes in the consolidated statement of income include the Group companies' current income taxes based on taxable profit for the period, tax adjustments for previous periods, and the change in deferred income taxes. In several countries (Finland, Germany, the Netherlands, Sweden, and the US) Outokumpu companies are included in income tax consolidation groups or group taxation systems. The share of results in associated companies is reported in the statement of income based on the net result and thus including the income tax effect.

Deferred income taxes are stated using the balance sheet liability method to reflect the net tax effects of temporary differences between the assets and liabilities' carrying amounts in the Financial Statements and the corresponding tax basis at the reporting date, as well as for unused tax loss or credit carry forwards.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available for utilization of these differences. A valuation allowance is recognized if the realization of the tax benefits is not probable. The ability to recognize deferred tax assets is reviewed at the end of each reporting period.

Deferred tax liabilities are usually recognized in the statement of financial position in full.

As an exception, deferred tax liabilities are not recognized if they arise from initial recognition of an asset or a liability in a transaction that is not a business combination and that does not affect the accounting nor taxable profit at the time of the transaction.

Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply by the end of the reporting period. Generally, deferred tax is recognized to the statement of income. However, if the taxes are related to items of other comprehensive income or to transactions or other events recognized directly in equity, the related income taxes are also recognized either in other comprehensive income or directly in equity, respectively.

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was implemented in Finland, the jurisdiction in which Outokumpu Corporation is incorporated, based on the EU Directive, and is effective from January 1, 2024. The Group has not recognized any material tax expense related to the top-up tax in 2024. The Group has applied a temporary mandatory relief from deferred tax accounting for the potential impacts of the top-up tax and would account for it as a current tax if it would incur. Management assesses that the risk for any exposure to top-up tax for the Group is limited.

2.7 Earnings per share

	2024	2023
Net result attributable to the equity holders of the parent company, € million	**-40**	-106
Interest expenses on convertible bonds, net of tax, € million	**8**	8
Adjusted net result attributable to the equity holders of the parent company, € million	**-31**	-98
Net result attributable to the equity holders of the parent company, continuing operations, € million	**-40**	-111
Interest expenses on convertible bonds, net tax, continuing operations, € million	**8**	8
Adjusted net result attributable to the equity holders of the parent company, continuing operations, € million	**-31**	-103
Adjusted weighted average number of shares, in thousands	**424,238**	435,090
Adjusted diluted weighted average number of shares, in thousands	**470,977**	475,844
Earnings per share, €	**-0.09**	-0.24
Diluted earnings per share, €	**-0.09**	-0.24
Earnings per share, continuing operations, €	**-0.09**	-0.26
Diluted earnings per share, continuing operations, €	**-0.09**	-0.26

Diluted earnings per share has been revised for the comparative period.

Diluted earnings per share equals to earnings per share as potential ordinary shares have antidilutive impact.

In 2024, Outokumpu repurchased 8,357,545 treasury shares as part of a share buyback program started in 2023. More information on the programs are presented in note 5.2.

In 2023, Outokumpu repurchased 13,903,534 treasury shares as part of two different share buyback programs of which one started in 2022 and the other in 2023. More information on the programs are presented in note 5.2.

Accounting principles

Basic earnings per share is calculated by dividing the net result attributable to the equity holders of the company by the adjusted weighted average number of shares outstanding during the period, excluding shares held by Outokumpu as treasury shares.

In a share issue, when shares are offered at discount compared to market price, the proportion of the issue representing the discount is retrospectively adjusted to the weighted average number of shares.

Diluted earnings per share is calculated by adjusting the adjusted weighted average number of ordinary shares outstanding with the assumption that convertible instruments are converted. The profit or loss used in the calculation is adjusted for the interest expense related to the instrument and recognized in the period, net of tax. In addition, the shares estimated to be delivered based on the share-based incentive programs are taken into account. However, potential ordinary shares are only dilutive if the adjustments decrease the earnings per share ratio.

3. Employee benefits

Outokumpu’s number of personnel decreased slightly during 2024, and at the end of December, full-time equivalent number of personnel was 8,424. Employee benefit expenses remained stable in 2024, but with increased pressure from wages and salaries due to tight labour markets and the past years’ inflationary environment.

3.1 Employee benefit expenses

€ million	2024	2023
Wages and salaries	**-547**	-531
Termination benefits	**-4**	-18
Social security costs	**-97**	-98
Post-employment and other long-term employee benefits		
Defined benefit plans	**-3**	-3
Defined contribution plans	**-50**	-50
Other long-term employee benefits	**-7**	-7
Share-based payments	**-2**	-1
Other employee benefit expenses	**-4**	-4
Total	**-714**	-712

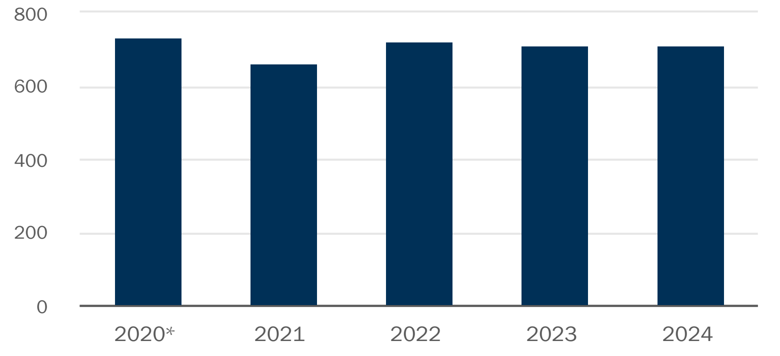
Total employee benefit expenses EUR

-714 million

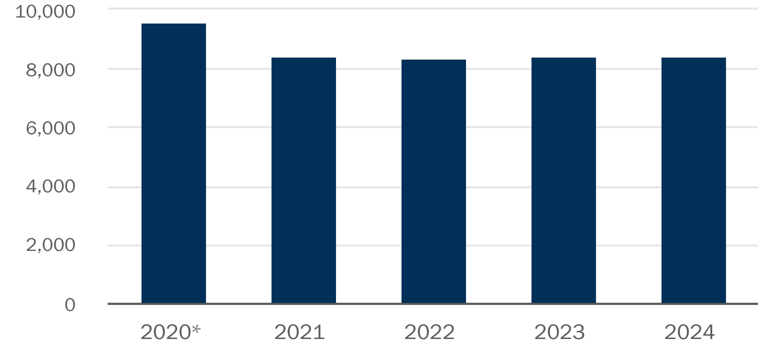
Number of personnel at the end of period (FTE)

8,424

Employee benefit expenses, € million



Personnel on December 31, FTE



*Including discontinued operations

In 2024, Outokumpu has redefined personnel, full time equivalent (FTE) measure, FTE is excluding interim workforce. Comparison year 2023 has been revised accordingly.

3.2 Employee benefits for key management

€ thousands	2024	2023
Short-term employee benefits	**4,677**	6,438
Post-employment benefits [1)]	**614**	240
Share-based payments	**506**	447
Remuneration to the Board of Directors	**948**	918
	6,745	8,043

[1)] Contains only supplementary pensions.

The decrease in short-term employee benefits is due to short-term incentives. The increase in post employment benefits is due to the new supplementary pension plan added to the CEO remuneration in 2024 and reorganizing pensions in Germany.

Key management includes nine (nine) members of the Outokumpu Leadership Team and seven (eight) members of the parent company Outokumpu Corporation's Board of Directors. On December 31, 2024, President and CEO, CFO, Presidents of the core business areas and business lines, Chief Technology Officer, Executive Vice President, Sustainability, Strategy and People, and Executive Vice President, General Counsel are part of the Outokumpu Leadership Team. In July, the Executive Vice President, General Counsel was appointed to the Leadership Team. The number of Leadership Team members, however, remained unchanged, since Marc-Simon Schaar was not replaced in his Chief Procurement Officer role when he took over the CFO role from Pia Aaltonen-Forsell in June 2024. In October 2024, Rolf Schencking started as President, business line Advanced Materials, replacing Thomas Anstots, who retired. On October 1, 2024, Kati ter Horst started as President and CEO of Outokumpu. She resigned from the Board on September 30, 2024, and was not replaced as a Board member.

Key management shareholdings can be found in the Corporate Governance statement.

Employee benefits for the CEO

	Recognized in profit or loss		Remuneration paid	
€ thousands	2024	2023	2024	2023
Salaries and short-term benefits	**964**	1,003	**964**	1,003
Short-term incentives	**106**	516	**622**	871
Post-employment benefits	**330**	259	**330**	259
Share-based payments	**35**	111	**507**	729
	1,435	1,888	**2,423**	2,863

The CEO participates in the Finnish TyEL pensions system. The post-employment benefits are the sum of the statutory pension, calculated based on the general TyEL contribution percentage of the employer, and the supplementary pension was added to the CEO's remuneration package in 2024.

Remuneration paid to Board of Directors

€ thousands	2024	2023
Chairman Kari Jordan	**203**	193
Vice Chairman Kati ter Horst, until September 30, 2024	**121**	120
Member Heinz Jörg Fuhrmann	**104**	94
Member Päivi Luostarinen	**92**	93
Member Jyrki Mäki-Kala, as of March 30, 2023	**113**	106
Member Karl-Petter Söderström	**92**	92
Member Vesa-Pekka Takala, until March 30, 2023	**—**	8
Member Pierre Vareille	**107**	98
Member Julia Woodhouse	**117**	113
Total	**948**	918

Remuneration of the CEO

CEO Heikki Malinen decided in May 2024 to leave Outokumpu. Kati ter Horst became President and CEO of Outokumpu on October 1, 2024. Kati ter Horst joined Outokumpu from the Belgian company Aliaxis S.A., the world leader in fluid management systems. She was also a member of the Outokumpu Board of Directors from 2016 to 2024.

The remuneration of the CEO consists of a base salary, benefits and an annually determined short-term incentive plan. In addition, the CEO participates in long-term incentives comprising performance share plans launched on a yearly basis.

In 2024, the CEO's short-term incentive earning opportunity stayed unchanged at 50% of the annual gross base salary on a target level and 100% on a maximum level. Heikki Malinen received a short-term incentive for 2023 results, and Kati ter Horst received a sign-on bonus. No short-term incentive will be paid to the CEO for 2024 results.

In 2024, the long-term incentive target and maximum levels remained at 50% and respectively 75% of the annual base salary at time of grant. Heikki Malinen received a share reward based on the performance from 2021 to 2023. No long-term incentive will be paid to the CEO for the performance from 2022 to 2024, since Heikki Malinen resigned and Kati ter Horst was not included in that plan.

The members of Outokumpu's Leadership Team, including the CEO, are expected to own Outokumpu shares they receive in the company's share-based incentive programs corresponding to at least the value of their annual gross base salary. Half of the net shares received from the share-based incentive programs must be used to fulfil that ownership recommendation.

The service contract of the CEO is valid until further notice. The notice period was 6 months for Heikki Malinen, but is extended to 9 months for Kati ter Horst. For the company, the notice period remains 6 months, and the severance payment in such a case also stays 12 months. Kati ter Horst's retirement age is 65 years, like it was for her predecessor. Besides the supplementary pension plan specified above, she participates in the Finnish statutory pension system, like was Heikki Malinen's case.

Remuneration of the Board of Directors

Outokumpu's Annual General Meeting approved the annual remuneration to the members of the Board of Directors. 40% of the annual fee was paid in the company's own shares using treasury shares, unless a Board member already owned shares for a value exceeding the annual remuneration and choose to increase their cash portion. The annual fee is paid once a year, and in addition to the annual remuneration, all the members of the Board of Directors are paid a fee for each meeting they attend. The members of the Board are not entitled to any other share-based rewards. The Board members are not eligible for any pension schemes.

Accounting principles

Employee benefits for the key management include the benefits to each Leadership Team or Board of Directors member for the time they hold these positions.

Employee benefits are presented based on expenses recognized in profit or loss during the year on accrual basis except for the CEO whose remuneration is presented also based on paid benefits during the year. The remuneration to Board of Directors is also presented on paid basis.

Short-term incentives are recognized to profit or loss during the period they relate to whereas bonuses are typically paid out during the following financial year. Expenses on share-based payments are recognized to profit or loss at the share price on the grant date of the benefit and over the period when the benefit is earned. Share-based benefits are reported as paid when delivered and at the share price on the delivery date.

3.3 Employee benefit obligations

Outokumpu has several defined benefit and defined contribution plans in various countries. The most significant defined benefit plans are in Germany and the UK, representing 44% and 53% of the Group's total defined benefit obligation, respectively.

Funding requirements of the defined benefit plans are generally based on the pension fund's actuarial measurement framework set out in the funding policies and local regulation.

Germany

Outokumpu has several defined benefit plans in Germany, of which major plans include a management plan, open pension plans for other staff, and other pension obligations, which are nearly all closed for new entrants. Basis to all pension obligations in Germany are bargaining agreements and/or individual contracts (management obligations). The management plan and other pension obligations are based on annuity payments, whereas plans for other employees are based on one lump sum payment after retirement.

In addition, all the obligations in Germany are embedded in the BetrAVG law. The law contains rules for vested rights, pension protection scheme and regulations for the pension adjustments. In Germany, no funding requirements exist, and the plans are funded only for a small part with a CTA model (Contractual Trust Arrangement) that was introduced in 2019.

The UK

The AvestaPolarit Pension Scheme (the Scheme) is registered under UK legislation and is contracted out of the State Second Pension. The Scheme is subject to the funding requirements outlined in UK legislation. The Scheme's trustee is responsible for the operation and governance of the Scheme, including decisions regarding the Scheme's funding and investment strategy.

In December 2021, a GBP 390 million buy-in contract was implemented. This buy-in completed the Scheme's de-risking process which began with an initial buy-in in 2020, when a GBP 110 million buy-in insurance solution was implemented.

A buy-in removes risks of investment, longevity, interest rate changes and inflation for the Scheme and is held as a Scheme asset. Until a buy-out is secured, the Scheme ultimately remains the responsibility of Outokumpu Stainless Ltd.

However, as a result of the buy-in arrangement, the risks related to the Scheme's obligation are now significantly reduced and mostly covered by insurance. Outokumpu has agreed with the trustees to hold cash in an escrow account to provide for small mismatches in the insurance coverage and liquidity to the scheme.

At year-end 2024, the escrow balance was GBP 12 million (2023: GBP 13 million). The actuarial gains in 2024 amounted to EUR 2.1 million (2023 EUR 0.5 million actuarial losses).

Due to the buy-in solutions, no further contributions are expected to be required as a result of the triennial valuations. The latest valuation for this purpose was completed in 2024.

Defined benefit cost in profit or loss and other comprehensive income

€ million	2024	2023
In employee benefit expenses in operating profit (EBIT)	**-3**	-3
In financial income and expenses	**-7**	-7
Defined benefit cost in profit or loss	**-9**	-11
In other comprehensive income	**12**	-15
Total defined benefit cost	**3**	-25

Gross defined benefit obligations and plan assets

€ million	2024	2023
Present value of funded defined benefit obligations	**506**	522
Present value of unfunded defined benefit obligations	**1**	1
Fair value of plan assets	**-333**	-330
Net defined benefit liability	**174**	193

Amounts recognized in the consolidated statement of financial position

€ million	2024	2023
Net defined benefit liability	**174**	193
Other long-term employee benefit liabilities	**22**	19
Employee benefit obligations in statement of financial position	**196**	212

Gross defined benefit obligations and plan assets are presented in the statement of financial position netted per plan either as a liability or an asset depending on nature of the netted item.

Movement in net defined benefit liability

	2024			2023		
€ million	Present value of obligation	Fair value of plan assets	Net defined benefit liability	Present value of obligation	Fair value of plan assets	Net defined benefit liability
Total on Jan 1	524	-330	193	504	-301	202
Current service cost	3	—	3	3	—	3
Past service cost	0	—	0	—	—	—
Interest expense/(income)	21	-15	7	21	-14	7
Remeasurements arising from						
Return on plan assets	—	10	10	—	-9	-9
Demographic assumptions	-3	—	-3	-5	—	-5
Financial assumptions	-39	—	-39	20	—	20
Experience adjustment	20	—	20	9	—	9
Exchange differences	13	-13	0	6	-5	1
Employer contributions	0	-17	-17	0	-34	-34
Benefits paid	-31	31	—	-33	33	—
Settlements	0	—	0	0	—	0
Business combinations	—	—	—	-1	—	-1
Total on Dec 31	**507**	**-333**	**174**	524	-330	193
Germany on Dec 31	**224**	**-67**	**157**	233	-58	175
The UK on Dec 31	**266**	**-262**	**4**	273	-267	6

In this note net defined benefit liability on Jan 1, 2023 included EUR 1 million impact on discontinued operations.

The weighted average duration of the overall defined benefit obligation is 12.4 years (2023: 13.2 years). In Germany and in the UK, the weighted average durations are 10.8 and 14.0 years (2023: 11.2 and 15.0 years) respectively.

Discount rates, rising inflation and increasing retirement age have material impact on financial assumptions and remeasurement amounts.

The expected contributions to be paid to the defined benefit plans in 2025 are EUR 16 million and relate mainly to the German plans.

Allocation of plan assets

€ million	2024	2023
Cash and cash equivalents	**2**	1
Insurance policies	**264**	271
Other assets	**67**	59
Total plan assets	**333**	330

On December 31, 2024, 0.7% of the plan assets were invested in quoted instruments (Dec 31, 2023: 0.2%).

Significant actuarial assumptions

		Germany	The UK	Other countries
Discount rate, %	**2024**	**3.36**	**5.50**	**8.09**
	2023	3.18	4.50	8.15
Future salary increase, %	**2024**	**—**	**—**	**4.50**
	2023	—	—	5.28
Inflation rate, %	**2024**	**2.30**	**3.15**	**3.46**
	2023	2.30	3.10	3.48
Future benefit increase, %	**2024**	**2.30**	**2.65**	**2.05**
	2023	2.30	2.95	2.06
Medical cost trend rate, %	**2024**	**—**	**—**	**9.20**
	2023	—	—	4.70
Life expectancy	**2024**	**RT 2018 G mortality tables**	**96% SAPS All Pensioner Amounts tables with CMI Core Projection Model - 2023**	**Standard mortality tables**
	2023	RT 2018 G mortality tables	96% SAPS All Pensioner Amounts tables with CMI Core Projection Model - 2022	Standard mortality tables

Sensitivity analysis of significant actuarial assumptions

	Change in assumption	Germany, %	The UK, %	Other countries, %
2024				
Discount rate	+/-0.5%	-5 / +5	-6 / +7	-3 / +3
Future benefit increase	+/-0.5%	+2 / -2	+5 / -5	+2 / -2
Medical cost trend rate	+/-0.5%	— / —	— / —	+9 / -8
Future salary increase	+/-0.5%	— / —	— / —	+3 / -3
Life expectancy	+ 1 year	— / +3	— / +3	— / +7
2023				
Discount rate	+/-0.5%	-5 / +6	-7 / +7	-7 / +7
Future benefit increase	+/-0.5%	+3 / -2	+6 / -5	+2 / -2
Medical cost trend rate	+/-0.5%	— / —	— / —	+8 / -7
Future salary increase	+/-0.5%	— / —	— / —	+6 / -3
Life expectancy	+ 1 year	— / +3	— / +3	— / +7

Sensitivity is presented for reasonably possible change at the reporting date in one of the principal assumptions, while holding all other assumptions constant.

Other long-term employee benefits

Other long-term employee benefits mainly relate to early retirement provisions in Germany and long-service remunerations in Finland.

Under the German early retirement regulations, employees are able to retire a certain number of years prior to their earliest pensionable age (passive phase). During a period equal in length to the passive phase they will be working full-time with their net salary cut to 50% of their former regular salary (active phase). During both phases the employer supplements the net salary to match a defined percentage of the employee‘s former regular net salary. Under the long-service remunerations in Finland, the employees are entitled to receive a one-time indemnity every five years after 20 years of service.

Multi-employer defined benefit plans

ITP pension plans operated by Alecta in Sweden and plans operated by Stichting Bedrijfspensioenfonds voor de metaalindustrie in the Netherlands are multi-employer defined benefit pension plans. However, it has not been possible to get sufficient information for the calculation of obligations and assets by employer from the plan operators, and therefore these plans have been accounted for as defined contribution plans in the consolidated Financial Statements.

Risk information

Through its defined benefit plans, Outokumpu is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility: The level of equity returns is a key factor in the overall investment return. If a plan holds significant proportion of equities, which are expected to outperform corporate bonds in the long-term, it might face higher volatility and risk in the short-term. The investment portfolio might also be subject to a range of other risks typical of the assets held, in particular credit risk on bonds and exposure to the property market.

Change in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings (if any). In a situation where the return on plan assets is lower than the corporate bond yields, a plan may face a shortfall which might lead to increased contributions.

Inflation risk: Inflation rate is linked to both future pension and salary increase, and higher inflation will lead to higher liabilities.

Longevity: The majority of Outokumpu's defined benefit obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The buy-in solutions implemented in the UK in 2021 and 2020 significantly reduce the earlier-mentioned risks for the Scheme, which is mostly covered by insurance.

Management judgements

The present value of pension obligations is subject to actuarial assumptions which are used in calculating these obligations. These assumptions include, among others, discount rate, the annual rate of increase in future compensation levels, inflation rate and employee turnover rate. The assumptions are proposed by external independent actuaries separately for each defined benefit plan or each country where Outokumpu has defined benefit plan and approved by the management.

Accounting principles

The Group companies in different countries have various post-employment benefit plans in accordance with local conditions and practices. The plans are classified as either defined contribution plans or defined benefit plans.

The fixed contributions to defined contribution plans are recognized as expense in the period to which they relate. The Group has no legal or constructive obligation to pay further contributions if the receiving party is not able to pay the benefits in question. All such arrangements that do not meet these requirements are defined benefit plans.

Defined benefit plans are funded with payments to the pension funds or insurance companies. The present value of the defined benefit obligations is determined separately for each plan by using the projected unit credit method. The liability recognized in the statement of financial position is the defined benefit obligation less the fair value of plan assets at the closing date. When the fair value of plan assets exceeds the value of the obligation, the net amount is recognized as defined benefit plan assets.

Current service costs, past service costs and gains or losses on settlements are recognized in functional costs above EBIT. Net interest expense or income is recognized in financial items under interest expense or interest income. All remeasurements of the net defined benefit liability (asset) are recognized directly in other comprehensive income.

Buy-in contract in the UK does not result in a settlement because Outokumpu remains responsible for the benefit obligation. The buy-in contract is effectively an investment by which the plan can receive payments from the insurer corresponding to the benefits due to the participants, but ultimately the primary obligation to pay benefits has not been transferred.

For other long-term employee benefits, all service costs and remeasurements are recognized immediately in the statement of income. Interest expenses are recognized in financial items under interest expenses.

The significant actuarial assumptions are presented separately for the most significant countries, and for other countries a weighted average of the assumptions is presented.

3.4 Share-based payments

Share-based programs are part of the Group’s incentive and commitment-building system for key employees. The objectives are to align the interests between key employees and shareholders, promote shareholder value creation and the achievement of long-term strategic targets.

Outokumpu operates two share-based programs. The Performance Share Plan (PSP) includes an earning criterion and is part of the regular compensation of top executives, with a maximum number of participants of 200. The Restricted Share Pool (RSP) does not have any specific earning criterion and it is used for a limited number of employees, for key recruitments, exceptional performance, high potential, retention needs and other individual specific situations.

For the financial year 2024, the share-based payment expenses included in the employee benefit expenses were EUR 2 million (2023: EUR 1 million). The total estimated value of the share-based payment plans is EUR 7 million on December 31, 2024 (2023: EUR 13 million). This value is recognized as an expense in the statement of income during the vesting periods.

Outstanding programs

During 2024, Outokumpu's share-based payment programs include Performance Share Plan (periods 2022–2024, 2023–2025 and 2024–2026) and Restricted Share Pool (periods 2022–2024, 2023–2025 and 2024–2026).

In December 2024, the Board of Directors has approved the commencement of Outokumpu’s share-based programs, Performance Share Plan and Restricted Share Pool, for the period 2025–2027. The plans commence at the beginning of 2025.

Vested programs

In 2024, the Performance Share Plan 2021–2023 ended with the targets met in 73.3%, and after deduction for the applicable taxes, a total of 740,681 shares were delivered to the 93 participants. From the Restricted Share Pool 2021–2023, after deductions for applicable taxes as the last installment of three, in total 38,458 shares were delivered to the 52 participants. From the Restricted Share Pool 2022–2024, after deductions for applicable taxes as the second installment of three, in total 35,103 shares were delivered to the 57 participants. From the Restricted Share Pool 2023–2025, after deductions for applicable taxes as the first installment of three, in total 38,228 shares were delivered to the 57 participants. Shares were delivered in February 2024, and Outokumpu used its treasury shares for the reward payments.

Share-based payment opportunity

Maximum number of shares Dec 31, 2024	2025	2026	2027	Total
PSP 2022-2024	1,066,853	—	—	1,066,853
RSP 2022-2024	195,532	—	—	195,532
	1,262,385	—	—	1,262,385
PSP 2023-2025	—	2,176,950	—	2,176,950
RSP 2023-2025	56,931	56,938	—	113,869
	56,931	2,233,888	—	2,290,819
PSP 2024-2026	—	—	2,665,050	2,665,050
RSP 2024-2026	122,083	122,083	122,084	366,250
	122,083	122,083	2,787,134	3,031,300
Total	**1,441,399**	**2,355,971**	**2,787,134**	**6,584,504**

The general terms and conditions of the outstanding share-based incentive programs

	Performance Share plan		
	PSP 2022-2024	PSP 2023-2025	PSP 2024-2026
Grant date	March 15, 2022	March 10, 2023	March 11, 2024
Vesting period	Jan 1, 2022-Mar 31, 2025	Jan 1, 2023-Mar 31, 2026	Jan 1, 2024-Mar 31, 2027
Number of participants	91	173	191
Share price at grant date, €	4.50	5.68	3.83
Exercised	In shares and cash in 2025	In shares and cash in 2026	In shares and cash in 2027
Vesting conditions			
Non-market	Return on capital employed (80%), CO2 emissions per ton of crude steel produced (20%)	Return on capital employed (80%), CO2 emissions per ton of crude steel produced (20%)	Return on capital employed (80%), CO2 emissions per ton of crude steel produced (20%)
Other relevant conditions	Continuation of employment until the shares are delivered, a salary based limit for the maximum benefits		

	Restricted Share Pool Program		
	RSP 2022-2024	RSP 2023-2025	RSP 2024-2026
Grant date	March 15, 2022	March 10, 2023	March 11, 2024
Vesting period	Jan 1, 2022-Mar 31, 2025	Jan 1, 2023-Mar 31, 2026	Jan 1, 2024-Mar 31, 2027
Number of participants	57	54	57
Share price at grant date, €	4.50	5.68	3.83
Exercised	In shares and cash, either in full in 2025 or in 3 installments in 2023, 2024 and 2025	In shares and cash in 3 installments in 2024, 2025 and 2026	In shares and cash in 3 installments in 2025, 2026 and 2027
Vesting conditions	Continuation of employment until the shares are delivered, a salary-based limit for the maximum benefits		

Detailed information of the share-based incentive programs can be found in Outokumpu's home page www.outokumpu.com.

Management judgements

In valuing the share-based payment plans, the management estimates the likelihood of achieving the non-market performance criteria and the number of participants remaining in the plan when the vesting period ends.

The evaluation of the likelihood of achieving the non-market performance criteria uses mainly external financial forecasts but also internal forecasts are used. The number of participants remaining in plans at the end of the vesting period is estimated based on historical forfeit ratios of similar plans. Also potential impacts from restructuring activities carried out in the Group are considered in the estimate.

Accounting principles

The share-based payments are settled net of tax withholding, and they are accounted as fully equity-settled. The expense of the programs recognized over vesting periods is based on the grant date fair value and is reported as employee benefit expenses within the administrative expenses in profit or loss.

Applicable statistical models are used in valuation, and the valuation is revised at the end of each reporting period based on the likelihood of achieving the non-market performance criteria and the estimated retention rate of the participants.

The salary-based maximum limits for the pay-outs have been taken into account in the valuation of the benefits.

4. Operating assets and liabilities

Outokumpu's capital expenditure was EUR 216 million in 2024 and net working capital slightly decreased. Increase in inventories was driven by higher inventory volumes partly offset by lower metal prices. Return on capital employed was impacted by lower profitability.

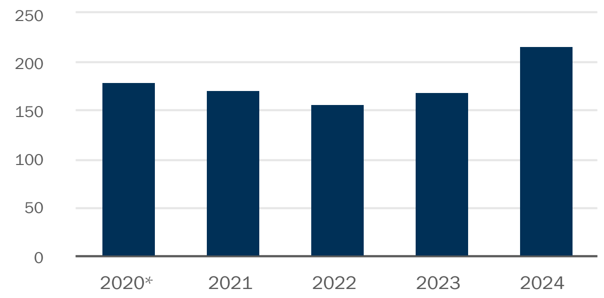
4.1 Intangible assets and property, plant and equipment

Intangible assets

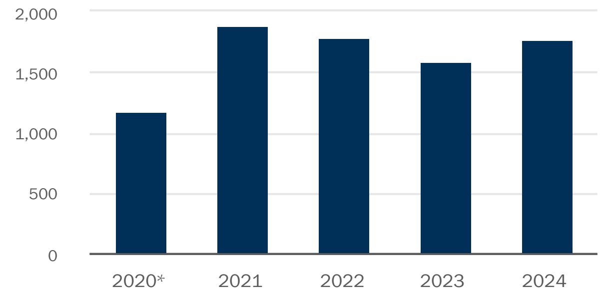
2024 € million	Goodwill	Other intangible assets	Total
Historical cost on Jan 1, 2024	472	332	804
Translation differences	1	0	1
Additions	—	39	39
Disposals	—	-3	-3
Reclassifications	—	2	2
Historical cost on Dec 31, 2024	**473**	**370**	**843**
Accumulated amortization and impairment on Jan 1, 2024	-15	-234	-249
Translation differences	-1	0	-1
Amortization	—	-14	-14
Disposals	—	1	1
Reclassifications	—	-1	-1
Accumulated amortization and impairment on Dec, 31, 2024	**-16**	**-247**	**-263**
Carrying value on Dec 31, 2024	**457**	**123**	**580**
Carrying value on Jan 1, 2024	457	98	556

In 2024, additions to the other intangible assets are mainly related to ERP implementation project and purchases of emission allowances.

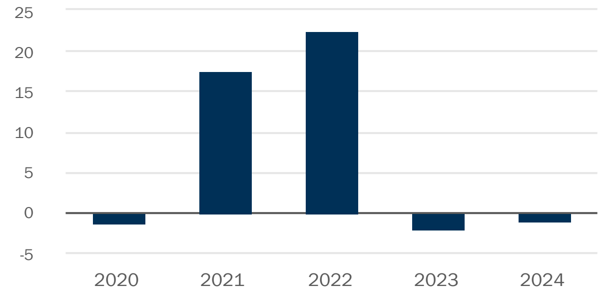
Capital expenditure, € million



Inventories, € million



Return on capital employed, %



*Including discontinued operations.

Emission allowances

Outokumpu had the following active sites operating under EU's Emissions Trading Scheme (EU ETS) in 2024: production plants in Tornio, Finland; Avesta, Degerfors and Nyby in Sweden; as well as Krefeld together with Dillenburg in Germany. All Outokumpu sites met the compliance requirements on time in 2024.

The pre-verified carbon dioxide emissions under EU ETS were approximately 0.8 million tonnes in 2024 (2023: 0.9 million tonnes). For its 2024 emission allowance delivery, Outokumpu will use allowances received for free, but also allowances acquired from the market in prior years. The cost of usage has been recognized as other operating expenses. During 2024, Outokumpu Corporation bought externally 173,861 tons of emission allowances with purchase value of EUR 10 million.

The Group's emission position is composed of realized and forecasted carbon emissions netted against confirmed and forecasted emission allowances granted by governments. All relevant Outokumpu sites applied for free emission allowances for Phase IV trading period according to the efficiency-based benchmarks and historical activity, and the allocations for the first half of the period have been confirmed. These allocations combined with the allowances held from prior period are adequate to cover the forecasted needs of EU emission allowances for the first half of the trading phase (2021–2025).

The emission allowance price risk is presented in the note 5.3 under Energy price risk.

2023 € million	Goodwill	Other intangible assets	Total
Historical cost on Jan 1, 2023	471	352	823
Translation differences	—	-3	-3
Additions	—	24	24
Disposals	—	-7	-7
Reclassifications	1	-35	-33
Other	—	0	0
Historical cost on Dec 31, 2023	**472**	**332**	**804**
Accumulated amortization and impairment on Jan 1, 2023	-15	-262	-276
Translation differences	—	3	3
Amortization	—	-13	-13
Reclassifications	0	38	37
Accumulated amortization and impairment on Dec, 31, 2023	**-15**	**-234**	**-249**
Carrying value on Dec 31, 2023	**457**	**98**	**556**
Carrying value on Jan 1, 2023	456	91	547

Reclassifications include transfers between historical cost and accumulated depreciation and impairment.

Property, plant and equipment

2024 € million	Land	Mine properties	Buildings	Machinery and equipment	Other tangible assets	Advances paid and construction work in progress	Group
Historical cost on Jan 1, 2024	70	307	1,228	4,240	131	174	6,150
Translation differences	1	—	10	37	0	3	51
Additions	—	0	1	9	1	172	184
Disposals	-1	—	-2	-39	-1	0	-43
Reclassifications	-1	19	23	48	7	-93	3
Other	—	—	0	0	0	0	0
Historical cost on Dec 31, 2024	**70**	**326**	**1,261**	**4,296**	**137**	**256**	**6,345**
Accumulated depreciation and impairment on Jan 1, 2024	-7	-56	-847	-3,246	-88	—	-4,244
Translation differences	0	—	-6	-25	0	—	-30
Disposals	—	—	1	35	1	—	37
Depreciation	—	-17	-40	-105	-6	—	-168
Impairments	—	—	0	0	—	—	0
Reclassifications	1	—	-16	17	-6	—	-4
Other	—	—	0	0	0	—	0
Accumulated depreciation and impairment on Dec 31, 2024	**-6**	**-73**	**-908**	**-3,325**	**-98**	**—**	**-4,410**
Carrying value on Dec 31, 2024	**63**	**253**	**353**	**971**	**39**	**256**	**1,935**
Carrying value on Jan 1, 2024	63	251	381	994	43	174	1,905

Reclassifications include transfers from advances paid and construction work in progress to other asset classes as well as transfers between historical cost and accumulated depreciation and impairment.

2023 € million	Land	Mine properties	Buildings	Machinery and equipment	Other tangible assets	Advances paid and construction work in progress	Group
Historical cost on Jan 1, 2023	76	131	1,174	4,161	132	443	6,116
Translation differences	0	—	-7	-31	0	-1	-40
Additions	—	1	3	9	1	129	143
Disposals	0	—	-1	-17	-1	-1	-19
Reclassifications	-6	175	59	119	-2	-396	-50
Other	—	—	-1	0	0	0	-1
Historical cost on Dec 31, 2023	**70**	**307**	**1,228**	**4,240**	**131**	**174**	**6,150**
Accumulated depreciation and impairment on Jan 1, 2023	-13	-81	-768	-2,916	-89	—	-3,866
Translation differences	0	—	3	19	0	—	22
Disposals	—	—	0	12	1	—	13
Depreciation	—	-15	-37	-135	-5	—	-192
Impairments	—	—	-58	-210	—	—	-269
Reclassifications	6	40	11	-15	6	—	48
Other	—	—	1	0	0	—	1
Accumulated depreciation and impairment on Dec 31, 2023	**-7**	**-56**	**-847**	**-3,246**	**-88**	**—**	**-4,244**
Carrying value on Dec 31, 2023	**63**	**251**	**381**	**994**	**43**	**174**	**1,905**
Carrying value on Jan 1, 2023	63	50	406	1,244	43	443	2,250

Reclassifications include transfers from advances paid and construction work in progress to other asset classes as well as transfers between historical cost and accumulated depreciation and impairment.

At the end of the year 2023, Outokumpu recognized an impairment loss of EUR 264 million related to property, plant and equipment of business area Americas.

Intangible assets and property, plant and equipment by geographical region

€ million	2024	2023
Finland	**1,563**	1,552
Other Europe	**518**	495
North America	**426**	406
APAC region	**8**	8
Other countries	**0**	0
	2,515	2,461

Capitalized interest expenses

During 2024, no borrowing costs (2023: EUR 2 million) were capitalized on investment projects under property, plant and equipment and intangible assets. Total capitalized interests on December 31, 2024 were EUR 22 million (Dec 31, 2023: EUR 25 million). The average capitalization rate used in 2023 was 1.0%.

Management judgements

Management estimates relating to useful lives and recoverable amounts affect significantly the intangible asset and property, plant and equipment values in the consolidated statement of financial position, and different assumptions and assigned lives could have a material impact on the reported amounts.

Carrying amounts of intangible asset and property, plant and equipment items are regularly reviewed for any evidence of impairment. If any such evidence emerges, the asset's recoverable amount is assessed, which requires estimation of future cash flows attributable to the asset and related valuation parameters.

Indications for changes in useful lives are reviewed annually, and if changes to previous estimates are identified, the useful lives are revised accordingly. If an impairment loss is recognized, the estimated useful life of the asset is also reassessed.

Accounting principles

Intangible assets other than goodwill include capitalized development costs, patents, licenses and software. These assets comprise mainly acquired assets that typically have definite useful lives. An intangible asset is recognized if it is probable that the asset will generate future economic benefits to the company and the cost of the asset can be measured reliably.

Property, plant and equipment consist mainly of facilities, machinery and equipment used in stainless steel and ferrochrome production.

Intangible assets and property, plant and equipment are recognized initially at cost. Cost comprises of the asset's purchase price and all costs directly attributable to bringing the asset ready for its intended use. Government grants received for investment purposes are deducted from the asset's cost. Intangible assets and property, plant and equipment acquired in a business combination are measured at fair value at the acquisition date.

Borrowing costs (mainly interest costs) directly attributable to the acquisition of an asset are capitalized in the statement of financial position as part of the asset's carrying amount, when it takes a substantial period of time to get the asset ready for its intended use.

After initial recognition, intangible assets and property, plant and equipment are measured at cost less accumulated amortization, depreciation and impairment losses. Intangible assets and property, plant and equipment, other than land and mine properties, are amortized or depreciated on a straight-line basis over their expected useful lives. Assets tied to a certain fixed period are amortized over the contract term.

Amortization of intangible assets is based on the following estimated useful lives:

Software	up to 10 years
Capitalized development costs	up to 10 years
Intangible rights	up to 20 years

Depreciation of property, plant and equipment items is based on the following estimated useful lives:

Buildings	25–40 years
Heavy machinery	15–30 years
Light machinery and equipment	3–15 years

Self-owned land is not depreciated, as the useful life of land is assumed to be indefinite. Mine properties include preparatory work to utilize an ore body or part of it, such as shafts, ramps and ventilation and are depreciated using the units-of-production method based on the depletion of ore reserves over their estimated useful lives. Other tangible assets include items such as land improvements, asset retirement obligations related to landfill areas and infrastructure within the facilities, such as roads and railroads.

Recognition of amortization or depreciation on an asset is ceased when the item is classified as held for sale.

If evidence regarding an impairment of an asset is identified, the asset's recoverable amount is estimated as the higher of the fair value less costs to sell or the value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. A previously recognized impairment loss is reversed if there is a change in the recoverable amount. However, the reversal must not result in a higher carrying amount than what it would have been if no prior impairment loss had been recognized. Impairment losses are presented as other operating expenses in the consolidated statement of income.

Gains or losses on disposals of property, plant and equipment or intangible assets are determined as the difference between the net proceeds received and the carrying amount of the asset. These gains or losses are presented in other operating income or expenses.

Goodwill

Goodwill arises from business combinations and is recognized at the acquisition date at the amount excess of the consideration transferred over the fair value of the identifiable assets acquired, liabilities assumed and any non-controlling interest and any previously held equity interests in the acquiree. Goodwill is not amortized but tested for impairment. Goodwill is measured at cost less accumulated impairment losses. Impairment losses on goodwill cannot be subsequently reversed.

See note 4.3 for goodwill impairment testing.

Emission allowances

Emission allowances are reported as other intangible assets. They are measured at cost and initially recognized when control is obtained. Allowances received free of charge are recognized at nominal value, i.e. at zero carrying amount. Emission allowances are derecognized against the actual emissions, or when the emission allowances are sold.

Emission allowance expense is recognized when emission allowances received free of charge do not cover the annual emissions for the difference based on the cost of the purchased allowances. In case the Group does not hold sufficient allowances to cover the actual emissions, a provision regarding the obligation to return the emission allowances is recognized at fair value at the end of the reporting period. The expenses are presented as other operating expenses. Gains from the sale of emission allowances are recognized as other operating income.

4.2 Leases

Outokumpu leases land, buildings, and machinery and equipment used in the Group's operations. Outokumpu has also entered into service and supply contracts that contain lease elements. Approximately 75 percent of the Group's right-of-use assets are linked to an index or a rate, making the related lease payments variable. The terms of new vehicle leases are typically 3 to 5 years, and lease terms for other machinery and equipment range up to 15 years. Lease terms for land and buildings can be significantly longer with the remaining terms for individual contracts on land of approximately 45–95 years. Leases for machinery and equipment include also contracts with variable lease payments based on usage of the equipment. Machinery and equipment are also hired with daily rates for temporary use, in which case they are reported as short-term leases. Most of the right-of-use assets are in Finland, totaling EUR 131 million.

Right-of-use assets

2024 € million	Land	Buildings	Machinery and equipment	Advances paid and other tangible assets	Total
Historical cost on Jan 1, 2024	36	41	179	1	257
Additions	—	5	51	0	56
Reclassifications	1	1	0	0	1
Other changes	0	-9	-7	-1	-16
Historical cost on Dec 31, 2024	**36**	**39**	**223**	**1**	**299**
Accumulated depreciation and impairment on Jan 1,2024	-5	-30	-75	-1	-110
Depreciation and impairments	-1	3	-33	0	-31
Reclassifications	-1	-1	0	0	-1
Other changes	—	4	19	1	23
Accumulated depreciation and impairment on Dec 31, 2024	**-6**	**-24**	**-89**	**0**	**-119**
Carrying value on Dec 31, 2024	**30**	**15**	**134**	**1**	**179**
Carrying value on Jan 1, 2024	30	11	104	1	147

In 2024, Outokumpu took into use three cargo vessels leased from Langh Ship. Additions include EUR 39 million related to these contracts.

2023 € million	Land	Buildings	Machinery and equipment	Advances paid and other tangible assets	Total
Historical cost on Jan 1, 2023	36	41	175	2	254
Additions	—	2	19	1	22
Reclassifications	—	1	0	0	1
Other changes	—	-3	-15	-1	-19
Historical cost on Dec 31, 2023	**36**	**41**	**179**	**1**	**257**
Accumulated depreciation and impairment on Jan 1, 2023	-5	-22	-71	-1	-97
Depreciation and impairments	-1	-10	-32	0	-42
Reclassifications	—	-1	0	0	-1
Other changes	—	3	27	1	30
Accumulated depreciation and impairment on Dec 31, 2023	**-5**	**-30**	**-75**	**-1**	**-110**
Carrying value on Dec 31, 2023	**30**	**11**	**104**	**1**	**147**
Carrying value on Jan 1, 2023	31	20	104	1	156

Lease receivables

€ million	2024	2023
Non-current	**6**	—
Current	**1**	—
Total	**7**	—

Lease liabilities

€ million	2024	2023
Non-current	**167**	146
Current	**38**	29
Total	**206**	175

Maturity analysis of lease liabilities is presented in note 5.1.

Lease expenses

€ million	2024	2023
Depreciation	**-38**	-37
Impairments and impairment reversals	**7**	-5
Interest expenses	**-13**	-10
Expenses on short-term and low-value leases	**-25**	-20
Total	**-68**	-72

In 2024, the impairment reversal of EUR 7 million is related to a lease contract in Germany.

Lease cash flows

€ million	2024	2023
Repayments	**-38**	-39
Interest paid	**-13**	-10
Total	**-50**	-49

Management judgements

Management judgment and estimates relate mainly to incremental borrowing rates of the Group companies, the probabilities of utilizing extension options in lease contracts and lease terms applied for contracts that are valid until further notice, which impact the reported amounts of lease liabilities and right-of-use assets.

The incremental borrowing rates are defined as part of the process to determine interest rates for intra-group lending, in which Outokumpu defines synthetic ratings for the subsidiaries. The incremental borrowing rate takes into account the currency, the maturity of the lease liability, the credit risk of the lessee based on the synthetic rating, and country risk.

The contracts with extension options are reviewed regularly to evaluate the probability of utilization based on information available.

Contracts that are valid until further notice represent only a small amount of Group's lease contracts, as most contracts have a fixed term. The lease terms for the contracts that are valid until further notice are either defined based on the Group's mid-term planning cycle of 3 years or treated as short-term depending of the type of the asset.

The Group applies materiality in defining low-value items for lease accounting purposes.

Accounting principles

Group as a lessee

Lease liabilities measured at the present value of future lease payments are recognized to the statement of financial position. In determining the present value of the lease liabilities, the fixed and index/rate-based lease payments are discounted with the interest rate implicit to the lease when available, or with the incremental borrowing rate of the company.

Lease payments are divided into interest expense and repayment of the lease liability. Lease contracts may include options to extend the contract term or purchase the leased asset at the end of the lease term. Lease term is determined as the non-cancellable period of the lease taking into consideration the options to extend and terminate if it is reasonably certain that the Group will exercise the extension option or will not exercise the termination option.

Leased assets are presented in the balance sheet as a separate line item. Right-of-use assets recognized to the statement of financial position are measured at the amount of lease liability and lease payments made in advance, less accumulated depreciation and impairments. Right-of-use assets are depreciated on a straight-line basis over the lease term, or over the expected useful life of the asset in case the asset will transfer to Outokumpu at the end of the lease term or it is highly probable that a purchase option will be used.

Lease liabilities are presented as part of non-current and current debt in the consolidated statement of financial position. Lease liabilities are part of the net debt calculation.

Lease liabilities or right-of-use assets relating to short-term leases, leases of low value items, or intangible assets are not recognized to the statement of financial position. Instead, related payments are recognized as expense to the profit or loss.

Sale and lease-back

So-called sale and lease-back transactions by the Group in 2019 or later (i.e. in accordance with IFRS 16) do not typically meet the IFRS 15 criteria of a sale, as Outokumpu typically retains the control of the asset. Consequently, they do not meet the criteria of sale and lease-back, either. The asset remains in Outokumpu's property, plant and equipment at cost less accumulated depreciation and impairments. The proceeds of the transaction are recognized as other loans under non-current or current debt.

Sale and lease-back transactions carried out prior to 2019 have been treated according to the accounting principles prevailing at the time.

Group as a lessor

At inception of a lease contract, an assessment is made whether the lease is a finance lease or an operating lease. If the lease transfers substantially all of the risks and rewards incidental to ownership of the asset, it is considered to be a finance lease, otherwise the lease is considered to be an operating lease. The Group has no material finance lease contracts.

Rental income received from property, plant and equipment leased out by the Group under operating leases is recognized on a straight-line basis over the lease term. Rental income is presented as other operating income. The Group has no material income from operating lease contracts.

4.3 Goodwill impairment test

Goodwill and operating capital by operating segment

€ million	Goodwill 2024	Goodwill 2023	Operating capital 2024	Operating capital 2023
Europe	**343**	343	**1,959**	1,850
Americas	**—**	—	**574**	594
Ferrochrome	**114**	114	**863**	894
Other operations and intra-group items	**—**	—	**99**	52
Total	**457**	457	**3,495**	3,390

Assumptions by operating segment

	Europe	Ferrochrome
2024		
Weighted average cost of capital (WACC), pre-tax, %	**9.1**	**9.1**
Weighted average cost of capital (WACC), after-tax, %	**7.1**	**7.4**
Terminal growth rate, %	**0.5**	**0.5**
2023		
Weighted average cost of capital (WACC), pre-tax, %	11.6	11.7
Weighted average cost of capital (WACC), after-tax, %	9.0	9.3
Terminal growth rate, %	0.5	0.5

Test results and sensitivities by operating segment

2024	Europe	Ferrochrome
Headroom, € million	1,452	282
After-tax WACC increase leading to impairment, %-points	5.5	2.5
EBITDA decrease leading to impairment, %	39	21
Terminal growth rate of zero leading to impairment	No	No

Headroom is the amount by which the recoverable amount determined based on the value-in-use analysis exceeds the segment's operating capital amount as at the impairment testing date.

Goodwill impairment testing

In 2024 and 2023, as a result of the impairment testing performed to Group's cash-generating units, no goodwill impairment losses were recognized. Goodwill impairment testing is carried out on operating segment level, as they correspond to the Group's cash-generating units (CGUs) and the goodwill allocation level.

The recoverable amounts of the cash-generating units are based on value-in-use calculations that are prepared using discounted cash flow projections. These projections are based on the Group's strategy approved by the key management, and include cash flow forecasts for 2024–2029 after which the terminal value is calculated.

The carrying amount to which the recoverable amount is compared, is the operating capital of the segment.

Management judgements

Key assumptions of the value-in-use calculations include the discount rate, the terminal value growth rate, the average global growth in end-use consumption of stainless steel and price development. Assumptions also include estimates on delivery volume and capital expenditure development, and cost savings related to on-going strategy-implementation related initiatives.

Cash flow forecasts are discounted using the pre-tax weighted-average cost of capital (WACC) as defined for Outokumpu. The components of WACC are the risk-free rate, Outokumpu's credit margin, the equity market risk premium, the equity beta, and the industry's median capital structure.

In general, management believes that the assumptions used in the value-in-use calculations are conservative based on the current economic circumstances. Growth rates assumed for stainless steel deliveries are generally lower than independent analysts' view on long-term market development.

Accounting principles

Goodwill is allocated to and tested for impairment on operating segment level, which correspond to the Group's cash-generating units (CGUs), and the lowest level goodwill is monitored. Impairment test is carried out on an annual basis, or more frequently when there is evidence of potential goodwill impairment.

In goodwill impairment testing, the recoverable amounts are based on value in use determined by discounted future net cash flows expected to be generated by the cash-generating unit. The discount rate used is a pre-tax rate that reflects the current market view on the time value of money and the CGU-specific risks.

An impairment loss is the amount by which the carrying amount of the segment's assets exceeds its recoverable amount. Impairment losses are recognized first on goodwill and after that on other intangible and tangible assets on a pro-rata basis. In the consolidated statement of income impairments are presented in other operating expenses. Impairment losses related to goodwill cannot be subsequently reversed.

4.4 Inventories

€ million	2024	2023
Raw materials and consumables	**684**	690
Work in progress	**723**	553
Finished goods and merchandise	**333**	321
Advanced payments	**25**	16
Total	**1,764**	1,581

Reversal of write-downs related to net realizable value of EUR 11 million were recognized in the profit or loss during 2024 (2023: write-downs of EUR 19 million).

In 2024, Outokumpu applies cash flow hedge accounting for three selected nickel hedging programs out of which one impacts also inventory values. More details on commodity price risk and hedge accounting are presented in notes 5.3 and 5.4.

Management judgements

Management judgment and estimates are applied in net realizable value (NRV) and inventory obsolescence analysis.

NRV calculation requires estimates on sales prices for products to be sold in the future to the extent the prices are not known, which can be a significant part of the future prices. Due to fluctuations in nickel and other alloy prices, which are the most important commodity price risks for Outokumpu, the realized prices can deviate significantly from the estimates used in NRV calculations.

The alloy surcharge clause as well as daily fixed pricing of stainless steel reduce the risk arising from the time difference between raw material purchase and product delivery. However, the risk is still significant because the delivery cycle in production is longer than the alloy surcharge mechanism expects and the daily fixed pricing can also deviate from this cycle depending on the timing of the delivery.

Inventory obsolescence for stainless steel products is estimated based on internal guidelines on slow-moving inventory.

Accounting principles

Inventories are stated at the lower of cost and net realizable value. These are defined with different methodologies depending on the type of inventory.

The cost of raw materials is determined as the monthly weighted average of the actual raw material cost. The cost of self-produced finished goods and work in progress comprises of raw materials, direct labor, other direct costs and related production and procurement overheads. Cost of purchased products includes all purchasing costs including direct transportation, handling and other costs.

NRV is calculated as the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs attributable to the sale.

Obsolete stainless steel products are valued at scrap value. Spare parts are carried as inventory and their cost is recognized in profit or loss as consumed.

Major spare parts are recognized in property, plant and equipment when they are expected to be used over more than one year.

4.5 Trade and other receivables and payables

Trade and other receivables

€ million	2024	2023
Non-current		
Non-current receivables and accruals	**10**	12
Current		
Trade receivables	**389**	508
VAT receivables	**53**	51
Escrow deposits	**14**	18
Prepaid insurance expenses	**3**	7
Other accruals	**21**	21
Other receivables	**12**	4
Total	**492**	609
Loss allowance on trade receivables		
On Jan 1	**5**	5
Additions in loss allowance	**2**	—
Reclassifications	**—**	0
Reduction in loss allowance	**0**	0
On Dec 31	**6**	5
Age analysis of trade receivables		
Not overdue	**349**	474
Past due 1–30 days	**25**	28
Past due 31–60 days	**6**	2
More than 60 days	**9**	4
Total	**389**	508

Factored trade receivables

Outokumpu uses factoring to finance its working capital. Under these arrangements, Outokumpu has on December 31, 2024 derecognized trade receivables totaling EUR 426 million (Dec 31, 2023: EUR 376 million), which represents fair value of the assets. Net proceeds received amounted to EUR 426 million (2023: EUR 376 million). The underlying assets have maturity of less than one year.

The maximum amount of loss related to derecognized assets is estimated to be EUR 17 million (2023: EUR 14 million). This estimate is based on insurance policies and contractual arrangements between factoring companies and Outokumpu. The analysis does not include impact of any operational risk related to Outokumpu's contractual responsibilities.

Trade and other payables

€ million	2024	2023
Non-current		
Accruals	**13**	16
Current		
Trade payables	**1,129**	1,067
Accrued employee-related expenses	**74**	72
Accrued interest expenses	**7**	7
VAT payable	**50**	23
Withholding tax and social security liabilities	**20**	18
Advance payments received	**32**	31
Accruals relating to customer rebates	**32**	42
Factoring arrangements related payables	**4**	6
Tax on mined minerals	**7**	—
Other accruals	**31**	30
Other payables	**4**	2
Total	**1,390**	1,299

Liabilities related to customer contracts and advance payments received

On December 31, 2024, accrued volume discounts related to customer contracts amounted to EUR 32 million (Dec 31, 2023: EUR 42 million).

The liabilities related to the unperformed transportation services were not material on December 31, 2024, and these liabilities are expected to be recognized as revenue over the following three months.

Advance payments received are mainly related to subsidies received and will be recognized as property, plant and equipment when related assets are capitalized. Part of the value is also including advance payments received related to customer contracts which are expected to be recognized as revenue over the following three months.

Risk information

Credit risk

Outokumpu's sales are covered by approved credit limits or secured payment terms. Most of the outstanding trade receivables have been secured by trade credit insurances, which typically cover some 95% of the insured amount. Part of the credit risk related to trade receivables is managed with letters of credit, advance payments and guarantees.

On December 31, 2024, the maximum exposure to credit risk of trade receivables was EUR 389 million (2023: EUR 508 million). The portion of unsecured receivables during 2024 has been approximately 6–12% of all trade receivables. During 2024, credit limits have remained available from the insurer and there is no significant change in the insurance cover. Outokumpu has frequently monitored customer credit risk and the overdue situation and continued its close co-operation with the insurers.

Outokumpu uses factoring, which transfers most risks and rewards to the buyer of the receivables. At the end of the year 2024, most of the receivables were generated by a large number of customers and there were only few risk concentrations.

Country risk

Exposure to country risk is monitored and mitigated by having a credit insurance that provides cover against political risks on external account receivables. However, there is some exposure on certain countries where insurance was unavailable.

Accounting principles

Trade and other receivables and payables include financial assets or liabilities measured at amortized cost. After initial recognition, they are measured at amortized cost by using the effective interest rate method. Trade and other receivables are valued net of accumulated impairments.

Factored trade receivables

Factored trade receivables have been derecognized from the statement of financial position when the related risks and rewards of ownership have materially been transferred to the counterparty of the factoring transaction.

Expected credit losses

Outokumpu applies a simplified model in assessing and recognizing loss allowance for expected credit losses on trade receivables. The calculation model is based on overdue statistics and counterparty-specific credit ratings linked with loss probabilities for each rating. Loss allowances are recognized in selling and marketing expenses in the consolidated statement of income.

Liabilities related to customer contracts

Liabilities related to customer contracts include accrued volume rebates, advance payments received and liabilities related to transportation service not yet performed. Accrued volume discounts have been recognized as reductions in revenue during the financial year.

4.6 Provisions

2024 € million	Environmental provisions	Restructuring provisions	Other provisions	Total
Provisions on Jan 1, 2024	48	24	38	110
Translation differences	0	0	1	1
Increase in provisions	2	8	3	13
Utilized during the financial year	0	-27	-1	-28
Unused amounts reversed	-2	-6	-6	-14
Reclassifications	—	2	0	2
Provisions on Dec 31, 2024	**48**	**1**	**35**	**84**

2023 € million	Environmental provisions	Restructuring provisions	Other provisions	Total
Provisions on Jan 1, 2023	45	8	28	81
Translation differences	0	0	-1	-1
Increase in provisions	4	30	11	46
Utilized during the financial year	0	0	-1	-2
Unused amounts reserved	-1	-1	-1	-2
Reclassifications	—	-13	1	-12
Provisions on Dec 31, 2023	**48**	**24**	**38**	**110**

€ million	**2024**	2023
Non-current provisions	**52**	73
Current provisions	**33**	37
Total	**84**	110

Environmental provisions

The majority of the environmental provisions are for closing costs of production facilities and landfill areas, removal of problem waste and landscaping in facilities in Finland and Germany, and aftercare of closed mines in Finland. The outflow of economic benefits related to environmental provisions is expected to take place mainly over a period of more than 10 years. Due to the nature of these provisions, there are uncertainties regarding both the amount and the timing of the outflow of economic benefits.

Restructuring provisions

In 2024, the utilization mainly relates to the restructuring measures in Germany that were planned at the end of 2023. Outokumpu is transferring it's precision strip operations from Dahlerbrück to Dillenburg and closed its coil service center in Hockenheim. These restructuring measures impacted close to 200 people in Germany.

In 2023, the increases in restructuring provisions were mainly due to restructuring measures in Germany. Reclassifications were mainly related to transfers from provisions to employee benefit obligations in Germany.

Other provisions

Other provisions comprise for example provisions for litigations, product and other claims and are mainly current in nature.

Management judgements

Provisions are based on management's best estimates at the end of the reporting period.

Regarding environmental provisions, the management judgments and estimates relate mainly to the timing and the scope of the activities to be carried out as well as the costs of such activities in the future. Environmental expenditure related to dismantling an entire production facility and restoring the area are generally estimated when decision on a site closure is made.

As actual outflows can differ from estimates due to changes in law, regulations, public expectations, technology, prices and conditions, and can take place in many years in the future, the provisions are regularly reviewed to take such changes into account.

Regarding restructuring provisions, the judgements and estimates mainly relate to the amounts of termination benefits to employees.

Accounting principles

A provision is recognized when Outokumpu has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions relate mainly to environmental liabilities, restructuring plans, onerous contracts and litigations. Non-current provisions are discounted to present value at the end of the reporting period using risk-free discount rates.

Outokumpu aims at minimizing negative impacts of its present and discontinued operations on the environment, and aims to remediate any material negative impacts that have occurred where viable. Environmental expenditure arising from restoring the conditions caused by past operations are recognized as expenses when they are incurred. Environmental provision is recognized when the Group has a legal or constructive obligation to decommission or remove a facility or equipment, rehabilitate environmental damage, or landscape and restore an area. The recognition of environmental provisions is based on current interpretation of the effective environmental laws and regulations together with Outokumpu's Code of Conduct.

When environmental expenditure will arise from future asset retirement obligations, an item of property, plant and equipment corresponding to the amount of the provision is recognized, and it will be depreciated over the asset's useful life. Subsequent adjustments to the provision are deducted from or added to the cost of the corresponding asset in a symmetrical manner.

A restructuring provision is recognized when a detailed restructuring plan has been prepared and its implementation has been started or the main parts of the plan have been communicated to those, who are impacted by the plan. Restructuring provision mainly comprise of employee termination benefits.

Any potential compensation from a third party is not included in the amount of the provision but recognized as a separate asset when it is virtually certain that the compensation will be received.

5. Capital structure and financial risk management

Outokumpu maintained a strong financial position in 2024. Despite weaker profitability and dividend payment, net debt increased only moderately. In 2024, credit rating agency Moody's confirmed Outokumpu's corporate family rating at Ba2 with a stable outlook.

The capital structure is regularly monitored by management with focus on the company's leverage ratio (net debt to adjusted EBITDA) and liquidity. The target is to have a leverage ratio less than 1.0 in normal market conditions.

The main objective of capital management is to secure the ability to operate on a going concern basis to enhance value to shareholders and to optimize the cost of capital. Outokumpu seeks to maintain access to loan and capital markets at all times and to preserve sufficient liquidity. The Board of Directors reviews the Group's capital structure on a regular basis. Capital structure and debt capacity are taken into account e.g. in investment, dividend and debt decisions.

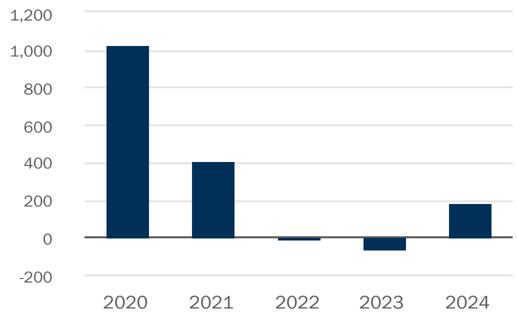
Equity is managed through the dividend policy, share buybacks and issuances of equity or equity-linked securities. In February 2024, Outokumpu completed its share buyback program for a maximum amount of EUR 50 million.

Tools to manage debt in order to optimize the maturity structure of the debt portfolio and to minimize finance costs include raising new debt in various forms, establishing financing facilities, prepaying and cancelling loans, notes and other financing facilities.

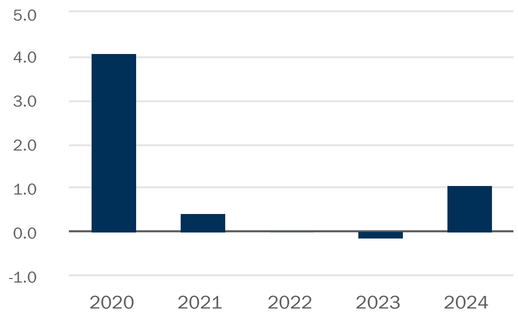
Capital structure

€ million	2024	2023
Total equity	**3,748**	3,762
Gross debt	**502**	441
Total capitalization	**4,250**	4,204
Net debt	**189**	-60

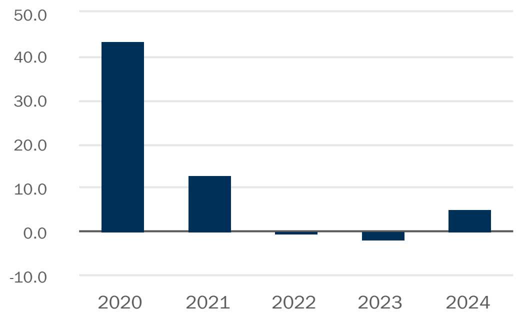
Net debt, € million*



Net debt to adjusted EBITDA*



Debt-to-equity, %*



*Including discontinued operations until 2022. In 2023 and 2024 no discontinued operations impact in the balance sheet.

5.1 Net debt and capital management

The main focus in 2024 on debt management was to ensure sufficient liquidity and at the same time monitor financing costs. Net debt increased to EUR 189 million at the year-end 2024. No new loan arrangements were completed during 2024, however, the leasing liabilities of three new liner vessels during 2024 had an increasing impact on net debt.

In order to mitigate and manage the dilutive impact of the conversion of its EUR 125 million convertible bonds due in 2025, Outokumpu completed a share buyback program of EUR 50 million in February 2024. See more information on share buyback program in note 5.2.

Net debt

€ million	2024	2023
Non-current		
Convertible bonds	**—**	119
Loans from financial institutions	**71**	85
Lease liabilities	**167**	146
Other loans	**8**	9
	246	359
Current		
Convertible bonds	**123**	—
Loans from financial institutions	**14**	14
Lease liabilities	**38**	29
Commercial papers	**79**	—
Other loans [1)]	**1**	40
	256	82
Cash and cash equivalents		
Cash at bank and in hand	**308**	497
Short-term bank deposits and cash equivalents	**5**	5
	313	502
Net debt	**189**	-60

[1)] Year 2023 other loans include share buyback program related financial liability: EUR 38 million.

Net debt development

€ million	2024	2023
Net cash flow from operating activities	**147**	325
Net cash flow from investing activities	**-218**	-35
Cash flow before financing activities	**-71**	290
Dividends paid	**-110**	-152
Treasury share purchase	**-34**	-70
Cash flow impact on net debt	**-216**	68
Net debt on Jan 1	**-60**	-10
Cash flow impact on net debt	**216**	-68
Share buyback financial liability	**-38**	38
Change in net debt, non-cash	**72**	-20
Net debt on Dec 31	**189**	-60

Average effective interest rate of cash and cash equivalents at the end of 2024 was 3.0% (Dec 31, 2023: 3.8%).

Changes in non-current and current debt

2024 € million	Non-current debt	Current portion of non-current debt	Non-current lease liabilities	Current portion of lease liabilities	Current debt	Total
On Jan 1	213	15	146	29	38	441
Financing cash flows	—	-15	—	-38	45	-8
Transfer to current debt	-136	136	-47	47	—	—
Other non-cash movements	2	2	68	—	-4	68
On Dec 31	79	138	167	38	79	502

2023 € million	Non-current debt	Current portion of non-current debt	Non-current lease liabilities	Current portion of lease liabilities	Current debt [1)]	Total
On Jan 1	348	46	143	37	58	632
Financing cash flows	-123	-46	—	-39	-58	-266
Transfer to current debt	-15	15	-31	31	—	—
Other non-cash movements	4	—	34	—	38	76
On Dec 31	213	15	146	29	38	441

[1)] Including share buyback program related financial liability EUR 38 million.

Other non-cash movements in debt consist mainly of the share buyback program related impact in equity as the original commitment was higher than the realized one and effective interest including accrued arrangement fees. Other non-cash movements in lease liabilities consist of new lease agreements and changes in terms of existing agreements.

Convertible bonds

€ million	Interest rate, %	Outstanding amount **2024**	 2023
2020 fixed rate bonds maturing on July 9, 2025	5.0	**125**	125

The convertible bonds maturing in July 2025 can be converted into a maximum of 45,261,669 ordinary shares in Outokumpu, representing 10.7% of the outstanding shares at year end. The conversion period commenced on August 19, 2020 and will end on June 25, 2025. The current conversion price is set at EUR 2.7573 per ordinary share. The conversion price is subject to adjustments for any dividend in cash or in kind as well as customary anti-dilution adjustments, pursuant to the terms and conditions of the bonds. On December 31, 2024, the remaining part of the equity component of the convertible bonds amounted to EUR 2 million (Dec 31, 2023: EUR 6 million). Outokumpu has taken appropriate measures to manage a possible conversion and/or cash repayment of the convertible bonds.

Contractual cash flows

€ million	2024						2023					
	2025	2026	2027	2028	2029	2030 –	2024	2025	2026	2027	2028	2029 —
Convertible bonds	125	—	—	—	—	—	—	125	—	—	—	—
Loans from financial institutions	14	14	14	14	14	14	14	14	14	14	14	28
Other loans [1]	1	1	1	0	0	5	40	1	1	1	0	5
Commercial papers	79	—	—	—	—	—	—	—	—	—	—	—
Interest payments on debt and facility charges	17	9	4	2	1	2	17	13	9	4	2	3
Lease liabilities [2]	38	31	30	29	22	56	29	25	18	17	16	70
Interest payments on lease liabilities[2]	12	10	8	6	4	124	10	9	7	6	5	127
Trade and other payables[3]	1,144	—	—	—	—	—	1,086	—	—	—	—	—
	1,430	**64**	**57**	**51**	**42**	**200**	1,196	187	49	43	38	234

Contractual cash flows related to derivative instruments are presented in note 5.4.

[1] Year 2023 including share buyback program related financial liability EUR 38 million at Dec 31, 2024.
[2] Contractual cash flows are impacted by the index or rate changes related to lease contracts.
[3] The comparison period data has been revised.

Credit facilities

€ million	Maturity	2024 Total	2024 Utilized	2024 Available	2023 Total	2023 Utilized	2023 Available
Committed revolving credit facility	Feb 2027	700	—	700	700	—	700
Committed Finnvera facility	Dec 2025	100	—	100	100	—	100
Committed facilities total		**800**	**—**	**800**	800	—	800
Uncommitted Finnish Commercial paper program	N/A	800	79	721	800	—	800

Overall liquidity reserves at Dec 31, 2024 were EUR 1.1 billion (Dec 31, 2023: EUR 1.3 billion). The liquidity reserves include cash and cash equivalents and EUR 800 million of outstanding committed credit facilities, which were fully unutilized.

Risk information

Liquidity and refinancing risk

Outokumpu raises most of its funding centrally and in co-ordination by the Treasury function (“Treasury”). The Group seeks to reduce its liquidity and refinancing risk by having sufficient amount of cash and committed long-term credit lines available and by maintaining a balanced debt maturity profile with diversified sources of funding. Efficient daily cash and liquidity management and the use of instruments such as commercial papers and currency swaps, also reduce the liquidity risk.

Finance and liquidity plans are prepared and reviewed regularly with a focus on forecasted cash flows, projected funding requirements, planned funding transactions and financial covenant headroom. The adequacy of liquidity reserves, the amounts of scheduled annual repayments of non-current debt compared to EBITDA as well as forecasted gearing and leverage ratios are key measures being considered.

Outokumpu is exposed to changes in credit margins as the development of the leverage ratio has an impact on the interest rate margin definition in some of the Group’s loan agreements and as such on its interest and other financial expenses. In addition, some of the Group´s loan agreements include a financial covenant, but a breach is unlikely as there is ample headroom in the financial covenant.

Accounting principles

Bonds, loans from financial institutions, pension and other loans are recognized at the settlement date and measured initially at fair value net of direct transaction costs. Subsequently they are carried at amortized cost using the effective interest rate method.

Transaction costs are amortized over the maturity of the borrowing using the effective interest rate method. A financial liability (or part of the liability) is derecognized when the liability ceases to exist, that is, when the obligation identified in a contract has been fulfilled or cancelled or is no longer effective.

The fair value of non-current and current debt is determined based on quoted prices for listed instruments. For loans the fair value is determined using the discounted cash flow method based on yields at the reporting date. The fair values of non-current and current debt are presented in note 5.5.

Fees related to revolving credit facilities are amortized over the expected facility term.

Convertible bonds

Convertible bonds are compound instruments with components of the bonds classified separately as financial liabilities and equity in accordance with the substance of the arrangement.

The liability component is recognized initially at fair value of a similar liability. The equity component is recognized initially at the difference between the fair values of the full bond and the liability component. Transaction costs are allocated to the components in proportion to their initial carrying amounts. The fair value includes the value of conversion rights.

Subsequently the liability component is measured at amortized cost with the effective interest method. At conversion or on expiry the equity component is reclassified within equity.

Lease liabilities

Accounting principles related to lease liabilities are presented in note 4.2.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less. These are readily convertible to a known amount of cash with a low risk of any changes in the value.
Bank overdrafts are reported as current debt.

5.2 Equity

Shares and related movements in equity

€ million	Number of shares, 1,000	Share capital	Premium fund	Invested unrestricted equity reserve	Treasury shares	Total
On Jan 1, 2023	444,135	311	714	2,308	-129	3,204
Shares delivered from the share-based payment programs	892	—	—	—	9	9
Repurchase of treasury shares	-13,904	—	—	—	-50	-50
Surrendered shares related to convertible bonds	68	—	—	0	1	0
Shares outstanding on Dec 31, 2023	431,191	311	714	2,307	-169	3,163
Shares delivered from the share-based payment programs	852	—	—	—	6	6
Repurchase of treasury shares	-8,358	—	—	—	4	4
Shares outstanding on Dec 31, 2024	**423,686**	**311**	**714**	**2,307**	**-159**	**3,173**
Treasury shares	33,189					
Total number of shares on Dec 31, 2024	**456,874**					

Share buyback program

Through share buyback programs, Outokumpu seeks to mitigate and manage the dilutive impact of the company's outstanding convertible bonds. The repurchased shares will be initially held by Outokumpu as treasury shares and may be used to meet its obligations under the convertible bonds. Alternatively, Outokumpu may decide to cancel any or all of the repurchased shares and reduce its capital accordingly.

2024

On February 29, 2024, Outokumpu completed its up to EUR 50 million share buyback program which was announced on November 29, 2023 and commenced on December 1, 2023. During the 2023 program, Outokumpu repurchased a total of 11,000,000 of its own shares and used a total of EUR 46 million for the share repurchases. The average price per share was approximately EUR 4.15.

During the year 2024, Outokumpu purchased a total of 8,357,545 of its own shares. As the original commitment recognized in year 2023 was higher, a EUR 4 million impact was recognized in equity during the year 2024 in relation to this program. After the completion of the share buyback program and onward on December 31, 2024, Outokumpu held a total of 33,188,820 treasury shares, representing 7.3 % of the company's total number of shares.

2023

During the year 2023, Outokumpu purchased a total of 13,903,534 of its own shares of which 2,642,455 shares were under the 2023 launched share buyback program and 11,261,079 were under the 2022 launched program.

On December 31, 2023, Outokumpu held 25,683,745 treasury shares, which represented 5.6% of the company's total number of shares.

On November 29, 2023, Outokumpu launched a share buyback program of up to EUR 50 million under the authorization of the Annual General Meeting. The maximum number of shares to be repurchased under the program was 11 million, representing approximately 2.4% of the company's total number of shares. The program commenced on December 1, 2023 and ended on February 29, 2024. By the end of December 2023, Outokumpu had purchased 2,642,455 shares and used a total of EUR 12 million.

Outokumpu had appointed a third-party broker to execute the share buyback program that, based on irrevocable instructions, decided on the repurchase of shares in full independence, also in relation to the timing of the transactions, and in compliance with applicable price and volume limits as well as applicable terms. The share buyback program was expected to be carried out in full and have a maximum EUR 50 million impact on net debt during the duration of the program. However, the company had the option to terminate the program during the buyback period. Because of the nature of the contract with the third party, Outokumpu recognized a EUR 38 million financial liability related to the share buyback program and the maximum amount of EUR 50 million impacted the equity and net debt already in 2023.

Dividend policy and distributable funds

According to its dividend policy, Outokumpu aims to distribute a stable and growing dividend, to be paid annually. On December 31, 2024, the distributable funds of the parent company totaled EUR 2,555 million of which retained earnings were EUR 369 million.

The Board of Directors proposes to the Annual General Meeting to be held on April 3, 2025, that a dividend of EUR 0.26 per share will be paid for the year 2024, corresponding to EUR 110 million based on the number of shares outstanding on December 31, 2024. The dividend will be paid in two installments.

In 2024, Outokumpu paid for the financial year 2023 a dividend of EUR 0.26 per share, a total of EUR 110 million.

Accounting principles

Shares and share capital

According to the Articles of Association, Outokumpu has one single class of shares and all shares have equal voting rights at General meetings. The shares do not have a nominal value.

Premium fund

Premium fund includes proceeds from share subscriptions and other contributions based on the old Finnish Limited Liability Companies Act for the part the contributions exceeded the account equivalent value allocated to share capital.

Other restricted reserves

Other restricted reserves include amounts transferred from the distributable equity under the Articles of Association or by a decision of the General Meeting of Shareholders, and other items based on the local regulations of the Group companies.

Invested unrestricted equity reserve

Invested unrestricted equity reserve includes the net proceeds from the rights issues in 2012 and 2014 and the directed share issue in 2021.

Fair value reserves

Fair value reserves include movements in the fair values of equity securities and hedge accounted derivative instruments.

Retained earnings

Retained earnings include remeasurements of defined benefit plans, cumulative translation differences and other retained earnings and losses.

Treasury shares

When the parent company or its subsidiaries purchase the parent company’s own shares, the consideration paid, including any attributable transaction costs, net of taxes, is deducted from the parent company’s equity as treasury shares until the shares are cancelled. When such shares are subsequently sold or reissued, any consideration received is recognized directly in equity.

Dividends

The dividend proposed by the Board of Directors is not deducted from distributable equity until approved by the Annual General Meeting of Shareholders. For the time period between the approval and the payment, the dividend to be paid is presented in current trade and other payables.

5.3 Financial risk management and insurances

The main objectives of financial risk management are to reduce the volatility of the net result and to secure sufficient liquidity to avoid financial distress. Other objectives include the reduction of cash flow volatility and the maintenance of the debt-to-equity and leverage ratios within set targets. The main objectives of insurance management are to provide mitigation against catastrophe risks and to reduce variation of the net result.

The Board of Directors has approved the risk management policy, which defines responsibilities, the process and other main principles of risk management. The Board of Directors oversees risk management on a regular basis and the Chief Financial Officer (CFO) is responsible for the implementation and development of financial risk management. The CFO leads relevant steering groups, such as the Risk Management Steering Group for enterprise risk management and the Financial Risk Steering Group for financial risk management. The Energy Steering Group for energy risk management is led by SVP General Procurement.

Financial risks consist of market, country, credit, liquidity and refinancing risks. Outokumpu subsidiaries hedge their currency and commodity price risk with the parent company Outokumpu Corporation, which does most of the Group's foreign exchange and commodity derivative contracts with banks and other financial institutions. The Treasury function ("Treasury") is responsible for managing foreign exchange, metal, interest rate, liquidity and refinancing as well as emission allowance price risk. Credit controlling has been mainly centralized to Finance Services, and Treasury oversees credit risk management globally. Customer credit risk is presented in note 4.5. The procurement function is responsible for managing the electricity and fuel price risks.

Treasury sources all global insurances. The main insurance lines are related to property, business interruption, liabilities and credit risk. The captive insurance company Visenta Försäkringsaktiebolag contributes to the global insurance business by participating primarily in the property damage and business interruption (PDBI) insurance line.

Exposure to financial risks is identified in connection with the Group's risk management process. This approach aims to ensure that any emerging risks are identified early and that significant risks are described, quantified, managed and communicated appropriately.

Sensitivity of financial instruments to market risk

	Dec 31, 2024		Dec 31, 2023	
€ million	In profit or loss	In other comprehensive income	In profit or loss	In other comprehensive income
+/-10% change in EUR/USD exchange rate	+7/-9	—	+2/-3	—
+/-10% change in EUR/SEK exchange rate	-3/+4	—	-5/+6	—
+/-10% change in nickel price in USD	-1/+1	-4/+4	-2/+2	-6/+6
+/-1% parallel shift in interest rates	-1/+1	—	-1/+1	—

The sensitivity analyses apply to financial assets and liabilities only. Other assets and liabilities, including defined benefit pension plan assets and liabilities, as well as off balance sheet items such as sales and purchase orders, are not in the scope of these analyses. The calculations are net of tax. During the year the volatility for nickel price has been in the range of 20-29%. With +/–30% change in dollar denominated price, the effect in profit or loss is about EUR -2/+2 million and in other comprehensive income EUR -11/+11 million for nickel derivatives.

Risk information

Market risk

Outokumpu's main market risks are foreign exchange risk, interest rate risk, security price risk as well as commodity price risk, namely in metals, fuels, energy and emission allowances. The price changes in the before mentioned risks may have a significant impact on the Group's net result, cash flow and capital structure. Due to the cyclicality of the stainless steel business, Outokumpu's exposure to market risks may change significantly from one period to another. Consequently, derivative positions to mitigate market risks change due to the cyclical business environment.

Note 5.4 details the fair values and nominal amounts of derivative instruments while the sensitivity of financial instruments to market risks is described in the table of the previous page.

The strategy for market risk management is based on identifying, evaluating and mitigating relevant risks in committed business transactions, balance sheet items and selected forecasted items for each of the market risk categories. The use of derivatives to mitigate market risks may cause timing differences between derivative gains or losses and in the impact of the underlying exposure on the net result. In order to reduce such timing differences in net result, hedge accounting can be applied selectively as part of the commodity and foreign exchange hedging activities. Most of the derivatives are short-term, however, interest rate hedges typically have a maturity in excess of one year.

Foreign exchange rate risk

Outokumpu is exposed to foreign exchange rate risk as its business and operations are global. The risk arises from changes in exchange rates and may have effects on net result, cash flow and balance sheet. The foreign exchange exposure consists of risks associated with foreign currency cash flows (transaction risk), translation risk and economic risk, such as the change in competitiveness resulting from changes in foreign exchange rates.

The transaction risk arises from committed and forecasted transactions and payments in currencies other than the functional currency of the entity and from changes in fair value of foreign currency denominated items recognized on the balance sheet.

The fair value risk consists of foreign currency denominated accounts receivables, accounts payables, debt, cash, loan receivables and the currency position from commodity derivatives. The foreign exchange and fair value risks are, with a few exceptions, hedged in principle in full in major currencies. Forecasted and probable cash flows are not typically hedged, but can be hedged selectively.

In 2024, there was no hedge accounting applied in foreign exchange hedging activities.

Foreign exchange positions of EUR based companies

	Dec 31, 2024				Dec 31, 2023			
€ million	SEK	USD	GBP	Other	SEK	USD	GBP	Other
Trade receivables and payables	-8	-257	9	11	-25	-157	6	9
Loans and bank accounts [1]	156	-829	-59	7	90	-772	-43	4
Derivatives	-145	996	38	-30	-64	908	32	-22
Net position	3	-90	-13	-12	0	-21	-5	-8

Foreign exchange positions of SEK based companies

	Dec 31, 2024				Dec 31, 2023			
€ million	EUR	USD	GBP	Other	EUR	USD	GBP	Other
Trade receivables and payables	11	15	5	2	-6	7	2	3
Loans and bank accounts [1]	10	2	1	1	14	2	1	1
Derivatives	-58	-25	-19	-7	-81	-20	-19	-7
Net position	-36	-8	-13	-4	-72	-11	-17	-4

[1] Includes cash and cash equivalents, loan receivables and debt.

Currency distribution and re-pricing of outstanding net debt

€ million						Dec 31, 2024
Currency	Net debt[1]	Derivatives[2]	Rate sensitivity[3]	Gross debt	Average rate, %[4]	Duration, year[5]
EUR	399	760	9.8	-502	6.2	2.0
SEK	-32	151	1.2	—	—	—
USD	-115	-865	-9.8	—	—	—
Others	-63	-58	-1.2	—	—	—
	189	-12	0.0			

€ million						Dec 31, 2023
Currency	Net debt[1]	Derivatives[2]	Rate sensitivity[3]	Gross debt	Average rate, %[4]	Duration, year[5]
EUR	117	771	7.4	-441	6.3	2.8
SEK	-61	84	0.2	—	—	—
USD	-75	-791	-8.7	—	—	—
Others	-41	-47	-0.9	—	—	—
	-60	17	-1.9			

[1] Includes cash and cash equivalents, debt and financial liability related to share buyback program Dec 31, 2023.
[2] Net derivative liabilities include nominal value of interest rate and currency forwards earmarked to debt.
[3] The effect of one percentage point increase in interest rates to financial expenses over the following year from net debt and derivatives.
[4] Includes gross debt and financial liability related to share buyback program at Dec 31, 2023. The interest rate of share buyback program financial liability is zero at Dec 31, 2023. Currency forwards are not included in average rate calculation.
[5] Duration calculation includes both debt and interest rate derivatives.

Outokumpu's largest foreign exchange transaction risk exposures are in US dollars and Swedish krona. A major part of the Group's sales is in Euros and US dollars and thus the local currency denominated production costs in Sweden cause foreign exchange risk. The main US dollar cash flow risks origin from sales in the ferrochrome operations as chromium is priced in US dollars and US dollar priced raw material purchases in the European stainless steel business. Internal financing denominated in Swedish krona and US dollar cause significant fair value foreign exchange rate risk, which is hedged with forward contracts and, if possible, with matching of external debt or investment. The Group's fair value foreign exchange position is presented in more detail level in the table on the previous page.

Translation risk consists of current net investment in foreign entities and future foreign currency denominated profits and losses, which eventually will have an impact on Group's net result and balance sheet through consolidation. Outokumpu's net result and net investment translation risk is mainly in US dollars and Swedish krona. The equity translation risk is not typically hedged, although, according to the Treasury policy, this risk can be hedged selectively. In 2024, there were no hedges of net result or net investment exposures. However, the effective portion of gains (EUR 17 million, net of tax) on earlier financial years' net investment hedges is recognized in equity.

Economic risk relates to foreign exchange rates, commodity and energy prices, or any other market price risks, which impact the long-term competitive position. Hedging of economic risk in the Group is seen as a strategic decision approved by the CFO. In 2024, there were no hedges related to economic risks.

Interest rate risk

Changes in interest rates expose Outokumpu to interest rate risk with effects on Group's net interest expense (i.e. cash flow risk) and value of assets and liabilities (i.e. fair value risk). The objective of the Group's interest rate risk management is to have a significant share of net debt effectively with a short-term interest rate as a reference rate. This approach may help to reduce the average interest rate of debt. Approximately 65% (2023: 38%) of the Group's debt has an interest period of less than one year and the average interest rate of non-current debt on December 31, 2024 was 5.8% (Dec 31, 2023: 7.0%).

The interest rate risk exposure is composed of the Group's net debt including all interest-bearing assets and liabilities as well as derivatives that hedge these items. Interest rate derivatives, such as interest rate swaps, are used to adjust the share of net debt effectively repricing in different maturities according to limits defined in the Treasury policy.

Euro, Swedish krona and US dollar have a substantial contribution to the Group's interest rate risk exposure. The interest rate risk exposure in Swedish krona and US dollar primarily originates from cash balances and foreign exchange derivatives. The interest rate position for the Group is presented in more detail in the table on the previous page.

Metal price risk

The Metal price risk arises from changes in metal market prices and may have effects on net result, cash flow and balance sheet.

The Group's most significant exposures in metals price risk arise from chromium and nickel, while other alloy metals with metal price risk include for example iron and molybdenum. Outokumpu is exposed to metal price risk for example through purchase of raw materials as well as sale of stainless steel products where the price of alloy metals is based on market prices. The timing difference in such commercial purchases and sale transactions as well as its inventory position expose the Group to metal price risk alongside the Group's capability to pass on price changes in raw materials to end-product prices.

Outokumpu's underlying metal net position (in the following alloy metals: nickel, iron and molybdenum) consists of fixed price purchase orders, inventories of alloy metal containing materials and fixed price sales orders. The metal net positions (in tons of metal) are continuously calculated in order to manage the underlying positions.

Metal market prices are based on prices determined in regulated markets, such as the London Metal Exchange (LME). Also, derivatives contracts to mitigate metal price risk are based on, for example, LME prices. Chromium does not have an established financial derivatives market and, consequently, is not included in the scope of the Treasury policy. Financial derivatives mainly in nickel are used to manage the impacts of metal price changes on the Group's net result, whereas efficient working capital management helps to reduce cash flow variations caused by metal prices. Outokumpu has continued to apply cash flow hedge accounting programs on nickel hedging in order to reduce the timing differences between derivative gains or losses and the net result impact of the underlying exposure. The hedge accounting covers a material part of the Group's nickel derivatives hedges. The Group's financial derivatives fair values and nominal amounts are presented in more detail in the table 5.4 Derivative instruments.

In addition to hedging with financial derivatives, the metal price risk is also mitigated through other measures such as pricing decisions. A part of the Group's stainless steel sales contracts include an alloy surcharge clause, with the aim of reducing the risk arising from the timing difference between alloy metal purchase and stainless steel pricing and delivery. In 2024, the share of Group sales contracts including an alloy surcharge clause is on the same level as compared to the previous year.

Energy and emission allowance price risk

Outokumpu manages energy price risk centrally and mitigates the risks by guidance from the Energy Procurement policy. Energy price risk is hedged with long-term agreements, fixed price supply contracts, partial ownerships in power utilities and derivatives. See more information in note 5.4 Derivatives. The Energy Risk Steering Group monitors and decides upon proposed hedging levels for each European business entity.

Overall, Outokumpu's energy spend decreased around 20%–25% compared to last year. For 2025, Outokumpu's energy portfolio has been hedged with roughly 65%–70% of the estimated consumption.

Outokumpu has initiated and executed multiple actions to prevent risks from realizing. As the volatility in the energy market continues, Outokumpu has increased its focus on daily optimization to lower overall energy costs. Outokumpu has also started several initiatives to accelerate the improvement in energy efficiency. See more information on energy in the Climate change chapter in the Sustainability Statement (part of Review of Board of Directors), especially under "Energy consumption and mix".

Outokumpu is exposed to changes in emission allowance prices as the Group's main production sites are located in Europe and thus participating in the EU Emissions Trading Scheme (EU ETS). All Outokumpu sites met the compliance requirements regarding returning of emissions to local authorities on time in 2024. The Group's emission allowances positions are composed of realized and forecasted emissions netted against confirmed and forecasted emission allowances granted by the authorities. The general economic outlook, the prices of fuels and power as well as decisions on the EU ETS have a significant impact on the price of emission allowances. The current trading phase of the EU ETS refers to the period 2021–2030. Outokumpu forecasts to have adequate amount of EU emission allowances until the end of this decade. However, the future decisions on EU ETS may have a significant impact on this forecast.

Security price risk

Outokumpu has equity investments and fixed income securities. On December 31, 2024, the main investments were in OSTP Holding Oy (investment in associated company of EUR 33 million) and Voimaosakeyhtiö SF (investment in associated company of EUR 0 million). For more information on the investments presented in notes 5.6 and 6.6.

The captive insurance company Visenta Försäkringsaktiebolag has investments totaling EUR 28 million in fixed income and equity funds in order to optimize return for assets and to manage the risk prudently.

Country and counterparty credit risk

Treasury monitors credit risk related to financial institutions. Outokumpu seeks to reduce these risks by limiting the counterparties to banks and other financial institutions with good credit standing. For derivative transactions, Outokumpu prefers to have the ISDA framework agreements in place.

Exposure to country risk is monitored and mitigated by having a credit insurance that provides cover against political risks on external account receivables. However, there is some exposure on certain countries where insurance was unavailable.

Insurances

As part of risk mitigation activities, Outokumpu aims to secure its assets and business continuity by arranging insurances against financial losses arisen from unexpected risk events. Risks related to property, business interruption, liabilities and credit risk are covered by insurances as per policy terms and conditions. Outokumpu continued its systematic property and marine cargo loss prevention programs, focusing on execution of the mitigating and preventive actions.

Outokumpu has a captive insurance company, Visenta Försäkringsaktiebolag (Visenta), for optimizing insurance arrangements as part of the Group's risk management. The captive insurance company is registered in Sweden and can operate as a direct insurer and reinsurer for covering risk of Outokumpu Group entities only. Visenta has to comply with capital adequacy requirements set by the financial supervisory authority in Sweden and European Insurance and Occupational Pensions Authority (EIOPA). During the reporting period Visenta was well capitalized to meet other externally imposed requirements, which are based on, e.g., the Solvency II framework. There were no significant changes in Visenta's assets during the year.

5.4 Derivative instruments

€ million	Positive fair value 2024	Negative fair value 2024	Net fair value 2024	Net fair value 2023	Nominal amounts 2024	Nominal amounts 2023
Currency and interest rate derivatives						
Currency forwards	18	-4	**14**	-17	**2,013**	1,972
Interest rate swaps	—	-2	**-2**	-7	**125**	125
					Tonnes	Tonnes
Metal derivatives						
Forward nickel contracts, hedge accounted	11	-7	**5**	7	**16,984**	22,823
Forward nickel contracts	5	-4	**1**	3	**8,592**	10,720
					MWh	MWh
Gas derivatives						
Forward gas contracts, hedge accounted	4	0	**4**	—	**917,408**	—
Total derivatives	39	-17	**22**	-14		
Less long-term derivatives						
Forward nickel contracts, hedge accounted	0	0	**0**	-1		
Forward gas contracts, hedge accounted	1	0	**1**	—		
Interest rate swaps	—	—	**—**	-7		
Short-term derivatives	39	-17	**22**	-6		

Contractual cash flows

2024 € million	2025	2026
Currency derivatives		
Outflows	2,021	—
Inflows	-2,006	—
Interest derivatives	-5	—
	10	**—**

2023 € million	2024	2025
Currency derivatives		
Outflows	1,964	—
Inflows	-1,980	—
Interest derivatives	-6	-6
	-21	-6

Hedge accounted cash flow hedges (commodity derivatives)

	2024	2023
Fair value of nickel derivatives, € million	**5**	7
Nominal amount of nickel derivatives, tonnes	**16,984**	22,823
Fair value of gas derivatives, € million	**4**	—
Nominal amount of gas derivatives, MWh	**917,408**	—
Hedge ratio	**1:1**	1:1
Fair value reserve in other comprehensive income, € million	**10**	7
Reclassified to sales in profit or loss, € million	**13**	16
Reclassified to cost of sales in profit or loss, € million	**-6**	2
Recognized in inventory, € million	**2**	4

The nickel hedge accounting programs implemented for business area Americas and business area Europe cover a material part of the Group's sales and purchase contracts. Forwards, which correspond to the pricing model of the underlying items, are used as derivative instruments. Only the spot component of nickel derivatives is under hedge accounting, the forward element is recognized in profit or loss. The ineffectiveness is tested regularly. Management estimates that the possible ineffectiveness that could arise relates to credit risk or timing of transactions, but these are estimated to be immaterial.

In August 2024 a new LNG gas hedge accounting program was implemented for entity Outokumpu Stainless Oy. The hedge accounting program covers a substantial part of the purchases of LNG gas contracts. The derivative instrument used in hedging is a forward which pricing corresponds to the pricing of the underlying item. The ineffectiveness is tested regularly.

Management estimates that the possible ineffectiveness that could arise relates to credit risk or timing of transactions, but these are estimated to be immaterial.

Master netting agreements and similar arrangements

€ million	2024	2023
Derivative assets		
Gross amounts of recognized financial assets in the statement of financial position	**39**	34
Related financial instruments that are not offset	**16**	21
	23	12
Derivative liabilities		
Gross amounts of recognized financial liabilities in the statement of financial position	**17**	47
Related financial instruments that are not offset	**16**	21
	1	26

Outokumpu enters into derivative transactions with most counterparties under ISDA agreements. In general, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated. The termination value is assessed and only a single amount is payable in settlement of all transactions. ISDA agreements do not meet the criteria for offsetting the balances in the statement of financial position, but the right to offset is enforceable only on the occurrence of future credit events. The table above sets out the carrying amounts of recognized financial instruments that are subject to the agreements described above.

Accounting principles

Derivatives are initially recognized at fair value on the trade date, when the Group enters into a derivative contract, and are subsequently measured at fair value.

The presentation of the gains or losses arising from the fair value measurement depends on the purpose of the derivative. The gains or losses arising from fair value changes of effective hedge-accounted derivative contracts are presented in profit or loss congruent with the hedged item. Changes in fair value of derivative contracts, where hedge accounting is not applied, are recognized in EBIT in other operating income and expenses. Changes in fair value of derivatives designated for financing activities are presented within financial income and expenses.

The fair value measurement is based on quoted market prices and rates as well as on discounted cash flows at the end of the reporting period. Fair values of derivatives can in certain cases be based on valuations of external counterparties.

Hedge accounting

Outokumpu applies cash flow hedge accounting on certain commodity derivatives. For each hedging arrangement the relationship between the hedging instrument and the hedged item, the objectives of risk management and the strategy of the hedging arrangement are documented.

The effectiveness of the hedge relationship is documented and assessed when hedging is started and at least in the end of each reporting period. Hedge effectiveness is calculated and assessed between the changes in the fair value or cash flows of the hedged item attributable to the hedged risk and the changes in the fair value or cash flows of the hedging instrument to ensure that these impacts offset one another. Hedge accounting is discontinued if the requirements of hedge accounting are no longer met.

Fair value changes of derivatives designated to hedge forecasted cash flows are recognized in other comprehensive income and presented within the fair value reserve in equity to the extent that the hedge is effective. Such fair value changes accumulated in equity are reclassified in profit or loss, and presented in sales or cost of sales in the period when the hedge accounted cash flows affect the profit or loss. In the certain hedge accounted transaction, the realized gains or losses of the nickel derivatives are first reclassified from fair value reserves in equity to the inventory for a certain period and finally recognized in profit or loss. The fair value changes related to the ineffective portion of the hedging instrument are recognized immediately in profit or loss.

5.5 Financial assets and liabilities

Carrying values and fair values of financial assets and liabilities by measurement category

	Measured at					
2024 € million	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying amount	Fair value	Fair value hierarchy level
Non-current financial assets						
Equity investments	—	28	—	28	28	1,3
Trade and other receivables	10	—	0	10	0	3
Hedge accounted derivatives	—	—	1	1	1	2
Current financial assets						
Other investments	—	—	28	28	28	1
Trade and other receivables	390	—	—	390		
Hedge accounted derivatives	—	—	15	15	15	2
Derivatives held for trading	—	—	23	23	23	2
Cash and cash equivalents	313	—	—	313		
	714	28	67	809		
Non-current financial liabilities						
Non-current debt	246	—	—	246	247	2
Hedge accounted derivatives	—	—	0	0	0	2
Current financial liabilities						
Current debt	256	—	—	256	273	2
Trade and other payables	1,144	—	—	1,144		
Hedge accounted derivatives	—	—	7	7	7	2
Derivatives held for trading	—	—	10	10	10	2
	1,646	—	17	1,663		

There were no transfers between levels 1, 2 and 3 during the years. A major part of equity investments at fair value through other comprehensive income at hierarchy level 3 relates to investments in unlisted energy producing companies.

2023 € million	Measured at Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying amount	Fair value	Fair value hierarchy level
Non-current financial assets						
Equity investments	—	12	—	12	12	1,3
Trade and other receivables	12	—	0	12	0	3
Current financial assets						
Other investments	—	—	27	27	27	1
Trade and other receivables[1)]	508	—	—	508		
Hedge accounted derivatives	—	—	15	15	15	2
Derivatives held for trading	—	—	19	19	19	2
Cash and cash equivalents	502	—	—	502		
	1,022	12	60	1,094		
Non-current financial liabilities						
Non-current debt	359	—	—	359	443	2
Hedge accounted derivatives	—	—	1	1	1	2
Derivatives held for trading	—	—	7	7	7	2
Current financial liabilities						
Current debt	82	—	—	82	82	2
Trade and other payables[1)]	1,086	—	—	1,086		
Hedge accounted derivatives	—	—	7	7	7	2
Derivatives held for trading	—	—	32	32	32	2
	1,528	—	47	1,575		

Current debt includes EUR 38 million of share buyback program related financial liability.
1) The data has been revised.

Reconciliation of changes on level 3

€ million	Investments at fair value through profit or loss	Equity investments at fair value through other comprehensive income
Carrying value on Jan 1, 2024	0	7
Additions	3	1
Disposals	—	—
Fair value changes	-3	15
Carrying value at the end of the period	0	23

€ million	Investments at fair value through profit or loss	Equity investments at fair value through other comprehensive income
Carrying value on Jan 1, 2023	—	25
Additions	5	3
Disposals	—	0
Fair value changes	-5	-20
Carrying value at the end of the period	0	7

In 2023, Outokumpu Corporation agreed to participate in a convertible loan offered by associated company Voimaosakeyhtiö SF to its shareholders. Outokumpu's share of the convertible loan is EUR 14 million. The first call of the loan was in August 2023 amounting to EUR 5 million and the second one in October 2024, totaling to EUR 3 million. At the end of December 2024, the loan is valued at EUR 0 million. The change in value is presented in the other market price gains and losses in the consolidated statement of income, for more information see note 2.5. For more information on Voimaosakeyhtiö SF, see note 5.7 and 6.6.

Accounting principles

The Group's financial assets and liabilities are classified as items at fair value through profit or loss, items at fair value through other comprehensive income and items at amortized cost. The classification is based on Group's business model for financial assets and liabilities, and their contractual cash flow characteristics.

If a financial asset is not measured at fair value through profit or loss, significant transaction costs are included in the initial carrying amount of the asset. Financial assets are derecognized when the Group loses the rights to receive the contractual cash flows on the financial asset or it transfers substantially all the risks and rewards of ownership outside the Group. Accounting principles related to transaction costs and derecognition of borrowings are presented in note 5.1.

Financial assets and liabilities measured at amortized cost

Financial assets measured at amortized cost include trade and other receivables and cash and cash equivalents. These assets are measured initially at fair value. After initial recognition, they are measured at amortized cost by using the effective interest rate method less accumulated impairments. The accounting principles related to factored receivables and expected credit losses are presented in note 4.5.

Financial liabilities measured at amortized cost include the borrowing and trade and other payables. See note 5.1 for further accounting and fair valuation principles for borrowings and note 4.5 for accounting principles for trade and other payables.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments in listed and unlisted companies. Accounting principles are presented in note 5.6.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include derivative instruments. Financial assets at fair value through profit or loss include also investments in debt instrument or money market funds held for trading purposes and intended to be sold within a short period of time. In some cases, also equity investments can be classified in this category.

These financial assets and liabilities are recognized at the trade date at fair value and subsequently remeasured at fair value at the end of each reporting period. The fair value measurement is based on quoted rates and market prices as well as on appropriate valuation methodologies and models.

Realized and unrealized gains and losses arising from changes in fair values of non-derivative financial assets are recognized in market price gains and losses under financial income and expenses in the reporting period in which they are incurred. Accounting principles related to derivatives are described in more detail in note 5.4.

Measurement of fair values

Several accounting policies and disclosures require the measurement of fair values. Financial assets and liabilities measured at fair value are classified to fair value hierarchy levels based on the source information and inputs used in the fair valuation. In level one, fair values are based on public quotations for identical instruments. In level two, fair values are based on market rates and prices and discounted future cash flows. For assets and liabilities in level three, there is no reliable market source available and thus the fair value measurement is not based on observable market data. Therefore, the measurement methods are chosen taking into account the information available for the measurement and the characteristics of the measured item.

5.6 Equity investments at fair value through other comprehensive income

€ million	2024	2023
Carrying value on Jan 1	**12**	25
Additions	**2**	11
Disposals	**—**	0
Fair value changes	**13**	-23
Carrying value on Dec 31	**28**	12

Fair value reserve in equity

€ million	2024	2023
Fair value on Dec 31	**28**	12
Reclassification	**—**	-117
Fair value at acquisition	**14**	129
Fair value reserve	**14**	1

Equity investments at fair value through other comprehensive income include unlisted and listed strategic holdings mainly in energy companies in which Outokumpu does not have control, joint control or significant influence.

These energy companies produce energy to their shareholders on a cost-price basis (Mankala principle) which is a widely used business model among Finnish energy companies. Under the Mankala principle, shareholders are entitled to receive energy in proportion to the ownership, and each shareholder is severally responsible for its respective share of the costs of the energy company as set out in the articles of association.

The additions of EUR 2 million in 2024 are related to the increase in investments in FPX Nickel corp and in EPV Energia Oy.

Outokumpu is an owner in nuclear utility by provider Pohjolan Voima Oy (PVO), with an ownership share of 0.1%. PVO is a shareholder in Teollisuuden Voima Oy (TVO). TVO, where Outokumpu does not have a direct ownership, operates Olkiluoto 3 (OL3) a nuclear power plant in Eurajoki, Finland. Outokumpu has indirect ownership in Tornion Voima Oy, a combined heat and power plant in Tornio, Northern Finland. This indirect ownership is through EPV Energia Oy, with an ownership share of 0.3%. In addition, Outokumpu has a direct ownership in Rajakiiri Oy with a share of 19.9%. Rajakiiri Oy is a wind power mill in Tornio. The total estimated fair value of the aforementioned three utility assets was EUR 22 million at the year end (Dec 31, 2023: EUR 6 million). The remaining EUR 6 million (Dec 31, 2023: EUR 6 million) are other share holdings.

During the year 2023 Outokumpu's investment in Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima, was reclassified from equity investments at fair value through other comprehensive income to associated company. Consequently EUR 117 million was reclassified from fair value reserve in equity to other retained earnings within equity.

Management judgements

Unlisted strategic energy companies

The valuation model of the other unlisted strategic energy companies include among others discount rate derived from risk free rate (Germany 10 year bond yield), growth factor depending the nature of the power plant or wearing out of the mill and contractual factors which may have an impact on the valuation. Discounted cash flow models include also adjustments based on the latest information regarding the power plants and potential energy production.

Accounting principles

Equity investments at fair value through other comprehensive income consists of investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are mainly strategic investments, so this classification is considered relevant.

The investments and divestments are recognized at the trade date. They are included in non-current assets unless there is an intention to dispose of the investment within 12 months from the reporting date.

The investments are measured at fair value, and fair value changes are recognized through other comprehensive income and presented net of tax in fair value reserve in equity. The valuation is based on quoted rates and market prices at the end of the reporting period, as well as on appropriate valuation techniques, such as cash flow discounting. Observable market data is used in the valuation when available but also entity-specific management estimates are applied.

Dividends are recognized in profit or loss. When equity investment is disposed, the accumulated fair value changes are reclassified from fair value reserve to retained earnings.

The premium paid over the FPX Nickel Corp. share's market price at the acquisition date has been treated as part of the inventory and will be released at the time of the nickel purchase.

5.7 Commitments and contingent liabilities

€ million	2024	2023
Mortgages and pledges on Dec 31		
Mortgages	**156**	156
Other pledges	**13**	13
Guarantees on Dec 31		
On behalf of subsidiaries for commercial and other commitments	**34**	51
Other commitments for financing on Dec 31	**4**	2

Outokumpu has issued business mortgages over movable assets in Kemi to secure an outstanding project loan maturing in September 2030.

Outokumpu is liable for its associated company Manga LNG Oy's certain liabilities amounting to EUR 9 million at the end of the reporting period (December 31, 2023 EUR 12 million). In the table above, this commitment is reported as other pledges (Outokumpu's shares in Manga LNG Oy).

Outokumpu Corporation is, in relation to its shareholding in EPV Energia Oy, liable for the costs, commitments and liabilities relating to electricity provided by Tornion Voima Oy. These commitments are reported under other commitments for financing.

The old long-term energy supply contract that included a minimum purchase quantity has been terminated at the end of the year 2024 with no additional costs to the Group.

The Group's other off-balance sheet investment commitments totaled EUR 42 million on December 31, 2024 (December 31, 2023: EUR 46 million).

Contingent liabilities

Outokumpu is a minority shareholder in its associated company Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima Oy. There is a pending arbitration between Fennovoima Oy and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract for a nuclear power plant. Outokumpu Corporation is not a party in the said dispute.

Originally, Outokumpu's commitment to Voimaosakeyhtiö SF for participation in the planned nuclear power plant project amounted to approximately EUR 250 million, of which EUR 117 million has been paid. Further payments related to the original commitment, if any, are not expected to occur.

Accounting principles

Unrecognized commitments are disclosed when the Group has an obligation or a pledge to assume a financial liability at a future date.

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed by uncertain future events that are not wholly within the control of the entity. Obligations that are not considered probable or where the amounts cannot be reliably measured are also considered as contingent liabilities. Contingent liabilities are not recognized in the statement of financial position but disclosed as off-balance sheet commitments.

6. Group structure and other notes

This notes section covers the notes related to the Group structure,
as well as other notes that do not directly fall under any of the previous notes sections.

6.1 Discontinued operations

Long Products as discontinued operations in 2022

During the year 2022, Outokumpu signed an agreement to divest the majority of the Long Products business operations to Marcegaglia Steel Group and reported it as assets held for sale and discontinued operations. The divestment was completed on January 3, 2023. The provisional gain on divestment reported in the net result from discontinued operations of the year 2023 was EUR 5 million. During the first half of the year 2024, the agreement on the release of the escrow account was finalized and had no significant impact on the financial statements.

Gain on sale

€ million	Final outcome
Total net assets sold as of Jan 3, 2023	-215
Sale consideration	211
Other	-4
Gain on sale of discontinued operations before reclassification of accumulated translation differences	-8
Reclassification of accumulated translation differences	10
Gain on sale [1)]	2

[1)] The net result for the period from discontinued operations in 2023 EUR 5 million is related to the gain on sale presented in line other operating income in the discontinued operations' statement of income. The impact from the release of the escrow account was booked to the net result in continuing operations in 2024.

€ million	Final outcome
Cash flow	
Cash consideration	211
Cash and cash equivalents	-117
Escrow account receivable	—
Consideration received	94

Accounting principles

Non-current assets or a disposal group are classified as held for sale if their carrying amount will be recovered principally through the disposal of the assets and the sale is highly probable. If their carrying amount will be recovered principally through their disposal rather than through their continuing use, they are measured at the lower of carrying amount and fair value less cost to sell. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Result from the discontinued operations is reported separately from income and expenses from continuing operations in the consolidated statement of income and prior periods are restated accordingly. Assets and liabilities related to the discontinued operations are presented as separate line items in the statement of the financial position and the comparative period is not restated. The statement of cash flows consists of total group figures including the discontinued operations.

Intra-group revenues and expenses between continuing and discontinued operations are eliminated in continuing operations only when the revenues and expenses are not considered to continue after the disposal of the discontinued operations.

6.2 Business acquisitions and disposals

2024

Disposals

In 2024, Outokumpu divested its Mexico branch distribution business in Mexico City, Guadalajara and Monterrey – formerly known as Outokumpu Mexinox Distribution. Prominox, the largest stainless steel distributor in Mexico, acquired the ongoing business operations and customer base from Outokumpu. They were reported under the operation of Outokumpu's business area Americas. The net asset value was EUR 1 million and the gain on sale was EUR 3 million. The transaction had a positive cash impact for Outokumpu amounting to EUR 4 million.

See more information on divestment of Long Products in note 6.1.

2023

Disposals

During the year 2023 Outokumpu divested its remaining Long Products operations in Degerfors and Storfors, Sweden to Cogne Acciai Speciali, a world leader in the production of long stainless steels and nickel alloys based in Italy. The enterprise value of the transaction was EUR 12 million and it had a positive cash impact for Outokumpu amounting to EUR 2 million. Outokumpu booked a loss of EUR 26 million on the disposal.

€ million	2023
Total net assets sold	-32
Sale consideration	5
Loss on sale	-26

Accounting principles

The disposed companies are included in the consolidated Financial Statements up to the date when the control is lost. The gain or loss on disposal together with cumulative translation adjustments related to disposed companies are recognized in the consolidated statement of income at the date control is lost.

6.3 Disputes and litigations

Dispute over payment of wages in the US

On July 16, 2018, a class of plaintiffs, eventually consisting of 278 former and current Outokumpu Calvert mill employees, brought a suit against Outokumpu Stainless USA, LLC in the U.S. federal district court. The plaintiffs alleged that Outokumpu failed to pay full wages for regular work and overtime work they performed. The district court entered a default judgment against Outokumpu in 2021 with respect to liability without Outokumpu having the opportunity to argue the merits of the allegations and subsequently found Outokumpu liable to the plaintiffs for approximately USD 13 million in the aggregate, plus attorney's fees. Outokumpu appealed these decisions at the time. The Court of Appeals has on October 11, 2024 upheld the district court's decisions. On November 1, 2024, Outokumpu filed a petition for a rehearing before the court of appeals which the court of appeals denied on December 6, 2024. The case has been returned to the district court for a final determination of the amount of Outokumpu's liability. Outokumpu has a USD 18.9 million provision in respect of this matter.

Claim in Germany related to expired lease agreement

On January 19, 2018, Outokumpu Nirosta GmbH was served with a claim in the district court of Krefeld for declaratory judgement by the owner of a warehouse in Krefeld that Outokumpu had leased until the end of 2016. The claim relates to a dispute over the responsibility for the maintenance and repair of the warehouse. The claimant has later in the process specified the claim and is seeking a payment of EUR 19 million. On May 4, 2022, the court issued a ruling covering only the merits of the claim. Said ruling was in favor of the claimant and was appealed by Outokumpu in the court of appeal. On June 15, 2023, the court of appeal cancelled the said ruling, and referred the dispute back to the lower court where the matter is still pending. Outokumpu is of the view that the claims asserted against it are without merit and continues to defend against them. Appropriate provisions are in place.

6.4 Related parties

Balances and transactions within Group including parent company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Related party transactions disclosed in this note include transactions with associated companies, Solidium Oy and the key management of the company as well as their related persons and companies in which they have control or joint control. Key management includes Leadership Team members and members of the parent company's Board of Directors, and their remuneration is presented in the note 3.2. Commitments related to associated companies are presented in the note 5.7. The principal subsidiaries and associated companies are listed in the notes 6.5 and 6.6.

Solidium Oy, a limited company fully owned by the State of Finland, owned 15.5% of Outokumpu on December 31, 2024. Solidium's mission is to strengthen and stabilize Finnish ownership in nationally important companies and increase the value of its holdings in the long run.

Transactions with related parties are carried out at arms-length principles.

Transactions and balances with related companies

€ million	**2024**	2023
Sales and other operating income	**87**	99
Purchases	**-93**	-51
Dividend income	**1**	3
Trade and other receivables	**25**	35
Trade and other payables	**11**	5

All the transactions and balances with related companies are related to associated companies.

Increase in purchases and trade and other payables is mainly due to the acquisition of German company CRONIMET North-East GmbH, more information in the note 6.6.

In 2023, Outokumpu Corporation agreed to participate in a convertible loan offered by associated company Voimaosakeyhtiö SF to its shareholders. Outokumpu's share of the convertible loan is EUR 14 million. The first call of the loan was in August 2023 amounting to EUR 5 million and the second one in October 2024, totaling to EUR 3 million. At the end of December 2024, the loan is valued at EUR 0 million.

6.5 Subsidiaries

December 31, 2024	Country	Group holding, %
Europe		
Outokumpu AS	Norway	100
Outokumpu Distribution France S.A.S.	France	100
Outokumpu Distribution Hungary Kft.	Hungary	100
Outokumpu Distribution Polska Sp. z o.o.	Poland	100
Outokumpu Europe Oy [1)]	Finland	100
Outokumpu India Private Limited	India	100
Outokumpu Management (Shanghai) Co., Ltd [1)]	China	100
Outokumpu Middle East FZCO	United Arab Emirates	100
Outokumpu Nirosta GmbH	Germany	100
Outokumpu N.V.	Belgium	100
Outokumpu Prefab AB	Sweden	100
Outokumpu Press Plate AB	Sweden	100
Outokumpu PSC Finland Oy	Finland	100
Outokumpu (Pty) Ltd	South Africa	100
Outokumpu S.A.	Spain	100
Outokumpu (S.E.A.) Pte. Ltd	Singapore	100
Outokumpu Shipping Oy	Finland	100
Outokumpu S.r.l.	Italy	100
Outokumpu Stainless AB	Sweden	100
Outokumpu Stainless B.V.	The Netherlands	100
Outokumpu Stainless Ltd	The United Kingdom	100
Outokumpu Stainless Oy	Finland	100
Outokumpu Stainless Pty Ltd	Australia	100
Outokumpu Stainless Steel (China) Co., Ltd	China	100
Outokumpu Tornio Infrastructure Oy	Finland	100

December 31, 2024	Country	Group holding, %
Americas		
Outokumpu Brasil Comércio de Metais Ltda	Brazil	100
Outokumpu Mexinox S.A. de C.V.	Mexico	100
Outokumpu Stainless USA, LLC	The United States	100
ThyssenKrupp Mexinox CreateIT, S.A. de C.V.	Mexico	100
Ferrochrome		
Outokumpu Chrome Oy [1)]	Finland	100
Other operations		
Outokumpu Americas, Inc.	The United States	100
Outokumpu Distribution Benelux B.V.	The Netherlands	100
Outokumpu Holding Germany GmbH [1)]	Germany	100
Outokumpu Holding Nederland B.V. [1)]	The Netherlands	100
Outokumpu Mining Oy	Finland	100
Outokumpu Stainless Holding GmbH	Germany	100
Outokumpu Stainless UAB	Lithuania	100
Viscaria AB [1)]	Sweden	100
Visenta Försäkrings AB	Sweden	100

This list does not include all dormant companies. In addition, Outokumpu has branch offices in Portugal, South Korea, Taiwan, Thailand, the United Kingdom, Turkey and Vietnam.

[1)] Shares and stock fully held by the parent company

6.6 Associated companies

	Industry	Domicile	Ownership, %
CRONIMET North-East GmbH	Scrap metal trading	Germany	10
Envigas AB	Energy	Sweden	21
Manga LNG Oy	Energy	Finland	45
OSTP Holding Oy	Metals processing	Finland	49
Voimaosakeyhtiö SF	Energy	Finland	23

Summarized financial information on associated companies

€ million	**2024**	2023
Carrying value of investments in associated companies	**77**	62
Group’s share of total comprehensive income	**3**	5

The carrying amounts of individual associated companies are immaterial in the Group's consolidated Financial Statements.

Outokumpu is a minority shareholder in its associated company Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima Oy. The value of the investment in Voimaosakeyhtiö SF is EUR 0 million at the end of December 2024 (Dec 31, 2023: EUR 0 million).

In November 2023, Outokumpu signed an agreement to become a minority shareholder in the German company CRONIMET North-East GmbH, with an ownership share of 10%. The transaction was finalized on January 24, 2024 and it was carried out as a share purchase. CRONIMET is reported as an associated company using the equity accounting method.

See the commitments related to the associated companies in note 5.7.

Accounting principles

Companies where Outokumpu generally holds voting rights of 20–50% or in which Outokumpu otherwise has significant influence, but not control, are included in the consolidated Financial Statements as associated companies, and they are accounted for using the equity method from the date significant influence was obtained until it ceases.

The Group’s share of the associated company’s net result for the period is separately disclosed below Operating profit (EBIT) in the consolidated statement of income. Outokumpu’s share of changes recognized in the associated company’s other comprehensive income is recognized in the Group’s other comprehensive income.

If Outokumpu’s share of the associated company’s losses exceeds the carrying amount of the investment, the investment is recognized at zero value in the statement of financial position and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associated company. The interest in an associated company comprises the carrying amount of the investment under the equity method together with any long-term interest that, in substance, forms a part of the net investment in the associated company.

6.7 New IFRS standards

Adoption of new and amended IFRS standards

Certain new accounting standard amendments and interpretations have been published that came into effect only after the reporting period started on January 1, 2024. These standards and amendments have not been early adopted nor are expected to have a material impact on Outokumpu’s current or future reporting periods nor foreseeable future transactions except for the IFRS 18 Presentation and Disclosure of Financial Statements that will come into effect on January 1, 2027. Outokumpu will evaluate in more detail the possible impacts of IFRS 18 but is expecting it to have impacts on the presentation and the disclosures of the Financial Statements of the Group.

6.8 Events after the balance sheet date

After the reporting period, on February 14, 2025, Outokumpu announced that on February 14, 2025, the Arbitral Tribunal confirmed that it does not have jurisdiction to adjudicate claims brought by RAOS Project Oy and JSC Rusatom Energy International (JSC REIN) against Outokumpu in arbitration proceedings over a dispute between Fennovoima Oy and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract between Fennovoima Oy and RAOS Project Oy in May 2022, into which Outokumpu Corporation was joined in 2023. The arbitration proceedings with respect to Outokumpu therefore have ended.

After the reporting period, on February 13, 2025, Outokumpu announced that it finalizes study on emerging nuclear technology and seeks external investors to complete the project.

After the reporting period, on February 13, 2025, Outokumpu announced, that based on an extensive feasibility study, the company decided not to invest in the expansion of its cold rolling capacity in the U.S. at this point of time. On August 3, 2023, Outokumpu had announced that it is seeking to increase its existing cold rolling capacity as part of the third strategy phase preparations.

After the reporting period, on February 12, 2025, Outokumpu appointed Matthieu Jehl as President, business line Stainless Europe and member of the Outokumpu Leadership team as of May 26, 2025, at the latest.

After the reporting period, on January 22, 2025, Outokumpu updated its financial reporting schedule for 2025. Outokumpu has previously announced that it will publish the January-September 2025 interim report on October 30, 2025. The new publication date is October 29, 2025.

After the reporting period, on January 9, 2025, Outokumpu announced that the mineral reserves in Kemi chrome mine were increased by 95%. The increase in the mineral reserves is based on new underground drilling, proving that the ground at the mine area is rich in chrome ore, which extends the life of the Kemi mine substantially.

After the reporting period, on January 7, 2025, Outokumpu announced a change to the proposals of the Shareholders' Nomination Board to the Annual General Meeting 2025. As a change to the earlier announcement, Pierre Vareille, a current member of the Board of Directors, has subsequently notified the Shareholders' Nomination Board that he is no longer available for re-election for personal reasons. Consequently, the Shareholders' Nomination Board proposes that Board of Directors would consist of eight (8) members instead of the earlier announced nine (9).

Parent company Financial Statements, FAS

Income statement of the parent company

€ million	2024	2023
Sales	**303**	423
Cost of sales	**-209**	-313
Gross margin	**93**	111
Other operating income	**10**	30
Administrative expenses	**-146**	-156
Other operating expenses	**-5**	-20
Operating profit (EBIT)	**-48**	-36
Financial income and expenses	**112**	96
Result before appropriations and taxes	**64**	60
Appropriations		
Group contribution	**46**	17
Change in depreciation difference	**0**	1
Income taxes	**0**	-3
Net result for the financial year	**110**	75

The presentation of the Income statement has been changed in 2024 by reclassifying the subsidiary share impairments and reversal of impairments from Other operating income to Financial income and expenses. The comparative information has been changed accordingly.

Balance sheet of the parent company

€ million	2024	2023
ASSETS		
Non-current assets		
Intangible assets	**115**	91
Property, plant and equipment	**2**	3
Financial assets		
Shares in Group companies	**4,033**	3,952
Loan receivables from Group companies	**507**	532
Shares in associated companies	**13**	13
Other shares and holdings	**2**	1
Other financial assets	**1**	3
	4,556	4,500
Total non-current assets	**4,673**	4,594
Current assets		
Current receivables		
Loans receivable	**230**	80
Receivables from group companies	**22**	—
Trade receivables	**60**	80
Prepaid expenses and accrued income	**15**	25
Other receivables	**102**	75
	428	260
Cash and cash equivalents	**267**	470
Total current assets	**695**	730
TOTAL ASSETS	**5,368**	5,324

€ million	2024	2023
EQUITY AND LIABILITIES		
Shareholders’ equity		
Share capital	**311**	311
Premium fund	**720**	720
Invested unrestricted equity reserve	**2,186**	2,220
Retained earnings	**259**	294
Result for the financial year	**110**	75
	3,587	3,621
Untaxed reserves		
Accumulated depreciation difference	**0**	0
Liabilities		
Non-current liabilities		
Convertible bonds	**—**	125
Other non-current loans	**1**	8
	1	133
Current liabilities		
Group bank account liabilities	**861**	978
Other current loans	**565**	398
Commercial papers	**79**	—
Convertible bonds	**125**	—
Trade payables	**86**	88
Accrued expenses and prepaid income	**13**	17
Other current liabilities	**51**	89
	1,780	1,570
Total liabilities	**1,781**	1,703
TOTAL EQUITY AND LIABILITIES	**5,368**	5,324

Cash flow statement of the parent company

€ million	2024	2023
Cash flow from operating activities		
Net result for the financial year	**110**	75
Adjustments		
Depreciation and amortization	**13**	11
Gain/loss on sale of intangible assets, and property, plant and equipment	**-6**	-30
Unrealized exchange gains/losses	**-3**	-2
Financial income and expenses	**-112**	-96
Group contribution	**-46**	-17
Change in depreciation difference	**0**	-1
Taxes	**0**	3
Other adjustments	**—**	24
	-155	-108
Change in working capital		
Trade and other receivables increase (-)/decrease (+)	**31**	-6
Trade and other payables increase (+)/decrease (-)	**-24**	-77
	7	-83
Dividends received	**0**	—
Interest received and other financial income	**54**	66
Interest paid and other financial expenses	**-89**	-73
Income taxes paid	**0**	-5
	-36	-13
Net cash from operating activities	**-74**	-128

The presentation of the Cash flow statement has been changed in 2024. The comparative information has been changed accordingly.

€ million	2024	2023
Cash flow from investing activities		
Investments in subsidiaries and other shares and holdings	**-1**	—
Purchases of intangible assets	**-27**	-17
Purchases of intangible rights	**-10**	—
Proceeds from disposal of subsidiaries and returns	**49**	28
Proceeds from disposal of other shares and holdings	**—**	0
Purchases of property, plant and equipment	**0**	-1
Proceeds from sale of intangible assets	**8**	37
Increase in Group loans receivables (-)	**—**	-193
Decrease in Group loans receivables (+)	**—**	421
Net cash from investing activities	**19**	276
Cash flow before financing activities	**-55**	148
Cash flow from financing activities		
Dividends paid	**-110**	-152
Treasury shares purchase	**-34**	-70
Repayments of non-current debt (-)	**—**	-154
Change in current debt, net increase (+)/decrease (-)	**247**	86
Group contributions received (+)/paid (-)	**17**	117
Change in In-house cash account	**-267**	-7
Net cash from financing activities	**-148**	-179
Net change in cash and cash equivalents	**-203**	-31
Net change in cash and cash equivalents in the balance sheet	**-203**	-31

Notes to the parent company Financial Statements

1. Accounting principles

Outokumpu Corporation's Financial Statements have been prepared in accordance with the Finnish accounting standards, and related laws and regulations that are effective for the financial year ending on December 31, 2024.

Foreign currency transactions and derivative financial instruments

Foreign currency transactions are recognized using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities in foreign currencies are translated into euro at European Central Bank exchange rates prevailing at the end of the reporting period. Advance payments paid and received are presented at the exchange rates prevailing at the payment dates.

Exchange rate, interest rate and metal derivatives are recognized to the balance sheet at fair value on the trade date, and they are subsequently valued at fair value using market rates and prices, discounted cash flows and option valuation models.

The realized and unrealized gains and losses arising from fair value changes of derivative instruments are recognized in other operating income and expenses, or, in case the derivative instrument is related the financing activities, in financial income and expenses.

Sales

Sales includes sales of electricity to the Group's Nordic production facilities, consulting and other services to subsidiaries. Revenue is recognized when the goods have been transferred or the services performed. Sales are presented net of indirect taxes and rebates.

Cost of sales

Cost of sales includes expenses related to energy, IT services and supplies. Depreciation and other expenses are included to the extent they relate to operational activities.

Administrative expenses

Administrative expenses include mainly costs related to salaries and social costs, IT and other external services, rents and depreciation.

Other operating income and expenses

Other operating income and expenses include items not belonging to main business such as rental income from real estate, gains and losses from disposals of businesses, property, plant and equipment, and intangible assets, impairments, and gains and losses from derivative financial instruments, other than from instruments relating to financing activities.

Appropriations

Appropriations include group contributions and the depreciation difference.

Income taxes

Income taxes include the income taxes for the current financial year as well as adjustments to prior year taxes.

Non-current assets

Intangible assets and property, plant, and equipment are measured in the balance sheet at cost less accumulated amortization, depreciation, and impairment losses. Lease payments are recognized into profit or loss as rental or lease expenses, and leased assets are not presented in the balance sheet. The planned amortization and depreciation of intangible assets and property, plant and equipment is based on cost and estimated useful life, and are calculated on straight-line basis or as a percentage of residual value.

The estimated useful lives are as follows:

- Intangible assets 5–10 years
- Other long-term expenses 5–10 years
- Buildings 20–40 years
- Machinery and equipment 5–20 years
- Other tangible assets 4–40 years

Impairment of property, plant and equipment, as well as certain intangible assets are evaluated, when events or changes in circumstances indicate that future cash flows may not be sufficient to cover the asset book values. In an event of an impairment, the asset book values are impaired to the level of discounted future cash flows.

Financial assets include investments and receivables that are estimated to be held for longer than one year. Investments are valued at cost or at a lower probable value.

The subsidiary share values are reviewed as part of the asset impairment testing at the Group level, where cash flow forecasts based on value-in-use have been prepared for the Group's cash generating units. In subsidiary share impairment testing, these cash flow forecasts are further allocated to amounts recoverable from different sub-groups and subsidiaries. When permanent, an impairment is recognized if the total of the subsidiary share value, the net loan receivables from the subsidiary or sub-group, and the net Group external debt in the subsidiary or sub-group exceeds the recoverable amount attributed to this subsidiary or sub-group. A previously recognized impairment loss is reversed if there is an permanent increase in the recoverable amount.

Emission allowances

Emission allowances are intangible assets valued at cost. Gains and losses from sales of emission allowances are presented in other operating income and expenses.

Issue of equity

Proceeds from equity issues are recognized into equity in their entirety on gross basis. Costs related to related issues of equity are recognized as financial and administrative expenses.

Share buyback program

The share repurchases are funded by using funds from the invested unrestricted equity reserve.

Debt

Debt, including bonds and convertible bonds, is recognized in the balance sheet at nominal value. Arrangement fees are recognized as accrued expenses in the balance sheet and expensed to profit or loss over the arrangement period.

Cash and cash equivalents

Cash and cash equivalents include cash at hand, cash in bank accounts, deposits maturing in three months or less, and other cash equivalent assets.

2. Personnel expenses

€ million	**2024**	2023
Wages and salaries	**-22**	-21
Pension contributions	**-4**	-3
Other personnel expenses	**1**	0
Personnel expenses on income statement	**-24**	-24

Information about employee benefits of the CEO and the remuneration of Board of Directors is presented in the consolidated Financial Statements note 3.2.

	2024	2023
Average number of personnel	**185**	154

3. Depreciation and amortization

€ million	**2024**	2023
Depreciation and amortization by group of assets		
Patents, licenses and other intangible rights	**-1**	-1
IT systems and other long-term expenditure	**-11**	-10
Buildings	**0**	0
Machinery and equipment	**0**	0
	-13	-11
Depreciation and amortization by function		
Cost of sales	**-9**	-8
Administrative expenses	**-4**	-3
	-13	-11

4. Cost of sales

€ million	2024	2023
Purchases of electricity	**-174**	-280
Depreciation	**-9**	-8
IT services and supplies	**-26**	-23
Other costs	**0**	-2
	-209	-313

5. Other operating income

€ million	2024	2023
Other operating income		
Market price gains and losses from derivatives	**3**	—
Gains on sale of intangible and property, plant and equipment and shares	**6**	30
Other income	**0**	0
	10	30

6. Other operating expenses

€ million	2024	2023
Other operating expenses		
Market price gains and losses from derivatives	**-1**	-20
Losses on disposals of intangible assets and property, plant and equipment	**0**	0
Other expenses	**-4**	0
	-5	-20

7. Audit fees

€ million	2024	2023
Audit	**-1.2**	-1.1
Other services	**-0.2**	-0.1

Other services include audit fee for the Sustainability Statement.

8. Financial income and expenses

€ million	2024	2023
Interest income on long-term financial assets	**34**	41
Interest income on current assets	**21**	22
Other financial income	**2**	2
Impairments and impairment reversals of subsidiary shares	**130**	103
Interest expenses	**-79**	-76
Impairments	**-3**	-5
Other financial expenses	**-8**	-8
Exchange gains and losses	**15**	16
	112	96
Financial income from and expenses to subsidiaries		
Interest income on long-term financial assets	**34**	41
Interest income on current assets	**10**	8
Other financial income	**2**	2
Interest expenses	**-67**	-62
	-21	-12

In 2023, Outokumpu Corporation agreed to participate in a convertible loan offered by associated company Voimaosakeyhtiö SF to its shareholders. Outokumpu's share of the convertible loan is EUR 14 million. The first call of the loan was in August 2023 amounting to EUR 5 million and the second one in October 2024, totaling to EUR 3 million. At the end of December 2024, the loan is valued at EUR 0 million. Impairments in years 2024 and 2023 are related to this Fennovoima loan write down.

9. Intangible assets

€ million	Patents, licenses and other intangible rights	IT systems and other long-term expenditure	Construction work in progress	Emission allowances	Total
Historical cost on Jan 1, 2024	41	185	31	3	260
Additions	0	1	27	10	39
Disposals	0	0	—	-2	-2
Reclassifications	1	10	-11	—	0
Historical cost on Dec 31, 2024	**43**	**196**	**47**	**11**	**297**
Accumulated amortization and impairment on Jan 1, 2024	-37	-132	—	—	-169
Disposals	0	0	—	—	0
Amortization	-1	-11	—	—	-12
Accumulated amortization and impairment on Dec 31, 2024	**-38**	**-143**	**—**	**—**	**-181**
Carrying value on Dec 31, 2024	**5**	**53**	**47**	**11**	**115**
Carrying value on Jan 1, 2024	4	52	31	3	91
Historical cost on Jan 1, 2023	41	185	8	10	244
Additions	0	0	24	—	24
Disposals	0	-1	—	-7	-8
Reclassifications	—	—	0	—	0
Historical cost on Dec 31, 2023	41	185	31	3	260
Accumulated amortization and impairment on Jan 1, 2023	-36	-123	—	—	-159
Disposals	0	1	—	—	1
Amortization	-1	-10	—	—	-11
Accumulated amortization and impairment on Dec 31, 2023	-37	-132	—	—	-169
Carrying value on Dec 31, 2023	4	52	31	3	91
Carrying value on Jan 1, 2023	5	62	8	10	85

10. Property, plant and equipment

€ million	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Historical cost on Jan 1, 2024	0	4	2	0	6
Additions	—	—	0	—	0
Disposals	—	—	0	—	0
Reclassifications	—	0	—	—	0
Historical cost on Dec 31, 2024	**0**	**4**	**1**	**0**	**6**
Accumulated depreciation and impairment on Jan 1, 2024	—	-2	-1	0	-3
Disposals	—	—	0	—	0
Depreciation	—	0	0	—	0
Accumulated depreciation and impairment on Dec 31, 2024	**—**	**-2**	**-1**	**0**	**-3**
Carrying value on Dec 31, 2024	**0**	**1**	**1**	**0**	**2**
Carrying value on Jan 1, 2024	0	1	1	0	3
Historical cost on Jan 1, 2023	0	3	1	0	6
Additions	—	0	0	—	1
Disposals	0	0	0	—	0
Reclassifications	—	0	0	—	0
Historical cost on Dec 31, 2023	0	4	2	0	6
Accumulated depreciation and impairment on Jan 1, 2023	—	-2	-1	0	-3
Disposals	—	0	0	—	0
Depreciation	—	0	0	—	0
Accumulated depreciation and impairment on Dec 31, 2023	—	-2	-1	0	-3
Carrying value on Dec 31, 2023	0	1	1	0	3
Carrying value on Jan 1, 2023	0	1	1	0	2

11. Non-current financial assets

€ million	Shareholdings in Group companies	Non-current loan receivables from Group companies	Shares in associated companies	Other shares and holdings	Other non-current financial assets	Total
Historical cost on Jan 1, 2024	3,952	532	13	1	3	4,500
Additions	—	—	—	1	0	1
Disposals and decreases	-49	-25	—	—	-2	-76
Impairments (-) and reversals of impairments (+)	130	—	—	—	—	130
Historical cost on Dec 31, 2024	**4,033**	**507**	**13**	**2**	**1**	**4,556**
Carrying value on Dec 31, 2024	**4,033**	**507**	**13**	**2**	**1**	**4,556**
Carrying value on Jan 1, 2024	3,952	532	13	1	3	4,500
Historical cost on Jan 1, 2023	3,877	127	13	1	3	4,021
Additions	—	405	—	0	1	406
Disposals and decreases	-28	—	0	—	-1	-29
Impairments (-) and reversals of impairments (+)	103	—	—	—	—	103
Historical cost on Dec 31, 2023	3,952	532	13	1	3	4,500
Carrying value on Dec 31, 2023	3,952	532	13	1	3	4,500
Carrying value on Jan 1, 2023	3,877	127	13	1	3	4,021

Impairment reversal of EUR 130 million (2023: EUR 130 million) of subsidiary shares in 2024 relates to the Outokumpu Holding Nederland B.V.

Disposal and decreases of EUR 49 million of subsidiary shares in 2024 relates to capital return of EUR 46 million from Outokumpu Holding Nederland B.V. and EUR 3 million from Outokumpu Stainless Holding GmbH (2023: EUR 28 million capital return from Outokumpu Stainless Holding GmbH).

Shareholdings in Group companies on December 31, 2024

The principal subsidiaries are listed in consolidated Financial Statements note 6.5.

12. Financial instruments to market risks

The financial risk management of Outokumpu Group has been centralized to Outokumpu Corporation's Treasury and risk management function ("Treasury"). The Group's management of financial risks has been described in consolidated Financial Statements, in note section 5.

Outokumpu Corporation raises most of the Group's debt and is mainly responsible for arranging the internal funding. Interest rate risk management has also been centralized to Outokumpu Corporation. Treasury is responsible for developing and maintaining the Group's bank account structure. The efficient payment processes and liquidity management of the Group are enabled by bank account arrangements.

Subsidiaries hedge the foreign exchange and commodity risks with Treasury. Treasury makes the derivative agreements with banks and other financial institutions according to Treasury Policy. Outokumpu Corporation follows the price risk of emission allowances of the Group and makes, when necessary, the emission trades with subsidiaries and with external counterparties. The price risk of energy is followed centrally in Outokumpu Group according to Energy Procurement policy and the Group's price risk of energy can be hedged with derivatives according to Treasury Policy.

Sensitivity of financial instruments to market risks

	2024	2023
€ million	In profit or loss	In profit or loss
+/-10% change in EUR/USD exchange rate	+0/-0	+0/-0
+/-10% change in EUR/SEK exchange rate	-0/+0	-0/+0
+/-1% parallel shift in interest rates	-0/+0	-1/+1

Foreign exchange position

	2024				2023			
€ million	SEK	USD	GBP	Other	SEK	USD	GBP	Other
Trade receivables and payables	-5	3	-1	0	-5	5	0	0
Loans and bank accounts	151	-865	-61	4	87	-794	-47	1
Derivatives	-145	862	61	-3	-81	787	47	-1
Net position	2	-1	-1	0	1	-2	0	0

The sensitivity analyses apply to financial instruments only. Other assets, liabilities and off-balance sheet items such as net pension liabilities, sales and purchase orders, are not in the scope of these analyses. The calculations are net of tax.

13. Derivative instruments

€ million	2024 Positive fair value	2024 Negative fair value	2024 Net fair value	2023 Net fair value	2024 Nominal amounts	2023 Nominal amounts
Currency and interest rate derivatives						
Currency forwards with financial institutions	18	-4	**14**	-17	**2,013**	1,972
Currency forwards with subsidiaries	4	-6	**-2**	-4	**883**	1,070
Interest rate swap with financial institutions	—	-2	**-2**	-7	**125**	125
					Tonnes	Tonnes
Metal derivatives						
Forward nickel contracts with financial institutions	17	-11	**6**	9	**25,576**	33,543
Forward nickel contracts with subsidiaries	12	-18	**-6**	-9	**27,284**	37,401
Gas derivatives					MWh	MWh
Forward gas contracts with financial institutions	4	0	**4**	—	**917,408**	—
Forward gas contracts with subsidiaries	0	-4	**-4**	—	**917,408**	**—**
Total derivatives	55	-46	**10**	-28		
Less long-term derivatives						
Currency forwards with subsidiaries	—	—	**—**	0		
Interest rate swaps with financial institutions	—	—	**—**	-7		
Forward nickel contacts with financial institutions	0	0	**0**	-1		
Forward nickel contracts with subsidiaries	0	0	**0**	1		
Forward gas contracts with financial institutions	1	0	**1**	—		
Forward gas contracts with subsidiaries	0	-1	**-1**	—		
Short-term derivatives	54	-44	**10**	-21		

All derivatives have been classified to hierarchy level 2.

14. Receivables

€ million	From subsidiaries	From others	Total
Current receivables			
2024			
Loans receivable	230	—	230
Receivables from group companies	22	—	22
Trade receivable	60	0	60
Prepaid expenses and accrued income	3	12	15
Other receivables	63	39	102
	378	50	428
2023			
Loans receivable	80	—	80
Trade receivables	74	6	80
Prepaid expenses and accrued income	4	22	25
Other receivables	41	34	75
	199	61	260

€ million	2024	2023
Prepaid expenses and accrued income		
Prepaid credit fees and commitment fees	**2**	2
Prepaid interest expenses and accrued interest income	**3**	4
Other	**10**	19
	15	25

15. Shareholders' equity

€ million	2024	2023
Share capital on Jan 1 and Dec 31	**311**	311
Premium fund on Jan and Dec 31	**720**	720
Invested unrestricted equity reserve on Jan 1	**2,220**	2,290
Treasury share purchase	**-34**	-70
Invested unrestricted equity reserve on Dec 31	**2,186**	2,220
Retained earnings on Jan 1	**294**	160
Previous year's result	**75**	286
Dividends paid	**-110**	-152
Retained earnings on Dec 31	**259**	294
Result for the financial year	**110**	75
Total shareholders' equity on Dec 31	**3,587**	3,621
Distributable funds on Dec 31		
Retained earnings	**259**	294
Result for the financial year	**110**	75
Invested unrestricted equity reserve	**2,186**	2,220
Distributable funds on Dec 31	**2,555**	2,589

16. Liabilities

€ million	Interest rate, %	2024	2023
			Outstanding amount
Convertible bonds			
2020 fixed rate bond maturing on July 9, 2025	5.0	125	125

€ million	To subsidiaries	To others	Total
Current liabilities			
2024			
Group bank account liabilities	861	—	861
Other current loans	565	—	565
Convertible bonds	—	125	125
Commercial papers	—	79	79
Trade payables	6	80	86
Accrued expenses and prepaid income	2	10	13
Other current liabilities	28	23	51
	1,462	318	1,780
2023			
Group bank account liabilities	978	—	978
Other current loans	398	—	398
Trade payables	7	81	88
Accrued expenses and prepaid income	4	13	17
Other current liabilities	43	46	89
	1,430	140	1,570

€ million	2024	2023
Accrued expenses and prepaid income		
Accrued interest expenses and prepaid interest income	**8**	8
Accrued employee-related expenses	**4**	6
Other	**1**	3
	13	17

17. Commitments and contingent liabilities

€ million	2024	2023
Other pledges on Dec 31	**13**	13
Guarantees on Dec 31		
On behalf of subsidiaries		
For financing	**188**	256
For commercial guarantees	**0**	0
For other commitments	**33**	50
Other commitments for financing on Dec 31	**4**	2
	238	321

Outokumpu is liable for its associated company Manga LNG Oy's certain liabilities amounting to EUR 9 million at the end of the reporting period (December 31, 2023: EUR 12 million). In the table above, this commitment is reported as other pledges (Outokumpu's shares in Manga LNG Oy).

Outokumpu Corporation is, in relation to its shareholding in EPV Energia Oy, liable for the costs, commitments and liabilities relating to electricity provided by Tornion Voima Oy. These commitments are reported under other commitments for financing.

Contingent liabilities

Outokumpu is a minority shareholder in its associated company Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima Oy. There is a pending arbitration between Fennovoima Oy and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract for a nuclear power plant. Outokumpu Corporation is not a party in the said dispute.

Originally, Outokumpu's commitment to Voimaosakeyhtiö SF for participation in the planned nuclear power plant project amounted to approximately EUR 250 million, of which EUR 117 million has been paid. Further payments related to the original commitment, if any, are not expected to occur.

Minimum future lease payments on leases on Dec 31

€ million	2024	2023
Not later than 1 year	**1**	1
Later than 1 year	**2**	3
	3	4

18. Events after balance sheet date

See note 6.8 of the consolidated Financial Statements. Fennovoima, new member of the Outokumpu Leadership Team, financial reporting schedule and change to the proposals of the Shareholders' Nomination Board to the Annual General Meeting 2025 are related to events after the balance sheet date of the parent company.

Signatures of the Review by the Board of Directors and Financial Statements

We hereby state that

1) the Financial Statements prepared in compliance with the applicable accounting regulation give a true and fair view of the assets, obligations, financial position and profit or loss of both the company and the consolidated Financial Statements;

2) the report by the board of directors includes a description that gives a truthful picture of the development and results of the business of the company and the group, and a description of the most significant risks and uncertainties as well as other state of the company; and

3) the sustainability report included in the report by the board of directors has been prepared in compliance with the reporting standards referred to in Chapter 7 of the accounting act and Article 8 of the taxonomy regulation.

Helsinki, February 17, 2025

Kari Jordan
Chairman

Heinz Jörg Fuhrmann
Member

Päivi Luostarinen
Member

Jyrki Mäki-Kala
Member

Karl-Petter Söderström
Member

Pierre Vareille
Member

Julia Woodhouse
Member

Kati ter Horst
CEO

Auditor signature

Our auditor´s report has been issued today.

Helsinki, March 3, 2025
PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Audit

Auditor’s Report

(Translation of the Finnish Original)

Report on the Audit of the Financial Statements

To the Annual General Meeting of Outokumpu Oyj

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Outokumpu Oyj (business identity code 0215254-2) for the year ended 31 December 2024. The financial statements comprise:

- the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, which include material accounting policy information and other explanatory information
- the income statement of the parent company, balance sheet of the parent company, cash flow statement of the parent company and notes to the parent company financial statements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.3 to the Financial Statements.

Our Audit Approach

Overview

Materiality
- Overall group materiality: € 35 million

Audit scope
- The audit scope includes parent company, and most significant other companies, covering the vast majority of sales, assets and liabilities.

Key Audit Matters
- Valuation of goodwill
- Valuation of Property, Plant and Equipment
- Valuation of inventories
- System environment and internal controls
- Valuation of subsidiary shares in the parent company’s financial statements

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 35 million
How we determined it	Based on 2024 sales
Rationale for the materiality benchmark applied	We chose sales as the benchmark because, in our view, it is a stable and an important benchmark in the group's current situation, against which the performance of the group is measured by users of the financial statements.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Outokumpu group, the accounting processes and controls, and the industry in which the group operates. The group audit scope was focused on the manufacturing companies in Finland, Sweden, Germany, USA, Mexico, the UK and Italy. We obtained, through our audit procedures at the aforementioned companies, combined with additional procedures at the group level, sufficient and appropriate evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of goodwill	
Refer to notes 4.1 and 4.3 in the consolidated financial statements. As at 31 December 2024 the group's goodwill balance amounted to € 457 million. Goodwill is tested at least annually, irrespective of whether there is any indication of impairment. In goodwill impairment testing, the recoverable amounts are based on value in use determined by discounted future net cash flows expected to be generated by the cash-generating unit. Key assumptions of the value-in-use calculations include the discount rate, the terminal value growth rate, the average global growth in end-use consumption of stainless steel and base price development, delivery volume and capital expenditure development, and cost savings related to on-going strategy-implementation related initiatives. Valuation of goodwill is a key audit matter due to the size of the goodwill balance and the level of management judgement involved in the estimation process.	Our audit of goodwill valuation focused on management's judgement and estimates used. We assessed the appropriateness of these through the following procedures: • We tested the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and we tested the mathematical accuracy of the calculations. • We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to medium term strategic plans and forecasts approved by the Board and testing the key underlying assumptions. • We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions. • We compared the current year actual results to those included as estimates in the prior year impairment model to corroborate the reliability of management's estimates. • The discount rates applied within the model were assessed by PwC valuation specialists, including comparison to economic and industry forecasts as appropriate. We also considered the appropriateness of the related disclosures provided in notes 4.1 and 4.3 in the group financial statements.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of Property, Plant and Equipment	
Refer to note 4.1 in the consolidated financial statements. As at 31 December 2024 the group's Property, Plant and Equipment (PPE) amounted to € 1,935 million. Carrying amounts of property, plant and equipment are regularly reviewed for impairment indicators and tested if needed. Impairment testing requires estimations of future cash flows attributable to the asset and related valuation parameters. Valuation of Property, Plant and Equipment is a key audit matter due to the size of the balance and the level of management judgement involved in the estimation process.	We assessed the appropriateness of the group's method and management's judgement and estimates in the impairment calculations for Property, Plant and Equipment. We performed substantive audit procedures including e.g. testing of assets acquired, disposals and scrapings in the year and depreciation of the fixed assets mainly through analytical audit procedures. Our audit work also included testing the operating effectiveness of controls in place to ensure the appropriate valuation of Property, Plant and Equipment.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of Inventories	
Refer to note 4.4 in the consolidated financial statements. As at 31 December 2024 the group's inventories amounted to € 1,764 million. Inventories are stated at the lower of cost and net realizable value (NRV). Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs attributable to the sale. Calculation of net realizable value requires estimates on sales prices for products to be sold in the future. Due to fluctuations in nickel and other alloy prices, the realized prices can deviate significantly from the estimates used in calculation of net realizable value. Due to the level of management judgement and the significant carrying amounts, this is one of the key audit matters.	Our audit work included testing controls in place to ensure proper valuation of inventories. In addition, our audit procedures included, among other things, the following: • We performed tests over the prices of raw materials and verified items in the product costing of work in progress. • We performed tests over the NRV calculations and the assumptions used. • We assessed the adequacy of the obsolescence provision and the management judgement used.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
System environment and internal controls	
The group has a fragmented system environment with a strong focus on continuously developing its system environment, e.g. platform transformation, upgrading and implementing new systems. However, the fragmented system environment introduces risks related to system access and change management, and we have accordingly designated this as a key audit matter.	We tested the group's controls around access and change management related to the key IT systems. We performed tests of details to reduce the related risks of material misstatement to an acceptably low level. We tested the group's controls related to the platform transformation, new system implementation and system upgrade. We also tested the completeness and accuracy of data migrations relevant for financial reporting.

Key audit matter in the audit of the parent company	How our audit addressed the key audit matter
Valuation of subsidiary shares in the parent company's financial statements	
As at 31 December 2024 the value of Outokumpu Oyj's subsidiary shares amounted to € 4,033 million in the parent company's financial statements. The valuation of subsidiary shares is tested as part of the group impairment testing based on the discounted cash flow model. The valuation of subsidiary shares in the parent company's financial statements is a key audit matter due to the significant carrying amounts involved and the management judgement involved.	We assessed the appropriateness of the method and management's judgement and estimates in the calculations through the following procedures: • We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to medium term strategic plans and forecasts approved by the Board and testing the key underlying assumptions. • We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions. • We compared the current year actual results included in the prior year impairment model to corroborate the reliability of management's estimates. • The discount rates applied within the model were assessed by PwC valuation specialists, including comparison to economic and industry forecasts as appropriate.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 21 March 2017.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other statements

The proposal by the Board of Directors regarding the distribution of profits is in compliance with the Limited Liability Companies Act. We support that the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, March 3, 2025

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Assurance Report on the Sustainability Report

(Translation of the Finnish Original)

To the Annual General Meeting of Outokumpu Oyj

We have performed a limited assurance engagement on the group sustainability report of Outokumpu Oyj (business identity code (0215254-2) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the reporting period 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Outokumpu Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment).

Our opinion does not cover the tagging of the group sustainability report in accordance with Chapter 7, Section 22, of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that requirement in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Group Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Authorised Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Outokumpu Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determines is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of assumptions that have been disclosed in the sustainability report about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Authorised Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for example the following:

- We interviewed the company's management and the individuals responsible for collecting and reporting the information contained in the group sustainability report at the group level and in subsidiaries to gain an understanding of the sustainability reporting process and the related internal controls and information systems.
- We familiarised ourselves with the background documentation and records prepared by the company where applicable, and assessed whether they support the information contained in the group sustainability report.
- We performed site visits at the company’s sites in Kemi and Tornio in Finland and interviewed persons responsible for the reporting process in Krefeld in Germany.
- We assessed the company's double materiality assessment process in relation to the requirements of the ESRS standards, as well as whether the information provided about the assessment process complies with the ESRS standards.
- We assessed whether the sustainability information contained in the group sustainability report complies with the ESRS standards.
- Regarding the EU taxonomy information, we gained an understanding of the process by which the company has identified the group's taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided with the regulations.

Helsinki, March 3, 2025

PricewaterhouseCoopers Oy
Authorised Sustainability Auditors

Tiina Puukkoniemi
Authorised Sustainability Auditor