

Governance 2020

Corporate Governance Statement 2020



In the architectural masterpiece Edificio Forum in Barcelona, Spain, 28,000 panels of Outokumpu Supra austenitic stainless steel create a finish that replicates the surface of water.

Regulatory and structural framework

Outokumpu Oyj, the Group's parent company, is a public limited liability company, listed on Nasdaq Helsinki and incorporated and domiciled in Finland. In its corporate governance and management, Outokumpu Oyj complies with the laws and regulations applicable to a Finnish public company, the company's Articles of Association and the Corporate Governance Policy approved by the company's Board of Directors.

Outokumpu Oyj follows the Finnish Corporate Governance Code, effective as of January 1, 2020. The Finnish Corporate Governance Code is issued by the Finnish Securities Market Association and adopted by Nasdaq Helsinki.

The governing bodies of the parent company Outokumpu Oyj, i.e. the General Meeting of Shareholders, the Board of Directors, and the President and Chief Executive Officer (CEO), have the ultimate responsibility for the management and operations of the Outokumpu Group ("the Group").

The latest Corporate Governance Statement and other updated corporate governance information can be found on the [Group's Corporate Governance website](#).

The General Meeting of Shareholders convenes at least once a year. In accordance with the Finnish Companies Act, the General Meeting of Shareholders is the highest decision-making body of the company. The Act provides that certain important decisions such as amendments to the Articles of Association, approval of the financial statements, increasing or decreasing share capital, decisions on dividends, and the election of the Board of Directors and the auditors, are the exclusive domain of the General Meeting of Shareholders. In addition, the Annual General Meeting makes advisory resolutions on the Remuneration Policy and the Remuneration Report.

Composition and operations of the Board of Directors December 31, 2020

All Board members are independent of the company and its significant shareholders.

Board of Directors' CVs are also available at our webpages [🔗](#)

Kari Jordan

Chairman of the Board of Directors

b. 1956, Finnish citizen
M.Sc. (Econ.), Vuorineuvos (Finnish honorary title)
Outokumpu Board member 2018–
Chairman of the Board 2018–
Chairman of the Remuneration Committee



Work experience

CEO: Metsäliitto Cooperative 2004–2017
President and CEO: Metsä Group 2006–2018
Chairman: Metsä Board Corporation 2005–2018
Chairman: Metsä Fibre Oy 2006–2017
Chairman: Metsä Tissue Corporation 2004–2017
Executive Vice President and Member of the Group Executive Management: Nordea AB and predecessors 1994–2004
Member of the Board of Management: OKOBANK 1987–1994

Positions of trust

Vice Chairman of the Board of Directors: Nordea Bank Abp 2019–
Chairman of the Supervisory Board: Varma Mutual Pension Insurance Company 2015–2019
Vice Chairman of the Board: Nokian Tyres Plc 2018–
Chairman of the Board: Finland Chamber of Commerce 2012–2016
Chairman of the Board: Finnish Forest Industries Federation 2009–2011
Vice Chairman of the Board: Confederation of Finnish Industries (EK) 2009–2011, 2013–2014

Holds several positions of trust in foundations and non-profit associations.

Eeva Sipilä

Vice Chairman of the Board of Directors

b. 1973, Finnish citizen
M. Sc. (Econ.), CEFA
Outokumpu Board member 2017–
Vice Chairman of the Board 2020–
Chairman of the Audit Committee



Work experience

Chief Financial Officer and Deputy to the CEO: Metso Outotec 2020–
Chief Financial Officer and Deputy to the CEO: Metso Corporation 2016–2020
Executive Vice President and Chief Financial Officer: Cargotec Corporation 2008–2016
SVP, Investor Relations and Communications: Cargotec Corporation 2005–2008
VP, Investor Relations: Metso Corporation 2004–2005
Investor Relations Manager: Metso Corporation 2002–2004
Equity Analyst: Mandatum Stockbrokers (part of Sampo group) 1999–2002
Associate Consultant: Arkwright AB, Stockholm, Sweden 1997–1998

Positions of trust

Board member (2012–2016) and Audit Committee chairman (2014–2016): Metso Corporation
Board member: Basware Corporation 2010–2013

Kati ter Horst

Member of the Board of Directors

b. 1968, Finnish citizen
M.Sc. (Econ.), MBA
(International Business)
Outokumpu Board member
2016–
Member of the Remuneration
Committee



Work experience

Executive Vice President, Head of Stora Enso Paper, member of the Group Leadership team: Stora Enso 2014–
Senior Vice President, Paper Sales, Printing and Living: Stora Enso 2013–2014
Senior Vice President, Office Paper Sales, Printing and Reading: Stora Enso 2012–2013
Director, Customer Service Centre West, Publication Paper: Stora Enso 2010–2012
Several managerial positions in the paper business: 1996–2010
Business analyst: Jaakko Pöyry Consulting, Singapore 1994–1996

Positions of trust

Board member: Climate Leadership Coalition 2019–
Board member (2017–), Vice chair (2019–2020) and Chair (2020–): EURO-GRAPH asbl
Board member: Finnish Forest Industries Federation 2015–

Vesa-Pekka Takala

Member of the Board of Directors

b. 1966, Finnish citizen
M.Sc. (Econ.)
Outokumpu Board member
2019–
Member of the Audit
Committee



Work experience

Deputy Managing Director: Metsäliitto Cooperative 2017–
Chief Financial Officer (CFO): Metsä Group 2010–
Chief Financial Officer (CFO) and Substitute to CEO, Member of the Group Executive Committee: Outotec Oyj 2009–2010
Chief Financial Officer (CFO), Member of the Group Executive Committee: Outotec Oyj 2006–2009
Executive Vice President, Corporate Controller, Member of the Group Executive Committee: Outokumpu Oyj 2005–2006
Senior Vice President, Corporate Controller: Outokumpu Oyj 2001–2005
Vice President, Corporate Controller: Outokumpu Oyj 1998–2001

Positions of trust

Board member: Metsä Tissue Oy 2018–
Board member: Metsä Spring Oy 2018–
Chairman of the Board: Metsä Group Treasury Oy 2013–
Board member, the Economy and Tax Committee: Finnish Forest Industries 2017–
Member of the Delegation: the Helsinki School of Economics Foundation 2014–
Board member, the Economy and Tax Committee: Confederation of Finnish Industries (EK) 2013–2016

Pierre Vareille

Member of the Board of Directors

b. 1957, French citizen, Knight of the Legion of Honour in July 2003

M.Sc. (Ecole Centrale Paris), BA (Econ.) (Sorbonne University), Degree in Controlling and Finance (Institut de Contrôle de Gestion)

Outokumpu Board member 2018–

Member of the Remuneration Committee



Work experience

Chairman and CEO 2012–2013 and CEO 2013–2016: Constellium

Chairman of the Board and CEO: FCI SA 2008–2012

Chief Operating Officer: FCI SA 2007–2008

Group Chief Executive: Wagon Plc. 2004–2007

Senior Executive Vice President: Alcan Inc. 2003–2004

Senior Executive Vice President and President of the Aluminium Conversion Sector: Pechiney 2002–2003

Executive Vice President and President of the Exhaust Systems Business Group: Faurecia 1999–2002

Chairman and CEO: GFI Aerospace (now LISI Aerospace) 1995–1999

CEO of Group subsidiaries Cefival and Specitubes 1990–1995 and several operational and staff positions 1982–1989: Vallourec Group

CEO of Group subsidiaries Cefival and Specitubes 1990–1995 and several operational and staff positions 1982–1989: Vallourec Group

Vallourec Group

Positions of trust

Chairman of the Board: Société Bic SA 2018– Board member (2015–), member of the Audit Committee (2018–2019) and the Nomination and Compensation Committee (2019–): Verallia

Founder and Co-President: The Vareille Foundation 2014– Member of the Strategic Committee: CentraleSupélec 2008–2019

Lead Director and Vice President of the Board: Société Bic SA 2016–2018

Board member and member of the Audit Committee: Société Bic SA 2009–2016

Board member: CentraleSupélec 2008–2019

Chairman: European Aluminium Association 2015–2016

President: Alumni Association of the Ecole Centrale 2011–2013

In addition, Mr. Vareille has been a Member of the Board of Directors of diverse organizations such as the Advisory Board of the Confederation of British Industry, the European Committee of the MEDEF (Confederation of the French Industry) and the GIFAS (French Aerospace Industries Association).

Julia Woodhouse

Member of the Board of Directors

b. 1958, British citizen

BA (hons) History

Outokumpu Board member 2019–

Member of the Audit Committee



Work experience

Director, Global Chassis Purchasing: Ford Motor Company 2016–2018

Director, Global Power Train Components Purchasing: Ford Motor Company 2012–2016

Director, Ford of Europe Program Purchasing: Ford Motor Company 2005–2011

Director, Implementation Team: Ford Motor Company 2004–2005

Director, Team Value Management, Strategy & Business Development: Ford Motor Company 2002–2003

Positions of trust

Independent non-executive board member, Standards & Regulation Board: Royal Institution of Chartered Surveyors 2020–

Member of the Advisory Board: Nexcel, a BP/Castrol automotive technology start-up company 2019–2020

Member of the Strategic Advisory Board: Ford/Michelin 2016–2018

Committee member: Ford Motor Company Global Purchasing Personnel Development Committee 2016–2018

Committee member: Ford Motor Company North America Purchasing Diversity Committee 2012–2015

Member: Ford/Ford Otosan Joint Venture Sourcing Governance Forum 2007–2011

In addition, Ms. Woodhouse has held several additional roles on operating boards including Components Division and International Operations.

The Board assesses the independence of the Board members and records the outcome in the Board minutes. All members of the Board of Directors on December 31, 2020 were independent of the company and its significant shareholders.

Outokumpu shares and share-based rights (parent and subsidiaries) owned by each director and their controlled corporations on December 31, 2020

Board member	Number of shares
Kari Jordan	206,828
Kati ter Horst	33,998
Eeva Sipilä	38,509
Pierre Vareille	44,829
Vesa-Pekka Takala	30,848
Julia Woodhouse	19,848
Total	374,860

Operations and appointment of the Board of Directors

The general objective of the Board of Directors is to direct Outokumpu’s business and strategies in a manner that secures a significant and sustained increase in the value of the company for its shareholders and to ensure that the company acts as a reliable and trusted partner towards all its stakeholders. To this end, the members of the Board are expected to act as a resource and to offer their expertise and experience for the benefit of the company. The tasks and responsibilities of the company’s Board of Directors are determined on the basis of the Finnish Companies Act as well as other applicable legislation.

The Board of Directors has the general authority to decide and act in all matters

not reserved for other corporate governance bodies by law or under the provisions of the company’s Articles of Association. The general task of the Board of Directors is to organize and oversee the company’s management and operations and it has the duty at all times to act in the best interest of the company.

The Board of Directors has established the rules of procedure that define its tasks and operating principles in the [Charter of the Board of Directors](#). The main duties of the Board of Directors are as follows:

With respect to directing the company’s business and strategies:

- Decide on Outokumpu’s strategy and the long-term targets of the Outokumpu Group (the “Group”) and monitor their implementation;
- Decide on annual business plans and monitor their implementation;
- Decide on annual limits for the Group’s capital expenditure, monitor related implementation, review performance and decide on changes;
- Decide on any major and strategically significant investments and monitor their implementation;
- Decide on any major and strategically important business acquisitions and divestments and monitor their implementation;
- Decide on the Group’s external financing and treasury matters as follows and as further defined in the Board Charter;
 - i. All long-term financing arrangements by any Group company;

- ii. Any major leasing arrangements; sale of receivables programmes; short-term financing arrangements; and pledges and guarantees; by any Group company;
- iii. Any major short-term derivatives or long-term derivatives, or any derivatives not done for hedging or liquidity management purposes; by any Group company;
- iv. Any other significant financing and treasury transactions which are otherwise out of the Group’s normal course of business;

- Decide on any other commitments by any of the Group companies that are out of the ordinary either in terms of value or nature, taking into account the size, structure, and field of the Group’s operations.

With respect to organizing the company’s management and operations:

- Nominate and dismiss the CEO and his/her deputy, if any, monitor his/her performance and decide on the CEO’s terms of service, including incentive schemes, on the basis of a proposal made by the Board’s Remuneration Committee;
- 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;
- Monitor the adequacy and allocation of the Group’s top management resources;
- Decide on any significant changes to the Group’s business organization;
- Decide on the Group’s ethical values and modes of activity

- Ensure that policies outlining the principles of corporate governance are in place;
- Ensure that policies outlining the principles of managing the company’s insider issues and related party transactions are being observed;
- Ensure that the company has guidelines for any other matters that the Board deems necessary and that fall within the scope of the Board’s duties and authority.

With respect to the preparation of matters to be resolved by the General Meetings of Shareholders:

- Establish a dividend policy and issue a proposal to the Annual General Meeting on dividend distribution;
- Make a proposal to the Annual General Meeting concerning the election of an external auditor and auditing fees;
- Make proposals to the Annual General Meeting concerning the Company’s Remuneration Policy and Remuneration Report; and
- Make other proposals to General Meetings of Shareholders.

With respect to financial control and risk management:

- Discuss and approve interim reports, statements, and annual accounts;
- Monitor significant risks related to the Group’s operations and the management of such risks;
- Ensure that adequate policies for risk management are in place;

- Monitor financial position, liquidity, and debt maturity structure;
- Monitor the Group's control environment;
- Monitor and assess how agreements and other legal acts between the company and its related parties meet the requirements of the ordinary course of business and arm's length terms; and
- Reassess its activities on a regular basis.

In 2020, the Board of Directors conducted an assessment of its ways of working and performance with support from an external service provider. The assessment results were presented to the Shareholders' Nomination Board.

According to the company's Articles of Association, the Board of Directors constitutes a quorum when more than half of its elected members are present. A decision by the Board of Directors shall be the opinion supported by more than half of the members present at a meeting. In the event of a tie, the Chairman shall have the casting vote.

The Annual General Meeting elects the Chairman, Vice Chairman and other members of the Board of Directors for a term expiring at the close of the following Annual General Meeting. The entire Board of Directors is, therefore, elected at each Annual General Meeting. A Board member may be removed from office at any time by a resolution passed by a General Meeting of Shareholders. Proposals to the Annual General Meeting concerning the election of Board members that have been made known to the Board of Directors prior to the Annual General Meeting will be

made public if such a proposal is supported by shareholders holding a minimum of 10% of all the company's shares and voting rights and the person being proposed has consented to such nomination.

Under the company's Articles of Association, the Board shall have a minimum of five and a maximum of twelve members. A Board consisting of 6 members was elected at the Annual General Meeting 2020. Board meetings will be held as regularly as deemed necessary, but at least five times every year. In 2020, the Board of Directors had 23 meetings, and the average attendance rate was 99%.

Breakdown of individual attendance at Board meetings

23 meetings in 2020	Attendance
Kari Jordan	23/23
Kati ter Horst	23/23
Heikki Malinen, until April 30, 2020	9/9
Eeva Sipilä	22/23
Pierre Vareille	23/23
Vesa-Pekka Takala	23/23
Julia Woodhouse	23/23

Diversity principles of the Board of Directors

Diversity of the Board of Directors supports the vision and long-term objectives of the Group. Outokumpu recognizes the importance of a diverse Board, taking age, educational and international background, professional expertise, experience from relevant industrial sectors as well as a well-balanced gender representation into account. The Shareholders' Nomination Board shall take the Diversity Principles into consideration when preparing

its proposals to the Annual General Meeting and the progress in achieving set objectives shall be disclosed annually. The objective of a well-balanced Board structure in terms of gender representation was achieved in 2020.

The review by the Board of Directors is found on p. 2 in the section Review by the Board of Directors and Financial statements.

Composition and operations of the Board committees

The Board of Directors has set up two permanent committees consisting of Board members and has confirmed the rules of procedure for these committees. Both committees report to the Board of Directors.

Audit Committee

The Audit Committee consists of a minimum of three Board members. At least one of the Committee members shall have an appropriate education and special expertise in corporate finance, accounting or auditing. The rules of procedure for and responsibilities of the Audit Committee have been established in the [Audit Committee Charter](#) approved by the Board of Directors. The task of the Audit Committee is, in greater detail than is possible for the Board as a whole, to deal with matters relating to financial statements, the company's financial position, auditing work, internal controls and compliance matters, the scope of internal and external audits, fees paid to the auditors the Group's tax position, the Group's financial policies, monitoring and assessing related party transactions and other procedures for managing Group risks. In addition, the Audit Committee prepares a recommendation to

the Board of Directors concerning the election of an external auditor and auditing fees at a General Meeting. The Audit Committee met six times during 2020, and the attendance rate was 100%.

Breakdown of individual attendance at Audit Committee meetings

6 meetings in 2020	Attendance
Eeva Sipilä	6/6
Kati ter Horst, until April 30, 2020	1/1
Vesa-Pekka Takala	6/6
Julia Woodhouse	6/6

Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board and a minimum of two additional Board members. The tasks of the Remuneration Committee is to prepare proposals to the Board concerning the appointment of the company's top management and principles relating to the compensation they receive as well as the company's Remuneration Policy and Remuneration Report. The terms of service and benefits of the Leadership Team members other than the CEO, are determined and approved by the Remuneration Committee.

The Committee's rules of procedure shall be further defined in the [Remuneration Committee Charter](#), approved by the Board. The Remuneration Committee met nine times during 2020, and the average attendance rate was 93%.

Shareholders' Nomination Board

Breakdown of individual attendance at Remuneration Committee meetings

9 meetings in 2020	Attendance
Kari Jordan	9/9
Kati ter Horst, from May 1, 2020	6/6
Heikki Malinen, until April 30, 2020	1/3
Pierre Vareille	9/9

Temporary working groups

To handle specific tasks, the Board of Directors can also set up temporary working groups consisting of Board members. These working groups report to the Board of Directors. No temporary working groups were set up in 2020.

Outokumpu's Annual General Meeting in 2012 resolved to establish a Shareholders' Nomination Board to annually prepare proposals to the Annual General Meeting for the election, composition, and compensation of the members of the Board of Directors.

The Annual General Meeting has adopted a [Charter of the Shareholders' Nomination Board](#), last revised in 2019, which regulates the nomination and composition, and defines the tasks and duties of the Nomination Board.

The Nomination Board consists of five members. Four of the members represent the company's four largest shareholders and the Chairman of the Company's Board of Directors, in his capacity as an expert member, acts as the fifth member of the Nomination Board.

The representatives of the four largest shareholders of the company are annually appointed to the Nomination Board. The largest shareholders of the company are determined on the basis of the shareholders' register of the company and the ownership situation at the closing of Nasdaq Helsinki's last trading day in August. The company's shareholders' register only consists of shareholders who are directly registered in the Finnish book-entry system. Accordingly, to be eligible for membership in the Nomination Board, a nominee-registered shareholder needs to register the respective shareholding directly in the Finnish book-entry system for at least the said date.

In case a shareholder, who under the Finnish Securities Markets Act has an obligation to announce changes in its shareholdings and to sum up its holdings together with the holdings

of certain other parties when doing so (flagging obligation), presents no later than on August 31 a written request to that effect to the Chairman of the company's Board of Directors, then the holdings of such shareholder and other parties shall be summed up for the purposes of determining the holdings of the largest shareholders.

In case two or more shareholders own an equal number of shares and, as a consequence, the four largest shareholders cannot be determined, the status of these shareholders among the four largest shareholders shall be resolved by drawing lots.

The Chairman of the Board of Directors shall request the four largest shareholders of the company each to nominate one member to the Nomination Board. Should a shareholder wish not to use its nomination right, the right transfers to the next largest shareholder who would otherwise not have a nomination right.

The term of office of the members of the Nomination Board expires annually when a new Nomination Board has been appointed. A shareholder may change its representative in the Nomination Board mid-term, should there be a weighty cause for such a change.

Decisions of the Nomination Board shall be unanimous. If unanimity cannot be reached, members of the Nomination Board shall present their own proposals to the Annual General Meeting individually or jointly with other members of the Nomination Board.

Shareholders with the right to appoint representatives to the Nomination Board in 2020 were Solidium Oy, the Social Insurance

Institution of Finland, Ilmarinen Mutual Pension Insurance Company and the State Pension Fund of Finland. As the State Pension Fund of Finland informed Outokumpu that it will not use its nomination right, the right transferred to Elo Mutual Pension Insurance Company as the next largest shareholder registered in Outokumpu's shareholder register.

These shareholders nominated the following individuals as their representatives in the Nomination Board: Antti Mäkinen, Managing Director of Solidium Oy; Outi Antila, Director General at The Social Insurance Institution of Finland, Jouko Pölönen, President and CEO of Ilmarinen Mutual Pension Insurance Company and Satu Huber, Chief Executive Officer at Elo Mutual Pension Insurance Company. Antti Mäkinen was elected Chairman of the Nomination Board, and Kari Jordan, Chairman of the Outokumpu Board of Directors, served as an expert member.

The Nomination Board convened four times, and the attendance rate was 100%. The Nomination Board has submitted its proposals regarding the Board composition and director compensation to Outokumpu's Board of Directors, and the Board has incorporated these proposals into the notice convening the Outokumpu 2021 Annual General Meeting of Shareholders.

Executive Management

Biographical details of the CEO and the Leadership Team on December 31, 2020

Heikki Malinen

President and CEO

b. 1962, Finnish citizen

M.Sc. (Econ.), MBA (Harvard)

President and Chief Executive Officer 2020–
Chairman of the Outokumpu Leadership Team 2020–

Responsibility: Group management, legal, corporate affairs and compliance, safety and health and business area Europe

Employed by Outokumpu Group since 2020



Work experience

President and CEO: Posti Group Corporation (formerly Itella Corporation) 2012–2019

President and CEO: Pöyry PLC 2008–2012

Executive Vice President, Strategy, member of the UPM Executive Team: UPMKymmene Corporation, Helsinki, Finland 2006–2008

President: UPM North America, Chicago, USA 2004–2005

President of Sales: UPM North America, Chicago, USA 2002–2003

Managing Partner: Jaakko Pöyry Consulting, New York, USA 2000–2001

Engagement Manager: McKinsey & Co, Atlanta, USA 1997–1999

Director, Business Development UPM Paper Divisions, Helsinki, Finland 1994–1996

Positions of trust

Vice Chairman (2019–2020) and Board member: Outokumpu 2012–2020

Vice Chairman (2016–2018) and Board member: Service Sector Employers PALTA 2013–2019
Chairman: Realia Group 2017–2020

Board member: East Office of Finnish Industries 2012–2019

Chairman: American Chamber of Commerce (AmCham Finland) 2009–2014

Board member: Ilmarinen Mutual Pension Insurance Company 2014–2016

Board member: Federation of Finnish Technology Industries 2011–2012

Supervisory Board member: Finnish Fair Corporation 2014–2019

Supervisory Board member: Ilmarinen Mutual Pension Insurance Company 2013

Board member: Botnia Oy 2006–2008

Pia Aaltonen-Forsell

CFO

b. 1974, Finnish citizen

M.Soc.Sc. (Econ.), MBA

Chief Financial Officer, 2019–

Member of the Outokumpu Leadership Team 2019–

Responsibility: Financial and business controlling, treasury, mergers and acquisitions, taxation, internal controls and internal audit, investor relations, general procurement, strategy and Transformation Office

Employed by Outokumpu Group since 2019



Work experience

Executive Vice President & CFO: Ahlström-Munksjö 2018

Chief Financial Officer: Munksjö 2015–2017

Chief Financial Officer: Vacon 2013–2015

Senior Vice President, Finance, IT and M&A, Building and Living: Stora Enso 2012–2013

Senior Vice President & Group Controller: Stora Enso 2009–2012

Various finance and managerial positions: Stora Enso 2000–2009

Positions of trust

Board member (2017–) and Audit Committee Chair (2018–): Uponor

Thomas Anstots

Executive Vice President, Commercial,
business area Europe

b. 1962, German citizen

M.Sc. (Mechanical Engineering)

Executive Vice President, Commercial,
business area Europe 2020–

Member of the Leadership Team 2020–

Responsibility: Sales in business area Europe
and global marketing

Employed by Outokumpu Group since 2012



Work experience

Senior Vice President, Head of Sales, business area
Europe: Outokumpu 2019–2020

Senior Vice President, Sales North: Outokumpu
2014–2018

Vice President, Sales Central and Service Center
Operations: Outokumpu 2013

General Manager: Nirosta Service Center: Innoxum/
ThyssenKrupp Nirosta 2010–2012

Managing Director Technology, Service Center Group:
ThyssenKrupp Nirosta 2005–2009

Vice President, Business Processes and Applications:
ThyssenKrupp Nirosta 2002–2004

Plant Manager, Finish Departments: ThyssenKrupp
Nirosta 1998–2001

Various Manager and Senior Manager Positions in
Cold Rolling Mill Production: Thyssen Edelstahl/Krupp
Thyssen 1989–1997

Positions of trust

Member of the Board and Vice Chairman: ISER
Germany 2016–

Stefan Erdmann

Chief Technology Officer

b. 1972, German citizen

M.Sc. (Eng.)

Chief Technology Officer 2020–

Member of the Leadership Team 2020–

Responsibility: Research and development,
technology, sustainability, investment steering
and Group IT

Employed by Outokumpu Group since 2018



Work experience

Senior Vice President and CTO: Outokumpu
2018–2020

Technical Managing Director: Aluminium Norf GmbH
2015–2018

Vice President; Global Research and Development:
Novelis Inc 2011–2015

General Manager; Business Unit Can Europe: Novelis
AG 2009–2011

General Manager: Novelis Deutschland GmbH
2007–2009

Sales Director Painted Products: Novelis Europe
2006–2007

Various operational and managerial positions: Novelis
and Alcan 1993–2006

Martti Sassi

President, business area Ferrochrome

b. 1964, Finnish citizen

M.Sc. (Eng.)

President, business area Ferrochrome 2020–

Member of the Leadership Team 2020–

Responsibility: Business area Ferrochrome

Employed by Outokumpu Group since 1990



Work experience

Senior Vice President – business area Ferrochrome:
Outokumpu 2018–2020

Senior Vice President – Tornio Stainless and
Ferrochrome Operations: Outokumpu 2016–2018

Senior Vice President – Tornio Stainless Operations:
Outokumpu 2012–2016

Vice President – Tornio Stainless Business Excellence:
Outokumpu 2010–2012

General Manager – Tornio Cold Rolling Plant:
Outokumpu 2006–2010

Various operations and R&D positions 1990–2006:
Outokumpu

Positions of trust

Board member: Association of Finnish Steel and Metal
Producers 2020–

Chairman of Board: Chamber of Commerce in Lapland
2020–

Council member: International Chromium Development
Association 2019–

Board member: EuroAlliages 2018–

Johann Steiner

Chief Human Resources Officer

b. 1966, German citizen

M.Sc. (Econ.)

Chief Human Resources Officer 2020–

Member of the Outokumpu Leadership Team
2013–

Responsibility: Human resources, Group
communications and Global Business Services
(GBS)

Employed by Outokumpu Group since 2013



Work experience

Executive Vice President – Human Resources and
Organization Development: Outokumpu 2016–2020

Executive Vice President – Human Resources, IT, Health
and Safety: Outokumpu 2013–2016

Executive Vice President – Human Resources and
Health, Safety and Sustainability: Outokumpu 2013

Group HR Director: SAG Group GmbH 2012

Operating Partner: Humatica AG 2010–2012

Group HR Director: Clariant International AG
2002–2008

VP Executive Policies: EADS (former DaimlerChrysler
Aerospace AG) 1999–2002

Senior Consultant: Towers Perrin 1993–1998

Niklas Wass

Executive Vice President, Operations, business area Europe

b. 1977, Swedish citizen

M.Sc. (Environmental Science)

Executive Vice President, Operations, business area Europe 2020–

Member of the Leadership Team 2020–

Responsibility: Operations and supply chain management in business area Europe

Employed by Outokumpu Group since 2002



Work experience

Senior Vice President – Operations Europe: Outokumpu 2020

Senior Vice President – Tornio Operations: Outokumpu 2018–2020

Vice President – Quarto Plate: Outokumpu 2015–2018

General Manager Production: Outokumpu Degerfors 2010–2015

Various operational positions: Outokumpu 2002–2010

Positions of trust

Board member: Swedish Steel association (Jernkontoret) 2015–

Tamara Weinert

Acting President, business area Americas

b. 1965, German citizen

MBA, M.Sc.

Acting President, business area Americas 2020–

Member of the Leadership Team 2020–

Responsibility: Business area Americas

Employed by Outokumpu Group since 2012



Work experience

Senior Vice President – Sales South & Overseas, business area Europe: Outokumpu 2016–2020

Senior Vice President – Finance & Control, business area Europe: Outokumpu 2013–2016

Vice President – Investor Relations: Outokumpu 2012–2013

Director Treasury, Risk Management, Insurance & Investor Relations: Innoxum 2012

Director, Head of Corporate & Structured Finance: Vattenfall 2011–2012

Treasurer: N.V. Nuon 2008–2010

Risk Management: N.V. Nuon 2000–2008

International postings in India, Singapore, Russia, Netherlands and Finland

[Information on work experience and positions of trust to be found on the Company's website](#) 

Outokumpu shares and share-based rights (parent or subsidiaries) owned by the CEO and Leadership Team members and their respective controlled corporations on December 31, 2020

Member of the Leadership Team	Number of shares
Heikki Malinen	45,459
Pia Aaltonen-Forsell	0
Thomas Anstots	94,909
Stefan Erdmann	10,000
Olli-Matti Saksi	317,676
Martti Sassi	17,196
Johann Steiner	155,444
Niklas Wass	18,443
Tamara Weinert (acting)	25,319
Total	684,446

More information on compensation can be found in the Remuneration Report.

CEO and deputy to the CEO

The President and Chief Executive Officer (CEO) is responsible for the company’s operational management, in which the objective is to secure significant and sustainable growth in the value of the company for its shareholders.

The CEO prepares decisions and other matters for the meetings of the Board of Directors, develops the Group’s operations in line with the targets agreed with the Board of Directors, and ensures the proper implementation of Board decisions. The CEO is also responsible for ensuring that the existing legislation and applicable regulations are observed throughout the Group. The deputy to the CEO, if one has been appointed, is responsible for attending to the CEO’s duties in the event that the CEO is prevented from doing so. Currently, no deputy to the CEO has been appointed.

Leadership Team and Business Area Boards

The Outokumpu Leadership Team, chaired by the CEO, is a reporting and decision-making forum for steering and managing Outokumpu’s corporate agenda. The Outokumpu Leadership Team consists of the CEO, his/her deputy (if one has been appointed) and other key members of senior management. The Group Functions Board is a sub-section of the Outokumpu Leadership Team and a monitoring and decision-making forum for the corporate affairs of the Group Functions. The Group Functions Board is chaired by the CEO. Decisions taken by the Group Functions Board are reported to the Outokumpu Leadership Team.

Each Outokumpu business area is steered by a Business Area Board, chaired by the CEO. The Business Area Boards consist of the CEO, the Chief Financial Officer, the Head of the

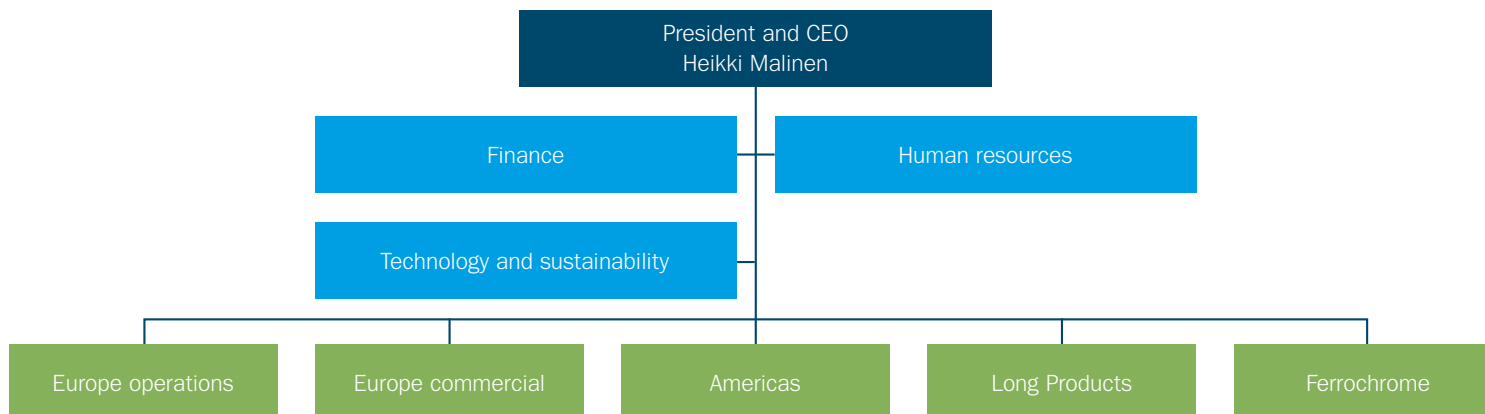
respective business area and selected other key members of senior management.

The decision-making authorities of the Leadership Team and the Business Area Boards follow from the authority of the CEO. It is the duty of these bodies to run and develop the Group’s operations in line with the strategy and targets set by the Board of Directors.

The Leadership Team and the Business Area Board meetings are convened by the CEO. Minutes shall be kept for each meeting.

The Leadership Team, the Group Functions Board and the Business Area Boards typically meet once a month.

Organization structure on Dec 31, 2020



Internal control procedures and the main features of the risk management systems

Internal control and risk management

According to the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code, the Board of Directors is responsible for ensuring that the company's internal controls are appropriately organized.

The purpose of this section is to provide shareholders and other parties with a description of how the internal control and risk management of financial reporting is organized in Outokumpu. As a listed company, the Group has to comply with a variety of regulations. To ensure that all the stated requirements are met, Outokumpu has introduced principles for financial reporting and internal control and deployed them throughout the company's organization.

Control environment

The foundation of Outokumpu's control environment is the business culture established within the Group and its associated methods of operation. The basis for the company's compliance and control routines is provided by Group policies and principles, which define the way in which Outokumpu's organization operates. These policies and principles include, for example, the Corporate Responsibility Policy and Ethics Statement. The Outokumpu Code of Conduct describes the Group's basic values and offers standardized, practical guidelines for managers and employees to follow. Furthermore, the Internal Control Policy, the Approval Policy and the Identity and Access Management Policy define many of the principles related to the system of internal controls.

The performance management and the risk management processes are key management activities in enabling an efficient control environment. In all sections of the Group's operations, the planning activities and the setting of both operational and financial targets are executed in accordance with Outokumpu's overall business targets. Management follow-up of related achievements and risks is carried out through regular management reporting and meeting routines.

In 2020, Outokumpu has established a separate Internal Control function to oversee and develop Outokumpu's system of internal controls. The new function is also responsible for Group-wide governance, risk and compliance coordination. With the lead of the Internal Control function, Outokumpu has continued the measures to develop and implement global, aligned and consistent risk management and the internal control process, which is expected to provide improved assurance for the Group to reach its key targets. In the course of 2021, the new risk management and internal control

processes will be implemented wider to cover the key entities and functions of the Group.

Risk management

Outokumpu operates in accordance with the risk management policy approved by the company's Board of Directors. The policy defines the objectives, approaches, and areas of responsibility in the Group's risk management activities. In addition to supporting Outokumpu's strategy, the aim of risk management is identifying, evaluating, mitigating and controlling risks from the perspective of shareholders, customers, suppliers, personnel, creditors, and other stakeholders.

Risk management organization

The Board of Directors carries ultimate responsibility for risk management within Outokumpu. The CEO and members of the Leadership Team are responsible for defining and implementing risk management procedures, and for ensuring that risks are both properly addressed and considered in strategic and business planning.

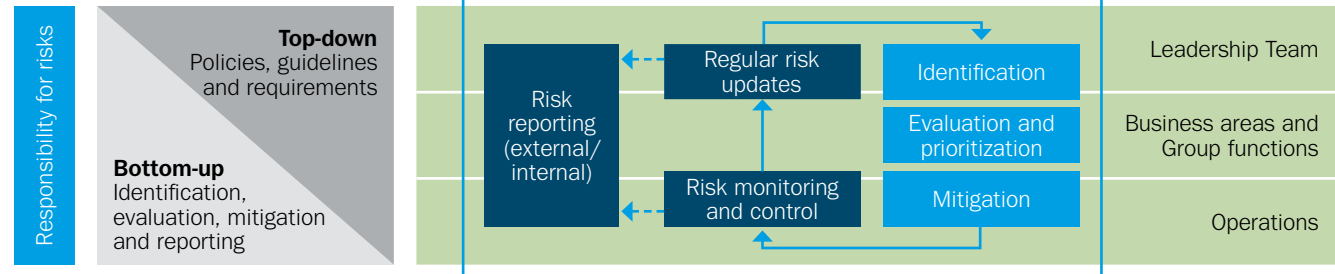
Outokumpu's Risk Management Steering Group, led by the CFO, is the governing body for risk management in Outokumpu.

The Business areas and Group functions are responsible for managing the risks connected with their own operations. The Risk Management Steering Group and the Board of Directors review the key risks and actions to be taken to manage these risks on a regular basis. The Treasury and Risk Management function supports the implementation of Outokumpu's risk management policy, facilitates and coordinates risk management activities, and prepares quarterly risk reports for management, the Board Audit Committee and Auditors.

Risk management process

Outokumpu has defined risk as anything that could have an adverse impact on achieving the Group's objectives. Risks can, therefore, be threats, uncertainties, or lost opportunities connected with current or future operations. Outokumpu's appetite for risk and risk tolerance are defined regularly in relation to earnings, cash flows, and capital structure. The

Risk management process in Outokumpu



risk management process is an integral part of the overall management processes and is divided into four stages: 1) risk identification; 2) evaluation and prioritization; 3) mitigation and controls and 4) reporting. The risk management process in Outokumpu is two-fold: a top-down approach to manage the Group's key risks and a bottom-up approach focusing on operational level risks.

Within Outokumpu, the risk management process is monitored and controlled at different organizational levels. Regular risk updates are carried out to capture relevant information. The monitoring of the results and risk updates also ensure that accurate information is provided both internally – to business area management teams and members of the Leadership Team – and externally to relevant parties such as shareholders and other stakeholders. Risk mitigation actions are defined according to the risk identification and the impact/likelihood assessments.

Focus areas

The focus in risk management in 2020 was on implementing the mitigation actions of the identified risks, supporting debt reduction at Outokumpu e.g. by focused working capital management and by improving the overall efficiency of the risk management process. Furthermore, the harsh market environment, especially in Europe, required several mitigating actions to protect the Group's earnings and cash flows.

Outokumpu continued its systematic fire safety and loss prevention audit program, focusing on execution of the mitigating actions. Due to the 2020 travel restrictions, many audits were

conducted virtually using in-house expertise in cooperation with external advisors.

The main realized risks in 2020 were related to the disruption of the stainless steel markets due to the pandemic, and imports that continued to have a negative impact on stainless steel base prices and deliveries in Europe throughout the year.

Internal controls for financial reporting

Outokumpu's control process for financial reporting is mainly based on the Internal Control Policy, Outokumpu Accounting Principles and the Approval Policy, as well as on the responsibility and authorization structure within the Group. Policies relating to financial reporting are usually owned and approved by the CEO and the CFO. Financial reporting in Outokumpu is carried out in a harmonized way using a common chart of accounts and principles.

Financial reporting is prepared in a harmonized way in accordance with International Financial Reporting Standards (IFRS). The Outokumpu Accounting Principles (OAP) are Outokumpu's application guidance on IFRS. The aim of the OAP and other financial reporting policies and instructions is to ensure that uniform financial processes and reporting practices are used throughout the Group. Policies and instructions for financial reporting are reviewed on a regular basis and revised when necessary.

In 2020, Outokumpu implemented a process and solution to report financial statements in the European Single Electronic Platform (ESEF). Outokumpu also launched a new financial

closing management system to develop quality, consistency and transparency of the controls around financial closing process including account reconciliations and manual journals. At the end of 2020 the new processes covered more than half of the targeted scope. In 2021, Outokumpu will further implement its financial closing management system across the Group and plans to continue developing its financial reporting process and related controls.

The financial statements of the parent company and stand-alone Finnish subsidiaries are prepared in accordance with generally accepted accounting principles in Finland, while foreign subsidiaries follow local accounting principles. Outokumpu also complies with the regulations regarding the financial reporting published by the Financial Supervisory Authority (FIN-FSA), Nasdaq Helsinki, and ESMA.

Identification and assessment of risks related to financial reporting

The risks related to the Group's financial reporting are managed according to Outokumpu's risk management process and classified as operational risks that can arise as consequences of inadequate or failed internal processes, employee actions, systems, or other events such as misconduct or crime. The risks related to financial reporting are identified and typically assessed in risk workshops and in 2020 one focus area was the risk related to inventory valuations.

Control activities

In addition to the Board of Directors, finance management at all levels as well as the Boards

of subsidiary companies are responsible for ensuring that the internal controls relating to financial reporting are in place. Outokumpu has centralized the majority of its accounting and financial reporting in its global business service centers, which enables the efficient execution of internal control activities.

The aim of control activities is to discover, prevent, and correct the potential errors and deviations in financial reporting. Control activities also aim to ensure that authorization structures are designed and implemented in such a way that incompatible tasks (i.e. one person performing a critical activity and also being responsible for controlling that activity) are segregated. Control activities consist of different kinds of measures and include reviews of financial reports by Group management and in business area management teams, the reconciliation of accounts, analyses of the logic behind reported figures, forecasts compared to actual reported figures, and analyses of the Group's financial reporting processes, among others. A key component is the monitoring of monthly performance against financial and operational targets. These control activities take place at different levels of the organization.

The most important accounting items in Outokumpu are the valuation and reporting of inventories and other items requiring management judgment, such as provisions. Moreover, in difficult market situations, such as the current COVID-19 pandemic, asset impairment calculations and the related sensitivity analyses are equally important. These items are carefully monitored and controlled on a

regular basis, both within business areas and at the Group level.

Information technology and solutions play an important role in ensuring the appropriate structures for internal controls. The Group's consolidation system provides timely and uniform financial and management reporting from the Group entities and an effective closing process within the whole Group. Outokumpu is also running a business transformation program to develop and improve business capabilities and to renew parts of its fragmented system environment. This will be achieved mainly by harmonizing and improving the Group's core business processes and implementing supporting IT systems, with improved system-based controls embedded in processes. The first rollouts of the new ERP together with other related IT systems took place during 2019. Further rollouts of the system will take place in 2021 as the scheduled rollouts for 2020 were postponed partly due to the COVID-19 pandemic.

Outokumpu has centralized the majority of its accounting and financial reporting in its global business service centers, which enables further development and harmonization opportunities for internal control activities.

Information and communication

Group-wide policies and principles are available to all Outokumpu employees. Instructions relating to financial reporting are communicated to all of the parties involved. The main communication channels employed are regular controller meetings, Outokumpu's intranet, other easily accessible databases, and email. In the pandemic situation with remote work

promoted, only a very limited number of face-to-face controller meetings have been organized. Finance Leadership Team meetings are organized regularly to share information and discuss issues of topical interest to the Group.

Furthermore, Outokumpu has established steering groups (e.g. for risk management and compliance topics) in which financial reporting and internal control issues can be discussed and reviewed. These groups typically consist of senior members of management and substance experts. The aim of these bodies is to ensure that common financial processes and reporting practices are followed throughout the Group and that effective internal controls relating to financial reporting are established.

Follow-up

Both management in all Outokumpu companies and personnel in the accounting and controlling functions are responsible for the follow-up and monitoring of internal controls connected with financial reporting. Through its activities, the Internal Audit function monitors that an appropriate control environment exists across the Group. Risk management, compliance function, and external auditors are also engaged in the follow-up of control activities. The findings of the follow-up procedures are reported to the Board Audit Committee and the Outokumpu Leadership Team on a regular basis.

Internal audit

Internal Audit is an independent and objective assurance, control, and consulting function designated to add value, improve operations,

and monitor and support the organization in the achievement of its objectives. Through a systematic, disciplined approach, Internal Audit determines whether governance and compliance processes, the internal control system, and the risk management process, as designed and represented by the Board of Directors and the Outokumpu Leadership Team, are effective and efficient.

With a strong commitment to integrity and accountability, Internal Audit provides value to the Board of Directors and senior management as an objective and direct source of information, insights and independent advice. Internal Audit monitors adherence to Group principles, policies and instructions, and leads investigations on fraudulent and noncompliant behaviors and activities. Internal Audit performs its function on behalf of and directly reports to the Board Audit Committee and to the executive management. The internal audit plan is approved by the Board Audit Committee. In addition, the function may carry out unscheduled audits when needed.

In 2020, Internal Audit performed six operational audits. The results of the audits that were carried out, including their risk appraisals, are reported and distributed in writing. In view of the Outokumpu Code of Conduct and the Corporate Responsibility Policy, no issues of material risk for the Outokumpu Group were identified. The 2021 internal audit plan will focus on strategy implementation, key projects and certain Group companies selected based on assumed level of different types of risk.

Outokumpu encourages everyone to raise their concerns. There are several ways to report

alleged misconduct, including SpeakUp, an externally operated communication channel, that offers the option to report misconduct confidentially and anonymously, if allowed by the laws and regulations.

SpeakUp is available both internally on company intranet and for external stakeholders via the company webpage. More than twenty investigations of potential misconduct were recorded in 2020, and thereof 16 cases were reported via SpeakUp and 6 were recognized through other channels.

During the year Internal Audit provided additional support e.g. in investigation of the possible segregation of duty issues in the system environment.

Compliance

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. Outokumpu's Code of Conduct sets out these ethical standards and provides guidelines for a common way of operating with the aim of ensuring that all Outokumpu employees live up to Outokumpu's ethical standards.

Outokumpu's Legal and Compliance function is responsible for managing and continuously developing Outokumpu's ethics and compliance program. Outokumpu's ethics and compliance program is described in more detail as part of [Outokumpu & society at \[www.outokumpu.com\]\(http://www.outokumpu.com\)](#). The Legal and Compliance function reports to the CEO and to the Outokumpu Leadership Team as well

as directly to the Board Audit Committee on compliance-related matters. Compliance-related matters are also regularly handled in the Compliance Steering Group, consisting of the CEO, CFO, Head of HR and Organization Development, Head of Internal Audit, Corporate General Counsel and Head of Compliance. The Compliance Steering Group met four times in 2020. A network of compliance contact persons supports the local implementation of the ethics and compliance program in the business areas and business support functions.

Insider management

The company's Insider Rules, the Finnish insider laws and regulations, including the EU Market Abuse Regulation, constitute the primary legal framework for the insider issues relevant to the Group and its employees.

Furthermore, the Regulation on EU Energy Market Integrity and Transparency sets forth similar requirements as the Market Abuse Regulation on dealing with inside information relating to wholesale energy products. As the company is a participant in the wholesale energy market, the company's Insider Rules apply to such energy-related inside information, as applicable.

The persons discharging managerial responsibilities in Outokumpu, in the meaning of the Market Abuse Regulation, include members of the company's Board of Directors, the CEO, and other members of the Outokumpu Leadership Team ("the Management"). The Management together with the persons or companies closely associated with a member of the Management constitutes the so called

"Notifying Persons". Outokumpu maintains a non-public list of the Notifying Persons.

Outokumpu applies a restricted period of thirty (30) calendar days before the announcement, as well the day of the announcement, of an interim financial report, interim financial statement and a year-end report (the "Closed Window"). During this period, the Management, the persons subject to trading restrictions and any legally incompetent persons under their custody shall not conduct any transactions, on his/her own account or for the account of a third party, directly or indirectly, relating to the company's shares or debt instruments, or derivatives or other financial instruments linked thereto. Separate, non-public, project-specific insider registers are maintained for insider projects. Persons defined as project-specific insiders are those who, in the course of their duties in connection with a project, receive inside information concerning the Group which, if or when realized, is likely to have a significant effect on the value of the company's publicly traded securities.

The company has the obligation to inform the public as soon as possible of inside information that directly concerns the company, unless the company has decided that the publication of the inside information shall be delayed, in accordance with the applicable insider regulations. The publication of inside information shall be made in accordance with the company's Disclosure Policy.

Outokumpu's Head of Legal and Compliance function is responsible for the coordination and supervision of insider topics.

Related Party Transactions

The Second Shareholders' Rights Directive (EU), the International Accounting Standards IAS 24, the Companies Act and the Securities Markets Act as well as the Finnish Corporate Governance Code constitute the primary legal framework in the Related Party Transaction principles relevant to the Outokumpu Group and its related parties.

Definition of related parties and maintenance of the list of related parties

Outokumpu Oyj's related parties are determined in accordance with the International Accounting Standards (IAS 24) and they include, i.a., the Group subsidiaries, members of the Parent Company's Board of Directors and the Leadership Team as well as their related persons and companies. The Company's Legal and Compliance function maintains a non-public list of Outokumpu Oyj's related parties, which is updated on a regular basis.

Evaluating Related Party Transactions

A related party transaction is any transaction which is conducted between the Outokumpu Group and a related party of Outokumpu Oyj. Transactions between a company and its related parties are allowed, provided that they promote the purpose and interests of the company and are commercially justified.

Any transactions that are not conducted in Outokumpu Group's ordinary course of business or are not implemented under arms-length terms require specific approval according to Outokumpu Group's Approval Policy. Any such transactions are escalated

for review on Group executive level and cross-checked against the list of related parties. Any related party transactions that are not conducted in Outokumpu Group's ordinary course of business will require a decision by Outokumpu Oyj's Board of Directors and a transaction which would be deemed material for Outokumpu Oyj's shareholders will also have to be publicly disclosed. The decision making of the Board of Directors also takes provisions on conflicts of interest into account as board members cannot participate in deciding a matter concerning themselves.

Board members also have a conflict of interest and cannot participate in decisions concerning a transaction with one of their related parties if that transaction is not part of the company's ordinary course of business or is not implemented under arms-length terms.

Monitoring and Reporting Related Party Transactions

Outokumpu Oyj's Audit Committee monitors the evaluation process. Related party transactions are reported to the Audit Committee on a regular basis. Outokumpu Oyj's finance and control functions monitor related party transactions regularly in arrears as a part of the company's reporting and control procedures. Information on transactions concluded between the company and its related parties is disclosed annually in the company's consolidated financial statement.

Auditors

Under its Articles of Association, the company shall have a minimum of one and a maximum of two auditors. The auditors must be Authorized Public Accountants (KHT) or accounting

Corporate Governance statement

firms whose mainly responsible auditors are Authorized Public Accountants (KHT). The auditors shall be independent of the company.

The Board of Directors has the duty to make a proposal to the Annual General Meeting as to the election and fees of the auditor. The Annual General Meeting elects the auditors for a term of office ending at the close of the next Annual General Meeting. A proposal to the Annual General Meeting on the election of auditors that has been made known to the Board of Directors prior to the Annual General Meeting will be made public if it is supported by shareholders holding a minimum of 10% of all the company's shares and voting rights and the person or company proposed has consented to such nomination.

The company's auditors submit the statutory auditor's report to the company's shareholders in connection with the company's financial statements. The auditors also report their findings to the Board Audit Committee on a regular basis and at least once a year to the full Board of Directors. The parent company, Outokumpu Oyj, is audited by PricewaterhouseCoopers Oy, and the responsible auditor is Janne Rajalahti, Authorized Public Accountant. PricewaterhouseCoopers Oy is also responsible for overseeing and coordinating the auditing of all Group companies.

PricewaterhouseCoopers Oy was elected as the Group Auditor in the Annual General Meeting held on May 28, 2020 and has been the Auditor of Outokumpu for four consecutive terms. Both Outokumpu and PricewaterhouseCoopers Oy emphasize the requirement stipulating that the auditor be

independent of the company being audited. The PwC Network Independence policy is based on the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants.

Outokumpu's Board Audit Committee continuously monitored the non-audit services purchased by the Group from PricewaterhouseCoopers at the global level. In 2020, the auditors were paid fees totaling EUR 2.0 million, of which the non-auditing services accounted for EUR 0.1 million. ■