

# SUSTAINABILITY POLICY

## 1 Purpose and scope

Outokumpu has a purpose to work towards a world that lasts forever, and the company has integrated sustainability into its strategy. This Policy outlines our sustainability principles and goals, including environmental, social and economic aspects to set a framework and give guidance for Outokumpu's employees and partners. Through this Policy, Outokumpu implements responsible, sustainable and ethical business practices in its operations to support the achievement of our sustainability goals covering all aspects of Outokumpu's business.

This Policy outlines the sustainability commitments Outokumpu continuously works towards, and this Policy aims to increase trust within Outokumpu's stakeholders on the commitment to sustainability. We also engage with our stakeholders to ensure that our sustainability approach continues to be material.

## 2 Applicability

This 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 as outlined in this Policy.

## 3 Main Principles

- Sustainability has a central role in Outokumpu's vision, strategy, and planning
  - Sustainability is an integral part of all Outokumpu operations, activities, and decision making, from materials purchasing through production to sales and investments
  - We act safely for us and for our stakeholders
  - We respect human rights wherever we operate and are committed to the UN Guiding Principles on Business and Human rights
  - We are committed to increasing diversity, equity and inclusion
  - We help our customers to tackle climate change through lower-emission solutions and create value for the company, society, and the environment
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- We are committed to the science-based target to limit global warming below 1.5 degrees based on the Paris Agreement
  - We mitigate climate change and biodiversity loss through circular economy

- We strive for a continuous, systematic, and open dialogue through engaging with our stakeholders such as shareholders, employees, customers, suppliers, investors, and authorities, as well as public and non-governmental organizations
- We are committed to conducting business with high integrity. This means making responsible, sustainable, and ethical decisions as part of our daily activities at Outokumpu. We comply with applicable laws and regulations, our key ethical principles, the Outokumpu Code of Conduct and other company policies and instructions, as well as our Ways of Working, which form the basis of Outokumpu's actions, operations, and corporate culture.
- We expect our business partners such as customers, suppliers and their sub-suppliers and other stakeholders to commit to similar standards through continuous dialogue and co-development

## Content of the Policy

### 4.1. General information

Sustainability is integrated to our company vision and mission and plays a key role in our strategy. Outokumpu is committed to continuous improvement in sustainability and to following the highest ethical standards. Outokumpu complies with corporate responsibility requirements and complies with applicable laws and regulations in the countries where it operates and fulfils the stakeholder requirements to which the company subscribes. Outokumpu regularly conducts a double materiality analysis to assess material topics in its sustainability work. As part of our wider social engagement, we participate in several sustainability initiatives. Outokumpu's management systems are based on the requirements of the International Management System Standards. Outokumpu plans, sets objectives, executes, sustains, and reports business activities in line with those systems. This Policy and the management system certificates are available at [www.outokumpu.com](http://www.outokumpu.com).

### 4.4. Environmental responsibility

Outokumpu provides lower-emission solutions to its customers to mitigate climate change and reduce the environmental impact throughout its value chain. Outokumpu is committed to sustainable production and aims to minimize the use of resources through circular economy. The company also minimizes the negative impact of its operations on the surrounding environment and communities by proactively developing its production processes and its energy and material efficiency.

The main raw material in our production is recycled steel and products are fully recyclable. Outokumpu aims at minimizing negative impacts of its present and discontinued operations on the environment, including related health impacts, and aims to remediate any material negative impacts that have occurred where viable. Continuous monitoring of performance on energy, GHG emissions, water consumption and discharges, input material and recycling, waste, GHG emissions and environmental incidences are followed by immediate action if needed. All Outokumpu production sites are ISO 14001 certified. Outokumpu has also introduced an internal CO<sub>2</sub> price, which is 100 EUR/tonne of CO<sub>2</sub>.

This means that to mitigate environmental impacts Outokumpu:

- Reduces its impacts by implementing precautionary risk-based environmental management to prevent incidents and reduce waste, pollution and emissions to air and water discharges, and

harmful impacts related to noise and vibration. Waste and production residues are dealt with accordingly and no related discharges into waterbodies are allowed. 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.

- Promotes safe and sustainable use of our products through providing product safety information and relevant material handling information to customers.
  - Is committed to reduce emission intensity by 42% by 2030 (Scope 1, Scope 2 and Scope 3) and to reach carbon neutrality by 2050.
  - Optimizes material, energy, and water use to continuously improve efficiency.
  - Targets sustainable use of energy across operations by prioritizing renewable energy and raw material sources over non-renewable options whenever viable to help reduce GHG emissions and their wider impact on the environment.
  - Ensures a stable and secure supply chain for recycled materials to minimize negative impacts and financial risks.
  - Outokumpu is committed to minimizing the use of virgin resources by using recycled or renewable materials and utilizes the identified opportunities in resource inflows, outflows, and waste management, also as by-products and recovery of wastes
  - Aims to minimize the use of substances of concern and phase-out the use of substances of very high concern whenever viable.
  - Proactively develops its product and processes to help reduce impact on the environment.
  - Considers sustainable sourcing of water in operations and aims to reduce environmental impact through reusing water and wastewater treatment and frequently assesses impact on water.
  - Is committed to reduce and monitor material water consumption in production plants in geographic areas experiencing high water risk.
  - Outokumpu contributes to maintaining biodiversity globally especially through the reducing greenhouse gas emissions and virgin resource material dependency.
  - Biodiversity aspects, like land-use change, direct exploitation, pollution, and state of species, are considered in decision-making and management of change, in the environmental impact assessments and permit processes of operations.
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- Outokumpu also supports biodiversity by respecting ecosystems to maintain conditions on biodiversity and by managing, and if required remediating, adverse impacts on biodiversity in line with the mitigation hierarchy.
  - Outokumpu supports protecting biodiversity at its production sites near high-risk biodiversity areas and within its value chain and engages with local communities on nature-related matters including social impacts, whenever deemed material.

#### 4.2 Social Responsibility

Outokumpu's employees are the vital element in achieving outstanding performance. Our Ways of Working steer the way how we work at Outokumpu and achieve results. Outokumpu fosters diversity and creates a work environment that allows all team-members to contribute and to develop. Outokumpu affects or may affect communities at local, national or global level through its own operations or its business partnerships. Outokumpu contributes to the communities' well-being through paying taxes, direct and indirect employment as well as other means of community

engagement and development. Current and future employees are important stakeholders for Outokumpu. Outokumpu has a Human Rights Policy in place to respect and promote human rights in alignment with the UN Guiding Principles on Business and Human Rights. Outokumpu respects internationally recognized human rights set forth in the International Bill of Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work and is committed to using leverage with its partners, suppliers, sub-suppliers, and customers to address potential and actual adverse impacts on human rights. Outokumpu expects its business partners to follow similar standards.

Human rights and dignity commitment means that:

- Freedom of association prevails in Outokumpu
- All employees are treated in a fair and equal manner
- Outokumpu expects its employees to value diversity and different cultures
- All forms of discrimination are absolutely unacceptable. Everyone should be treated equally and fairly, irrespective of such characteristics as ethnic origin, nationality, religion, political views, gender, sexual orientation, disability, or age. There is zero tolerance of intimidation, verbal, psychological, physical, or sexual harassment or abuse at work such as humiliating or physical punishment
- Outokumpu condemns the use of child labor, forced or bonded labor, human trafficking or any kind of slavery
- Outokumpu respects the rights of indigenous peoples as laid out in the Indigenous and Tribal Peoples Convention, 1989 (No. 169) and the United Nations Declaration on the Rights of Indigenous People and mitigates related adverse impacts in its own operations and value chain.
- Outokumpu safeguards the legal and customary rights and interests, cultures, customs and values of affected communities regarding lands, their use of natural resources, their livelihoods and health, including possible resettlement situations.
  
- Outokumpu conducts human rights due diligence by identifying, preventing, mitigating, and accounting for potential and actual adverse human rights impacts that Outokumpu's operations may cause, contribute, or be linked to
- Outokumpu recognizes and respects the work of human rights defenders and condemns all forms of human rights violations against human rights defenders. Furthermore, we strive to support freedom of expression and assembly in the communities we operate directly or through our business partners.

At Outokumpu a safe and healthy workplace means that:

- Safety takes priority over all other activities – for everyone, every time, and everywhere
- Fairness and open and interactive communications foster well-being and increase occupational safety
- Improvements on the working environment and occupational health activities prevent occupational diseases and promote the well-being of Outokumpu employees
- We Operate safely always
- We Comply with our Safety Principles

- We foster a working culture where everyone, regardless of their background, has the feeling of being welcomed and safe. We make every effort to ensure all employees are equally heard and have equal opportunities. A welcoming and safe place to work embraces diversity, equity, and inclusion.

We at Outokumpu are firmly convinced that all accidents and occupational ill health can be prevented and aim for zero accidents. Each person at Outokumpu is responsible for their own personal safety and that of colleagues and other stakeholders. This includes the health and safety of the affected communities along our supply chains.

Good corporate citizenship means that Outokumpu:

- Conducts business with high integrity. Every employee at Outokumpu has a role in making ethical choices that help to build a world that lasts forever.
- Complies with all applicable laws, regulations and the company's key ethical principles, Ways of Working, Code of Conduct and other internal policies and instructions and makes responsible, sustainable, ethical judgements as part of our daily work.
- Commits to fair and open competition, complies with applicable trade sanctions and condemns corruption and bribery of any kind with zero tolerance
- Recognizes that our decisions and operations might have a major impact on our own personnel, local suppliers and service providers, as well as communities close to our own sites and along the supply chain.
- Engages with representatives of affected communities close to own operations and along the supply chain, especially on the topics of employment, environment, energy, and sponsoring community initiatives. We also maintain continuous cooperation with local schools and universities, NGOs, our neighbors and other stakeholders.
- Participates in the life of its communities by assessing its impact on the environment and contributing to the communities through its business operations and products.

Outokumpu has a group-wide Ethics and Compliance Program in place where the Code of Conduct is the core element setting the baseline for the company's ethical, legal and compliant behavior and business ethics culture. To mitigate E&C related risks, such as corruption and bribery related risks, as well as other integrity, reputational and sustainability related financial risks and negative impacts, Outokumpu has issued detailed instructions and trainings on these topics.

Employee development means

- Developing our talents and future leaders
- Continuously providing learning opportunities for all functions
- Recruiting and supporting young talents
- Offering graduate programs with changing assignments
- Sharing knowledge and best practices throughout the company
- Providing guidelines for daily decisions and actions
- Listening employees continuously
- Enhancing leadership and the excellence of our teams

#### 4.3. Economic responsibility

As a publicly listed company, Outokumpu is committed to being profitable to create value for its shareholders. Responsible and ethical business is the foundation of our success. Effective risk



management is critical to supporting the delivery of the Group's strategic objectives. All potential risks are assessed regularly at least twice a year, mitigated, and presented to the Board of Directors. Relevant risks are disclosed in the annual report. Outokumpu aims to maintain sustainable profitability and add economic value throughout a sustainable supply chain. The company fulfils this commitment by developing and maintaining competitive and profitable operations.

The quality of Outokumpu's products, processes and services shall fulfill the expectations of Outokumpu's customers. Outokumpu takes measures to ensure the safe use of all products. Everyone at Outokumpu contributes to this recognition with knowledge, experience, efficiency, and competence, together with customer focus.

Outokumpu conducts business with high integrity. This means doing the right thing and making responsible, sustainable and ethical decisions as part of our daily activities. This means various actions, such as

- Maintaining transparent governance principles
- Working towards ensuring that modern slavery or human trafficking plays no part in the supply chain or in any part of the business
- Providing relevant information to decision makers and experts relating to the development of business environment and legislation

Relations to society means that Outokumpu:

- Contributes to the community well-being through tax payments, direct and indirect employment, and other ways of positive community involvement
- Participates in the lives of its local communities
- Participates in relevant trade organizations and contributes in a professional manner as outlined in its respective policy
- Openly communicates with stakeholders on sustainability performance and fulfills the agreed stakeholder requirements
- Supports selected charitable organizations and activities in line with the Sponsorship Policy
- Supports research and development related to stainless steel and maintains close cooperation with educational institutes
- Does not make donations to any political parties or groups.

#### 4.5. Commitment and reporting

We are committed to the UN Sustainable Development Goals (SDGs) and have chosen six SDGs based on the Double Materiality conducted. Outokumpu is also a signatory member in the UN Global Compact. Science Based Target –initiative has approved our climate target to reduce its Scope 1, Scope 2 and Scope 3 by 42 % by 2030 from 2016 baseline. The long-term target is to achieve carbon neutrality by 2050. Outokumpu is also a member of the Responsible Steel initiative and committed to support its vision and mission through certification. Outokumpu also has the Responsible Steel certification for all its manufacturing sites in Europe.

As a chromium mining operator Outokumpu is a member of The Finnish Network for Sustainable Mining, and Kemi mine is committed to the Finnish sustainability standard for mining. Outokumpu is



partnered with supplier sustainability platform EcoVadis to evaluate the sustainability performance of raw material suppliers on a regular basis. In addition, Outokumpu is following International Chamber of Commerce policies, International ISO 26000 standard, guidance on social responsibility, implementing its fundamental principles and utilizing ISO management systems in Environment, Health, and Safety and Quality management.

#### 4.6. Implementation and compliance

To ensure full compliance with Outokumpu's corporate principles, related policies, and commitments throughout the Group, the following actions take place:

- The Board of Directors decide on the Group's key ethical principles and modes of activity. It charges the CEO with formulating and implementing the needed practices and monitors and assesses how agreements and other legal acts meet the requirements of these principles. The Board of Directors decides on Outokumpu's strategy and the long-term targets of Outokumpu Group and monitors their implementation and ensures that policies outlining the principles of corporate governance are in place.
- Outokumpu has also an ESG Advisory Council consisting of external advisors. The council's role is to challenge and comment on the company's sustainability strategy and actions and facilitate dialogue between Outokumpu and its stakeholders.
- The Outokumpu Leadership Team consists of the CEO, his/ her deputy (if one has been appointed) and 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.
- Each Business Area, Business Line and Group Function is responsible for their operational compliance with the applicable laws and regulations as well as Outokumpu's policies, instructions and ethical decision making. This includes risk and issue identification and producing data for open, continuous, and systematic reporting.
- Outokumpu management and employees are required to comply with the laws and regulations in the countries where they operate as well as the requirements of the Code of Conduct and other company policies and instructions, and to make ethical decisions as part of their daily activities at Outokumpu.
- The Code of Conduct as well as other ethics and compliance and sustainability topics are implemented by regular, obligatory e-learning and other trainings and communications. The Code of Conduct is applicable to all employees, and it is being trained through mandatory e-learning annually to the administrative employees and managers of operators. The objective is that the operators complete the Code of Conduct e-learning every two years or more often if there are material changes to the Code of Conduct or the e-learning. Compliance reminders and the consequence management process are being followed with respect to the mandatory ethics and compliance e-learning.
- Business conduct topics and how employees perceive the various elements of the company's actions, operations and company's corporate culture including the Ways of Working are being regularly measured through various means, such as through employee engagement surveys.
- The Group Ethics and Compliance team is driving the implementation and further development of the group-wide E&C Program in close collaboration with the

management, business and functions. Ethics and compliance matters are regularly handled in the Ethics and Compliance Steering Group and reported regularly to the Board of Directors. In addition, a global network of ethics and compliance contact persons and several data protection governance bodies support the implementation of the ethics and compliance program in the business areas, business lines and group functions.

- Outokumpu encourages everyone to speak up if any concerns arise. There are several ways to report concerns, which are mentioned in Outokumpu's Code of Conduct, including the SpeakUp channel. Outokumpu's SpeakUp channel is an externally hosted channel where concerns can be reported confidentially and anonymously in several languages, to the extent allowed by applicable laws and regulations.
- Outokumpu is committed to a strict non-retaliation policy and does not tolerate retaliation against anyone who has reported a potential violation in good faith. Reported alleged breaches will be assessed promptly, objectively, independently and professionally in accordance with the company's internal investigations procedure. The Ethics and Compliance Steering Group and the Audit Committee of Outokumpu Board of Directors shall regularly but at least annually receive a report on all investigations. The number of misconduct cases is published annually in the Corporate Governance Statement by the internal audit.
- The Board of Directors monitors Outokumpu's sustainability performance through relevant key indicators at least once a year, based on the CEO's report
- Sustainability performance is reported in the annual report, based on the Corporate Sustainability Reporting Directive (CSRD) and applicable national laws.
- Sustainability issues are included in the portfolio of the CEO and the EVP, Sustainability, People and Communication, coordinated by the corporate sustainability team and led by the Vice President Group Sustainability

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