Annual report 2023

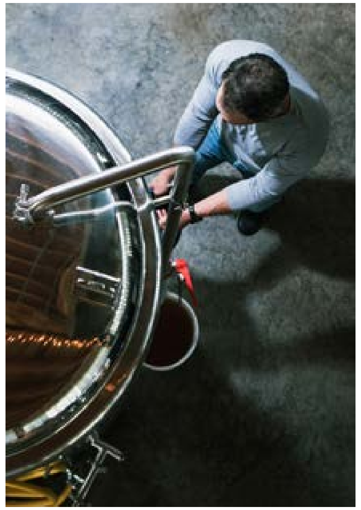
outokumpu

Contents

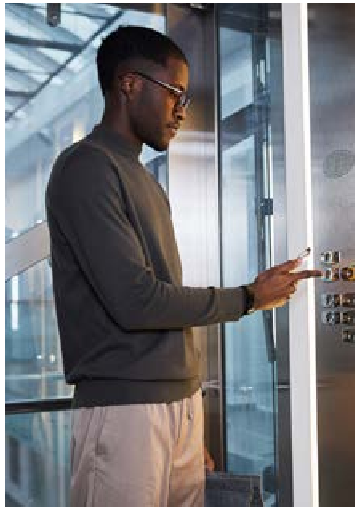
Annual review

Sustainability review

Governance



Remuneration report



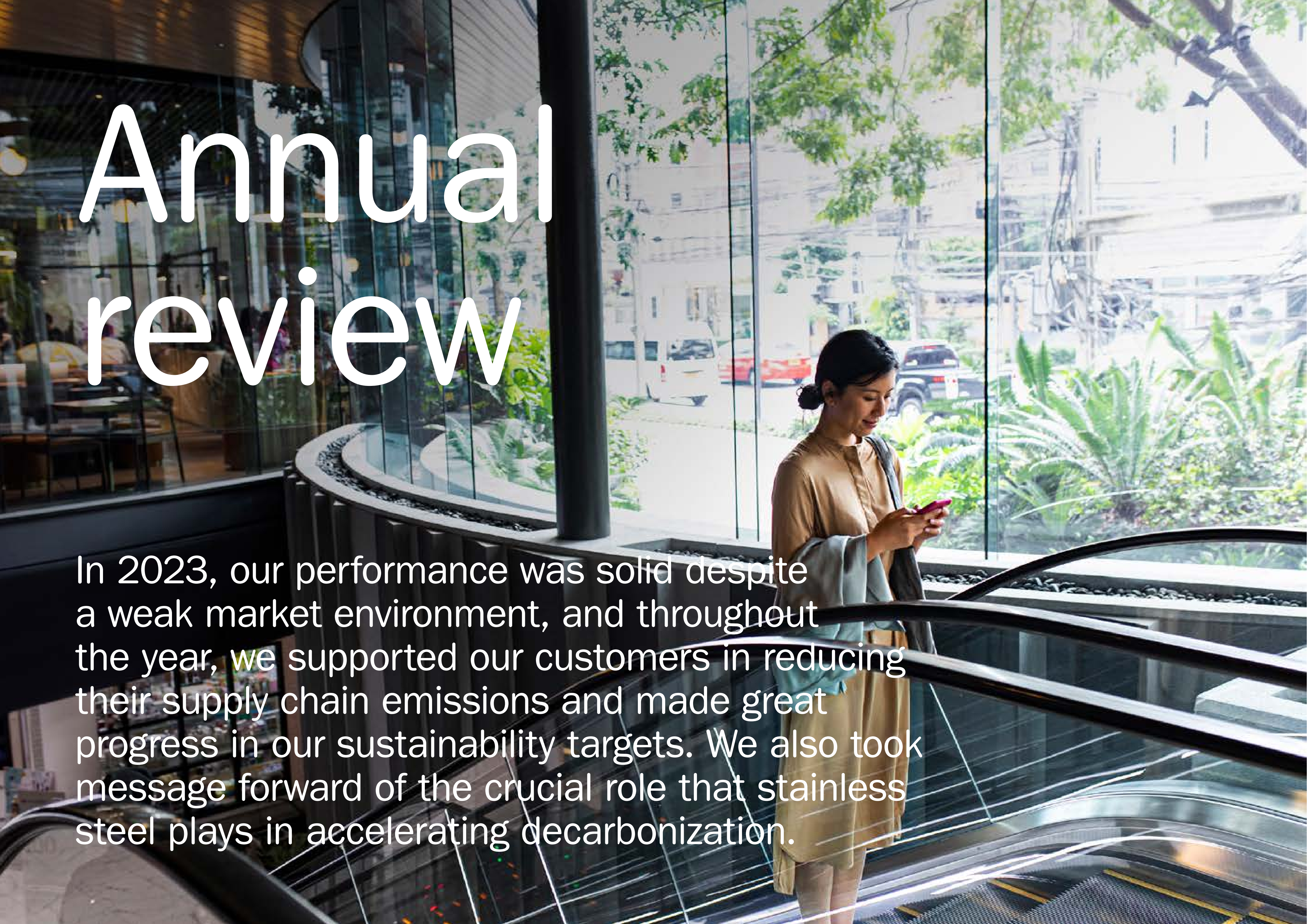
Financial year

In 2023, Outokumpu successfully exited the Long Products business as it was considered non-core. Majority of the Long Products business was divested in the beginning of the year on January 3, 2023. The exit was completed on August 1, 2023 when the remaining Long Products units were divested. In 2022, Outokumpu classified the divested Long Products businesses as assets held for sale, reported as discontinued operations. Therefore, all figures and comments in this report refer to continuing operations, unless otherwise stated.

Download print-friendly version of the report in A4 format.

About this report Our Annual report combines Outokumpu's sustainability and financial reporting. The sustainability review has been assured and the financial statements have been audited. Our official financial statements in Finnish and unofficial translation in English published according to the ESEF regulation are available at www.outokumpu.com/reports.

Folke Bernadotte bridge in Stockholm, Sweden, is built of Outokumpu Forta LDX 2101 duplex stainless steel. It is an optimal choice for bridges offering high strength, extreme corrosion resistance and low need for maintenance making it last a lifetime and longer. Its construction began in 2018 as part of the commemorations marking the Bernadotte dynasty's 200 years on the Swedish throne.



Annual review

In 2023, our performance was solid despite a weak market environment, and throughout the year, we supported our customers in reducing their supply chain emissions and made great progress in our sustainability targets. We also took message forward of the crucial role that stainless steel plays in accelerating decarbonization.

This is Outokumpu

The rising energy demand and urbanization will increase the need for steel everywhere. The future of green solutions – from renewable energy to hydrogen and electric vehicles – are all dependent on sustainable stainless steel.

The steel industry is a major contributor to climate change – it accounts for around 7–9% of global greenhouse gas emissions. Outokumpu has up to 75%[1)] lower carbon footprint than the global industry average. Our business relies on circular economy: more than 90% of our production of stainless steel constitutes of recycled steel, which we turn into fully recyclable material. In 2023, we supported customers to reduce their emissions by 12 million tonnes with our stainless steel.

Our spearhead climate solution, Outokumpu Circle Green®, has the lowest carbon footprint in the world, with up to 93%[2)] lower carbon footprint compared to the global industry average. If all the stainless steel in the world was produced using the same methods, it would reduce global carbon emissions by 364 million tonnes each year.

Outokumpu has an ambitious science-based climate target aligned with the 1.5°C ambition. We work towards our climate target to reduce our emission intensity by 42% by 2030 from 2016 baseline. Concrete example of this journey is our goal for the Kemi mine becoming carbon-neutral already by 2025 – as the first mine in the world.

At the end of 2023, Outokumpu employed 8,469[3)] professionals in close to 30 countries, with headquarters in Helsinki, Finland and shares listed in Nasdaq Helsinki.

Sales, EUR
7.0
billion

Adjusted EBITDA, EUR
517
million

Net debt free with a net debt of EUR
-60
million

Recycled content
95%

CO_2 emissions[4)]
-27%

Carbon footprint
25%
of the industry average[1)]

Outokumpu and green transition

Watch a video

[1)] Outokumpu's carbon footprint is on average 1.52 kg/kg of crude steel against the global average of 7 kg of CO_2e per kg of stainless steel (Outokumpu's calculation based on data provided by CRU and worldstainless) in 2023.

[2)] Circle Green CO_2 emissions: down to 0.5 kg CO_2e per kg of stainless steel. Global average CO_2 emissions: 7 kg CO_2e per kg of stainless steel. (Outokumpu's calculation based on data provided by CRU and worldstainless.) in 2023.

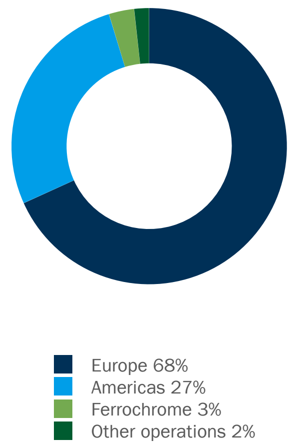
[3)] People as full-time equivalent.

[4)] Total specific CO_2eq emissions, compared to the baseline of 2016.

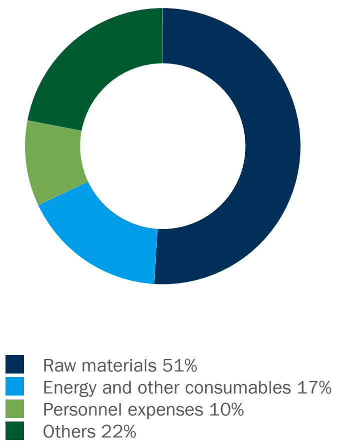
2023 in figures

In 2023, our results reflect Outokumpu's solid performance in the weaker stainless steel market. We also reduced our CO_2 emissions, improved our safety performance and achieved again a record-high recycled material content.

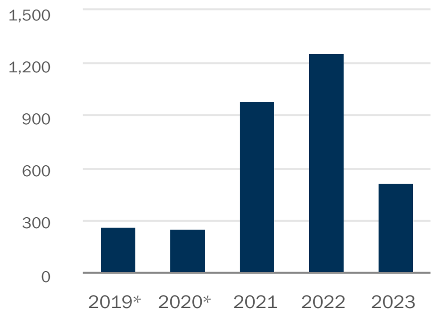
Sales by business area, € 6,961 million



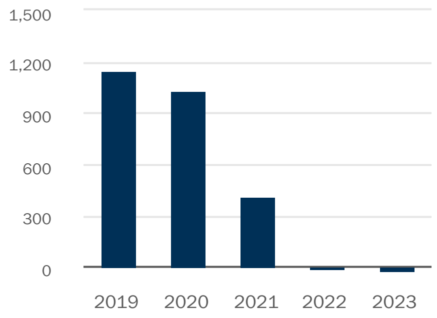
Cost structure, %



Adjusted EBITDA, € million



Net debt, € million*



* Including discontinued operations. In 2023, there was no discontinued operations impact in the balance sheet.

Key figures

	2023	2022	2021	2020[1)]	2019[1)]
Financial key figures					
Net sales, € million	**6,961**	9,494	7,243	5,639	6,403
Stainless steel deliveries, 1,000 tonnes	**1,906**	2,106	2,254	2,121	2,196
Adjusted EBITDA, € million	**517**	1,256	980	250	263
Net result for the period, € million	**-111**	1,086	526	-116	-75
Operating cash flow, € million[1)]	**325**	778	597	322	371
Net debt, € million[1)]	**-60**	-10	408	1,028	1,155
Debt-to-equity at the year-end, %[1)]	**-1.6**	-0.3	13.1	43.6	45.1
Environmental key figures					
Recycled content, %	**94.6**	93.9	89.6	92.5	89.6
CO_2 emission intensity, tonnes of CO_2 eq. per tonne steel	**1.52**	1.70	1.76	1.55	1.61
Energy intensity, use in GJ per tonne crude steel	**10.4**	10.5	10.2	11.0	10.9
Use rate of slag, %	**87.8**	86.5	78.1	77.1	90.8
Total landfill waste intensity, tonnes per tonne steel	**0.647**	0.530	0.561	0.590	0.500
Social key figures					
Total recordable injury frequency rate[2)]	**1.5**	1.8	2.1	2.4	3.2
Lost-time injuries rate[3)]	**0.85**	0.8	1.3	1.4	1.4
Personnel	**8,750**	8,591	8,727	9,915	10,390
Personnel, full-time equivalent	**8,469**	8,357	8,439	9,602	10,078

[1)] Including discontinued operations. In 2023, there was no discontinued operations impact in the balance sheet.

[2)] Total recordable injury frequency includes fatalities, lost-time injuries, restricted work injuries and medically treated injuries, per million working hours.

[3)] Lost-time injuries including fatalities and lost time injuries, per million working hours.

Our year 2023

We made great progress in 2023 and even started to prepare for the next phase of our strategy, which is about growth and sustainability.

Forward with partnerships

We have announced several partnerships to further decarbonize our stainless steel production, Outokumpu took steps to strengthen its supply chain of sustainable raw materials for the future – concerning recycled steel with we expanded our partnership with CRONIMET, the global leader in recycled stainless steel. We also acquired shares in a Canadian junior mining company, FPX Nickel Corp. and in a leading European producer of biocarbon, Envigas AB. In Finland, we are exploring decarbonization of our steel manufacturing with emerging nuclear technology, small modular reactors. Any possible investment decisions will take place at a later date. We also launched new partnerships during the year with customers from different industries, from automotive industry to cookwares, to accelerate the green transformation.

Progress in decarbonizing own operations

We continued to work towards our ambitious climate targets. As part of Outokumpu's emission reduction targets, our Kemi mine will become carbon neutral by 2025. The third of this target was reached by replacing fossil fuels with renewable solutions.

Outokumpu continued its biocoke project to replace fossil coke with biocoke produced out of biomass from forest and wood industry residues. Fossil coke represents 50% of our direct emissions today. In addition to partnership with Envigas AB, we decided to invest in a facility to pelletize externally sourced biocarbon into biocoke in Tornio, Finland with an annual capacity of 25,000 tonnes.

Towards growth and sustainability

We are preparing for the next and third phase of our strategy. Our focus will be to strengthen our market position further and develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration, and sustainability leadership along with the possible biocoke investment. We started a feasibility study to explore options to expand our U.S. operations to meet the increasing demand for locally produced sustainable stainless steel. Outokumpu is seeking to increase existing cold rolling capacity.

Keeping global warming below 1.5°C

Outokumpu attended the United Nations Climate Change Conference, COP28 summit, to advocate the pivotal role of stainless steel in the green transition. We were invited to join the Finnish Pavilion to showcase how low-carbon stainless steel plays a crucial role in tackling climate change on a global scale. To keep global warming at 1.5 degrees, we must shift from targets to implementation – actions, policies, and measures – to meet the ambitious target. While governments have the tools to set the regulations, companies play a key role in taking action.

Strength and resilience support us in preparing for the next upturn

Our results in 2023 truly reflect our solid performance after a shift in the market environment as well as the hard work we did to de-risk the company in the previous years. In addition, we took significant steps in our sustainability journey.

After two exceptionally favorable years, we have moved into a period of weaker global economy. Even in this challenging market environment, especially in Europe, we kept our adjusted EBITDA on normal level and ourselves net debt free. I am pleased that we took the necessary steps in the good times to reduce debt and de-risk our company. This made us financially stronger than ever and resilient to withstand the changing conditions in the market environment. Our performance in 2023 was solid and our adjusted EBITDA amounted to EUR 517 million.

During 2023, prompt actions were taken to restore our profitability and secure our competitiveness. Our balance sheet continues to be the strongest in the industry and our diversified asset portfolio gives us resilience whilst we prepare for the next upturn.

Taking the lead in green transition

In 2023, we formed several great partnerships to accelerate decarbonization across the stainless steel industry. In addition, we helped our customers to reduce their supply chain emissions by 12 million tonnes compared to the global average carbon footprint of stainless steel.

During the year, we announced many Outokumpu Circle Green® partnerships with our customers, supporting them in reducing their emissions even further. The carbon footprint of Outokumpu Circle Green® is up to 93% lower than the global industry average representing the lowest carbon footprint achieved in commercial stainless steel production. Promising customer interest towards green steel across industries proves that we are taking our business in the right direction.

Our aim is to remain as the global leader in sustainable stainless steel. Even though our products already today have the lowest carbon footprint in the industry, we took steps to further decarbonize our operations. We have reduced our emission intensity by 27% since 2016. We also reached – for the second year in a row – an all-time high recycled material content of 95% for the full year and our safety performance was also on a record-braking level.

We believe that accelerating the green transition through supporting our customers to reduce their emissions with low-emission stainless steel is a competitive advantage for us.

As the EU is raising its climate ambition, there is a risk of carbon leakage. Carbon Border Adjustment Mechanism or CBAM is set to prevent that. Outokumpu, for one, is uniquely positioned for two reasons: our own ferrochrome production and our stainless steel's 75% lower carbon footprint compared to the industry average. As a result, we have a strong position compared to imports coming to Europe.

There are still open questions that will define how successful CBAM will be. First, indirect emissions from electricity are currently not planned to be included, which can put European steel producers at a disadvantage due to the high use of low-carbon electricity. Second, the default emission values used to import goods to Europe are currently being defined in the EU. In case these values are set too low, that could potentially mean that importers can report their products based on those – instead of their true, higher carbon footprint. We fully support the goal of CBAM – to combat carbon leakage and accelerate climate work – but the mechanism needs to be solid.

At all times, we keep our eyes over the horizon. The world needs to keep on fighting climate change. We need to act today to drive the transformation to a society that gives back more than it takes. At Outokumpu, we lead by doing more with less and we are proud to be a part of this story. As the global leader in sustainable stainless steel, our product – and the spirit of innovation behind it – will play a crucial role in the green transition towards a more sustainable society.

> "We helped our customers to reduce their supply chain emissions by 12 million tonnes compared to the global average carbon footprint of stainless steel."

Nothing can be accomplished alone. I want to express my sincere thanks to our customers, suppliers, partners and other stakeholders for all the collaboration in the past year, and to our shareholders for their continued trust. Last but not least, my heartfelt thanks go to all of our dedicated team members who have worked hard during the year towards a world that lasts forever.

Heikki Malinen
President and CEO

Strategy progresses in strengthening the core

We look to retain and further improve our leading position in sustainability, so that we can meet our customers' increasingly critical and challenging needs. We managed to complete our first strategy phase earlier than planned, and now the second phase is also proceeding beyond expectations.

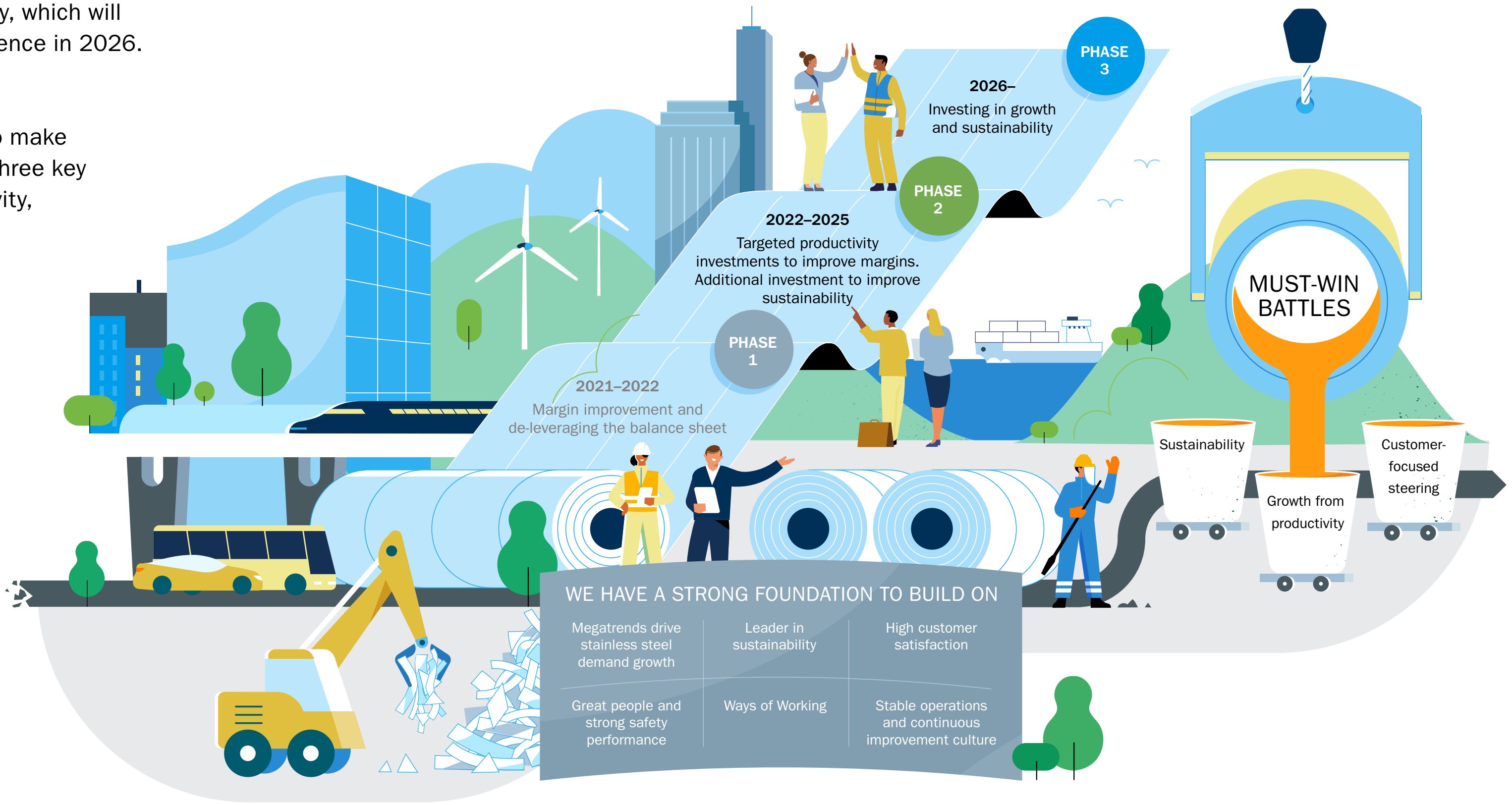
Our vision is to be customer's first choice in sustainable stainless steel.

Our strategy is three-phased, each phase building on another. The first phase to de-risk the company was successfully completed in 2022. The second phase is about strengthening the core, and it will continue until the end of 2025. At the same time, we have already started preparations for the third phase of the strategy, which will be about growth and sustainability and commence in 2026.

How to strengthen the core

In the second phase of the strategy, we aim to make the most of our current asset base and have three key priorities: sustainability, growth from productivity, and customer-focused steering. Our financial targets are to improve our EBITDA run-rate by EUR 200 million and to maintain our net debt to adjusted EBITDA ratio below 1.0 in normal market conditions. Capital discipline will continue throughout the second phase, and there is also an increasing focus on shareholder returns.

In sustainability, we look to retain and further improve our leading position in sustainability to meet our customers' increasingly critical and challenging needs. We will make targeted investments in sustainability and productivity to improve our margins. We also intend to create a defendable competitive advantage through sustainability, particularly against Asian producers.



To achieve growth in productivity and ensure customer-focused steering, we launched two customer differentiated strategies for business area Europe. We aim to strengthen our cost leadership in high-volume stainless-steel products and a global market leadership in advanced products. The Europe business area is also targeting a capacity increase by 100 kilotonnes. In the Americas business area, the focus is to improve capacity by 80 kilotonnes with small investments, and in the Ferrochrome business area to become carbon neutral by 2025.

Good progress in 2023

At the end of the year, we had completed a total of 475 projects towards the EBITDA run-rate improvement, achieving a cumulative improvement of EUR 186 million, and the target has almost been achieved.

In the Europe business area, the focus has been on improving profitability and competitiveness in a challenging market environment. For instance, we are planning to centralize precision strip operations in Dillenburg to consolidate underutilized capacity and to strengthen global market leadership in advanced materials. Especially in the commodity business, Outokumpu has been able to improve steering and thereby benefit from being more agile while facing challenging market conditions. We have also improved the digital experience of our customers and efficiency in scrap utilization. All in all, business area Europe has contributed strongly to the EBITDA run-rate improvement throughout 2023.

In the Americas business area, we are ahead of our capacity expansion target. We have increased cold rolling capacity by 55 kilotons in total both in the U.S. and in Mexico through, for instance, yield improvements and de-bottlenecking. Projects to turn this increased capacity into revenue are ongoing.

In business area Ferrochrome, Outokumpu took significant steps towards the carbon neutrality of our Kemi mine. We achieved one third of the target by replacing fossil fuels with renewable solutions, cutting the annual emissions of the Kemi mine by almost 11.3 million kilos.

We have an ambitious target to improve energy efficiency by 8% across the group by the end of 2024 compared to the January–September 2022 level. This means energy consumption of around 600 GWh, and in 2023 we achieved a run-rate improvement of 215 GWh. The resulting savings were over EUR 10 million.

We strengthened our supply of sustainable raw materials through strategic partnerships in our supply chain with CRONIMET, the global leader in recycled stainless steel, a Canadian junior mining company FPX Nickel and a leading European biocarbon producer Envigas AB. We also signed a letter of intent with Greenland Resources Inc., a Canadian mining company developing a molybdenum project.

We also announced an investment of EUR 30 million in a pelletizing plant for biocoke in Tornio, Finland to accelerate the reduction of direct emissions. The company also continues to plan for further investments in capacity for a biocoke production in the future. Further investment decisions are planned to be made during 2024 provided the financial feasibility is proven.

Up next: growth and sustainability

In 2023, Outokumpu began preparations for the final and third phase of its strategy, which will start in 2026 and will most likely require new investments. The focus in the third phase will be to strengthen our market position further and develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration and sustainability leadership, including the biocoke project.

As part of these preparations Outokumpu has been evaluating different options to strengthen its position in North America. As the second largest producer, we want to strengthen our position further in this attractive North-American market and we want to capture a fair share of the increasing demand for locally produced sustainable stainless steel. In 2023, we evaluated different options for our hot rolling arrangements, and while one option was to build our own hot rolling mill, as a result of the evaluation, continuing the existing partnership was considered the best solution. The study to evaluate a possible cold rolling capacity expansion continues to allow us to grow directly in North America.

First phase targets for 2022	Achieved by end of June 2022	Second phase targets for 2023–2025	Achieved by end of 2023
Net debt to adjusted EBITDA ratio to below 3.0	Net debt to adjusted EBITDA ratio at 0.2	Net debt to adjusted EBITDA below 1.0 in normal market conditions	Net debt ratio at -0.1
EUR 250 million EBITDA run-rate improvement	EUR 260 million EBITDA run-rate improvement	EBITDA run-rate improvement of EUR 200 million	EUR 186 million EBITDA run-rate improvement
		EUR 600 million of capital expenditure for the coming three years	EUR 328 million of capital expenditure in 2022–2023
		Stable and growing dividend	Dividend proposal of EUR 0.26 per share

Our impact

Our operations impact society and the environment in many ways. Our biggest impact is our product, stainless steel, manufactured mostly of recycled metal. We contribute to several United Nations' sustainable development goals either through the way we operate or through our products.

Avoided CO_2 emissions

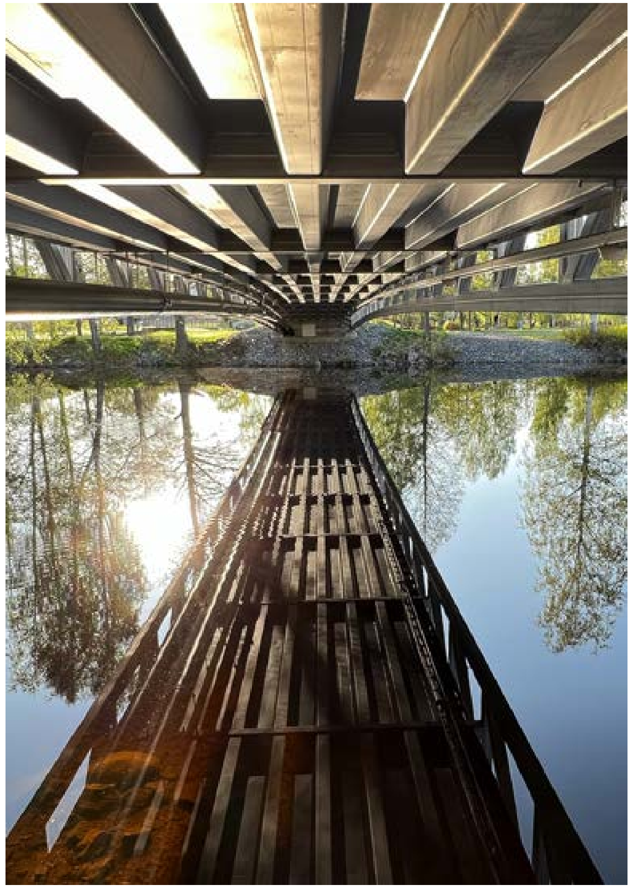
12 million

tonnes in 2023

	Inputs	Outokumpu	Outputs and impacts	Sustainable development goals we impact
Society & Economy	**384,604** tonnes alloys **398,463** tonnes slag formers **209,992** coal or coke **5,894** million euros of operating costs > **7,400** suppliers (64% local)	**6,961** million euros of sales and **7,047** million euros of revenues **145** million euros of environmental expenditures Economic value retained in business **184 million** euros	**1,906,000** tonnes of stainless steel **390,000** tonnes of ferrochrome produced **59** million euros of payments to creditors **112** million euros of dividends* **84** million euros paid taxes **615,000** euros of donations * Proposal by the Board of Directors.	9 Industry, innovation and infrastructure 17 Partnership for goals
Environment & Climate	**2,042,426** tonnes of recycled steel **3,729** GWh of electricity used (95% of low carbon, of which 14% renewable) **537** GWh of our own of process gases **2,198** GWh of primary fuel used	**0.9%** increase in energy efficiency **122,500** tonnes of recycled and reused waste **95%** of recycled material content in our products **83,771** tonnes of recycled metals **99%** of dust captured	**1,013,282** tonnes of direct CO_2 emissions **141,599** tonnes of indirect CO_2 emissions of electricity **2,309,430** tonnes of other indirect mainly upstream CO_2 emissions **249,000** tonnes of waste landfilled **50,500** tonnes of dust recycled and **700** tonnes landfilled Some **12** million tonnes of avoided CO_2 emissions by using our stainless steel	7 Affordable and clean energy 12 Responsible production 13 Climate action
People		**8,469** employees (full-time equivalent) Total recordable injury frequency rate **1.50** **81,294** training hours Development discussion % of **71** Employees' engagement index at **77** in a scale from 1 to 100	**712** million euros of employee benefit expenses	8 Decent work and economic growth

Stainless steel market

The long-term outlook for stainless steel consumption remains positive: there is an increasing need for long-lasting and sustainable solutions to the world's most critical challenges. Outokumpu has a strong market position in its key markets.



In our world today, it is not sustainable to continue spending money on bridges that have high maintenance costs. Stainless steel is the environmentally friendly choice for modern bridges. Here is Loppholms bridge in Sweden.

Sustainability is the key

The main growth drivers for the stainless steel industry are global megatrends such as urbanization, mobility, economic and population growth as well as climate change. These megatrends drive the demand for economic, social, and environmental sustainability as well as the need to develop sustainable solutions that are durable and can be reused at the end of their lifecycle.

Our commitment and contribution to sustainability is embedded throughout our value chain from procurement and production to customer deliveries. Mitigating climate change by reducing our carbon footprint is a clear focus area, and we aim to reduce our environmental impact through the circular economy. This covers an energy efficient production by using low-carbon electricity, minimizing waste, and the use of as much recycled resources as possible in our production. Nearly two years ago, we introduced Outokumpu Circle Green®, the first of its kind globally, as no other stainless steel manufacturer has been able to produce stainless steel with such low emission levels when taking into account all the climate emissions from raw material extraction through the whole production chain. In 2023, we were able to increase the number of partnerships in this area during 2023. Additional steps have been taken to secure a sustainable value chain, such as partnering with scrap supplies in our initiative, the Inner Circle.

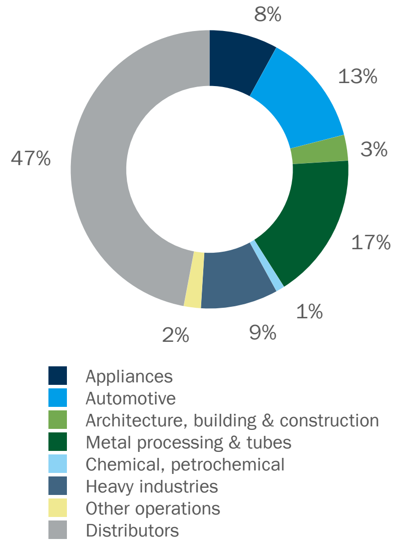
We sell our stainless steel either directly to end-users or to stainless steel distributors, tube makers, and processors, such as steel service centers, who resell the products to end-users. In 2023, around 53% of our business area Europe's stainless steel flat products were sold directly to end-user customers, with the share of end-users rising from the previous year. The remaining 47% were delivered to distributors that stock and process stainless steel to serve end-users. In the Americas business area, distributors have a higher share than in Europe, 72% and 38% for end-users, respectively.

Global market with a few big players

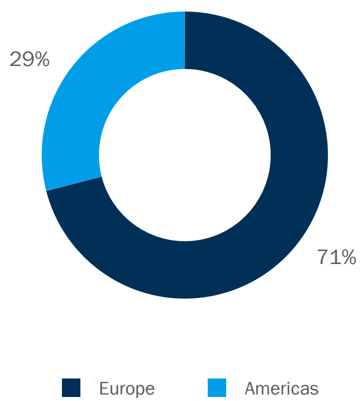
Outokumpu operates in the global stainless steel market. We are known in the market for our world-class assets, comprehensive product portfolio and proven expertise, which form a sound foundation for our strategy execution and future success. In 2023, the market for cold-rolled flat products totaled approximately 30.8 million tonnes. Outokumpu's global market share was approximately 3.2%. Outokumpu is the market leader in Europe, given our cold-rolled market share of 33%. Our market share increased in comparison to the previous year due to a significant drop in imports. The import rate in 2023 amounted to 19% compared to 35% in the previous year. In the USMCA region, our market share stands at 23%, making Outokumpu the clear number two in the Americas. In the U.S. market, Outokumpu's share amounts to approximately 21%. (Sources: CRU Stainless Steel Flat Products Market Outlook November 2023, EUROFER, Foreign Trade Statistics, American Iron & Steel Institute, StatsCan, Canacero)

Especially in Asia, stainless steel producers were growing. In addition to Outokumpu, the largest stainless steel producers worldwide include Asian companies Tsingshan, Delong, Baosteel, TISCO and POSCO, as well as European-based Acerinox and Aperam. Global steel production amounted to 1,850 million tonnes of which approximately 3.1% was stainless steel. (Source: CRU Nickel Monitor February 2024, Worldsteel December 2023).

Sales of customer segments



Stainless steel deliveries by business area, %



Business area	Europe	Americas	Ferrochrome
Market share	#1, 33% (EU30)[1]	#2, 23% (USMCA)[2]	3%[3]
Production	Tornio, Finland Avesta, Degerfors and Nyby, Sweden Dahlerbrück, Dillenburg and Krefeld, Germany	Calvert, Alabama, the U.S. San Luis Potosí, Mexico	Kemi and Tornio, Finland
Largest customer segments	Distributors Automotive Metal processing and tubes Heavy industries	Distributors Appliances Automotive Pipes and tubes	Stainless steel producers
Main competitors	Aperam, Acerinox, Acciai Special Terni	NAS; Cleveland Cliffs (AK), ATI	Glencore, Samancor, ERG

1) EUROFER.
2) American Iron & Steel Institute, StatsCan, Canacero.
3) ICDA.

In 2023, the global stainless steel production capacity of slabs remained stable, increasing by approximately 1% to 72.6 million tonnes. The global utilization rate was calculated at around 71% in 2023, the same as in 2022. In the second half of the year, estimations on apparent consumption were revised downwards in order to indicate slowing global stainless steel demand. (Source: CRU Stainless Steel Flat Products Market Outlook November 2023)

As the production of stainless steel is capital intensive, producers generally aim for continuously high capacity utilization in order to maintain and improve profitability. Several Asian producers also manufacture carbon steel, which can be a substitute product for stainless in some cases, while European stainless steel manufacturers focus on the production of sustainable material.

Major stainless steel producers

Million tonnes	2024	2023
Tsingshan	**9.8**	9.8
Delong	**5.5**	5,5
Baosteel	**5.2**	5.2
TISCO*	**4.5**	4.5
POSCO*	**3.3**	3.3
Acerinox	**3.3**	3.3
Outokumpu	**3.0**	3.2
Guangxi	**3.0**	3,0
Jindal	**2.9**	2.9
Aperam	**2.8**	2.8

Source: Stainless steel production capacity of slabs, CRU Stainless Steel Flat Products Market Outlook November 2023.

* Subsidiaries of Baowu Steel

Market adjustment after an overheated post-pandemic period

The year 2023 started with improving market confidence as better-than-expected European economic data, China's re-opening after the pandemic and the seasonal cycle indicated positive market activities. However, production was high while demand remained below expectations and the market entered a phase of re-adjustments. Distributors continued to destock their inventories and preferred ordering smaller volumes, being cautious and waiting for clearer signs of improvements in underlying demand. Elevated inventory levels and high energy costs exacerbated producers' positions. In China, economic recovery materialized slower than anticipated.

Entering the seasonal slow summer period, the European market remained subdued, affected by poor economic conditions. Supply outpaced demand and producers extended their summer breaks in order to balance the market.

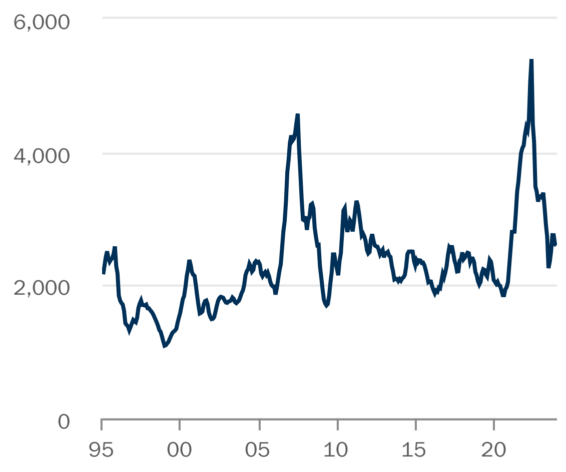
After a long destocking period, distributors started to replenish their inventories in the third quarter. The positive effects of this weakened soon as underlying demand from end-users remained limited. Uncertain of future demand and price developments, buyers preferred ordering material hand-to-mouth.

In the first half of 2023, prices for stainless steel flat products decreased significantly, closing the gap between European and Asian prices. Imports became unattractive as domestic material was available at short-hand and prices were at similar levels. After reaching the bottom, the second half of the year saw a rebound in prices, driven by distributors' restocking activities, fewer imports and tight domestic supply as a result of extended summer shut-downs at European producers. Prices in China developed similarly, coming under pressure from a weak demand recovery and an oversupplied market. Chinese producers started to cut their output, but production remained at elevated levels.

Demand remained below expectations, and the market entered a phase of readjustments after an overheated 2022.

Stainless steel and raw material prices in 2023

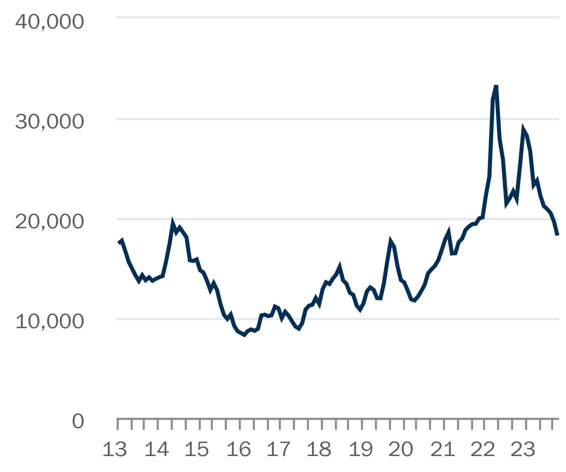
Stainless steel price*, EUR/t



Source: CRU Stainless Steel Flat Products Monitor, January 2024

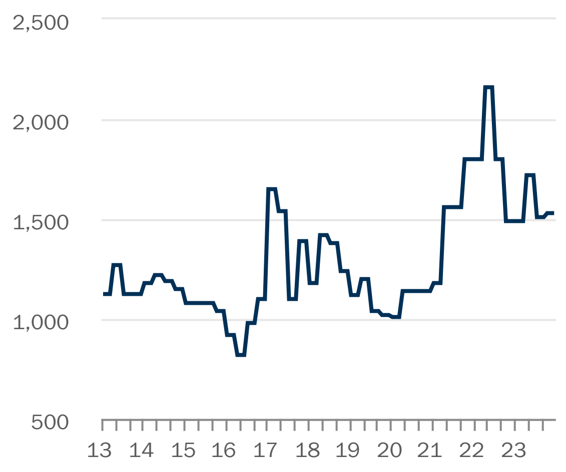
* Stainless steel reference price for cold rolled 304 2mm sheet in Europe.

Nickel price, USD/t



Source: LME settlement, monthly average prices.

Ferrochrome price, USD/lb



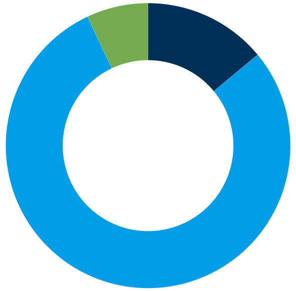
Source: Quarterly contract prices agreed between South African ferrochrome producers and European buyers.

The start of an anti-circumvention investigation against Indonesian material entering the EU via Taiwan, Turkey and Vietnam created additional downward pressure on imports. Buyers stopped ordering Asian material to avoid possible retroactive duties. The start of Carbon Border Adjustment Mechanism's or CBAM's product registration process is a further regulatory step that will affect non-EU material in the future.

Economic data during 2023 indicated the start of a recession in Europe. Inflation in the euro-zone was high, but gradually declined over the course of the year. Energy prices decreased, but remained at higher levels than prior to the start of the Ukrainian war. The looming risk of an escalation of the Middle-East crisis created additional economic uncertainties.

Global apparent consumption of stainless steel flat products amounted to 39.5 million tonnes in 2023, growing +0.1% and stable compared to 39.4 million tonnes in 2022. Demand in APAC increased by 5.4%, while in the Americas it decreased by 11.7% and in the EMEA region by 18.3%. (Source: CRU Stainless Steel Flat Products Market Outlook November 2023)

Regional distribution of stainless steel apparent consumption in 2023



Source: CRU Stainless Steel Flat Products Market Outlook, November 2023.

Jürgen Pilarsky, CEO of CRONIMET Holding GmbH and Heikki Malinen, President and CEO of Outokumpu.

Power of partnership

As part of our long-term ambition to decarbonize the company, we have taken strong actions to support our sustainability leadership. Our business is based on the circular economy and scrap is our most important raw material. 95% of all our raw material is recycled, and this is a critical factor in keeping our carbon footprint the lowest in the industry. Also, our climate targets are ambitious and mean that we need to reduce especially our supply chain emissions. This we can only do in cooperation with our suppliers.

We have acquired a 10% share of a large scrap dealer CRONIMET's Northeastern business. By acquiring a share, we will strengthen our long-term partnership further and ensure access to high quality scrap near our European sites.

During the year, we also signed a letter of intent with Greenland Resources Inc. to strengthen our future supply of low-emission, high-quality molybdenum. We have also acquired a share of FPX Nickel to ensure access to low-carbon nickel in the future. All these actions are part of our strategic plans to strengthen cooperation in our value chain, to ensure a sufficient future supply of critical raw materials with a low carbon footprint.

2024: Recovery expected, but limited

The global economy is expected to remain at moderate levels in 2024, although slowing down in comparison to 2023. Inflation in Europe is set to continue its downward trend, while the U.S. economy may slow and enter recession. GDP expectations from China may support an increase in growth, but is missing signs of a clear demand recovery and reluctance in the private sector to invest remains a moderate upside risk.

World GDP is expected to have grown 2.5% in 2023. For 2024, growth is expected at 2.0%. (Source: CRU Global Economic Outlook December 2023)

Growing regionalization, as opposed to globalization, as well as newly introduced trade barriers may support a shift by EU buyers to ordering domestic material. As a consequence, sentiment and production in Europe may recover, still at a slow pace, though, as an improvement in demand is only likely to materialize in the second half of 2024. Demand in the U.S. is likely to be subdued with large projects being delayed due to high interest rates. A likely decrease in interest rates may bring some positive stimulus to both economies in Europe and the U.S.

The Chinese stainless steel market is expected to experience a destocking phase due to elevated stock levels and overcapacities before a demand recovery may boost the market and imply stronger growth rates in 2024. (Source: CRU Stainless Steel Market Outlook November 2023)

Bright prospects for low-emission stainless steel

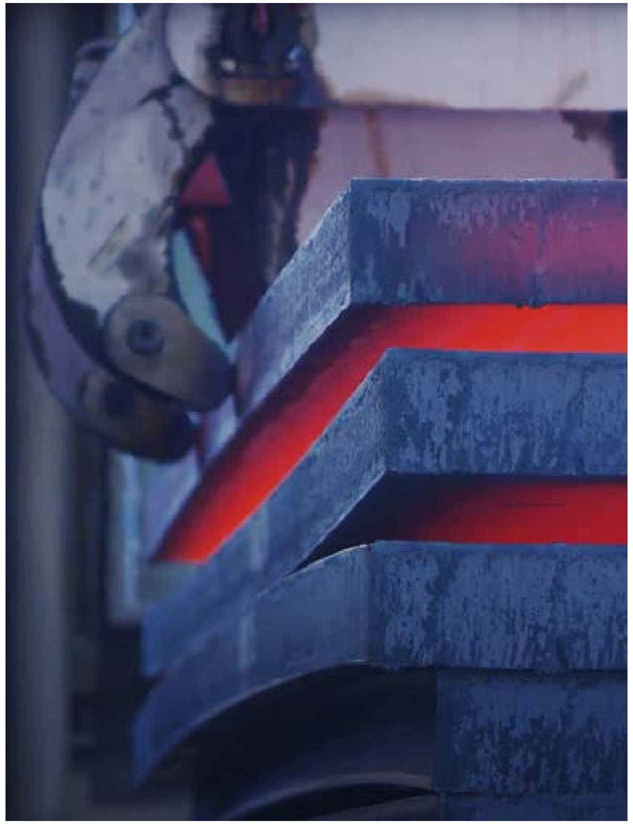
Our latest innovation, the world's first towards-zero Circle Green product line has now been on the market for nearly two years and it has raised interest across customer segments. Since the early successes with Fiskars and Klöckner & Co, we can already say that this year has shown the product's potential. The publication of recent renowned customer cases has instilled confidence in the bright prospects that lie ahead.

Circle Green will be used in the home appliance industry by Fissler and ZWILLING, in wind turbine medium-voltage switchgear by Siemens, in heat exchangers by Alfa Laval, in automotive industry by thyssenkrupp Materials Processing Europe together with Purem by Eberspaecher as well as Boysen Group, and in the transport industry by Stalatube. In addition, Nordic Steel, Sverdrup Steel and Stalatube offer Circle Green in their service centers for their customers in Norway and Finland.

Circle Green's emission intensity is the smallest in the world: up to 93% lower carbon footprint compared to the global industry average.

Innovating to accelerate the green transition

Our built environment presents boundless opportunities for accelerating the green transition in our industry and society. Embracing smarter decisions each day requires curiosity, courage, and a willingness to disrupt the status quo in pursuit of more sustainable solutions. Innovation, research and development enable Outokumpu to be the leader in sustainable stainless steel.



Outokumpu Circle Green®, the world's first towards-zero stainless steel with the lowest carbon footprint in the industry, was first produced at our mill in Tornio, Finland.

As pioneers in the circular economy and a global leader in sustainable stainless steel, we are leading the green transition in our industry. Our commitment to innovation will drive the creation of new business models, investments in cutting-edge technologies, and the invention of revolutionary products.

Looking at cutting-edge technologies

By 2030, Outokumpu aims to reduce its total emission intensity by 42% from 2016, requiring the development of new technologies and more efficient production.

In 2023, Outokumpu founded an EvoEnergy unit to study and explore low-carbon investments, related to our own energy production, carbon capture and hydrogen economy. We also started to evaluate the feasibility of a low-carbon electricity increase through emerging nuclear technology, small modular reactors, to decarbonize Outokumpu's steel manufacturing operations. In the first phase, the goal is to identify potential business models and technical solutions for further development. One possible option for the location would be close to our site in Tornio, Finland. Any potential investment decisions will be made later.

Since we embarked on the research program Towards Carbon Neutral Metals (TOCANEM) financed by Business Finland a few years ago, we have previously announced that we are planning an investment in a biocoke plant at our stainless steel production site in Tornio, Finland. The move towards using new types of biomass-based raw materials is a concrete step forward to significantly reduce our direct emissions, which account for approximately 25% of Outokumpu's total emissions. While our study regarding our own biocoke plant continues, in 2023 we acquired a share of Swedish Envigas AB to reduce direct emissions with biomass-based raw material. With the investment, Outokumpu secures a right to 50% of Envigas' production. We also decided to invest in a pelletizing plant to produce biocoke in Tornio, Finland. The investment is approximately EUR 30 million.

The circular economy is another key area of Outokumpu's research and development. Examples include the use of waste heat with the help of new technologies or the reuse of refractories in the company's melt shops.

Invention of revolutionary products

Megatrends drive stainless steel demand growth and motivate Outokumpu to develop new steel grades and improve existing grades for new applications.

We have introduced a groundbreaking metal powder portfolio. By using stainless steel scrap generated from our own processes as a pre-material for powder metal production, we offer a highly sustainable solution. The demand for metal powder is on the rise, thanks to significant growth in powder metallurgy technologies, particularly in 3D printing (additive manufacturing). With metal powders, manufacturers can produce parts with higher complexity, reduce the weight of parts, decrease lead times, and avoid disruptions in the supply chain.

In the past year, one of the key areas has been Outokumpu Circle Green® product family. Since we launched the first towards-zero Circle Green grade Core in 2022, we have worked on other grades and also introduced Moda and Supra, for mildly and highly corrosive environment, as well as Dura.

To strengthen Outokumpu's portfolio a new ferritic grade, Therma 4622Nb™, was launched. This grade has an enhanced high temperature creep resistance above 1,000°C. That makes it ideal for a wide range of applications such as automotive exhaust systems, furnace equipment, annealing boxes, air heaters, and burner nozzles.

Research and development in 2023

Outokumpu's research and development (R&D) provides leading technical expertise covering the whole range from the production process to the fabrication of the company's products for our customers. Outokumpu has three R&D centers located in Avesta, Sweden, in Krefeld, Germany, and in Tornio, Finland. R&D activities are focused on two key themes: sustainable production process technologies and future products and customer applications. In 2023, Outokumpu's total R&D expenditure amounted to EUR 14 million, representing 0.2% of the annual net sales (2022: EUR 15 million and 0.2%).

As a leader in sustainable stainless steel, Outokumpu has recognized for a long time its responsibility to provide customers with all the technical information they need to select the best grade for their requirements. In 2023, Outokumpu published its 12th edition of Outokumpu's Corrosion handbook, fully revised and updated. It covers the latest additions to the company's expanding portfolio of corrosion-resistant materials, which now include nickel alloys.

External research collaboration

Outokumpu has an extensive network of external R&D collaboration partners, including top class universities and institutes, technology suppliers, and customers. Outokumpu actively participates in both national and international collaborative R&D projects and programs.

How was Circle Green born?

We wanted to find out what was the minimum amount of emissions that could be associated with stainless steel production. But why bother, some asked, when the stainless steel we produce is already the industry's most low-emission stainless steel?

"What we were actually attempted – was to find out what is the minimum CO_2 emission that can be achieved with our current production technology, including scopes 1, 2 and 3. In other words, a sustainable method of stainless steel production combining numerous cutting-edge technologies into one process. This was definitely a groundbreaking thought, and any setbacks only made us hungrier to see how to make it a reality," says **Niklas Wass**, our President, Stainless Europe business line.

Depending on the choices you make throughout the process, you will have different carbon emissions. This is an area where Outokumpu has already pioneered solutions, and our product's carbon footprint today is up to 75% lower than the industry average.

The idea behind Circle Green was to take that as far as it could possibly go. The production process we were able to create accelerates the usage of recycled raw materials, renewables and low-carbon energy, and a thoroughly reimagined value chain. In total, these changes have allowed us (so far) to eliminate 95% of scope 1 and 2 CO_2 emissions, resulting in a production process that has as little as 7% of the carbon footprint of conventionally produced stainless steel.

Risks and opportunities

Effective risk management is critical to the delivery of our strategic targets.

Outokumpu is committed to managing risks in a proactive and effective manner to contribute in success in strategy execution.

Risks and opportunities delivering on Outokumpu's strategy

Outokumpu's strategy is built on our strong foundation, starting with the megatrends driving stainless steel demand growth, our people and ways of working, leadership in sustainability, high customer satisfaction and our stable operations and continuous improvement culture.

The first phase of the strategy focused on de-risking the company and as the phase was completed successfully in 2022, we are now more resilient to withstand the changing conditions in the market environment. The second phase of our strategy is about strengthening the core of the company, focusing on three key priorities: sustainability, growth from productivity and customer-focused steering.

Effective risk management has a vital role in supporting the strategy execution. In order to manage risks and opportunities associated with the strategy execution and delivery of the strategic objectives, an effective risk management will facilitate:

- Determining the appropriate level of risk tolerance and appetite
- Identifying and assessing the risks and opportunities, and their impact on Outokumpu
- Ensuring that appropriate processes, risk mitigations and controls are embedded across the organization to manage the risk under each risk area

Risk areas relevant to us and our strategy implementation

Our strategy and risk appetite shape our risk management approach. The risk management approach is mapped to risk areas relevant for Outokumpu. The areas are regularly reviewed and discussed in order to form an appropriate approach for identifying and managing relevant risks.

The identified material risks and opportunities outlined in relation to the risk areas are events that could materially affect (negatively or positively) our ability to meet our strategic objectives. While risks and uncertainties could hinder us, opportunities can further leverage our capabilities in reaching targets. Unlocking opportunities is the key to success in our strategy implementation.

The risk management approach with the eight risk areas with identified material risks is set out in the table on the next page. Financial risks are described in further detail in note 5 to our audited consolidated financial statements. Risks associated with internal controls over financial reporting are described in Corporate Governance Statement.

Risk management approach is mapped into risk areas

Macroeconomics and steel markets

Steel demand is affected by business environment, global economy, market megatrends, demand for sustainable materials and long-term prospects for stainless steel across regions. The risk of overcapacity in stainless steel, geopolitical tensions, global trade and industrial actions and trade defense measures could also impact the supply-demand balance. Climate change and the green transition to low-carbon economy may affect demand and growth development though changes in operating environment.

Material risks in the area:
- Stagnation/economic downturn
- Trade and geopolitics

Legal and compliance

Evolving legal, compliance and ethical requirements in areas such as competition law, trade sanctions, anti-corruption, data protection as well as various contractual requirements and obligations require constant attention to which Outokumpu is committed. Outokumpu may be exposed to legal disputes in the jurisdictions in which it operates. Breaches of applicable laws and regulations, other unethical behavior, as well as exposure to crime, fraud and other unauthorized activities may result in adverse criminal, financial or reputational consequences. Developments in the area of trade sanctions may also cause disruption to Outokumpu's supply chain.

Material risks in the area:
- Legal disputes

Raw material and energy prices

Price changes of alloy metals such as nickel and chrome as well as volatility in energy prices may have significant impacts on net result, cash flow and balance sheet. Price volatility may also adversely impact stainless steel demand, the level of inventories and consequently also capacity utilization ratios.

Material risks in the area:
- Metal price risk
- Energy costs

Operational/supply chain

Outokumpu's production processes are dependent on the continuous operation of critical production equipment and the supply of needed materials in production. Fire or machinery breakdown, equipment failures, supplier dependencies, natural disasters, epidemics, or other factors could affect operations or the supply for critical raw materials and energy required in the manufacturing process.

Material risks in the area:
- Dependency on critical machinery and suppliers
- Sustainable nickel availability
- Energy availability

Corporate security

Outokumpu is committed to protecting people, assets, information and reputation by ensuring there is an effective and robust approach to the management of security risks. Unplanned interruptions or failures in the applications and underlying infrastructure could result in business interruptions. Furthermore, a possible security breach could cause damage to our operations, assets, people or leaks of sensitive information related to Outokumpu, its personnel or partners such as customers and suppliers.

Material risks in the area:
- Cyber security

ESG

Sustainability at Outokumpu consist of three pillars – environmental, social and governance – and we are committed to the UN' Sustainable Development Goals. Outokumpu is committed to ambitious climate targets aligned with the SBTi's 1.5°C target and to decrease carbon emissions by 42% per tonne of stainless steel by 2030. Outokumpu's sustainability targets also include an increased recycling rate and energy efficiency, improved safety and organizational health, diversity, equity and inclusion, supply chain sustainability and zero environmental incidents.

Material risks in the area:
- Climate risk
- People and safety
- Sustainable sourcing

Financial

Financial risks arise from changes in metal prices, foreign currencies, interest rates and fair values of equity instruments, credit risk, liquidity risk, country and counterparty risk. Financial risks are described in further details in note 5 to our audited consolidated financial statements.

Reporting

The risks associated with reporting in Outokumpu's business include failure in financial reporting, incomplete reporting or disclosures towards authorities, incomplete sustainability reporting and internal reporting. Risks associated with internal controls over financial reporting are described in in Corporate Governance Statement.

Opportunities can further leverage our capabilities in strategy implementation

- Global megatrends such as urbanization as well as climate change all require sustainable and circular solutions. Stainless steel has an important role in accelerating green transition.
- Outokumpu enables its customers to reduce their value chain emissions and thus assists in decarbonizing various industries.
- By partnering with suppliers, we look to ensure a sufficient, high-quality and low-carbon supply of critical raw materials in the future.

Read more about the opportunities in connection with risk areas on the following pages.

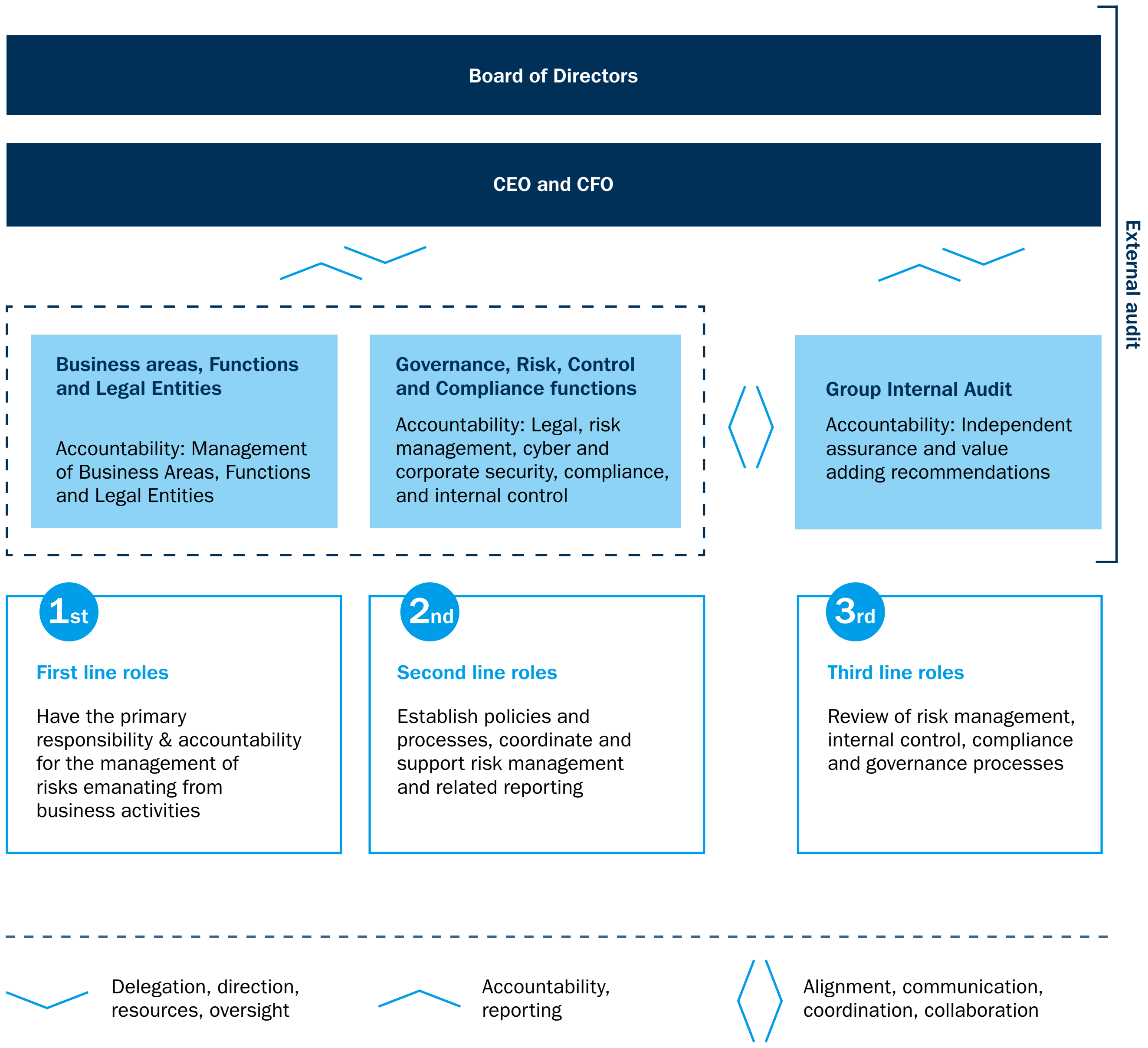
Risk management

Our three lines governance model

Outokumpu's risk management policy outlines the roles and responsibilities of the relevant governance bodies in implementing risk management, including continuous reporting within the Outokumpu Group.

The Board of Directors carries ultimate responsibility for risk management within Outokumpu. The CEO and CFO form the governing body with the main responsibility for ensuring risk management implementation. The governance, risk and compliance (GRC) functions (consisting of risk management, legal, cyber and corporate security, ethics and compliance and internal control) are responsible for coordination and supporting of risk management procedures and monitoring. Risk ownership is in the first line of defense, including risk identification, evaluation, mitigation and control. Internal audit periodically reviews risk management, internal control, compliance, and governance processes.

Descriptions of our three lines model can be found in the table on the right.



Risk management and control procedures

Our risk management procedure and related assigned responsibilities ensure structured and efficient risk management across the organization.

We operate in accordance with the risk management policy approved by the Board of Directors. The risk management policy sets out our common risk management procedures with clear roles and responsibilities. Within Outokumpu, identified risks are monitored and controlled at different organizational levels and supported by the digital platform. By leveraging our digital risk management and control platform, we improve risk communication and enhance the overall effectiveness of our risk and control management process.

Outokumpu is committed to managing risks in a proactive and effective manner, which includes the early identification and evaluation of risks, and the management and mitigation of risks before they materialize. The risk management process consists of the following five core stages: 1) risk identification, 2) risk evaluation, 3) mitigation actions, 4) control activities, and 5) risk reporting. The process also includes control testing.

Furthermore, regular and active co-operation between GRC and assurance functions further enhances situational awareness and alignment of efforts.

The illustration on the right summarizes our risk and control procedures.

Outokumpu's vision

Outokumpu's pursuit of its strategic objectives affects the risks to which the company is exposed

Risk management policy

The policy defines the objectives, procedures and areas of responsibility in Group's risk management activities

Risk and control management

Who	
Board of Directors	Approves Risk Management Policy including risk tolerances. Oversees the system of internal controls and monitors material risks.
CEO & CFO	Develop and implement risk management approach in line with policy. Responsible for ensuring an effective internal control system.
Risk Management Steering Group & other Steering groups	Execute risk management actions delegated by the CEO and CFO. Contribute to company's overall risk management.
Governance, risk and compliance (GRC)	Plan and coordinate governance, risk management, compliance and internal control efforts.
Business, operations and functions	Ownership of the risk management and internal control activities related to business.
Internal audit	Determines whether governance and compliance processes, the internal control system, and the risk and control management process are effective and efficient.

How

- Supported by the digital platform for risk and control management, where risks are identified, evaluated, mitigated, controlled, monitored and reported on a timely basis
- Adherence to Group level Statements, Policies and Instructions that define common way we operate in the Group
- Embedded in business, strategy and performance management processes

Risk management process

Analyze

1. Identify
Identify risks, including causes and effects of the risks.

2. Evaluate
Evaluate the risks, determine gross and net impacts and likelihood of risk

3. Mitigate
Develop and implement risk mitigation actions, seek to reduce the likelihood and impact or realization of the risk

Manage

4. Control
Conduct control activities, improve the level of assurance on the underlying processes

5. Report
Monitor and communicate the risks on an on-going basis and regular update to maintain continuous improvement

Material risks

Significant identified risks in relation to the risk areas

Material risks recognized by Outokumpu's management could be of any nature and arise from any part of the business, all having a potential material impact on our strategy execution, business performance and objectives. Outokumpu regularly assesses the likelihood and potential impact of risks from both financial and non-financial perspectives in order to also reflect our ambition in sustainability strategy and reputational tolerance. The evaluation of the material risks, and the effectiveness of our associated mitigation actions and internal controls, reflect the management's current expectations, forecasts and assumptions, and involve critical judgments that are subject to changes in our internal operations and external factors that are beyond our control. Outokumpu deploys preventative and mitigative actions and controls to reduce the likelihood of certain threats. Some of the threats cannot always be avoided. We closely monitor the threats on an ongoing basis and develop business resilience plans to mitigate the disruptions caused by any threats.

Based on our risk evaluation criteria and scoring, Outokumpu has identified 12 material risks in relation to the risk areas. They are presented in the table on the right. Outokumpu continuously monitors and reassesses these material risks, reviews changes overtime, and identifies new opportunities to achieve our strategy and new emerging material risks having arisen. The identified material risks are described in the risk profiles on the following pages to provide an overview of the possible threats, opportunities and our actions to mitigate these risks.

Risk areas and material risks

Macroeconomics and steel markets	Stagnation/economic downturn
Macroeconomics and steel markets	Trade and geopolitics
Raw material and energy prices	Metal price risk
Raw material and energy prices	Energy costs
Operational/ supply chain	Dependency on critical machinery and suppliers
Operational/ supply chain	Sustainable nickel availabiliy
Operational/ supply chain	Energy availability
Corporate security	Cyber security
ESG	Climate risk
ESG	People and safety
ESG	Sustainable sourcing
Legal and compliance	Legal disputes

We are continuously monitoring and mitigating identified risks.

Stagnation and economic downturn

Description

Outokumpu operates in global stainless steel market. The development in the global economy including economic growth globally and in China, inflation, geopolitical conflicts that could disrupt global supply chains, and energy markets could all affect Outokumpu's operating environment and stainless steel demand. Climate change with extreme weather conditions could also impact economies and communities. Outokumpu believes that the long-term outlook for stainless steel consumption remains positive as there is an increasing need for long-lasting and sustainable solutions including low-carbon stainless steel.

Risk area

Macro-economics and steel markets

Opportunities

- Global megatrends such as population growth and urbanization require more steel. This calls for sustainable and circular solutions such as stainless steel.
- Create a defendable competitive advantage through sustainability, particularly against Asian producers.

Threats

- Weakening global economy and falling into recession could have a negative impact on our business and demand for our products.
- High inflation could increase the cost of production and negatively impact demand and profitability.

Outokumpu's response

- Successful completion of the first phase of the strategy to de-risking the company to be financially stronger against economic headwind.
- Continue capital discipline with targeted investments in sustainability and productivity to improve our margins.
- Strengthen our market position further and develop more globally diversified operations including Americas expansion, European competitiveness, value-chain integration and sustainability leadership, including the biocoke project.

Read more about stainless steel market.

Trade and geopolitics

Description

Outokumpu is exposed to the developments of global trade policies and geopolitics. Potential geopolitical conflicts and unfavorable trade policy decisions for Outokumpu can result in the risk of increased unfair imports on the home markets, or undermine access to the export markets.

Risk area

Macro-economics and steel markets

Opportunities

- By calling for a level playing field, Outokumpu could contribute to creating fair competition in its markets.
- More assertive trade and climate policies for the imports imposed by governmental authorities in our home markets could level the playing field and ensure they are not circumvented.

Threats

- Imports surge if the trade defense measures in our home markets, (such as quota measures, tariffs and antidumping/antisubsidy duties) are not renewed or not made effective enough to mitigate unfair imports.
- Geopolitical conflicts, trade sanctions or the trade policies imposed by third countries could result in restricting access to our export markets or, on the other hand disrupting access to our key raw materials.

Outokumpu's response

- Continue advocacy actions on the national level to promote relevant measures and cooperate with organizations such as the European Steel Association (EUROFER) and AISI (American Iron and Steel Institute) to initiate new investigations when possible to ensure a level playing field and fair competition.
- Closely review the status of trade defense measures and related investigations to be able to proactively react to the threat of import surge, and ensure the measures are not circumvented.
- Continually monitor the geopolitical and global trade policy developments and proactively mitigate and increase resilience towards potential adverse impacts to business and supply chain disruptions

Read more about stainless steel market.

Metal price risks

Description

Outokumpu is exposed to price changes in alloy metals (such as chrome, nickel, molybdenum and iron) through, for example, purchase of raw materials as well as the sale of stainless steel end products where the price of alloy metals is based on market prices. The timing difference in such commercial purchase and sale transactions as well as the inventory position expose Outokumpu to metal price risk alongside our capability to pass on price changes in raw materials to end-product prices. Changes in ferrochrome market prices expose Outokumpu's revenue from ferrochrome sales to metal price risk.

Risk area

Raw material and energy prices

Opportunities

- Managing turning points of metal markets successfully reduces metal price risk impacts on earnings, cash flows, and balance sheet structure.
- End-to-end approach in metal price and margin steering ensures alignment and consistent metal price risk mitigation from raw materials to stainless sales.

Threats

- Significant price level changes of alloy metals could have an impact on profitability.
- Changes in market and trading conditions at metal exchanges may have adverse impacts on metal pricing and risk mitigation through hedging.
- Fluctuation of revenue from ferrochrome sales due to changes in ferrochrome market prices.

Outokumpu's response

- Steer metal price risk mitigation through the Financial Risk Steering group and other steering groups.
- Manage the metal margin in both raw material and stainless steel pricing according to Outokumpu's pricing policies and processes.
- Hedge the nickel price risk, excluding the risk related to base stock, in full according to Treasury Policy.
- Mitigate risk through pricing decisions by including an alloy surcharge clause in some of the stainless steel sales contracts, with the aim of reducing the risk arising from the timing difference between alloy metal purchase and stainless steel pricing and delivery.
- Ensure that mitigating actions are conducted across functions, i.e. in sales, raw material procurement, operations and supply chain management and treasury.

Read more in note 5.3 in the financial statements.

Energy costs

Description

Outokumpu's operations are energy intensive. The production of stainless steel and ferrochrome requires significant amounts of energy, particularly electricity, natural gas and, to a lesser extent, propane, and fuel oil. Energy costs represent a substantial portion of Outokumpu's total cost of sales and hence Outokumpu is continuously striving to make its production operations more energy and material efficient.

Risk area

Raw material and energy prices

Opportunities

- Enhancing cost competitiveness, innovation, and business resilience through investments in energy efficiency improvement initiatives, and programs across the Group.
- Better control over energy costs by optimizing energy utilization and avoiding electricity price peaks.
- Improving energy efficiency accelerates the execution of our decarbonization strategy.

Threats

- Adverse geopolitical development such as escalated geopolitical tensions, the continuing war in Ukraine, the Hamas-Israeli conflict, and political interventions could cause an imbalance in the energy market or even disruptions in the energy supply.

Outokumpu's response

- Improve our energy efficiency by 8% by the end of 2024 with energy efficiency targets translated into site-specific targets.
- Innovate and implement energy efficiency investment initiatives and measures throughout the organization.
- Optimize production and maintenance periods to avoid an increase in costs and to ensure profitability by daily activities.
- Hedge the energy price risk with long-term agreements, fixed price supply contracts, and partial ownership in power utilities.
- Manage energy price risk centrally, complying with Energy Procurement Policy, and energy steering cadence.

Read more about low-carbon energy and energy efficiency.

Dependency on critical machinery and suppliers

Description

Outokumpu's stainless steel and ferrochrome production are dependent on the continuous operation of critical production equipment. Production downtime and disrupted operations may occur as a result of fire, natural catastrophes, mechanical failures in production equipment, disruptions in supply chain or supplier relationships. Critical supplier dependencies are for example within electricity network partnerships, the supply of liquid natural gas to our Tornio site in Finland, and hot rolling services to our Calvert site in the U.S. A long-term extension to the hot rolling services partnership was agreed in the fourth quarter in 2023.

Risk area

Operational/ supply chain

Opportunities

- Focus on global manufacturing excellence initiatives and operational risk management improve safety and increases efficiency in production.
- Stringent supplier qualification requirements and efficient supplier relationship management improve supply chain resilience.
- Continuous evaluation of dependencies and review of alternative plans increase our ability to identify opportunities to further improve the efficiency and resilience of our operations.

Threats

- Natural catastrophes, fire or serious mechanical machinery breakdowns could lead to major damage to property, business interruption or severe accidents for personnel or contractors on site.
- Supply chain disruptions or critical supplier relationships ending without sufficient alternative arrangements in place could cause substantial interruptions to the downstream part of our business.

Outokumpu's response

- Drive global manufacturing excellence across operation to continuously improve our asset and equipment reliability and maintenance.
- Focus on loss prevention through a global loss prevention program with regular site visits and close cooperation with our insurers.
- Place appropriate insurances to secure the company against large financial losses arising from insurable loss events.
- Manage our supply chain by maintaining good visibility into the supply chain and relationships with suppliers.
- Review and implement alternative plans including partnering and integration into value chain for securing the availability of critical services and goods with contingency plans being developed and updated.

Sustainable nickel availability

Description

Nickel is one of the essential metal alloys in stainless steel production. The majority of the needed nickel units in Outokumpu's production is derived from stainless steel scrap. In addition, a limited amount of primary nickel is also utilized in production. Depending on the primary nickel ore type and the origin of the raw material, the carbon footprint varies. As with all raw materials, Outokumpu aims to ensure that its nickel supply chain complies with its stringent sustainable and responsible sourcing values, including human rights and carbon emission reduction.

Risk area

Operational/ supply chain

Opportunities

- Maximization of using steel scrap as a raw material rather than primary nickel, and the utilization of sustainable nickel ensures minimized carbon footprint.
- The emerging recycling industry, such as battery recycling, provides new recycled raw material streams to increase scrap availability and diversify scrap sources.
- Partnerships around the value chain fosters joint innovations and benefits across the supply chain by improving abilities to further reduce CO_2 emissions, lower costs through better predictability and drive waste reduction.

Threats

- Significant growth in demand of nickel in industries such as the electric vehicle battery industry could cause undersupply of sustainable nickel sources.
- Supply chain disruptions and limited alternatives could push towards the use of high carbon footprint options which would negatively impact on CO_2 emissions, costs and supply chain sustainability.

Outokumpu's response

- Launch the Inner Circle initiative to connect customers to scrap suppliers which promotes the recycling of steel scrap and enhance circularity.
- Manage long-term partnerships with strategic suppliers and expand collaboration through value chain integration to secure sourcing and retain the supply of high-quality scrap and sustainable nickel.
- Drive to retain the high scrap utilization level to limit the need for primary raw materials.

Read more about fostering sustainable supply chain.

Energy availability

Description

The availability of energy is critical for the continuity of Outokumpu's stainless steel and ferrochrome production. In addition to electricity, the primary energy sources are natural gas, propane or other fuels such as diesel. As part of its decarbonization strategy, Outokumpu is increasing the share of low-carbon electricity, planning to switch to low-carbon fuels in production and implementing energy efficiency initiatives to ensure energy availability while remaining committed to the decarbonization target.

Risk area

Operational/ supply chain

Opportunities

- Focus on securing energy availability with low-carbon options can contribute in decarbonization targets by reducing scope 1-3 emissions
- Strengthening the independence of Outokumpu from fossil energy. improve business and operational resilience towards the lack of energy.
- The focus on energy utilization could drive us to explore further economic opportunities within energy markets and also embed a culture of energy efficiency across the company.

Threats

- Disruption in energy availability could lead to production limitations or even temporary shutdowns.
- Trade sanctions could disrupt the energy market by limiting energy supplies and indirectly expose Outokumpu as energy gases are acquired from the European market, for which Russia is one of the indirect suppliers.

Outokumpu's response

- Continue to strive to make production operations more energy and material efficient, prioritize investments related to energy efficiency.
- Ensure diversified energy sources and suppliers by, for example, increasing low-carbon energy like wind power.
- Evaluate the feasibility of low-carbon electricity increase through emerging nuclear technology, small modular reactors in Tornio.
- Founded an EvoEnergy unit to study and explore low-carbon investments, related to our own energy production, carbon capture, and hydrogen economy.
- Evaluate regularly the availability of electricity and energy gases for the main countries in Europe by energy sourcing teams in order to plan and adjust business decisions.

Read more about low-carbon energy and energy efficiency.

Cyber security

Description

Outokumpu relies on various applications, technologies and third party solutions that are used globally and locally. A possible cyber security breach could cause damage to our operations, assets, people or leaks of sensitive information related to Outokumpu, its personnel or partners such as customers and suppliers.

Risk area

Corporate security

Opportunities

- Cyber security visibility, analysis and improvement investments increase transparency on the underlying synergies and efficiencies in all of Outokumpu's global and local environments in all assets.
- Cyber awareness campaigns targeted at better cyber security engagement, awareness and knowledge among Outokumpu's employees, employee families, suppliers and customers will also improve the overall cyber security culture.

Threats

- Outokumpu production facilities could face a sudden disruption, which could cause delays in deliveries and, in severe cases, large business losses as well as damage to our customer and supplier relationships.
- Employee identities used in fraud cases, personal or confidential information leaked outside the company could cause financial losses, imposition of penalties, but also reputational harm.
- A cyber attack could cause injuries to personnel or to our supply chain in Outokumpu.

Outokumpu's response

- Continuous improvement of Outokumpu cyber security resilience to ensure better business continuity through cyber threat intelligence and cyber threat detection to notice any attacks to conduct proactive prevention.
- Enhance security operations capability for resilience and faster incident response.
- Ensure cyber practices implementation among Outokumpu suppliers.
- Raise awareness of cyber threats by cyber security engagement campaigns.
- Continue improving cyber security global governance with cross-functional co-operation for cyber security strategy implementation.

Climate change

Risk area

ESG

Description

Outokumpu has ambitious climate targets and is committed to limiting global warming to 1.5°C. The transition towards decarbonization presents Outokumpu with both risk (physical and transition risks) and opportunities. The main opportunities relate to the demand for green steel and the exposures relate to transition risks and regulatory environment.

Opportunities

- Need for steel is expected to grow due to global megatrends.
- Sustainable and circular solutions are critical in accelerating the green transition.
- Enabling customers to reduce their carbon footprint and reach their climate targets with our low-carbon products, and providing a transparent product carbon footprint.
- Being well positioned in the industry towards Carbon Border Adjustment Mechanism (CBAM) and the EU's taxonomy alignment could create competitive advantage.

Threats

- Decarbonization technologies and investments would not be viable and effective enough to meet emission reduction targets.
- Increase in production costs due to new regulation after 2025 such as in Emission Trading System (ETS) and Carbon Border Adjustment Mechanism (CBAM).
- Physical climate change risks such as extreme weather conditions could impact Outokumpu through the supply chain or directly to its operations.

Outokumpu's response

- Committed to ambitious climate targets set in line with the Science Based Targets initiative's 1.5°C ambition of limiting global warming.
- Continue to implement the sustainability strategy further by increasing the use of recycled materials, low carbon electricity, energy efficiency, improvements in operations, and replacing fossil fuels with renewable alternatives in logistics.
- Invest in the pelletizing plant for biocoke in Tornio, Finland, to accelerate the reduction of direct emissions.
- Support customers in their emission-reduction targets with new low-carbon solutions, such as Circle Green, and transparent product-specific carbon footprint data.
- Embed emission reduction targets by the Science Based Targets initiative for 2030 in our main loan facility and performance-based share programs.

Read more about climate change.

People and safety

Risk area

ESG

Description

Outokumpu aims to be the industry leader in safety with the vision of zero accidents and continuously reduces the accident record year on year to achieve this. Risks relating to our people also include the risk of not being able to provide a healthy and inclusive working culture that can attract and retain the best talents.

Opportunities

- Sharing best safety practices globally creates opportunities to improve safety in all our processes.
- Safety leadership training improves management skills and ensure that safety is maintained as a priority in the company.
- Investments in our production lines, latest technologies and ways of working upgrade our workplaces to ensure safe environment for our employees and strengthens engagement.
- Inclusive and diverse workforce ensures the best market understanding and fosters innovation.

Threats

- Risk of serious injuries and fatalities due to failure in high level safety practices and culture.
- Lack of adherence to ensure that safety standards are fully implemented at every site across the company.
- Inability to attract a skilled and diverse workforce.

Outokumpu's response

- Execute safety strategy to further improve safety performance, including cross learning program to ensure alignment with corporate policies and standards.
- Take pioneering steps in utilizing the state-of-the-art technology, AI, by deploying three AI driven robots in Sweden, Germany and in Finland 2024.
- Established comprehensive roadmap to strengthen diversity, equity, and inclusion with clear targets approved by Outokumpu's Board of Directors.
- Provide a communication channel, SpeakUp, enabling Outokumpu employees and external stakeholders to report breaches of Outokumpu's Code of Conduct and other misconduct.

Read more about safety, our people, and ethics and compliance.

Sustainable sourcing

Description

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. Outokumpu is exposed to risks related to for example sourcing in countries with a high sustainability risk and dependencies on certain critical suppliers.

Risk area

ESG

Opportunities

- Supporting our suppliers towards more sustainable operations and eliminating any environmental or social harm, across the stainless-steel value chain, to foster human rights and accelerate the green transition.
- Exceeding customer expectations by providing a traceable and responsible supply chain.
- Merging best practices from general procurement and raw materials procurement in the new one procurement function.

Threats

- Causing, contributing or being linked to social or environmental harm in our supply chain.
- Competition over needed sustainable materials could increase sourcing in high- risk countries.
- Non-compliance with different new supply chain regulations in Europe and the U.S.

Outokumpu’s response

- Responsible sourcing is one of the focus areas in our sustainability strategy.
- Strong steering through the established supplier sustainability team including developing supply chain risk management processes.
- Supply chain activities are guided by the United Nations Guiding Principles (UNGP), which are integrated into our Supplier Code of Conduct, Supplier Requirements and Human Rights Policy.

Read more about the sustainable supply chain.

Legal disputes

Description

Outokumpu is a minority shareholder in its associated company Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima Oy. In May 2022, Fennovoima announced that it had withdrawn the Hanhikivi 1 nuclear power plant construction license application as a consequence of the termination of the EPC (Engineering, Procurement and Construction) contract with RAOS Project Oy for supplier-related reasons. Several legal proceedings are ongoing among various parties.

Outokumpu Oyj has been joined into arbitration proceedings over a dispute between the Fennovoima and Rosatom entities related to the termination of the EPC contract. Outokumpu disputes the existence of any contractual relationship, obligation, or arbitration agreement between Outokumpu and any Rosatom entity.

Risk area

Legal and compliance

Opportunities

- Not applicable.

Threats

- Arbitration proceedings ultimately lead to a negative decision against Outokumpu.

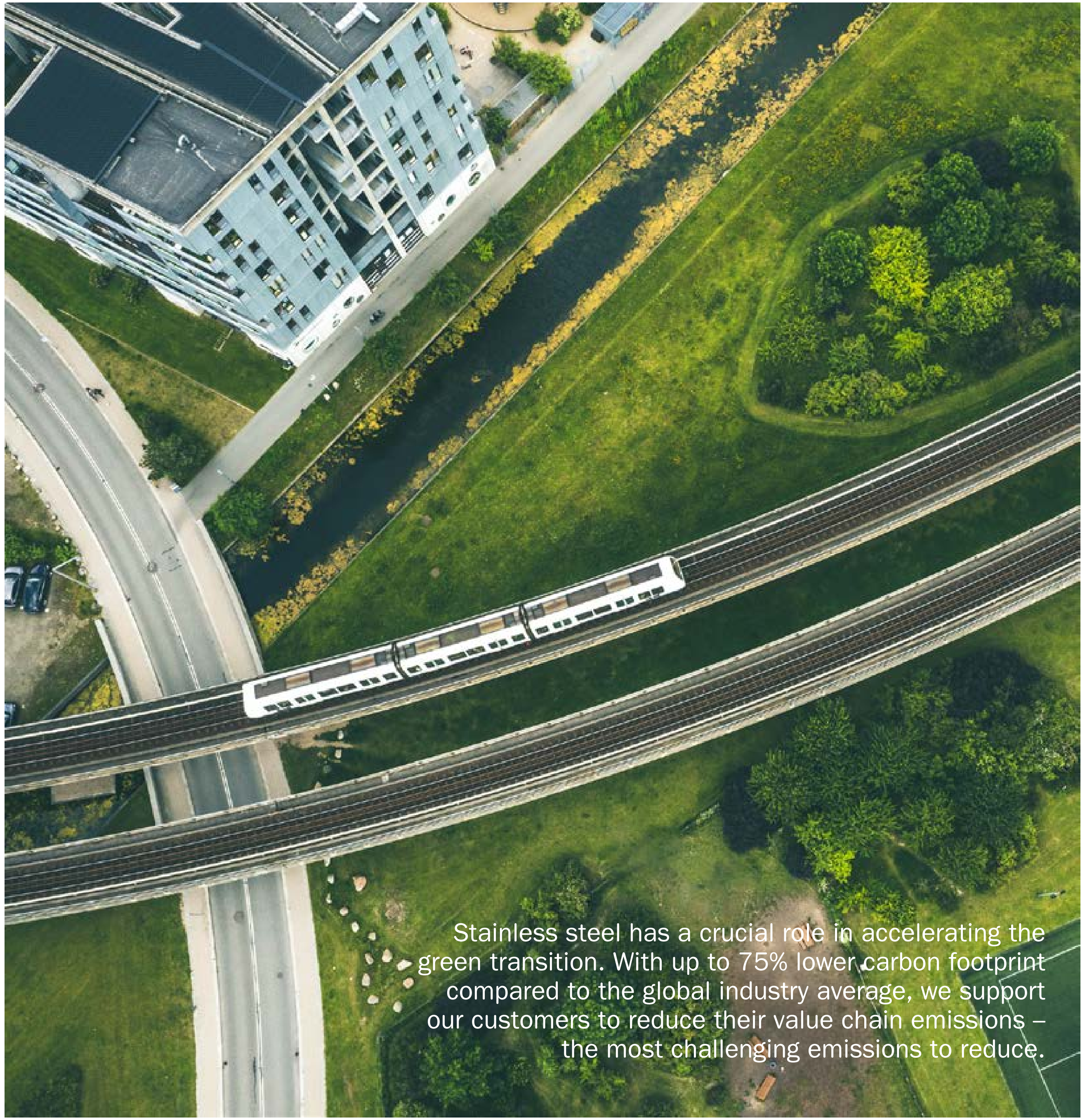
Outokumpu’s response

- Outokumpu disputes the existence of any contractual relation, obligation, or arbitration agreement between Outokumpu and any Rosatom entity.

Read more about legal disputes in note 6.3 and about Fennovoima in note 6.6 in the financial statements.

Sustainability review

Climate change is a threat to human well-being and the health of the planet. The science is clear: global warming should be limited to 1.5°C. At Outokumpu, we accelerate the green transition with low-carbon stainless steel and we continue to decarbonize our value chain with our partners towards a world that lasts forever.



Sustainability strategy

Sustainability is about meeting the needs of the present without compromising the ability of future generations to meet their own needs. Today, we need urgent and bold actions across societies to preserve our planet. Steel plays a pivotal role in the green transition and at Outokumpu, we work to accelerate it every day.

The triple planetary crisis of climate change, nature and biodiversity loss and pollution and waste – induced by people – is pushing nature to breaking point. The global population is expected to grow, leading to urbanization and requiring more energy and – steel.

From the basic structures of society to industry, mobility, and household appliances, the demand for stainless steel will grow. While the steel industry is a major contributor to climate change, accounting for 7–9% of global greenhouse gas emissions, it also plays a pivotal role in accelerating the green transition.

Our vision at Outokumpu is to be the customer's first choice in sustainable stainless steel. We produce stainless steel with up to 75%* lower carbon footprint than the global industry average. All of Outokumpu's stainless steel mills can be considered as significant recycling facilities. We have also set an ambitious climate target to further reduce emissions across our value chain approved by Science Based Targets initiative (SBTi) aligned with the 1.5°C target.

Outokumpu's stainless steel helps to build a more sustainable world, it is 100% recyclable, efficient and long-lasting, and it empowers customers to reduce their own carbon footprint. We were the first in the industry to offer a product-specific carbon footprint, covering emissions from cradle-to-gate, for our products in Europe. Product carbon footprint enables customers to better understand how they are reaching their emission reduction targets.

The cornerstone of Outokumpu's business is to enable growth and innovation through partnerships in sustainable stainless steel. From our latest innovation Outokumpu Circle Green®, with up to 93% lower carbon footprint when compared to the industry average – to Inner Circle, which aims to increase scrap flows across industries – we aim to have a positive impact well beyond the steel industry to drive the green transition forward. We believe that decarbonizing the stainless steel industry is only possible through collaboration.

Sustainability strategy and commitments

Sustainability at Outokumpu consists of three pillars: environmental, social and governance. Outokumpu is also committed to the United Nations' Sustainable Development Goals (find out more on page 36).

Outokumpu is committed to ambitious climate targets aligned with the SBTi's 1.5°C target. To reach the 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 long-term target is to achieve carbon neutrality by 2050 in scope 1 and scope 2 emissions. Besides reducing climate impact, Outokumpu's key environmental targets are high recycling material content, energy efficiency and zero environmental incidents.

By 2023, Outokumpu has reduced its emission intensity by 27% from the 2016 baseline, by continuing to implement our sustainability strategy further by increasing the use of recycled materials, low-carbon electricity, energy efficiency, improvements in operations and replacing fossil fuels with renewable alternatives.

Outokumpu made significant steps in 2023 to reduce its scope 3 emissions in the future by strengthening its supply chain sustainability through new partnerships. In addition, Outokumpu took actions to reduce emissions from its own operations by, for example, investing in the carbon neutrality target of the Kemi mine.

Outokumpu's business model is based on circularity and its target is to keep recycling material content over 90%. In 2023, we also conducted a risk analysis on biodiversity. On the basis of the analysis, we are building site-level roadmaps for actions and further evaluating the supply chain impact on nature. During the year, there were 11 environmental incidents in Outokumpu's operations and one at an old mining site. All of Outokumpu's production sites are certified according to ISO 14001.

If all stainless steel were to be replaced by our stainless steel, up to 296 million tonnes of greenhouse gas emissions could be avoided globally. That equals to 737 million passengers' one-way flights across the Atlantic Ocean.*

In terms of social responsibility, human rights are the basis of our business. We respect and protect our people – from Outokumpu's employees to workers in the value chain, customers and local communities.

Outokumpu aims to be among the industry leaders in safety with the vision of zero accidents. We focused on building a strong safety culture by fostering common safety principles, sharing good practices, and learning from past incidents to create increased awareness. From 2022 to 2023, the total recordable incident frequency rate, meaning work-related incidents, fell by 17%.

Our social responsibility targets also include improvement of organizational health, strengthening diversity, equity and inclusion (DEI), and supply chain sustainability. In terms of DEI, we exceeded a diversity target of adding 40 diverse leaders by the end of 2023, compared to the baseline in July 2022: we had already increased the number by 57 at the end of 2023. The overall ambition is to increase the number of diverse leaders by 100 by the end of 2025.

We have also been working on equal pay and on external pay equity certification, which we expect to conclude in early 2024, and we reached our inclusion target: over 60% of group employee respondents agreed on all areas related to inclusion in our People Pulse survey.

* The calculation is based on Outokumpu's carbon footprint compared to the global average of stainless steel: Outokumpu stainless steel CO_2 emissions (2023): 1.52 kg CO_2e per kg of stainless steel. Global average CO_2 emissions (2023): 7 kg CO_2e per kg of stainless steel. (Outokumpu's calculation based on data provided by CRU and worldstainless.)

Highlights in 2023

In 2023, Outokumpu continued to work towards its ambitious climate targets. With the commitment to keep global warming at 1.5°C, we managed to reduce our emissions by 27% from the 2016 baseline. To continue the decarbonization strategy, Outokumpu invested in a pelletizing plant to produce biocoke at our site in Tornio, Finland, to accelerate the reduction of direct emissions by replacing fossil coke with renewable raw materials from biomass. We also took a step towards decarbonization by achieving one third of our target of the Kemi mine becoming the first carbon-neutral mine in the world by 2025.

In addition to reducing emissions in Outokumpu's own operations, we took action to reduce emissions from our supply chain by strengthening the future supply of sustainable raw materials through partnerships with our suppliers in nickel and molybdenum.

Stainless steel has a pivotal role in accelerating the green transition across industries. To create value for our customers with our low-emission stainless steel, we launched new partnerships during the year with customers from different industries. We joined forces with Siemens, a technology company focused on industry, infrastructure, transport, and healthcare, to reduce carbon emissions in the production of medium-voltage switchgear. The leading manufacturer of premium cookware Fissler, launched a premium cookware made of Circle Green. We also introduced Circle Green to the automotive industry by collaborating with thyssenkrupp Materials Processing Europe, a leading steel and aluminium service centre, and Boysen Group, a premium exhaust system manufacturer. Also Nordic Steel, Norway's leading competence centre in steel, introduced low-carbon stainless steel in Norway. We see a clear demand for low-emission stainless steel across various markets and especially in low-carbon industries such as hydrogen and clean energy sectors.

Collaboration with suppliers and customers is at the core of our sustainability strategy and a great example of that is the Inner Circle initiative launched in 2023. Through the initiative, customers are connected to scrap suppliers to demonstrate a closed loop for low-carbon stainless steel, helping end-customers reach their climate targets.

Our commitment to sustainability received recognition during 2023, and we were acknowledged as a Climate Leader by the Financial Times. To contribute to the public discussion on climate crisis and to demonstrate the pivotal role of stainless steel in green transition, Outokumpu participated in the United Nations Climate Change Conference, COP28 in Dubai at the Finland pavilion.

Outokumpu also received the highest Platinum level recognition for its strong performance in sustainability from EcoVadis, a sustainability rating platform, which ranked Outokumpu among the top 1% of companies assessed. In addition, we finalized audits for the ResponsibleSteel certificate for our business area Europe operating sites. ResponsibleSteel is the world's first global and independent standard for responsibly sourced and produced steel. It provides a tool to develop our sustainability performance through an ambitious and transparent industry-level framework.

In 2023, we supported customers to reduce emissions by 12 million tonnes, corresponding to over 30 million passengers' one-way flights across the Atlantic Ocean.*

The collaboration between Outokumpu and Fissler, a German family-owned premium cookware company, supports the mutual mission of both companies to build things that last – and to show the direction of reducing emissions from the appliance industry.

* The calculation is based on Outokumpu's carbon footprint compared to the global average of stainless steel: Outokumpu stainless steel CO_2 emissions (2023): 1.52 kg CO_2e per kg of stainless steel. Global average CO_2 emissions (2023): 7 kg CO_2e per kg of stainless steel. (Outokumpu's calculation based on data provided by CRU and worldstainless.)

Sustainability highlights in 2023

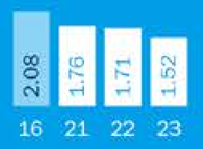
Climate

Climate leader
Outokumpu was acknowledged as a Climate Leader by Financial Times as the only stainless steel producer. Outokumpu also received Platinum ranking from EcoVadis, a global sustainability platform, rating Outokumpu among the top 1% of over 100,000 assessed companies.

ResponsibleSteel
Outokumpu finalized the ResponsibleSteel audits for all European manufacturing sites during 2023 and is awaiting certification. ResponsibleSteel assesses companies across the steel industry regarding environmentally and socially responsible production.

Outokumpu at COP28
Outokumpu was invited to join as a partner at the UN Climate Conference (COP28) to take part in discussing the industry's role in the green transition and showcase how sustainable stainless steel plays a pivotal role in the low-carbon economy.

Emission intensity reduced by 27% from 2016 to 2023



Avoided emissions by using our stainless steel

12 million tonnes

corresponding to over 30 million passengers' one-way flights across the Atlantic Ocean.

Our target is to reduce our carbon emissions per tonne of stainless steel by

42% by 2030 compared to the baseline of 2016

People

Employee engagement index remained high at

77 On a scale from 1 to 100

Increase in diverse leaders

+57 Since 07/2022 baseline, against the target of +40 by the end of 2023.

1st ever Ethics and Compliance Week organized

– educating and inspiring employees on responsible and ethical business practices

Improving pay equity

Women's 0.986€ = men's 1€

Work-related accidents decreased from 2016 to 2023

83%

TRIFR decreased from 8.7 to 1.5

Circularity & energy

Outokumpu achieved its highest recycled material content ever in 2023:

95%

New partnerships with Siemens, Alfa Laval, and several other customers.

Low-carbon electricity

95%

of our electricity mix globally

Our reporting is based on material topics

Outokumpu regularly conducts a materiality analysis to map our stakeholders' expectations and to assess our business impact on sustainability. We updated our materiality analysis in 2021 to further improve our focus on the sustainability topics that are most important for our stakeholders and operations. The analysis also guides our reporting on the relevant topics. During the end of 2023, Outokumpu started to conduct a double materiality analysis in preparation for the Corporate Sustainability Reporting Directive (CSRD), which the company will start reporting on in 2024.

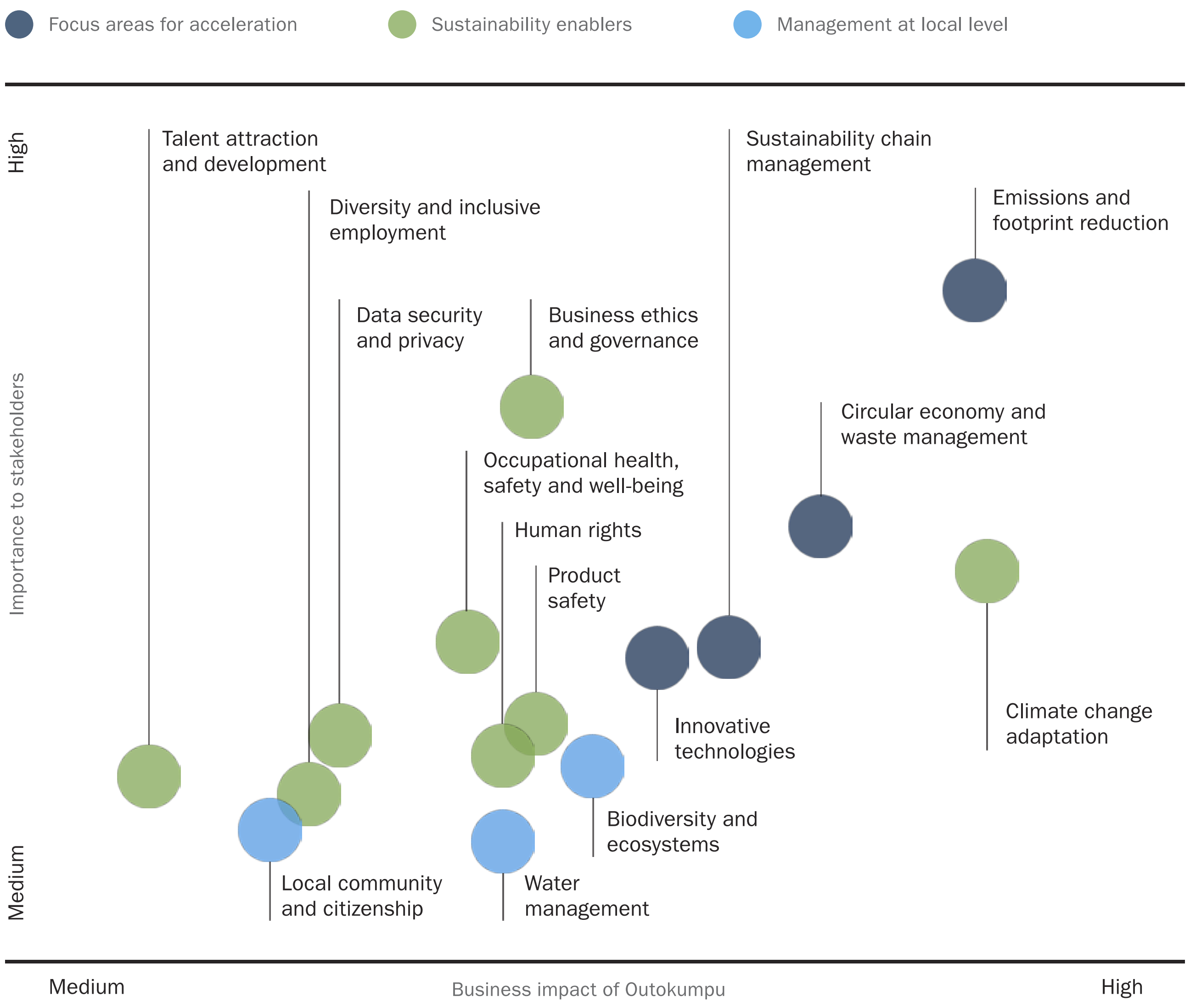
The analysis applies double materiality, which means both the impact of and impact on Outokumpu's business were assessed. As a basis for the materiality analysis, an external advisor conducted an extensive data study of the emerging trends in the steel industry and compared these trends with the material topics of Outokumpu's main peers, customers, and suppliers. This analysis was complemented with an overview of material issues found in global sustainability frameworks. Additionally, interviews with customers, suppliers and other stakeholders, such as investors, employees and non-governmental organizations, were conducted to gain a deeper insight into the relevant stakeholder groups.

Based on the research and internal workshops, a list of the 15 most material topics was compiled. The topics were ranked and prioritized based on the stakeholder rankings and the business impact of Outokumpu on these issues.

Four topics were defined as focus areas for acceleration based on alignment with the business model and high potential for differentiation. Sustainability enablers have been defined to have a lower level of potential for differentiation. The topics defined for management at the local level have value creation potential from execution on the local operating level.

The selection of material topics covers both inside-out topics that are related to corporate strategy as well as outside-in topics that reflect stakeholder concerns.

Materiality matrix



Sustainable Development Goals in our focus

We are a signatory to the United Nations' Global Compact initiative, and we have committed to the UN's Sustainable Development Goals (SDGs). We contribute to several SDGs either through the way we operate or through our products.

Our focus on the SDGs is aligned according to our materiality analysis. Our main focus is on the six goals in the table to the right.

Commitment to global framework and standards

Sustainability is integrated into all our operations, activities, and decision making. The most important policies guiding Outokumpu's sustainability management are the Group's Code of Conduct and the Corporate Responsibility Policy. We expect our business partners and suppliers to follow similar standards. All of our policies are available at outokumpu.com.

All of Outokumpu's production sites are certified according to ISO 9001 quality and ISO 14001 environment management systems, including energy efficiency targets. The functioning of the systems is monitored by both internal and external audits. These management systems are used to implement sustainability issues on the local level. Outokumpu complies with international, national, and local laws and regulations, and respects international agreements concerning human and labor rights, such as the International Bill of Human Rights, the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. Outokumpu also implements the UN Guiding Principles on Business and Human Rights in its corporate policies.

Sustainability is integrated into all our operations, guided by our Code of Conduct and Responsibility Policy. We expect our business partners and suppliers to follow similar standards.

United Nations Global Compact

Goal 7: Affordable and clean energy

Products: Stainless steel is the only long-lasting material for many applications of clean energy, e.g. solar farms and biofuels. **Operations:** We follow sustainable energy supply practices to gain secure and stable energy. **Highlight in 2023:** Share of low-carbon electricity was 95%.

Goal 8: Decent work and economic growth

Products: Stainless steel is a key element in building a modern, efficient and well-being society. **Operations:** We contribute to the community well-being through direct and indirect employment, taxes and other involvement. **Highlight in 2023:** We employed directly over 8,300 employees and progressed well towards a diversity target of adding 100 diverse leaders by the end of 2025 compared to the baseline in July 2022, having added 57. Our Employee engagement index remained high at 77.

Goal 9: Industry, innovation and infrastructure

Products: Due to its excellent properties, stainless steel is a key material in sustainable industrialization and modern infrastructure. **Operations:** We have a long history in developing new steel grades. We work closely with customers to find the most sustainable material solutions. **Highlight in 2023:** Besides enabling new clients and industries to reduce emissions with Circle Green, we launched a new initiative, Inner Circle, to increase scrap flows and circularity.

Goal 12: Responsible consumption and production

Products: Our stainless steel has a high recycled content rate, over 90%. Stainless steel is also the single most recycled material globally. **Operations:** Our business is based on the circular economy. Our mills are among the biggest material recycling facilities in the world. **Highlight in 2023:** Outokumpu achieved its record high recycled material content rate of 95%.

Goal 13: Climate action

Products: Our stainless steel helped our customers' reduce their carbon emissions by 12 million tons in 2023. **Operations:** We have an ambitious climate target aligned with 1.5°C and we are committed to reducing emission intensity across all scopes by 42% by 2030 from the 2016 baseline. **Highlight in 2023:** Outokumpu reduced emission intensity by 27% from the 2016 baseline. We also aim to reach carbon neutrality of the Kemi mine by 2025 , and we achieved a third of the target in 2023.

Goal 17: Partnership for goals

Products: We are working together with our customers and partners to decarbonize different industries. **Operations:** We are committed to global sustainability frameworks and to partnering with our whole value chain to drive sustainable development. **Highlight in 2023:** From the automotive industry to cookware, we partnered with Siemens, thyssenkrupp, Boysen Group and Fissler, among others, with products made of Circle Green.

Management of sustainability

Outokumpu's Board of Directors approves Outokumpu's sustainability agenda and targets. On the Group level, sustainability is managed by the Group sustainability team headed by the Vice President, Sustainability, who reports to the Executive Vice President, Sustainability, People and Communications at Outokumpu. The Outokumpu Leadership Team regularly follows the progress of Outokumpu's sustainability agenda. The business areas and functions are responsible for ensuring that operations within their own organizations and business lines are conducted in a responsible manner and that monitoring, data collection and reporting are duly carried out.

Outokumpu also has an ESG Advisory Council consisting of three external advisors:

- Antoine Allanore, Professor of Metallurgy, Massachusetts Institute of Technology
- Sirpa Juutinen, Independent Sustainability Advisor
- Julia Woodhouse, Board member, member of the Audit Committee, Outokumpu

The council's role is to challenge and comment on the company's sustainability strategy and actions as well as facilitate dialogue between Outokumpu and its stakeholders. In 2023, the council discussed topics such as decarbonization, low-carbon innovations, stakeholder management, social responsibility, ResponsibleSteel certification, and the commercial value of sustainability.

ResponsibleSteel certification process in final stages

ResponsibleSteel is a global certification initiative for the steel industry, to promote responsible sourcing and production of steel. It addresses holistically environmental, social, and governance issues.

Outokumpu applied for the certificate and executed ResponsibleSteel's in-depth auditing process, to enable Outokumpu further create value to its customers by supporting them to choose more sustainably produced steel with a third-party certification. ResponsibleSteel also strengthens the sustainability work at Outokumpu across all areas even further with ambitious approach beyond compliance.

The certification process was extensive, lasting almost two years and including site-specific self-assessments, in-depth on-site audits and interviews with workers and contractors, to name a few. In 2023, Outokumpu finalized all the stage 1 and 2 audits at its manufacturing sites in Europe. Currently, we are waiting for the certification decision, to become the first stainless steel industry company in the Nordics to receive the ResponsibleSteel certificate.

So far, Outokumpu has got excellent feedback on the achievements on decarbonization and ensuring a good and safe place to work, among others. During the process, further actions were identified on how to build on Outokumpu's sustainability ambition – for example on stakeholder engagement, social sustainability as well as biodiversity, and water management, across the value chain. Once the process is finalized, the summary will be public, which we see to increase credibility and transparency of our overall sustainability work both internally and externally.

Making the green transition a reality

Heidi Peltonen, VP, Sustainability at Outokumpu started in her position in 2023. Heidi has dedicated her career to building value with sustainability and partnering with companies to accelerate change across the value chain.

Where is Outokumpu on its sustainability journey?
Outokumpu has set ambitious targets to accelerate decarbonization across the stainless steel value chain, which inspired me to join this innovative company. We have set a target of keeping global warming at 1.5°C. To achieve this target, Outokumpu has put circularity at the heart of our business and accelerated decarbonization across its entire value chain. As part of our three-phase strategy, we are currently integrating sustainability into the core of our business. In the next few years, we will continue to decarbonize our operations, strengthening our sustainable value chain through partnerships, and create value with sustainability for our stakeholders. Our aim is to build a positive impact beyond the steel industry to drive the green transition forward.

Sustainability means more to us than just reducing our climate impact, which is the essence of our strategy. Our people are at the heart of driving innovation to enable a more sustainable future. When it comes to diversity, we aim to have the number of diverse leaders up to 30% in all international management teams by the end of 2025. We have also been developing sustainable supply chains processes in the steel industry together with our suppliers.

Where do you envision Outokumpu to be in future?
Low-carbon stainless steel plays a crucial role in decarbonizing various industries. Renewable energy, hydrogen, electric cars – and even your washing machine at home all depend on stainless steel. The green transition is an opportunity for us, businesses, people, and the planet.

To support our customers even beyond our current product portfolio, we introduced Outokumpu Circle Green®, the world's first stainless steel with up to 93% smaller carbon footprint compared to the global average. Together with our customers, we have been able to offer low-carbon stainless steel products to different industries.

Supply chain emissions represent the majority of companies emissions – usually being the most challenging to reduce. By offering low-carbon solutions, we help other industries reduce emissions in their supply chains. In addition to our low carbon footprint, we want to emphasize our positive impact – how by using our stainless steel our customers reduce their emissions. In 2023, our products reduced our customers' emissions globally by 12 million tons compared to the global average of stainless steel.

Where is sustainability going?
I was once told that sustainability is a journey that continues without a finish line. A few years ago, the discussions around sustainability were more on how to be compliant and how to report the right things; however, today, in addition to that, it is more about how to create value by embedding sustainability into the strategy of a company. This is where I believe Outokumpu has been at the forefront in our industry, and where we can create even more value in the future. At the same time, the world is currently extracting resources faster than they can be renewed and climate change, biodiversity loss and water scarcity are a reality, threatening the well-being of humans and the planet. We have no time to waste - companies should be the ones leading the transition to low-carbon economies.

What continues to drive me, despite the challenges, is seeing the opportunity for companies to transform their business. As COP28 proved with the historical agreement to transition away from fossil fuels, there is still a strong will to keep the 1.5°C target within reach. With new regulation increasing, such as the Corporate Sustainability Reporting Directive with the purpose of re-setting the value creation agenda, sustainability is integrating even more strongly into the core strategy of businesses. For Outokumpu, this means continuously striving to support our customers with solutions that help tackle the biggest crisis of our time.

Climate change and circularity

This decade is critical in terms of climate action. From ambitious climate targets aligned with the 1.5°C ambition, to low-carbon stainless steel as a solution for various industries, Outokumpu accelerates the green transition.

Did you know? Our stainless steel is made of more than 90% recycled materials. It also has up to 75% lower carbon footprint compared to the global industry average.

Decarbonization across the value chain

Climate actions are required across companies' value chains. Outokumpu has a high climate ambition and approved science-based target to keep global warming at 1.5 °C. We are working towards this with a robust strategy, measurable targets, and concrete actions, and we support our customers to further reduce their carbon footprint with up to 75% lower carbon footprint than the industry average.

Our low-carbon products like Circle Green play a crucial role in the green transition of the stainless steel industry.

At Outokumpu, we are committed to mitigating climate change. In 2021, Outokumpu committed to the Science Based Targets Business ambition of keeping global warming at 1.5°C and continues to work towards carbon neutrality by 2050.

By 2030, Outokumpu aims to reduce its direct (scope 1), indirect (scope 2), and supply chain emission intensity (scope 3) by 42% from a 2016 baseline. Emission intensity translates to a tonne of emissions generated by producing a tonne of stainless steel. By 2023, we have reduced our emission intensity by 27% from the 2016 baseline. The key drivers for reduced emissions have been high recycled material content, increased energy efficiency, low-carbon energy, and improvements in our processes.

In 2023, SBTi announced the world's first framework "Steel Science-Based Target-Setting Guidance" for companies in the steel sector, which Outokumpu participated in developing the criteria for. Outokumpu has currently set its SBTi target based on former steel sector guidelines and continues to evaluate the sectoral guideline.

Lowest carbon footprint in the industry

Outokumpu supports customers to reduce their carbon footprint by having up to 75% lower carbon footprint compared to the global industry average. The key enablers for low-emission stainless steel are having its own low-carbon ferrochrome produced in Kemi, high recycled material content and the use of low-carbon electricity.

Outokumpu's latest innovation, Circle Green, has the smallest emission intensity in the world, up to 93% lower carbon footprint than the global average. If all the stainless steel in the world was produced with the same methods used for Circle Green production, it would reduce global carbon emissions from the entire stainless steel value chain by 364 million tons per year. This equals to over 900 million passengers' one-way flights across the Atlantic Ocean from London to New York.

Outokumpu was the first in the industry to offer a product-specific carbon footprint (PCF) for our products in Europe. PCF measures emissions caused by a product from the extraction of raw materials to our gate – from cradle to gate. It enables customers to evaluate their value chain emissions and to minimize their carbon footprint by selective material sourcing, and it helps them reach their climate targets. Making this specific data available means that our customers no longer need to rely on average industry figures for their own carbon footprint calculations. In 2023, PCFs were externally verified besides the last two remaining sites, which are in the process of being validated.

Where do our emissions come from?

Outokumpu's emissions come from production (scope 1), indirectly from the use of electricity (scope 2) and from upstream emissions (scope 3). Due to the very minimal, close to zero, generation of other emissions in the steel industry, we report our emissions as CO_2 emissions.

Our direct emissions come mainly from production, the use of fossil coke, which is used as a reductant in ferrochrome production, LNG (liquified natural gas), and CO gas. Our production is based on electric arc furnaces, which offer the best available technique for stainless steel production. We continuously work to increase the amount of low-emission raw materials, replacing fossil fuels with renewable alternatives and increasing energy efficiency.

Indirect emissions, on the other hand, come from the use of electricity. Switching to low-carbon electricity and improving energy efficiency are the key drivers in reducing further indirect emissions.

Supply chain emissions are, for example, raw materials such as ferroalloys, lime and dolomite, and downstream transportation. Emissions arising from externally used process gas and external services are included in supply chain emissions. A certain number of slabs from the divested melt shops are processed in our operations. This number is seen as own crude steel production in CO_2 emission intensity calculations.

Currently, there are no estimation methods for the complex downstream use emissions of stainless steel available. External case studies indicate CO_2 net savings from steel use in life cycle assessments.

By how much did we reduce our emission intensity?

In 2023, the total specific CO_2 emissions were reduced by 27% compared to the baseline of 2016. The key drivers for reduced emissions were the record high level of recycled material content, the increased use of low-carbon electricity, and energy efficiency.

During 2022, we launched an ambitious program to improve our energy efficiency by 8% by 2024 from the January-September 2022 level. The strong focus on energy efficiency continued throughout the year, and we are approaching our target of improving our energy efficiency by 8% by the end of 2024.

Our emission intensity from indirect use, electricity, was reduced by about 86% compared to the base year mainly due to use of low-carbon electricity. Electricity emissions are reported as market-based emissions and also published as location-based emissions with the specific emission factors for electricity published by the country statistics.

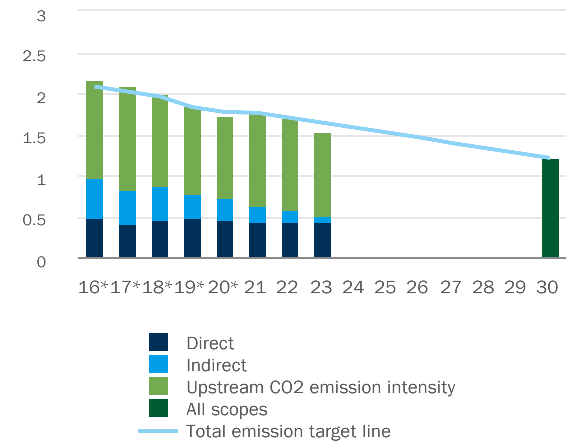
In 2023, Outokumpu consumed in total 23,296,271 GJ of primary fuels and electricity, a decrease of more than 1,700,000 GJ. The overall energy intensity decreased from 10.5 to 10.4 GJ per tonne crude steel.

Supply chain emission intensity, originating mainly from the use of primary raw materials, decreased by 14% compared to 2016. The decrease was supported by the high share of recycled material content in our production, 94.6% and by sourcing low emission raw materials.

We are also working with our raw material suppliers to decrease our upstream emissions. We are in the process of integrating CO_2 emissions into purchase decision making and working on innovations across industries to discover news ways of reducing CO_2 emissions.

See more data on CO_2 emissions in the sustainability data tool on Outokumpu's website.

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



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

* Including discontinued operations

Carbon dioxide emissions

Tonnes	2023	2022	2021	2016*
Direct emissions (scope 1)	1,013,282	1,043,226	1,196,362	1,213,634
Indirect emissions, market based (scope 2)	141,599	368,380	543,567	1,210,872
Indirect emissions, location-based (scope 2)	457,228	459,780	581,521	
Upstream emissions (scope 3 with broader coverage)	2,309,430	2,717,748	3,157,511	3,163,556
Total	**3,464,311**	**4,129,354**	**4,897,440**	**5,588,062**

* Base year.

Climate commitment to decarbonize our value chain

Outokumpu's stainless steel has up to 75% lower carbon footprint than the global industry average.

Now

Scope 1 0.45 tonCO_2 year 2023

Scope 2 0.06 tonCO_2 year 2023

Scope 3 1.01 tonCO_2 year 2023

Direct emissions from production

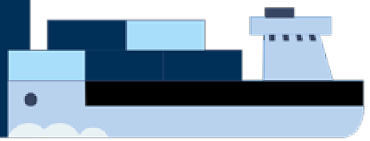
Emissions from extracting raw materials, the use of fuels in production and generated CO gas.

Indirect emissions from the use of electricity

Purchased electricity.

Indirect emissions from the upstream

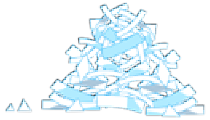
Raw materials, fuel and energy related activities, purchased goods and waste generated.



During 2023

Scope 1–3 emission intensity reduced by

27% compared to the baseline of 2016



Scope 1: Record high recycled material content, increased energy efficiency and use of biocoke to reduce direct emissions.

Scope 2: Improved energy efficiency and increased use of low carbon electricity.

Scope 3: Record high recycled material content, renewable fuels and continued to work towards zero waste.

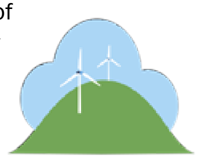
By 2030

We aim to reduce Scope 1–3 emission intensity by

42% compared to the baseline of 2016

Scope 1: Replace fossil coke with biocoke and switch to renewable fuels.

Scope 2: Continue increasing share of low-carbon energy and improving energy efficiency.



Scope 3: Continue to increase recycled material content and develop low carbon raw materials together with suppliers.

Decarbonizing our own operations

By 2030, Outokumpu aims to reduce its direct, indirect and supply chain emission intensity by 42% per tonne of stainless steel from a 2016 baseline. In 2023, we were more than halfway toward the target with 27% reduced emission intensity. The work towards the mid-term target of 2030 and further to reach carbon neutrality by 2050 continues.

Outokumpu's direct emissions come from fossil coke, fossil fuels and CO gas. The majority of direct CO_2 emissions originate from coke which is used as a reductant in ferrochrome production. For the short-term target, a significant share of fossil coke is to be replaced by biocoke and this would reduce a significant amount of carbon emissions. In the long run, Outokumpu continues to investigate replacing the use of coal-based reductant. In 2023, Outokumpu made an investment decision in a pelletizing plant for biocoke in Tornio, Finland, to accelerate the reduction of direct emissions. This will help to reduce carbon emissions by 82,000 tonnes, which corresponds to the annual emissions of 8,000 Finns.

Reducing emissions from the use of heating fuels, i.e. natural gas, propane, and a small amount of oil is possible either by induction heating or by the use of low-carbon fuels such as biogas. The scenario for the short-term target includes a change to lower emission fuels, such as replacing propane with natural gas where reasonable and plans to use biofuels at some operating sites. The implementation of various digitalization projects is estimated to help increase yield, energy, and material efficiency in our operations which directly impact our carbon emissions.

Further indirect emission reductions will be reached by switching to low-emission electricity and replacing natural and propane gas in heating. The strategy to further reduce indirect emissions from electricity is to expand the low-carbon electricity supply through certificates and increasingly invest in renewable energy projects. In 2023, Outokumpu bought guarantees of origin for 79% of electricity from energy producers. In addition Outokumpu has access to certificates also through ownership and power purchase (PPA) agreements.

During 2023, Outokumpu founded the EvoEnergy unit to study and explore low-carbon investments, related to our own energy production, carbon capture, and the hydrogen economy.

During 2022, we launched an ambitious program to improve our energy efficiency. Until the end of 2024, Outokumpu now aims to improve its energy efficiency by 8% across the group compared to the January–September 2022 level. Prior to that, Outokumpu's target had been to improve energy efficiency by 0.5% annually.

An additional way to reduce direct emissions in the atmosphere is carbon capture and storage/utilization (CCS/CCU). Slag use in CCU is seen as one of the potential techniques to reduce direct emissions. Flue gas from our own processes could be used in an accelerated carbonation technique and the outcome would be a carbonated slag product replacing cement that can be utilized as construction material.

Magnesium-rich mine tailings can be utilized in CCU by using technology developed by Åbo Akademi University. During 2022–2024, the aim is to pilot the technique and find applications for magnesium-rich residues in carbonation. The project consortium has several industrial partners, institutes, and universities involved and it is funded by Business Finland.

Decarbonizing the value chain

Supply chain emissions account for 67% of our entire emissions. Scope 3 emissions originate from raw materials such as ferronickel, burnt lime, dolomite, as well as other alloying elements. We continuously work together with our suppliers to identify new innovations and opportunities to reduce our supply chain emissions.

Throughout 2023, we established new partnerships to strengthen the supply of sustainable raw materials and reduce emissions from it. For example, we acquired a share in the Canadian company FPX Nickel and signed a letter of intent with Greenland Resources Inc., a company specialized in low-emission molybdenum, to further strengthen our sustainable supply chain.

The first of Outokumpu's three new cargo ships became operational in Janurary 2024. They ships will support us in emission reduction and help us comply with upcoming environmental regulation.

During 2023, we managed to keep our recycled material content at an all-time high of 95%. Looking ahead, we aim to increase recycling as steel scrap and recycled metals from any waste management can replace raw material use, although the amount of scrap depends on the availability of suitable scrap. Therefore, we partnered with CRONIMET to further secure the sourcing and retain the supply of high-quality scrap within Northeastern Europe and launched Inner Circle to ensure a sustainable supply chain for steel scrap.

For the short-term target, raw material purchasing takes the carbon footprint of the supplier into account to align the purchasing to suppliers with lower carbon emissions. Both the carbon reduction strategy and actual emission intensity are criteria in our supplier performance evaluation. Only suppliers with a certain level of performance are eligible to become strategic partners for Outokumpu. To ensure that we are reaching our ambitious CO_2 reduction targets, we track and report the CO_2 emissions of our raw material purchases continuously throughout the year, and we engage in trainings and discussions, such as the UNGC Nordic Peer Learning Group on Emissions Reductions Related to Material Sourcing.

Outokumpu's decarbonization roadmap also includes projects to reduce transport emissions. Two projects focus on switching from road transport to electric train transport. At the Kemi mine, Neste MY Renewable Diesel, made from 100% renewable raw materials – such as used cooking oil and animal fat from food industry waste – is used to replace fossil fuels in the machines, trains and alternative power sources, and also at the Tornio mill as well as in the transports between the mine and the mill. The fleets at the Kemi and Tornio operations as well as contractor fleet will completely switch to renewable diesel.

In addition, Outokumpu is acquiring three new cargo vessels from its long-term transport partner, Finnish shipping company Langh Ship to help minimize emissions. Initially, the ships will run on liquefied natural gas, but later that can be directly changed to liquefied biogas without any changes.

Kemi mine to become the first carbon-neutral mine in the world by 2025

Our goal is to make the Kemi mine the world's first carbon-neutral operating mine by 2025. The three key factors in the Kemi mine's carbon neutrality are shifting from fossil fuels to renewables, utilizing low-carbon electricity, and replacing natural and propane gas in heating.

When realized this will mean a reduction of almost 40 million kilos in Outokumpu's greenhouse gas emissions. During 2023, Outokumpu achieved third of this target with the use of renewable fuel which will reduce the Kemi mine's annual greenhouse gas emissions by nearly 11,300 tonnes.

Outokumpu also completed the significant project deepening the Kemi underground mine from 500 meters to 1,000 meters. This will ensure a continuous supply of low-carbon chrome, a key raw material in stainless steel, for decades to come.

Reporting aligned with the TCFD recommendations

Outokumpu acknowledges the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the underlying framework and acknowledges that there are financial impacts in a 2°C or lower transitions scenario. Outokumpu has performed a scenario analysis according to scenario well below 2°C and the 1.5°C ambition of the Science Based Targets initiative. More information on the Risks and opportunities and Review by the Board of Directors.

Climate change scenario analysis

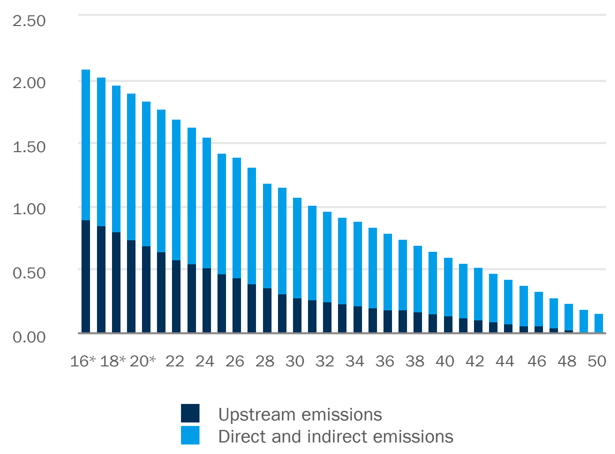
Available scenarios take into account countries' energy and climate-related policy commitments. These provide a baseline scenario against which we assess the additional policy actions and measures needed to achieve the sustainable development scenario (SDS). The SDS sets out the major changes that would be required to reach the main energy-related goals of the United Nations Sustainable Development Agenda, including an early peak and subsequent rapid reduction in emissions, in line with the Paris Agreement, universal access to modern energy by 2030, and a dramatic reduction in energy-related air emissions. The trajectory for emissions in the sustainable development scenario of IEA is consistent with reaching global "net-zero" CO_2 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. The sliding scale for scrap input which is used in carbon steel scenarios does not apply to stainless steel.

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 the 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. The assumption

Area	Recommended TCFD disclosures	Source of information in reporting
Governance		
Disclose the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	Sustainability strategy SR 31–32, FS 131–135
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability strategy SR 37, Risks and opportunities AR 19–29, FS 131–135, GC 104–117
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
	c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
Risk management		
Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
	b) Describe the organization's processes for managing climate-related risks.	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
Metrics & Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135
	c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets	Decarbonization across the value chain SR 39–46, Risks and opportunities AR 28, FS 131–135

Outokumpu's emissions scenarios, scope 1, 2 & 3, emission intensity



* Including discontinued operations

of the SDS includes the possible CO_2 reduction projects at different maturity grades according to the developed carbon neutral roadmap. It is assumed in the SDS scenario that nickel-containing stainless steel grades are produced mainly by recycling, more heating furnaces are changed to electricity-driven heating and that the biocoke and biofuels projects are further expanded. All projects are to be realized during the journey in addition to the efficiency improvements.

Analyzed scenarios have been estimated under pessimistic, optimistic, and realistic implementation of the projects and technologies for the carbon neutral roadmap to 2050. It is expected that compensation or new carbon capture, sequestration and utilization options for some remaining amount of emissions are needed.

Climate change risks

Outokumpu has assessed physical climate risks and mitigation measures for all sites utilizing risk and control management system for maintaining and sharing the data. None of the physical risks have been identified as a material risk to our company. Since 2022, Outokumpu has had its long-term incentive plans linked to the company's science-based climate targets.

According to the analysis, the most physical risk is flooding caused by increased extreme weather conditions or storms. Natural and catastrophic hazards could impact deliveries and result in interruptions to operations or facility damage at some sites.

The financial impact of the climate transition risk has been estimated for the target period until 2030. The transition risks to Outokumpu are driven by changes to climate policies, which can have an adverse impact on Outokumpu's operating environment and financial position as an increased price of greenhouse gas emissions and the linked rising electricity price. The transition risk also includes the risk of how decarbonization technologies become viable and effective in the coming years.

The risk of losing customers and market share is assessed and included in the risk management system. Read more about risks in Risks and opportunities.

Opportunities of a low-carbon society

Climate change is one of the three megatrends driving our business. The lifecycle of a stainless steel solution can have a lower climate impact compared to other materials such as carbon steel. As stainless steel is a corrosion resistant and long-lasting material, it stands out in many applications of renewable energy production, such as in high temperature power plants, solar farms, and biofuel plants. This growing market in the transition to a low-carbon society gives Outokumpu the opportunity to increase the its revenue.

The continuous increase of material recycling and energy efficiency as well as the shift to use lower emission fuel and electricity have significantly reduced the product's carbon profile. This is driving the competitive advantage of alloyed steel with a low-carbon footprint that customers are increasingly demanding.

Investors are looking to finance sustainable projects or to invest in sustainable companies. The low-carbon profile of Outokumpu's stainless steel enables financial advantages in investments and the transition to a low- carbon society.

Emissions trading and fair competition

86% of Outokumpu's direct CO_2 emissions fall under an emissions trading system (ETS). The share has decreased from 2021 due to discontinued sites. The main risks in the trading phase 2021–2030 of the emissions trading system to Outokumpu involve the pass-through costs of allowances to the electricity price and the protection against carbon leakage by phasing out of free allocations. Free allocations have been decided until 2025.

The European Carbon Border Adjustment (CBAM) measures will phase out the free allocation 2026–2034. Additional uncertainty concerning the reduction of free allocations in the second half of the ongoing period by further decreasing benchmarks and a possible cross-sectoral reduction factor will impact the company's position. Outokumpu forecasts it will have an adequate quantity of the EU emission allowances until the end of this decade, if the projected decarbonization projects are realized.

Allowance prices are expected to further increase especially as the the European Commission's Green Deal requests further greenhouse gas reductions, and the benchmark for free allocation will decrease.

There remains a risk that the carbon leakage avoidance measures in the ETS will not effectively be overtaken by the Carbon Border Adjustment Mechanism. CBAM does not consider the high impact of the scope 2 emissions, nor does it reflect the export of goods from the EU. However, the main impacts of stainless steel raw materials, such as ferronickel, ferrochrome, and ferromanganese are taken into account.

Low-carbon energy and energy efficiency

Our decarbonization strategy is highly focused on energy – both on improving the energy efficiency of our operations and reducing emissions with low-carbon energy.

Our stainless steel is used in many applications that drive the green transition. Energy is also important to us in our production, where we want to use as much low-carbon energy as possible.

Stainless steel operations are energy intensive and our Tornio mill is the biggest single energy user in the Nordics. One of the enablers of our low carbon footprint, recycled steel, needs to be heated to over 1,400°C. The process requires a high amount of electricity as the best available technique for melting recycled steel is to use electric arc furnaces.

Outokumpu is continuously striving to make its production operations more energy and material efficient. Although the melting of recycled steel and the production of stainless steel consume a lot of energy, stainless steel enables energy efficient solutions from a life-cycle perspective by saving energy during its use phase.

Key drivers in energy efficiency improvements

Last year, Outokumpu announced the decision to significantly increase its energy efficiency improvement target and prioritize related investments in the next two years. This year, we continued to implement the ambitious program, with the aim of improving energy efficiency by 8% by the end of 2024 across Outokumpu's operations from the January–September 2022 baseline.

Outokumpu is improving its energy efficiency by:

- minimizing energy losses during material processing,
- optimizing our energy consumption and fully utilizing our energy management system, and
- enhancing overall yield.

The energy efficiency targets have been translated into site-specific targets. Sites will have specific plans and targets for improving energy efficiency and related investments. We continue our efforts in implementing 39 investment initiatives to improve energy efficiency.

Energy efficiency development

Energy efficiency is calculated as a sum of different process steps including ferrochrome. Total energy efficiency was 3.12 MWh/t against the ambitious target of 2.95 MWh/t. During 2023, there was a strong focus on energy efficiency, and we are approaching our target of improving our energy efficiency by 8% by the end of 2024.

During 2023, we implemented approximately 100 projects delivering 215 GWh of energy savings which cover about 35.8% of our commitment of 600 GWh.

Energy used in operations*

Gigawatt hours, GWh	**2023**	2022	2021
Electricity	**3,729**	3,973	4,384
Carbon monoxide gas	**537**	574	678
Natural gas	**1,611**	1,775	1,990
Propane	**462**	483	492
Biofuel	**7**		
Diesel, light and heavy fuel oil and other	**125**	149	152
Energy	**6,471**	6,953	7,696
Energy use in GI per tonnes crude steel	**10.4**	10.5	10.2

* Heating of buildings not included as heating is insignificant compared to process energy. Biofuel use not reported before 2023.

Low-carbon energy

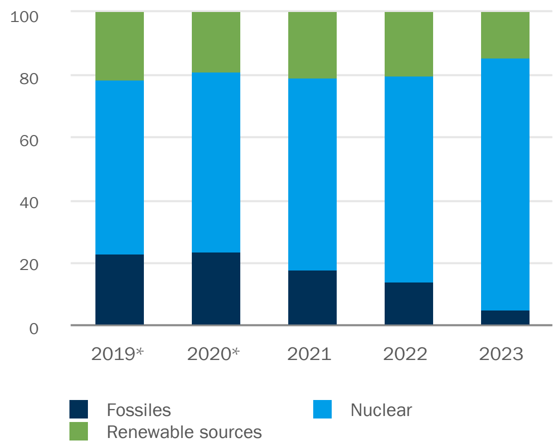
Increasing the share of low-carbon electricity is one of the key elements in Outokumpu's decarbonization strategy. In 2023, 95% of our electricity sources came from low-carbon (renewable and nuclear) sources. Outokumpu has also signed supply agreements to increase low-carbon energy for wind power and has ownership shares for hydropower as well as combined heat and power. In 2023, Outokumpu also started to evaluate the feasibility of a low-carbon electricity increase through emerging nuclear technology, small modular reactors in Tornio, and founded an EvoEnergy unit to study and explore low-carbon investments, related to our own energy production, carbon capture, and hydrogen economy.

As primary energy sources, we use natural gas, propane, or other fuels, such as diesel. Fossil fuels cover about 80% of our total fuel consumption. Outokumpu does not yet consume any significant amounts of fuel from renewable sources in production processes, but we utilize our own recovered carbon monoxide process gas, which accounts for 20% of our total use of fuel. Outokumpu continues to plan to switch to low-carbon fuels in production to replace natural gas, propane, and other fossil fuels.

Process gases and waste heat are also used to heat buildings on sites. For example, the combined heat and power plant in Tornio, Finland, produces heat for the Tornio site from recovered process gases, and in Dahlerbrück, Germany, we have our own hydropower plant to generate some 10% of the electricity needed in production. Outokumpu is also a shareholder in a wind power park in Tornio.

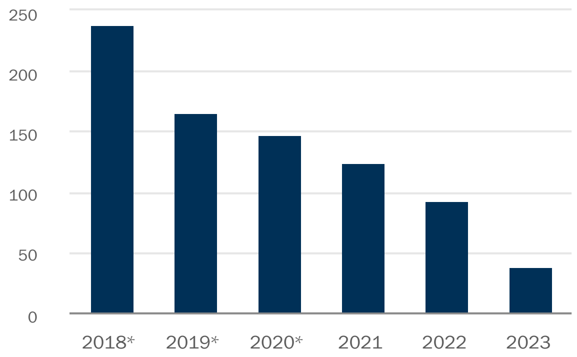
We have centralized energy procurement in order to secure a sufficient energy supply, to ensure predictable, competitive, and stable energy prices, and to optimize the energy portfolio also on low-carbon electricity.

Origin of electricity, %



* Including discontinued operations

Market-based electricity emission factor, kg CO_2eg/MWh



* Including discontinued operations

During 2023, 13% of electricity use came with guarantees of origin from ownership in power production or from power purchase agreements. 79% of electricity came with purchased guarantees of origin.

95% of our electricity sources came from low-carbon sources in 2023.

Improving our energy efficiency during 2023

As Finland's biggest single user of electricity with ambitious climate targets, improving energy efficiency is critical to us. In order to tackle the uncertainty and further reduce emissions, Outokumpu has since 2022 had a target to improve energy efficiency by 8% by the end of 2024 across its operations from the January–September 2022 baseline. Achieving this target would correspond to energy savings equivalent to the annual electricity usage of 15,000 households.

During 2023, there was a strong focus on energy efficiency, and we are approaching our target of improving our energy efficiency by 8% by the end of 2024. So far, our actions have resulted in savings of EUR 10 million and a run-rate improvement of 35.8%.

We improved our energy efficiency by optimizing energy consumption, minimizing energy losses during material processing and continually enhancing overall yield. Since the start of the energy efficiency program, Outokumpu has accomplished improvements in recovering and re-utilizing excess heat at its mills and continues to identify additional potential improvements. We continue with the efforts to implement 39 investment initiatives.

Accelerating the circular economy

Outokumpu's business is based on the circular economy: our stainless steel products are made of over 90% recycled material content. Our mills can be considered as significant recycling centers.

In 2023, we recycled a total of 2 126 197 tonnes of metals, equivalent the weight of 291 Eiffel towers.

Accelerating circularity is the key enabler of our low carbon footprint. Increasing the recycled content of stainless steel is the most efficient way for us to reduce the supply chain, scope 3, emissions. By constantly improving and pioneering solutions for the circular economy instead of relying on virgin raw material, we also mitigate biodiversity loss.

Outokumpu has a target to use over 90% recycled material content in its production, and its continuous development is critical for us. Recycled steel from both stainless and carbon steel is our most important raw material. We produce new products out of it, recover and recycle it, and sell by-products from the production process to replace natural resources. All of Outokumpu's stainless steel mills can be considered as significant recycling facilities – only at Outokumpu's Tornio mill do we recycle over one million tons of metals per year.

Record high recycled content rate

Recycled steel from both stainless and carbon steel is our most important raw material. The total input of recycled materials in our steel was 94.6% in 2023 against our target of 92.5%. This includes steel scrap as well as metals that are recovered from our waste streams such as dust and slag. This is our record high rate to date. Counting only the recycled steel, our recycled content was 90.9% in 2023, consisting of pre- and post-consumer scrap in alignment with ISO 14021.

The result was impacted by the good availability of steel scrap. For 2024, we are raising our target of total input of recycled materials from 92.5% to 93%.

Highest recycling material content of 95% in our history drives our emission reduction.

Materials used[1]

1,000 tonnes	**2023**	2022	2021
Alloys	**385**	448	587
Slag formers	**398**	418	482
Acids[2]	**75**	33	41
Coal or coke	**210**	227	272
Biocoke	1	0	0
Other input - gas, electrodes etc.[3]	**293**	236	269
Chromite ore	**871**	961	1,166
Slab input		52	70

[1] The main materials used in Outokumpu's production are non-renewable, metals or minerals.

[2] The 2023 data include 57576 t of recycled acids, not reported in previous years.

[3] In 2023 slab input and refractories included in this category.

Recycling in our own processes

One of the enablers of having such a high recycled material content is the recovery and recycling of metals from the production processes, such as from dust and scales. We are continuously looking for the best ways to recycle metals. These side streams are either treated on site or by an external facility for recycling in our melt shops.

In addition to metals, other materials, such as slag formers, acids, and gases, are needed in the production process although they do not become part of the stainless steel products. Some of these input materials are needed to minimize or prevent emissions escaping into the environment. As far as reasonable, these are also recovered and recycled in the process. For instance, the used acids are continuously regenerated for reuse, and the hydrogen from the bright annealing process is recovered in the incineration of the process furnace.

Waste to landfill: zero waste as a long-term target

In our production, all material streams in production are studied carefully to find the means of fully recycling, reusing, or selling them as by-products. As the circular economy is part of our DNA, waste management is our focus and we reuse, recycle, and recover as much material as is reasonable targeting zero waste.

By far the biggest waste streams at Outokumpu are tailings sand from the Kemi mine and the second largest is slag. However, not all produced slags are even categorized as waste as some slags are by-products. In 2023, a new slag treatment facility started up in Calvert, USA. Due to the start-up late in the year, 86,900 tonnes of slag has been stored during 2023, waiting to be processed in that facility. While included in the generated amount, this volume is not yet allocated to diverted or landfilled.

While waste is recycled whenever possible in our own production, our production still generates landfill waste. Our target for reducing waste going to landfill (other than slag) is a 0.5% reduction per year. In 2023, waste to landfill per tonne of stainless steel increased to 0.65 tonnes from 0.53 tonnes in 2022. This was mainly due to an increase in tailings sand in the mining business. Tailings alone were 0.54 tonnes per tonne of stainless steel. The ultimate target is to have zero waste.

Scales and metals from filter dust or from slag are recycled and acids are regenerated. Other recovered materials like lime, bricks, and some sludges were mostly used in our melt shops to substitute virgin additive materials like slag formers. Oily waste is treated and recovered as energy. Tailing sand is deposited in the pond of the mining area itself. Outokumpu's waste management is described in more detail on Outokumpu's website.

Slag as a by-product

In addition to reducing the total volume of landfill waste from our own operations, we also aim to increase the proportion of materials sold as by-products.

We have developed slag-based products, e.g. for refractory and concrete production and for agricultural purpose. Slag is an essential material in the steel melting process, and it is made from lime or other natural minerals. By-products made of slag mineral reduce the amount of waste generated by steel, save virgin raw materials and lead to lower CO_2 emissions. In 2023, Outokumpu sold or used 0.94 million tonnes of slag as the main by-product of operations.

In 2023, the use rate (including use, recovery, and recycling) of all slag was 87.8 %. The remaining share of slag was sent to landfill. The stored slag is not included in these calculations.

Waste management

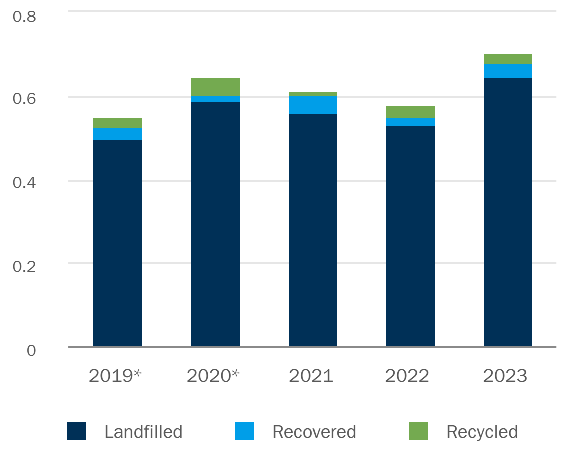
Tonnes	Generated	Diverted from landfill	Landfill
Hazardous waste	**142,466**	**68,370**	**74,096**
Steelmaking dust	71,537	49,832	21,705
Oily sludge	11,011	11,011	
Regeneration & hydroxide sludge	23,111	2,453	20,658
Neutralization sludge	17,760		17,760
Other waste	19,046	5,073	13,973
Non-hazardous waste from stainless steel production	**1,553,556**	**86,881**	**1,379,771**
Scales	12,034	12,034	
Slag[1)]	253,323	35,966	130,453
Other waste	83,076	38,881	44,194
Tailing sand (surface impoundment)	**1,205,124**		**1,205,124**

[1)] The sums do not add up to total generated slag due to the stored slag.

Waste diverted from disposal by recycling

Tonnes	Onsite	Offsite	Total
Hazardous waste			
Preparation for reuse	46		46
Recycling	4,242	9,155	13,396
Other recovery operations	53,422	1,505	54,927
Total	**57,710**	**10,660**	**68,370**
Non-hazardous waste			
Preparation for reuse	1,168	35,432	36,600
Recycling	29,836	7,473	37,309
Other recovery operations	11,968	1,005	12,973
Total	42,971	43,910	**86,881**
Waste circulation			**155,250**

Total waste development, tonnes per steel



*including discontinued operations

We are committed to the circular economy with 100% recyclable and resource-efficient stainless steel.

Every piece of scrap matters

Outokumpu launched a new circularity initiative, Outokumpu Inner Circle®, at the World Circular Economy in Helsinki, Finland, in 2023. The first to join were our supplier partners, **CRONIMET Europe, IMR Recycling, Kuusakoski Recycling, Oryx Stainless Group, Paul Jost**, and **Stena Recycling AB**. In the next phase, we are inviting our customers to join the initiative and to bring their scrap back into a sustainable closed loop economy.

“With the Inner Circle initiative, we are bringing our customers and scrap suppliers together to ensure an efficient, transparent, and sustainable supply chain for steel scrap. Ultimately, our vision is to create a visible closed loop for steel – a unique example of the circular economy in action,” explains **Max Menzel**, Head of Sustainability & Technical Customer Service at Outokumpu.

In the initiative, Outokumpu’s role is to steer the initiative and create networks between customers and verified scrap suppliers. The scrap suppliers’ role is to ensure a sustainable supply chain by providing scrap from the network’s partners and to distribute the scrap sustainably. Customers who join the program will bring their scrap back into the cycle after processing the material or by the end of the product’s life cycle via the scrap suppliers.

Biodiversity and water management

Biodiversity loss is one of the most severe risks on a global scale, due to biodiversity's vital contribution to human well-being. As businesses rely on natural resources, we must also protect them. By maintaining high recycled material content in our production, we reduce our climate emissions and mitigate biodiversity loss. In addition to the impact of our own operations', we work to minimize the impact of the value chain on biodiversity by, for example, assessing suppliers thoroughly.

While the production of stainless steel does not have a significant effect on its surroundings, we still protect biodiversity in the areas.

Outokumpu uses over 90% recycled material in its production, which reduces carbon emissions and mitigates biodiversity loss. While the production of stainless steel does not occupy or reserve large areas of land or have a significant effect on the biodiversity of the surrounding natural environment, we still need to also rely on natural resources.

Biodiversity

Outokumpu's chrome mine in Kemi, Finland, is an underground mine, without need for land, besides for its old open pit, and without the use of chemicals, and without an impact on climate development. Besides minimizing the use of virgin raw materials, Outokumpu assess its raw material suppliers meticulously, in order to ensure the sustainability of the supply chain. In 2024, we will continue to assess our value chain impact on biodiversity together with our suppliers.

Ferrochrome made out of our own chrome has an estimated 67% lower carbon footprint than the global industry average. In fact, this is our only active mine, with a target of being the first carbon-neutral mine in the world by 2025. In the past, Outokumpu has operated mines both in Finland and elsewhere, and today the old mines are monitored.

In 2023, Outokumpu conducted a study with the purpose of assessing direct biodiversity risks and impacts, based on a systematic and scientific approach. Based on the study, local sites identified an action plan to be implemented during 2024.

Besides the mitigation actions, Outokumpu is engaged in biodiversity initiatives such as building bird hotels at the Kemi mine, establishing insect hotels in Avesta, Sweden and creating a wildflower meadow for bees in Dillenburg, Germany.

While Outokumpu's production sites are not located in sensitive areas, Outokumpu has identified areas of high biodiversity value that are owned by the company or adjacent to our sites. These sites comprise 81% of the total owned land. Find out more about these sites on our website.

Biodiversity

Site	Area in km2	Percentage
Calvert, US	469.00	19.2%
Dahlerbrück, Germany	0.06	0.3%
Kemi, Finland	916.00	37.4%
Tornio, Finland	6.00	24.5%
Total		**81.4%**

Recycling water

Water is used in Outokumpu's production process in annealing, pickling, and cooling. The withdrawal of water is metered, and rainwater is estimated by average rainfall and the surface of captured rainwater. It is treated and recycled as much as possible, and only some is discharged to the municipal wastewater system.

All wastewater is treated at the company's own treatment plants or in municipal water treatment systems before it is discharged. The main discharges into water are metals and nitrates. The discharge is measured and supervised by the authorities. In 2023, nitrate emissions were reduced by 54%, mainly as a consequence of the nitrate reduction project in Calvert. Read more about the project on the next page. In addition to the direct nitrate emissions of 764 tonnes, there is additionally 543 tons of nitrate emissions that are not released but go for further treatment in municipal waste water treatment facilities.

Wastewater treatment depends on the contamination of the wastewater. According to the needs, treatments are oil skimming, neutralization, flocculation, and sedimentation to extract metals and, when necessary, a Cr(VI) reduction process. Nitrate is often treated in the municipal water treatment to reduce discharge. In these cases, the steel allocated discharge cannot be monitored. The water impact is managed by municipal treatment operators.

The water used in the production is mainly surface water from rivers and the sea, and often includes rainwater. The impact of water withdrawal is evaluated at sites where river water is used, and where data on the river water are available.

All our production sites have valid environmental permits and impact on water has been assessed either in Environmental Impact Assessments or in discussion with local authorities. For example, regular water impact assessments at our biggest operating site in Tornio and at the mining site in Kemi are available publicly. The most recent assessment from 2021 covers meteorological and hydrological development, factors impacting the sea area, physical and chemical water quality, and fishery impact and development. The studies show that impact of the stainless and ferrochrome production on the sea area's water quality and the biodiversity changes are minor.

Outokumpu follows up on incidents when target values for emissions are exceeded, even if it does not amount to a permit breach. Target value for emissions can vary from one production site to another depending on local conditions and assessments.

Water withdrawal and discharges

Million m3	**2023**	2022	2021
Surface water	**29.2**	29.1	29.2
Seawater	**12.8**	11.6	13.1
Municipal water	**0.4**	0.5	0.5
Groundwater	**2.8**	2.6	2.3
Rainwater	**1.3**	1.2	1.9
Water withdrawal by source	**46.5**	45.1	46.9
Water discharges	**40.0**	32.3	35.0
Cooling water out[1)]	**20.0**	13.7	14.5
Wastewater to municipal treatment	**0.9**	0.7	0.8
Discharge to surface water	**12.7**	11.4	12.9
Discharge to sea water	**6.3**	6.5	6.7
Emissions to water, tonnes			
Metal discharges to water, tonnes	**29.4**	27.9	26.9
Nitrogen in nitrates, tonnes	**764**	1,648	1,049

1) In 2023 increase in cooling water out mainly due to improved reporting practice. A production site that has not reported cooling water out before, only withdrawal, is now reporting also on cooling water.

In our operations, we mainly use surface water from rivers and the sea, often including rainwater. All wastewater is treated at the company's own treatment plants or in municipal water treatment systems before it is discharged.

Outokumpu operates a cold rolling mill in San Luis Potosí, Mexico, in a dry, extremely high water stress area according to Aqueduct assessment, where groundwater is a scarce resource for people. The groundwater withdrawal accounts for about 0.21 million m³. Water recycling and treatment at this site are especially ambitious to minimize the groundwater impact, 0.16 million m³ was reused at site. The water discharge was at about 0.09 million m³ to municipal sewer and 0.02 million m³ was used for irrigation. The site has self-committed on specific groundwater use and on high water treatments.

During 2023, Outokumpu also started to define a water stewardship program. The aim is to improve planning and management of water resources in a way that is socially equitable, environmentally sustainable and economically beneficial. Engaging with local stakeholders is one of the key elements of the program development and implementation.

Slag pond
October 17, 2023

Improved water management through reduction project

In Calvert, Alabama, Outokumpu's stainless steel is produced from melting to finishing. The process requires use of water, for example, to cool high-temperature slag. Part of the cooling water used in the mill is pumped from the nearby river, and later discharged back, after being treated in the wastewater treatment plant. However, even though treated, the water contains nitrates that are being generated in the stainless steel manufacturing process, specifically in the pickling lines.

The Calvert team decided to take action on how to reduce nitrates in the water. After receiving an official approval from the state, around 800-meter pipe was built to take the used cooling water containing nitrates from the acid regeneration plant in the mill into a separate pond with a clay liner.

“The project was fully implemented in mid-September. Looking at the annual data from the year 2023, we can see that we reduced nitrates discharged to the river close to 35%. As a result, the actions taken improve the water ecosystem of the river”, tells **Wayne Denton**, Director, Environmental Health Safety and Security at Outokumpu’s mill in Calvert.”

The team in Calvert has implemented a water conservation project before, saving more than 5 million gallons of water annually, since 2022, and they continue to develop environmental projects to conserve the local environment.

Minimizing impacts on the environment

We aim to reduce our impact on the environment by proactively developing our production processes, energy and material efficiency. Outokumpu's growing environmental efficiency is based on long-term efforts and continuous improvement.

During the last years, from 2019 to 2023, we have been able to reduce our environmental incidents significantly, from 24 to 12 per year.

Outokumpu continuously improves how it protects the environment, from reducing carbon emissions to mitigating nature loss. Stainless steel production impacts the environment also through dust emissions, ferrochrome production processes discharging into the air, water used and discharged from production, energy use, and waste generated.

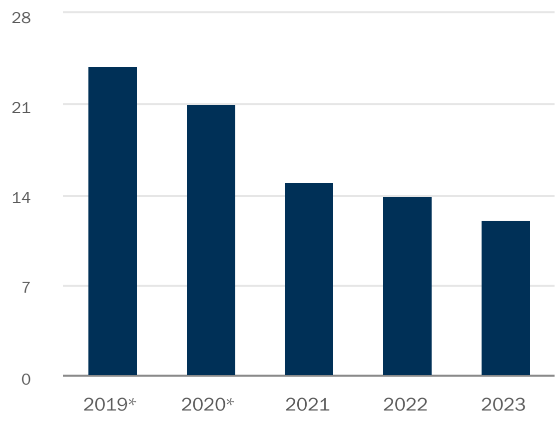
Environmental compliance

Our environmental network closely follows the environmental performance of our operations, their permit status, and legal compliance. The network conducts internal site audits in the production units according to risk screening. Environmental incidents have been reduced continuously.

In 2023, there were three environmental permit breaches at operational sites, none of which related to water emissions, and one at an old mining site. In total, there were 12 environmental incidents, 11 in operations and one at old mining sites. Outokumpu reported each incident to the environmental authorities, and carried out corrective actions immediately or resolved the incidents together with the authorities. No environmental damage was detected, and no fines were declared in 2023.

As our main raw material is recycled steel, we take all possible precautionary measures to check the input material for any unwanted content, such as mercury and radioactive contaminated material. We work together with our suppliers to decrease the share of unwanted materials in our production processes. All input material, the liquid steel and waste gas of the melting process, is controlled regarding radioactive contamination.

Total number of environmental incidents at operational sites



Includes environmental incidents rated as at least medium category incidents and permit breaches. No severe incidents occurred in 2023.

* Including discontinued operations

Dust emissions remained low

Steel melting and rolling processes generate dust and scales that are collected, treated, and, whenever possible, recycled in our own production. For example, raw material metals, such as nickel, are recovered from dust, sludges, and scales in recovery plants. Our dust filtering systems are extremely efficient and remove 99% of the particles.

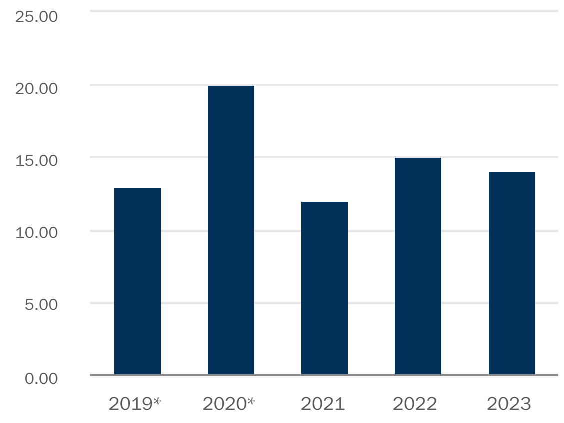
The measured particle emissions from all of our production processes were 182 tonnes in 2023. A large share of the particles, 104 tonnes, were emitted from the ferrochrome production process. However, the emission measurements include high uncertainty, causing a remarkable fluctuation in the results year by year. The level of dust emissions from the melt shops is within the limits of environmental permits and in line with BAT levels. No significant further reduction is expected.

Emissions to air

Tonnes	**2023**	2022	2021
Dust	**182**	223	216
Nitrogen oxides	**1,535**	1,568	1,887
Sulfur oxides	**253**	220	241

Grams per tonne crude steel			
Particle emissions from the melt shops	**14.0**	15.3	12.2

Steel melt shop particle emissions, grams/t



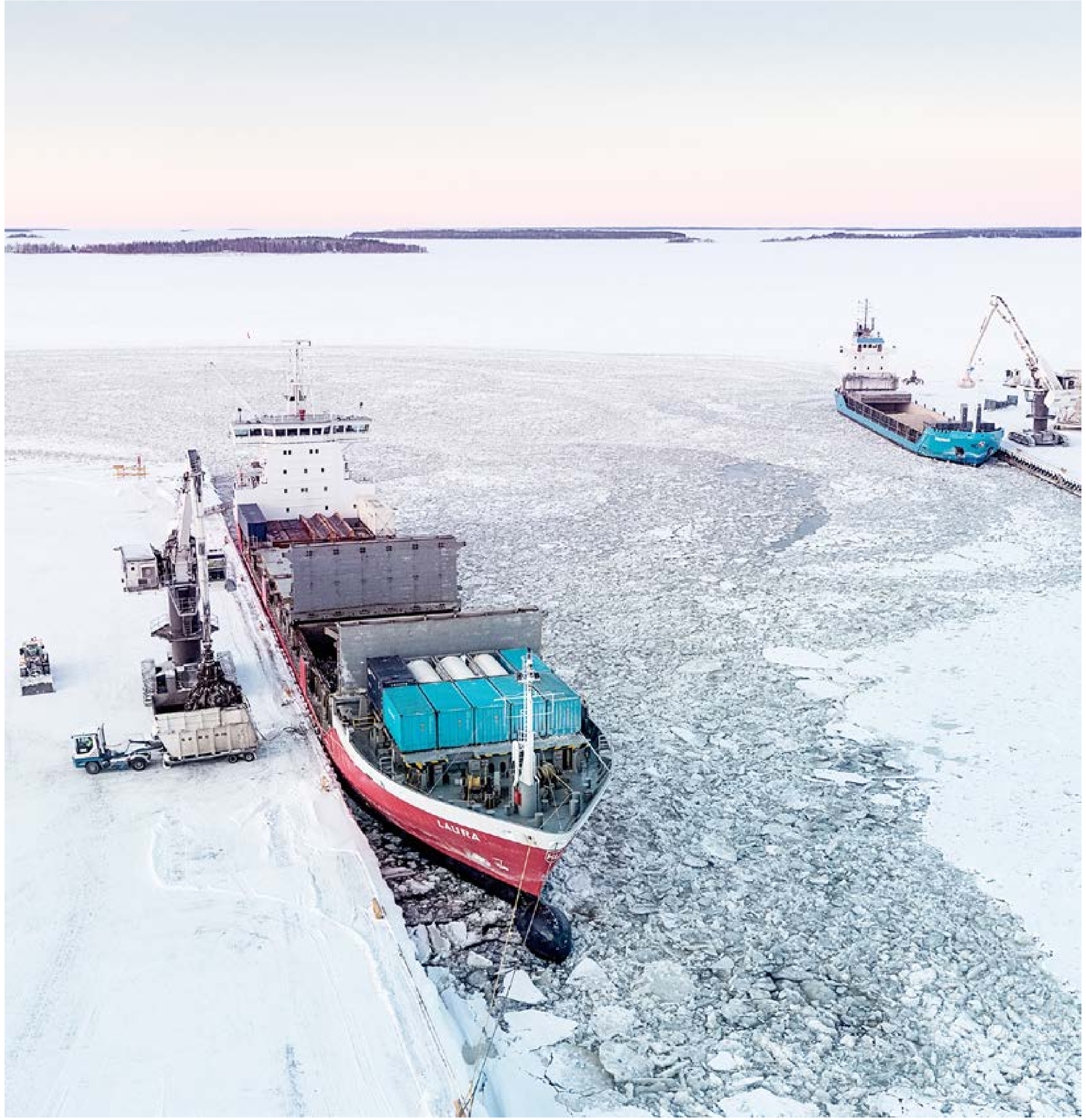
*including discontinued operations

Limited impacts of the mining operations

Outokumpu operates the only chrome mine in the EU, located in Kemi, Finland. We are a member of the Finnish Network for Sustainable Mining, and the Kemi mine is committed to the Finnish sustainability standard for mining. During 2023, Outokumpu also achieved a third of the carbon neutrality target for the Kemi mine by switching to renewable fuels. Outokumpu will continue to work on switching to low-carbon energy, finding alternative solutions to replace natural gas and reducing value chain emissions as close to zero as possible.

The environmental impacts of the mine are very limited due to the nature of the process. The minerals are in oxide form and very stable and chemicals are not used in the process, which is based on gravity separation. The Kemi mine is almost self-sufficient when it comes to water as it recycles water on site and collects rainwater. The underground mine takes drilling water from old open pits (rainwater), and drilling water is also recycled inside the underground mining process. All dewatering from the mine is pumped to the closed circuit of the tailings site and concentrator plant on the surface level.

The Kemi mine discharges 2,522,000 m³ of water from the area, including rainwater. The biggest impact on the environment from the mine is nitrates in the discharge water, which originate from explosives. However, the amount of nitrates is reduced by natural processes in the internal water recycling system of the mine site. Another environmental aspect is chlorites from underground mine water that originates from natural geological formations. The land use of mining is limited to the existing mining area as the mining is underground. Tailing sand is deposited in the tailing ponds of the mine area which will be landscaped as a forest when full.



Sustainable supply chain

Outokumpu is a part of the global supply chain by producing stainless steel for leading brands in demanding industries around the globe.

Together with our suppliers, we accelerate the green transition and eliminate any environmental or social harm, across the stainless steel value chain.

Fostering a sustainable supply chain

Our vision is to be the leader in sustainable procurement by embedding circularity and responsible sourcing of materials, products, and services in the core of all procurement decisions without compromising on quality or financial efficiency.

We want to provide a traceable supply chain and therefore we look beyond our direct suppliers.

Sustainable supply chain management is one of the priorities in our sustainability work at Outokumpu. We support our suppliers towards more sustainable operations and eliminate any environmental or social harm, across the stainless-steel value chain, to foster human rights and accelerate the green transition.

Under the heading of sustainable supply chain management we combine several activities, all with one goal: creating a transparent, monitored and responsible supply chain with partners that we know and that fulfil our high standards – from the trader all the way back to the mine where our raw material is coming from.

In 2023, we focused on improving the supply chain transparency and solidifying processes to evaluate supplier sustainability performance. As a result, our supply chain mapping and data gathering now covers a broader scope, even beyond direct suppliers. In addition, we developed the supply chain risk management processes by utilizing our global risk and control management process and system, and by expanding the country based risk rating to cover all categories.

Supply chain management and policies

To produce and offer sustainable stainless steel for customers, we provide a traceable supply chain and have stringent requirements on our suppliers in place.

Outokumpu's supply chain activities are guided by the United Nations Guiding Principles on Business and Human Rights (UNGP), and the principles are integrated into our our Supplier Code of Conduct, Supplier Requirements, and Human Rights Policy. We are committed to the Modern Slavery Act and take into account the OECD Due Diligence Guidance for Responsible Supply Chains. Implementing the ResponsibleSteel standards into our operations and supply chain is an ongoing commitment.

All our suppliers must commit and adhere to the following requirements:

- Suppliers need to act in accordance with all applicable laws and regulations.
- All suppliers and subcontractors are expected to comply with our Supplier Code of Conduct or have their own similar Code of Conduct. Outokumpu's Supplier Code of Conduct covers the following key ethical principles: safe and healthy workplace, sustainable future, human rights and dignity, and good corporate citizenship.
- Outokumpu's Supplier Requirements set the minimum criteria regarding sustainability and ethical standards, safety, environmental considerations, quality management, supply and production control, product liability, financial statement, intellectual property rights, confidentiality and security, audits, and business contacts.
- Suppliers need to maintain a quality management system.
- Suppliers need to clearly define, document and share their processes including material traceability.
- Outokumpu's general terms and conditions.

Unified procurement for sustainability excellence

Building upon our commitment to sustainability, in 2023 we have integrated the raw material and general procurement functions into one procurement organization. Raw materials are all ingredients that are in the steel we produce. General procurement covers the purchasing of goods and services needed for our production activities and everything else we do at Outokumpu.

The unified structure not only optimizes efficiency but positions us to navigate the dynamic global procurement landscape with resilience and foresight. The two areas remain, but the processes will be harmonized.

We want to provide a traceable supply chain and therefore we look beyond our direct supplies. We have continued to extend the documentation of our suppliers beyond tier 1, especially in the raw material area.

Outokumpu has also continued the collection of supplier-specific CO_2 emission values for selected materials for the reporting of scope 3 CO_2 emissions and an improved forecasting tool. New materials have been identified and were included in the collection process in 2023.

We are actively preparing for the European Commission Sustainability Reporting Directive and the Carbon Border Adjustment Mechanism by assessing supply chain data and devising actions to meet these forthcoming expectations.

Supply chain due diligence

Continuous development of supply chain transparency and monitoring is one of the priorities in our sustainability work. Outokumpu applies a risk-based approach across all supplier management stages: from the onboarding of a new supplier to regular evaluations and assessments during the partnership with the supplier.

Country-level risk assessment is one key tool for supplier and supply chain 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 site visit, to social audit to human rights impact assessment, depending on the identified risk.

Onboarding

A potential supplier is qualified before they can be approved and added to the Outokumpu supplier portfolio. In the qualification process, the potential risks and/or opportunities are identified and evaluated. The identification of risks follows Outokumpu’s Know Your Business Partner Instruction and utilizes country-level sustainability and compliance risks indices.

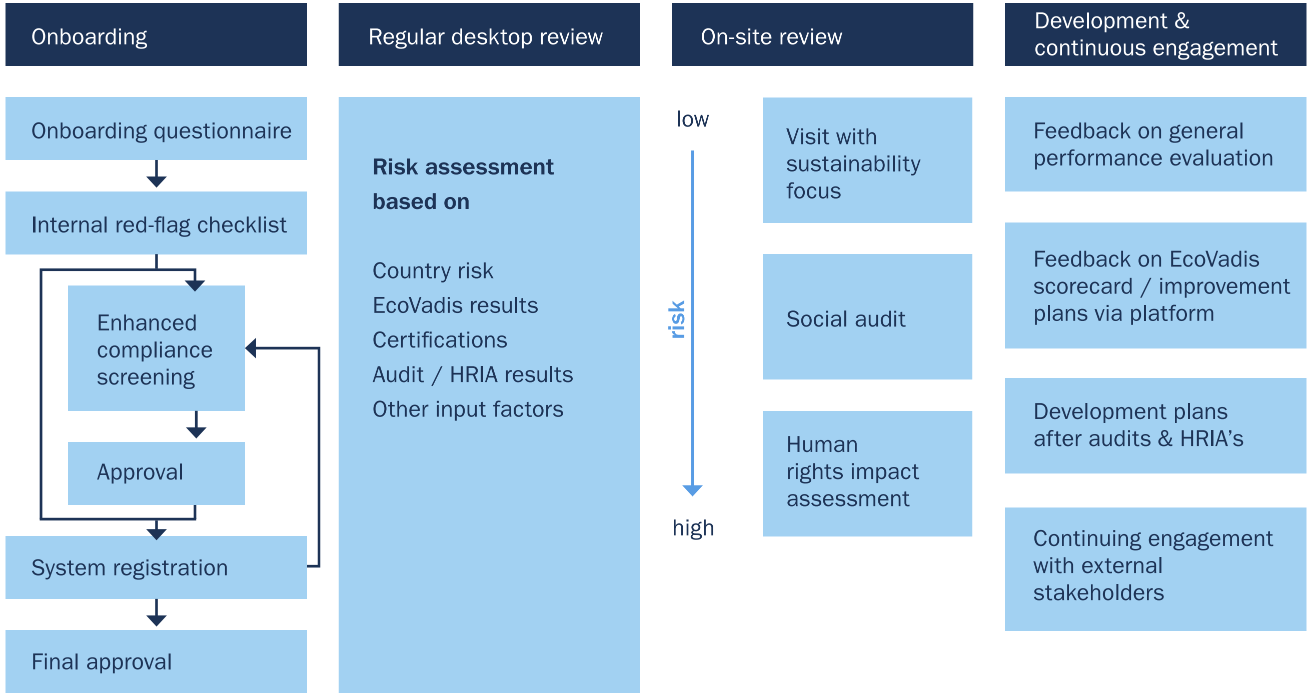
The onboarding process ensures the supplier commits to comply with the Outokumpu Supplier Code of Conduct and Supplier Requirements and can provide conforming raw materials, products, or services on a consistent basis. All new suppliers go through a compliance screening for sanctions before any business is initiated. Additional financial screening is carried out for selected suppliers.

Monitoring

Outokumpu monitors its suppliers through self-assessments, screenings, and audits. The majority of our suppliers also go through a monthly compliance screening for sanctions.

The EcoVadis platform is used for self-assessments, which focus on the environment, labor and human rights, ethics, and sustainable procurement. Already 45% of raw material suppliers (70% of raw material spend) participate in

Supply chain due diligence



EcoVadis and the invitation of general procurement suppliers has been initiated.

In general procurement, we completed a three-year project on extended self-assessments for key suppliers. Outokumpu's self-assessment questionnaire includes sections on ethics and sustainability, health and safety, environmental management, quality, production and supply control, supply chain and supplier management, and company management. The total number of 141 suppliers was assessed and data completeness was increased from 71% to 96%.

In addition, the overall performance of key suppliers is regularly evaluated and includes sustainability criteria. Only suppliers with a certain level of performance are eligible to become strategic partners of Outokumpu.

Visits, on-site audits, and impact assessments

Suppliers are selected for visits, on-site audits and impact assessments based on their sustainability-risk level.

Social audits are carried out on medium-risk suppliers that have potential human rights impacts arising from the supplier's own operations or its value chain. Human rights impact assessments (HRIAs) are conducted on high-risk suppliers.

Whereas social audits are carried out by Outokumpu itself, impact assessments are always carried out in collaboration with an external expert and usually take longer than a social audit. Also, the scope of an impact assessment goes beyond the supplier's premises and employees and includes external stakeholders as well.

Sustainability aspects (health and safety, environmental, working conditions) are also included in regular EHSQ audits. These audits are carried out both by Outokumpu and a third party.

Based on the visits and audits, identified non-conformities and improvement areas are discussed with the suppliers. Needed actions are agreed and followed up.

In 2023 we completed one social audit and two human rights impact assessments. Additionally, we conducted nine EHSQ audits.

More information about Outokumpu's site visits suppliers can be found on our website.

Supply chain grievances

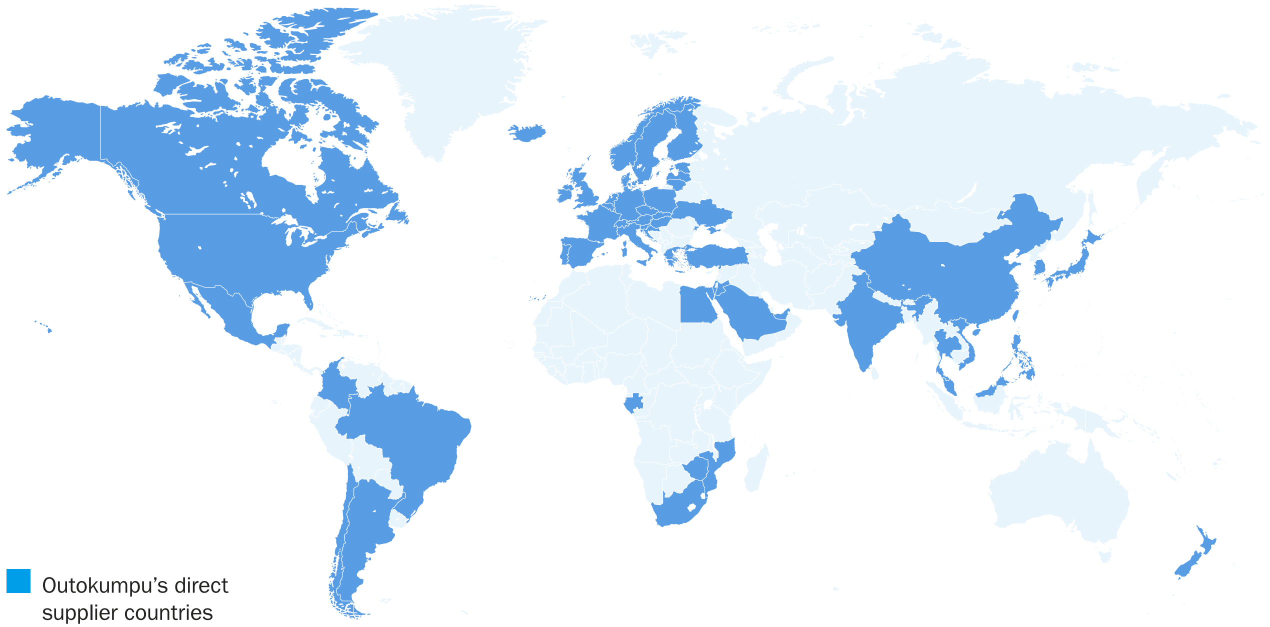
The SpeakUp channel is an externally operated channel for Outokumpu employees and external stakeholders to report misconduct in our suppliers' operations (as well as in Outokumpu's own operations). This can be done confidentially and anonymously, if permitted by local laws and regulations. The supplier sustainability team can also be contacted via e-mail under sustainable.sourcing@outokumpu.com

Allegations against our supplier's sustainability (including human rights and workers' rights) are reported and handled following our supplier-ESG incident management process.

Conflict minerals and cobalt

During 2023, Outokumpu needed minor amounts of tungsten and cobalt for specific products, Forta SDX 100 (EN 1.4501) and Ultra 254 SMO (EN 1.4547) respectively. We follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and have special due diligence procedures in place for these materials. In 2023, the tungsten demand was fulfilled completely from recycled sources and cobalt was sourced from low-risk countries only.

Outokumpu's direct supplier countries



Capacity building

During 2023, we have continued capacity building in the areas of human rights, and the supplier sustainability team has attended advanced training courses. Trainings in various topical subjects have been given to category managers and buyers, such as on sanctions, risk assessment, supplier performance evaluation, and the audit process.

Supplier management key figures 2023

Pieces/%	2023
Total count of suppliers (globally), pc	> 7,400
Local suppliers share of total spend, %	64
Countries where direct suppliers operate, pc	58
Onboarded suppliers, pc	230
Sustainability assessment score, pc	139
Sustainability assessment score, average	59
Spend of sustainability assessed suppliers, %	43
Desktop reviews, pc	141
Audits total, pc	13
Trainings, pc	4
Participation rate, %	90

Plans for 2024

We will continue with the development of our supply chain sustainability management. Our aim is to unify supplier management processes and utilize best practices on supplier onboarding, risk management and performance evaluation.

The EcoVadis platform will be introduced to all supplier categories and all procurement personnel will be trained in the EcoVadis concept, the new onboarding process, and other new ways of working to ensure a harmonized approach in supplier management.

We will continue with the work on supply chain responsibility, executing regular desktop reviews and sustainability audits, and finding solutions to reduce scope 3 CO_2 emissions. The mapping of suppliers beyond tier 1 will be broadened to selected new categories.

We will release and implement the renewed Supplier Code of Conduct in all supplier categories. The long-term goal is to have 100% of targeted suppliers commit to Outokumpu's Supplier Code of Conduct.

We anticipate the continuous evolution of regulations related to supply chain transparency, ethical sourcing, and environmental impact. Our plan involves staying informed of these changes, ensuring compliance with existing laws, and proactively adapting our practices to align with emerging legislation, such as the Corporate Sustainability Reporting Directive (CSRD) and Carbon Border Adjustment Mechanism (CBAM).

Our long-term goal is to have 100% of targeted suppliers commit to Outokumpu's Supplier Code of Conduct.

Ensuring a sustainable supply chain: a chrome supplier in Zimbabwe

The Outokumpu supplier sustainability team monitors suppliers continuously to identify and assess risks related to human rights in order to help safeguard them and improve sustainability of our supply chain.

Outokumpu's Supplier Sustainability Manager Michael Papoutsis joined the team in April 2022 and his designated responsibility areas are our primary metal suppliers (e.g. nickel, chrome, molybdenum, cobalt).

As part of his job, he assesses the sustainability risk associated with suppliers of those materials. We have defined that suppliers located in a high-risk country will be taken into consideration for a human rights impact assessment conducted by a third party, suppliers located in a medium-risk country will be taken into consideration for a social audit and in a low-risk country for a visit with a focus on sustainability.

Why did you go to Zimbabwe?
Zimbabwe is a country rich in chrome and other raw materials, so it is well known in the industry as supplier of chrome ore and ferrochrome and we have sourced raw materials from there. Zimbabwe is also a country facing political instability, extreme poverty, high inflation, and corruption. Therefore, we continued with a deep dive into the raw material supply chain in Zimbabwe and based on our own desktop review of the country and the maturity level of the producers, we concluded that the sustainability risk level was very high.

In accordance with our due diligence rules, we initiated a human rights impact assessment (HRIA) of our suppliers in Zimbabwe. The target was to assess the maturity level of their human rights management processes, to identify the potential human rights impacts of their operations, and to better understand the context of the industry and country.

How was the assessment conducted?
When we identified that we need to conduct an HRIA of the supplier, we engaged our external partner to support us in the preparation and conduct of the assessment. Together with them we started the background research by collecting all available documents from the supplier but also by engaging the supplier in online interviews in order to get a deeper understanding of their maturity level.

The specific topics to investigate more were: workers' working conditions and wages, environmental impacts such as pollution, health & safety, and the chrome supply chain (from the mine to the smelter).

As a next step, we conducted a field trip to Zimbabwe and visited the site, to verify the current condition of actives mentioned before, such as the wages and the working conditions.The verification can be achieved by, for example. through interviews and having in-depth discussions. In this case, we had various discussions with communities, NGOs, former workers, employees, the management of the operation, the workers council, subcontractors, and so on. Then we analyzed and compared the discussions to the data gathered in order to have a good and comprehensive understanding of the situation.

Based on the discussions and observations, we prepared the assessment report and made recommendations to the suppliers to improve their human rights due diligence practices.

What happens after the assessment?
The assessment always requires a lot of work from our side, as well as from the suppliers side. We have aligned the next steps with the suppliers and will stay in close contact with them in order to follow-up the status of the improvement actions. The aim of the assessment is always the same, to ensure and foster human rights, together with our partners.

Michael Papoutsis, Supplier Sustainability Manager

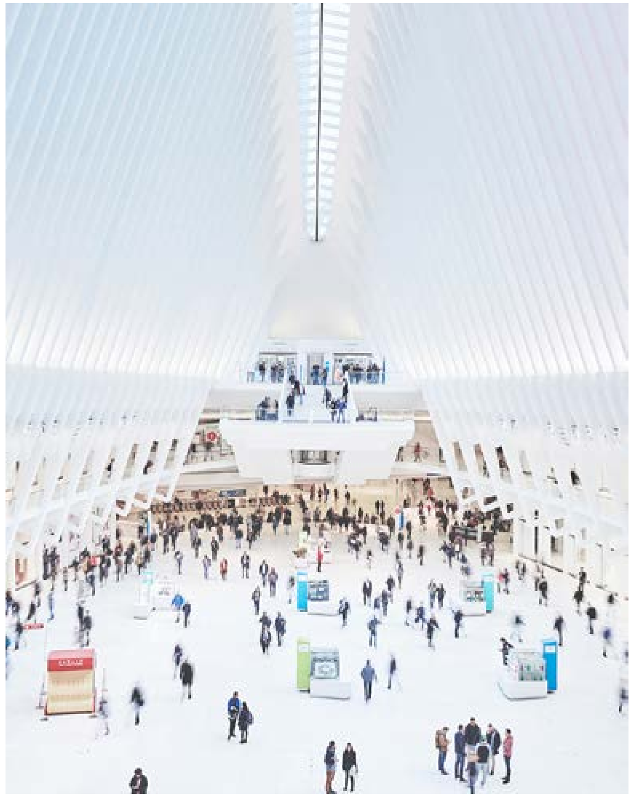
People and society

Respecting, protecting and promoting human rights – from our employees, workers in the value chain, customers to local communities, and other stakeholders – is at the core of Outokumpu.

As an employer, we provide jobs for over 8,000 people and as a corporate citizen, contribute to the economic and social well-being of local communities where we operate and societies around the world.

Human rights as the foundation of our business

As a global company we have direct and indirect impacts on local, national and global communities. We are committed to respecting, protecting and promoting the human rights of everyone who may be affected by our activities or through our business relationships.



We have a strong commitment to respect human rights.

Outokumpu is committed to conducting its business with high integrity and in a safe, sustainable and ethical manner. Human rights and dignity form one of the four pillars of Outokumpu's Ethical Principles. We respect and promote internationally recognized human rights as set out in the key declarations and covenants such as the International Bill of Human Rights, the ILO 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.

We are signatories of the United Nations Global Compact and are committed to the United Nations Guiding Principles on Business and Human Rights (UNGP), and the OECD Guidelines for Multinational Enterprises. We are also members of ResponsibleSteel, which promotes human rights as part of steel industry sustainability through the ResponsibleSteel certification.

Human rights are addressed in several key documents that steer our ways of working, such as Outokumpu's Human Rights Policy, Code of Conduct and Corporate Responsibility Policy. Human rights are also covered in the more detailed documents with the focus on our supply chain sustainability. These include the Supplier Code of Conduct, our Supplier Requirements for Raw Materials and our Supplier Requirements for General Procurement. The aforementioned policies and guidelines are publicly available at our website.

Outokumpu is committed to respecting and protecting the human rights of everyone who may be affected by our activities or through our business relationships. We expect both our own employees and also our business partners, including suppliers and sub-suppliers, to respect and not infringe upon human rights. As a company with global operations and complex supply chains, the range of possible direct and indirect human rights impacts related to our own employees and business partners is wide. Topics such as health and safety, working conditions, equality, non-discrimination, freedom of association, zero tolerance for forced labor and child labor, indigenous peoples' rights and the right to a safe, clean, healthy and sustainable environment are material to our operations and our value chain.

The CEO has the most senior level of oversight and accountability for human rights in Outokumpu. Responsibilities cascade down via the Executive Vice President for Sustainability, People and Communications, who represents sustainability in Outokumpu's Leadership Team, to the Vice President for Sustainability, who is responsible for the overall sustainability agenda at Outokumpu, and further to the Head of Human Rights at the Group sustainability team. As many of the identified salient human rights risks and impacts are connected to Outokumpu's sourcing activities, the related responsibilities are appointed to the Chief Procurement Officer and further to the Head of Supplier Sustainability at Group Procurement. The Group sustainability and procurement teams work actively together to develop Outokumpu's human rights work in a balanced manner.

Moving forward in 2023

Our dedicated human rights journey began in 2021 when we committed to the United Nations Guiding Principles on Business and Human Rights (UNGP). Consequently, 2022 was a year of implementing the basic elements of the UNGP framework with the focus on establishing a human rights policy, identifying the most salient human risks and building internal capacity on the topic.

A specific focus has been directed at human rights risks and impacts related to our raw material supply chains with a dedicated supplier sustainability team. This is due to the characteristics of the various raw materials we source that are more prone to include human rights issues. Our activities on human rights and other supplier sustainability issues are presented in the section Sustainable Supply Chain on page 59.

During 2023, more emphasis was put on strengthening the human rights work across the organization at Outokumpu. A global Head of Human Rights, Anna Vainikainen, was appointed to the Group sustainability team in July 2023 to lead this task. With human rights and our impacts on people as the foundation, this role interlinks the various dimensions of Outokumpu's social sustainability and brings the related functions closer together.

Moreover, having a comprehensive internal view on the social sustainability management framework with a basis on human rights supports how we respond to the Corporate Sustainability Reporting Directive's (CSRD) requirements on social sustainability. We had close follow-up also on other important regulatory developments on human rights, such as the Corporate Sustainability Due Diligence Directive (SC3D) and prepared for the requirements of the German Supply Chain Due Diligence Act (LkSG) applicable to us as of January 2024.

The next steps on our UNGP implementation journey were strengthened by capacity building as representatives of the Group sustainability and supplier sustainability teams participated in the UN Global Compact Business and Human Rights Accelerator training organized by the UNGC Finland Network.

In addition, the ResponsibleSteel certification process in 2023 provided an excellent external benchmark to evaluate our current progress on human rights issues. The ResponsibleSteel standard includes a specific set of criteria for human rights. Human rights are also included in the standard's other criteria concerning responsible sourcing, labor rights, engagement with local communities and other stakeholders, among others. The scope of certification covers our manufacturing sites in Europe but also the Group functions as well as the related policies and procedures were also evaluated. The audit findings provided us with valuable feedback on developing our human rights work further during 2024. The ResponsibleSteel certification project is explained on page 37.

Engaging stakeholders on human rights

Stakeholder engagement is a prerequisite for the successful management of human rights issues. We maintain a dialogue with our stakeholders to understand better their expectations. Stakeholder views were included also in the double-materiality analysis that was conducted in 2023 according to the Corporate Sustainability Reporting Directive (CSRD). The ResponsibleSteel certification also focused on stakeholder engagement. The audit process combined with a case study (Master's thesis) on this topic provided us with guidance on how to develop our interaction with stakeholders even further.

Raising concerns

At Outokumpu, we encourage everyone inside and outside the company to report to us potential and actual human rights infringements. This also includes situations when we are not directly causing or contributing to them but are linked to the incidents through our operations, products, or services.

Our internal and external stakeholders can raise their possible concerns on human rights issues with Outokumpu in various ways, including through the SpeakUp channel.

SpeakUp is an externally operated channel that enables Outokumpu employees and external stakeholders to report breaches related to human rights or other misconduct.

SpeakUp can be used confidentially and anonymously when permitted by local laws and regulations. SpeakUp is available on our website in several languages.

The Vice President, Sustainability, the Head of Human Rights and the Head of Supplier Sustainability at Outokumpu can also be contacted directly via e-mail. Their contact details are available on Outokumpu's webpage.

Looking towards 2024

The human rights journey at Outokumpu will continue in 2024 with dedicated actions and ambitions. We will update the human rights risk and impacts analysis with a more in-depth look at our Group functions and manufacturing operations globally. The results will support us in steering the focus and identifying possible gaps in our current approach. We will also continue to integrate human rights better into our risk management systems and other corporate procedures.

In terms of the UNGP implementation, measurable targets with KPIs for our human rights work, additional grievance mechanisms and providing remedy are among the key topics for further development. Furthermore, we will work on the ResponsibleSteel audit findings on human rights and engagement with local communities and other key stakeholders.

Perpetual commitment to human rights work

Anna Vainikainen joined Outokumpu in 2022 to lead the ResponsibleSteel certification project for the European manufacturing sites in Finland, Sweden and Germany and then took lead of human rights at Outokumpu.

How did certification turn into human rights?

ResponsibleSteel covers all relevant sustainability aspects for the steel industry, and a huge input was required to implement the certification process by a wide range of internal substance matter experts on environment, health and safety, human resources, HR, risk management, stakeholder engagement, communications and legal, among others.

For us, the ResponsibleSteel project has provided a systematic way of screening and evaluating our current sustainability practices and identifying key elements to build our sustainability agenda further. We got confirmation that while we are ahead of the industry in many areas, we also gained valuable insights on how to further develop our sustainability from a holistic perspective. The process also supported us in taking further steps in environmental topics beyond decarbonization, especially in biodiversity and water stewardship. And, as so often happens, the project started to expand, and here also the Corporate Sustainability Reporting Directive had an impact. Consequently, we wanted to ensure that all aspects of sustainability are covered in a balanced manner.

Human rights are intertwined with social responsibility – broadly speaking social sustainability means our impacts on people, both those who directly or indirectly work for Outokumpu or are affected by us otherwise. In other words, everything that is about social responsibility concerns people, and everything that concerns people is linked to human rights. I am very excited about my position, because when we talk about the possibilities of the green and just transition and the need to transform businesses to be more sustainable, the people aspect also needs to be kept onboard.

Why are human rights important?

Social sustainability is a prerequisite for sustainable business: companies consist of people and their skills, companies are an integral part of their local communities with various impacts on economic and social welfare, and their operations may have an impact on the local environment or on the value chain. The way we impact people – our own employees, our contractors and sub-contractors, stakeholders in our supply chain as well as communities – can be very different from one to another. There are always human rights questions linked to our business – they may just vary depending on the location of our operations and the related legislative and societal framework.

Human rights provide an alternative way of looking at our direct and indirect operations and the related impacts on people. It is fair to say that as a company, we have already taken into account a long list of human rights questions – but without necessarily understanding this connection. We have a lot of things already well established, like ensuring a safe place to work, but we have not really considered these human rights questions before. Diversity, equity, and inclusion are also something that have already been important for us so that everybody can be themselves at work, but it is a different question whether it has been understood as a human rights question. Ethics and compliance have also been our focus area for years – for example there are different ways to speak up and these have been highlighted in the organization over the years. We have also put a lot of focus on human rights questions in our supply chains. But there is always room for improvement.

What happens next?

Our work on human rights continues as this is not a one-off project but an ongoing process. The minimum level of our work is determined by the legislation on human rights, which will increase and become more demanding. Next year, the German Supply Chain Due Diligence Act applies to us with related reporting requirements. We are also preparing for the Corporate Sustainability Due Diligence Directive (CS3D).

We will also continue implementing the UN Guiding Principles by updating our human rights risk and impact assessment to ensure we focus our efforts correctly. Based on the assessment findings, we will review our policies and processes. Special focus will be put on capacity building, providing remedy, and stakeholder engagement.

We have already done a lot on human rights in our raw material supply chains and next we will pay more attention to general procurement in close cooperation with our supplier sustainability team. As our leverage in the supply chains may be limited, it is also important to think about how we could create positive impact through partnerships. In all, we want to focus on those things through which we can have the most impact on people.

Always working safely

Outokumpu is working towards its long-term vision of zero accidents. Everyone at Outokumpu has the right to a safe and healthy working environment. We believe that a continuously strong safety performance correlates with improved quality and operational efficiency.

Our four safety principals guide our work – safety before volumes, safety starts with me, no shortcuts and no repeats.

Outokumpu aims to be the industry leader in safety with the vision of zero accidents and continuously reduces the accident record year on year to achieve this. Since 2016, we were able reduce the total recordable incident frequency rates (TRIFR) -–meaning work-related incidents – by 83%, from 8.7 to 1.5.

From 2022 to 2023, recordable incidents fell by 17%. This has been achieved with strong safety management, strengthened safety culture, and the usage of state-of-the-art technology such as robots, among others.

One of the major highlights in 2023 was Outokumpu's service center in Poland, which in December reached 10 years with zero accidents. Also, the Ferrochrome business area – the Kemi mine and the ferrochrome operations in Tornio – performed outstandingly in terms of safety and did not have a single recordable incident during 2023. Further, by January 1, 2024, the Kemi mine has gone 509 days and the ferrochrome operations in Tornio 469 days without any recordable incidents.

Managing safety proactively every day

Our proactive safety management system, which includes hazard recognitions, Safety Behavior Observations (SBOs) and preventive safety actions (such as Group works), supports us in working toward our safety targets. Those engage our employees and are utilized to flag potential risks and unsafe acts and behaviors before they lead to accidents. Lessons from past incidents are shared with other sites in the monthly Safety Call hosted by the CEO.

Our daily work is guided by common safety principles, standards, guidelines, and our ten Cardinal Safety Rules. Safety audits are performed regularly according to a standardized audit program. Outokumpu's safety network, which comprises every site safety manager and is coordinated by the Group safety function, meets monthly to ensure up-to-date safety topics are communicated effectively and best practices are shared and adopted.

Working safer year to year: from 2016 to 2023, work-related accidents fell by 83%.

Safety strategy in 2023

We achieved remarkable improvements in our safety performance over the past years, and only in 2023 were able to reach a reduction of 17% in recordable incidents compared to 2022. Nevertheless, we have still incidents, including near misses, which we strongly believe are avoidable to reach our vision of zero incidents. The root causes are mainly errors in our daily behavior and complacency.

In 2023 we executed the strategy developed in 2022 with a long-term target of zero accidents. Our safety strategy and ambition consist mainly of three pillars:

- strengthening our safety culture,
- developing our safety management, and
- utilizing the latest safety technologies.

To support the development of our safety culture, in 2023 we started to focus more intensely on a purpose-driven approach. We researched via our global safety network, which has representatives from each country, what is driving our employees to work safely, and by utilizing that knowledge, developed a customized training program “Act safely with pride and care”, which takes into account also cultural differences. In 2023 we piloted the program in Sweden. The aim is to continue to roll-out the program at different sites, based on the pilot’s findings.

In safety management development, we continued with the well established cross-learning program and launched phase II, which puts the emphasis on collaboration and networking. As a new focus, the program focuses on global group-wide standards related to crane handling, risk management, permitting processes and finally LOTOTO (lock out, tag out, try out) procedures. In addition, Outokumpu initiated the roll out of a harmonized health and safety reporting tool, aimed at enhancing efficiency through digitalization.

As one of the first companies in the steel industry, Outokumpu took pioneering steps in utilizing the state-of-the-art technology, AI, by deploying three AI driven robots in Sweden, Germany, and in 2024 in Finland, to automate some parts of the inspection work in order to improve the safety of employees. Find out more on the next page.

To conclude, the focus areas of the safety strategy improved safety in 2023, namely focus on human factors and culture, the use of state-of-the-art technology, and so on, to ensure the success of our journey towards zero incidents. In 2024, we will continue executing the strategy and, for example, in the cross-learning program the focus in phase III will be on process safety management.

Safety performance

Outokumpu uses total recordable injuries frequency rate (TRIFR) per million working hours of employees and contractors as the main safety performance indicator. Group TRIFR decreased from the previous year and was 1.5 against the target of <1.9, from 1.8 in 2022. Group LTIFR (lost time injuries per million working hours) was 0.85 against the target of <1.0 from 0.8 in 2022.

The rate of all work-related accidents (total recordable injuries and first-aid treated injuries per million working hours) was 9.4 from (10.1).

The proactive safety action frequency was 12,074 (11,029). This includes reported hazard observations, SBOs, and other preventive safety actions per million working hours.

Work-related injuries by region, accident and employee type

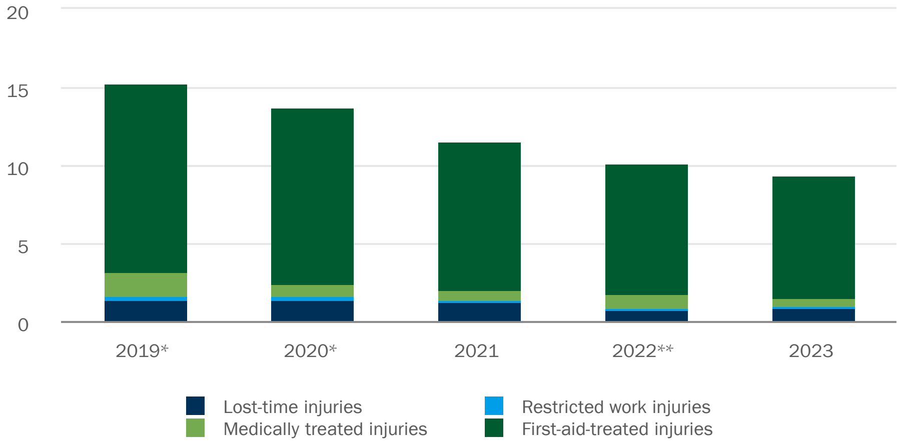
195677	Group	BA Europe	BA Americas	Ba Fe Cr	Employees	Contractors
TRIFR [1]	1.50	1.80	1.20	0.00	1.73	0.80
LTIFR [2]	0.85	1.30	0.20	0.00	1.07	0.20
Total recordable injuries [3]	30	22	7	0	26	4
Fatalities	0	0	0	0	0	0
Lost time injuries	17	15	1	0	16	1
Restricted work injuries	4	2	2	0	2	2
Medically treated injuries	9	5	4	0	8	1

[1] Total recordable injury frequency includes fatalities, lost time injuries, restricted work injuries and medically treated injuries, per million working hours.

[2] Lost time injuries including fatalities and lost time injuries, per million working hours.

[3] Include fatalities, lost time injuries, restricted work injuries and medically treated injuries.

Work-related injuries per 1 million working hours



* Including discontinued operations.
** 2022 restated.

The main direct causes of work-related injuries were the use of forbidden or inappropriate work methods, temporary carelessness and defects in machines and the lack of operational procedures.

Health and well-being

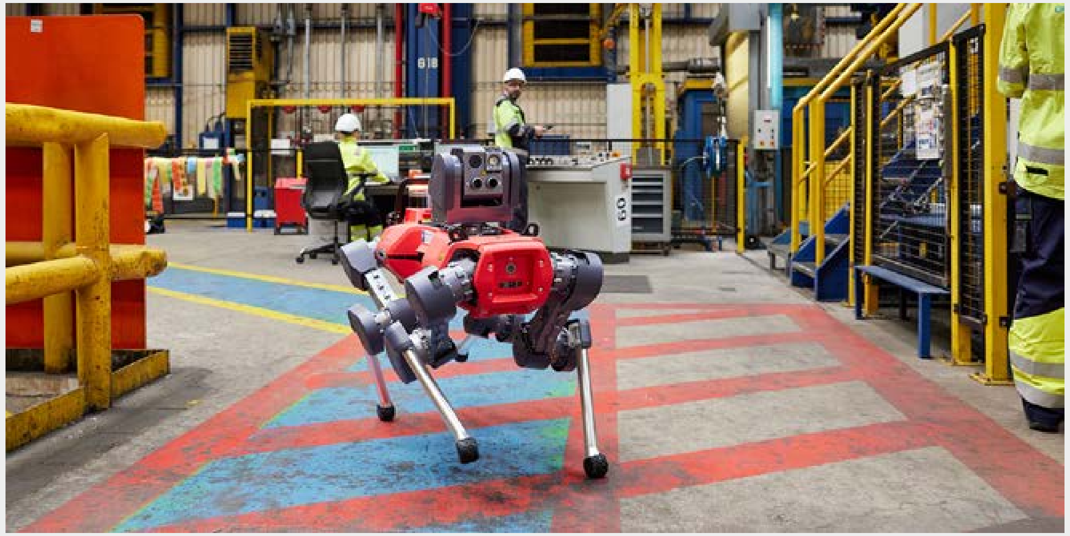
Outokumpu encourages its employees to take care of their physical health by offering various exercise benefits and discounts to sports and well-being services. Different health support programs are also available at our sites. In addition, occupational hygiene measurements are carried out at Outokumpu's sites to ensure a healthy working environment.

The number of occupational diseases diagnosed in the Group was 0 (0).

Total incident frequency rate decreased

17%

from 2022 to 2023, from 1.8 to 1.5 per million working hours.



Meet Rosie!

Outokumpu pioneers the deployment of ANYbotics robots in the metal sector. The first ANYmal robot arrived in June at our site in Krefeld, Germany, and our Krefeld employees named the robot Rosie. Later in the year, the pilot was expanded to Tornio and Avesta as well, with a total of three ANYmal robots to be deployed. It is estimated that by transferring inspection tasks to the robot, employees' exposure time to hazardous substances can be reduced by more than 80% and possibly hazardous repairs in maintenance could be reduced by 20%.

"The robots will have many tasks, such as reducing the time employees spend inspecting acid areas and reducing the risk of fires due to overheating of bearings and motors. In addition, the robots can shorten malfunction times since defects can be detected at an early stage through temperature and sound profile measurements before a failure occurs. However, they will not replace human workforce but instead automate some parts of the inspection work. The introduction of the new robots is a further step towards an even safer environment and increased efficiency of routine processes", says **Thorsten Piniek**, VP, Head of Health and Safety.

Teamwork towards our targets

Thanks to continuously listening to employees and regular pulse surveys, we know for a fact that our people are engaged in their work. Together as a team, we are navigating towards our targets.

Stainless steel is a volatile industry, and to be able to continue creating value, we need to focus on areas under our control. We are on a journey to improve our competitiveness in Europe and have taken prompt actions.

Despite the challenging year in Europe, we made excellent progress in the strategy execution towards our targets, thanks to the dedication of Outokumpu employees.

Supporting the objective of strengthening the core of our business, Outokumpu divested the majority of the Long Products business area at the beginning of 2023. Our melting, rod, and bar operations in Sheffield, UK, bar operations in Richburg, US, and wire rod mill in Fagersta, Sweden, were sold to Marcegaglia. We were pleased that the new owner is a responsible and committed owner with regard to developing the long products business further.

In August, the remaining Long Products operations in Degerfors and Storfors, Sweden, were divested to Cogne Acciai Speciali. Our priority was to find a new responsible owner for these operations as well and luckily we were able to do that. We are extremely grateful to all the personnel of all the divested units for our joint journey as Outokumpu.

Our team members in the Ferrochrome business area reached a great milestone in October when we held the inauguration of the Kemi mine expansion and took the first steps towards our target of the Kemi mine becoming the first carbon-neutral mine by 2025.

Outokumpu is a global leader in advanced materials and we want to further strengthen this position. As a result, we announced in November the intended restructuring measures of our business area Europe operations in Germany. Centralizing the expertise, product portfolio and operations will allow us to reposition the Dillenburg site as the core value creator within our Advanced Materials business line alongside our mills in Sweden.

Making plans that have a negative impact on employees is never easy, even when they are necessary. The restructuring measures in Germany are expected to be realized during 2024 and impacting close to 200 jobs. During the negotiations, we hope to reach a mutual understanding with our employees. We are actively supporting the affected employees to find new opportunities inside or outside the group and working together with the employee representatives to agree on a social plan.

For business area Americas, the market environment remained more favorable in 2023, and we continued to generate solid results. This demonstrates the benefit of having a geopolitically diversified business. Our Americas team has been working hard on the strategic plans, including the ongoing feasibility study announced in August to investigate options to expand our operations in Calvert, Alabama.

Global actions to reach our ambitious diversity, equity and inclusion targets

At Outokumpu, we are committed to fostering a working culture where everyone feels welcome and safe regardless of their backgrounds. We believe that a healthy diversity of employees from different backgrounds and cultures is essential for us to continue being successful in the future.

Our ambition for our personnel and leadership is to represent the diverse societies we operate in. To achieve this goal, Outokumpu has established targets and a comprehensive roadmap to strengthen diversity, equity, and inclusion (DE&I) throughout the company.

Outokumpu's DE&I targets towards 2025, defined in 2022 and approved by the Board of Directors, include:

Diversity targets: Increase diversity in leadership
- Add 100 diverse managers by the end of 2025
- Minimum of 30% of diverse leaders in all international management teams by the end of 2025

Equity targets: Ensure equal access to opportunities
- Correct any biases in recruitment and promotion processes by the end of 2022
- Full equality on compensation (verified by an external certification)

Inclusion targets: Strengthen a culture where everyone feels welcome
- Enforcing the culture of zero tolerance for inappropriate behavior
- 60% agreement score on all areas of inclusion and across all diverse employee groups

The results of our annual company-wide pulse survey on inclusion and fairness, conducted in May–June 2023, confirm that we are steadily progressing towards our goals.

We already see improvement in belonging, inclusion and respectful treatment. Especially fair treatment was rated significantly better in the 2023 pulse survey than in the previous year.

Additionally, the overall survey results show that we have received a 60% agreement score in all areas of inclusion and that men and women perceive their working environment, and how they are treated, in the same way.

The following sections show how diversity, equity and inclusion are embedded in our human resources actions and development, and how we are working towards our targets.

Team dialogues contribute to a welcoming working culture

The core of the journey towards our diversity, equity and inclusion targets is to strengthen the inclusive working culture. Team dialogue is a concept created based on Outokumpu guidelines and frameworks – Code of Conduct, ways of working and diversity, equity and inclusion initiatives – on how to behave.

Team dialogue training is designed primarily for operators, technicians and their managers. The training consists of small group discussions about a welcoming and safe working environment: what is it, why is it important and how everyone can contribute to creating one.

Team dialogue sessions were launched gradually during 2023. The concept has been piloted at sites in Tornio, Finland, Krefeld and Dillenburg, Germany and Calvert, US and the feedback has been positive:

"This is both educational and fun; I think all teams will benefit from this."
"Important topic and very engaging, thought-provoking exercises."
"I believe this will be a good tool to show employees that managers do care and want to help out in creating a better working environment."

In 2023, already 27% of team members in operations took part in a team dialogue session. Sessions are mandatory for all employees in operations to be completed by July 2024.

Emphasizing diversity in our short-term incentive plans

We made some modifications to our short-term incentive (STI) plan for 2023 compared to the previous year. Safety target rules were clarified and the adjusted EBITDA targets were changed to adjusted EBIT targets. We also went back to yearly financial targets.

We also introduced a new target: diversity. We at Outokumpu believe that diversity, equity, and inclusion are essential for us to continue being successful in the future. Diverse teams bring in new ideas that promote innovation and deeper customer and market understanding.

The diversity target was introduced for all STI plan participants at senior management level, including Outokumpu Leadership Team members.

The target was to add 40 diverse leaders to Outokumpu by the end of 2023 compared to the baseline of July 2022, in line with the overall ambition of increasing the number of diverse leaders by 100 by the end of 2025. At the end of 2023, an increase of 57 diverse leaders was already achieved.

A diverse leader is defined as a manager (i.e. 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.

In 2024, the current short-term incentive plan will become a senior management plan, called Group STI, applicable only for senior management. The plan will, to a large extent, continue to be driven by the Group results.

Additionally, a new incentive plan called business STI will be introduced. Participants will have a closer reach to the KPIs included in the plan, with the introduction of function and business targets instead of adjusted EBIT on a group level. The business STI will also replace the sales incentive plan (SIP).

Focusing on employee engagement at production sites

In a globally operating company like Outokumpu, it is not always easy to reach out to the team members and ensure awareness on important local and global topics. Therefore, a special emphasis was given to communications at the production sites, enhancing employee engagement across the organization.

With interviews and an online survey carried out at four production sites, we could identify information profiles with varying demographics, channel and language preferences and activeness in information search. The identified profiles help us understand the preferences of different groups and serve to improve our information sharing methods and internal communications.

To support equal opportunities and access to internal information, a mobile phone pilot was arranged among operators at the Tornio mill and the Kemi mine. Some 200 operators were involved in the pilot enabling easy and secure mobile access to commonly used company applications. Mobile reachability offers great opportunities for technical development supporting work satisfaction and production efficiency.

Project teams have made proposals for 2024 for the next steps to enhance employee awareness and engagement.

Charting the course for equity and workplace fairness

In 2023, we continued our commitment to creating and sustaining a fair and equal workplace.

During the first quarter of 2023, our first pay equity analysis was successfully rolled out, with the results used as crucial inputs in the subsequent salary review process.

In the second half of 2023, we started work on a pay equity certification process with Fair Pay Workplace, which we expect to conclude in early 2024. This certification will serve as tangible evidence of our dedication to fostering an environment where everyone is treated equally and are provided with the opportunity to thrive.

Job architecture is the cornerstone of fair compensation practices. Our continuous efforts have facilitated the alignment of job roles, creating a harmonized structure ensuring our employees are fairly compensated based on their responsibilities, experience, and contributions. This approach improves clarity in job classifications and sets the stage for transparent and equal compensation.

We made a strategic shift deploying cutting-edge statistical tools to analyze compensation data, align job architectures, establish standardized job codes, and foster an environment that embraces equity.

In 2024, we are looking into tools and training options to manage unconscious bias in decision-making to further strengthen an inclusive and fair working environment.

Building capabilities

The training and coaching of our employees to continuously develop has always been a priority for us at Outokumpu. During 2023, we continued this work, so as to enable the best execution of our business goals.

In addition to on-the-job learning, a total of 81,294 training hours were delivered during 2023, the average employee spending 8.19 hours in training during the year. The top learning categories involving the majority of our employees included safety, compliance, leadership, and inclusion.

We rolled-out our mandatory ethics and compliance related e-learnings. This year the target population was administrative employees, which include all white collar employees and blue collar managers in operations that were active as of December 31, 2023. The topics included Code of Conduct (98% participation rate) and Data Protection (99%). In addition, Spend management training was completed by 76% of white collar employees.

To support Outokumpu's vision of being our customers' first choice in sustainable stainless steel, we need to be excellent in everything we do. The Manufacturing Excellence team produced a training video series especially for operations and first line managers to increase their awareness of basic manufacturing excellence topics. To make the most of this new learning format, our target is to give all employees the opportunity to access the training during the working hours. Thanks to the commitment of the heads of operations and senior management, we are well on our way to achieving this target.

During 2024, we will continue investigating new approaches in learning, enabling our subject matter experts to train the organization even more effectively.

Empowering our team members and leaders

The best ideas often come from unexpected places, and that is why we are committed to providing a working culture that encourages creativity and experimentation.

We are particularly proud of the innovative ideas shared by the Outokumpu team members, such as those related to energy efficiency improvements or recycled and lighter packaging solutions. These initiatives are crucial and help us reduce both emissions and costs.

To harness AI to drive business value, we established in 2023 our own Digital Innovations Hub, where any Outokumpu employee can share AI-driven innovation ideas. By embracing AI, we position ourselves to adapt, innovate, and meet the changing needs and expectations of our customers. The steering group places particular emphasis on ideas that strongly align with our company's strategic objectives: sustainability, growth from productivity, customer-focused steering and use of generative AI. During the first months, we received over 50 ideas, a few of them already leading to proof-of-concepts or pilots.

The global roll-out of Outokumpu's Leadership Pipeline training, started in 2019, was finalized in 2023. We have reached a sustainable level of over 70% of trained leaders at Outokumpu. We continue to maintain the program and provide yearly training sessions for new leaders.

Recognizing that team building is an important leadership task, we continued to support our leaders and teams with our in-house Team Excellence training concept. The internal facilitator pool offered altogether 34 Team Excellence workshops during the year to support the development of high-performing teams.

A 360° assessment pilot took place in business area Europe, to support our leaders' self-awareness and development. We believe that reflecting is as important as acting for our leaders to grow, and the aim for the future is to provide tools to assess and develop leadership in a fair and consistent way.

Leadership training modules

	Number of completions in 2023	Average feedback (1-5)
Leading Others	**85**	4.7
Leading Leaders	**41**	4.2
License to Lead, for operational leaders	**83**	4.2
License to Lead Light, for team coordinators in operations	**59**	4.4

To further explore the future options to support our leaders globally, we piloted the Lunch & Learn concept in the Americas business area, providing quarterly get-togethers around diverse leadership topics. Regular touch-points also allow the new leaders to familiarize themselves with the Leadership Pipeline model.

To support emerging leadership potential in the company, we have been building a pre-leadership program to be launched early 2024.

Continuous listening to employees with pulse surveys

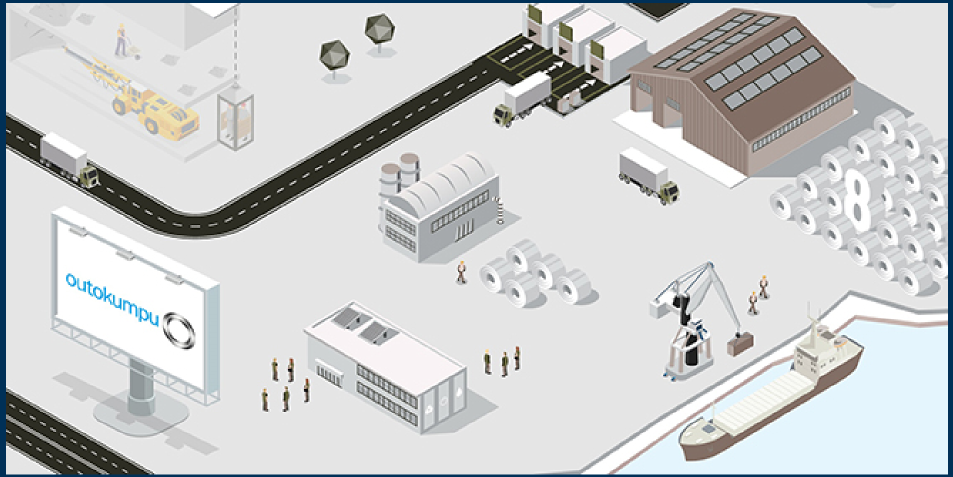
We have enabled our employees to provide feedback on their engagement with our company goals with regular pulse surveys. The surveys are conducted with our external partner Glint.

The Outokumpu Engagement index remained at an excellent level compared to the external benchmark being at 77, on a scale of 1–100. The response rates were at 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 May, we asked questions around fairness and inclusion and the September pulse survey focused on professional growth and development.

Our strengths in 2023 company-wide pulse surveys

	Score vs. external benchmark	Response rate
People Pulse in May		67
Engagement index	77 (+3)	
I am treated fairly at work	79 (+2)	
People Pulse in September		68
Engagement index	76 (+2)	
How happy you are working at Outokumpu	78 (+4)	



Learning by playing

Digitalization and artificial intelligence (AI) are changing the world we operate in. Our digitalization game – Story of the Broken Crystal Ball – was launched in March 2023. While playing, one will learn about the interesting world of digitalization, AI and robotics, and have fun with the team. Each quarter, the team with the highest score is rewarded. Already over 100 teams of 2–3 people have tried this new learning experience. Feedback has been very positive, and players have felt inspired by the challenging tasks and new ways of learning. Go ChromeKings, DreamTeam60 and other players!

During our Ethics & Compliance Week in September, we engaged Outokumpu colleagues in various ethics and compliance themes. One fun way to learn and to test one’s knowledge was the E&C bingo. Our team members took actively part in the conversations and the game, learning at the same time how we play by the ethics and compliance rules.

As part of the global Cyber Security Awareness Month celebrated in October, we introduced Outokumpu’s own Capture the Flag cyber security game. Anyone can play the digital game without being tech-savvy or from IT. The goal of the game is to raise cyber awareness among our team members pointing out that seemingly small things matter when outfighting the cyber villains. We were delighted to see how our employees with various backgrounds took the challenge and managed to pass the game. Cyber security culture is built in communities – together we make Outokumpu cyber secure.

Besides the two company-wide pulse surveys in 2023, we implemented employee lifecycle pulse surveys for newcomers and leavers to support an equal and good employee experience at Outokumpu.

The onboarding index, based on 30- and 90-days onboarding surveys, was 79. This tells us that we are on the same level as the external benchmark. Our strength in the onboarding process is team support, with an average index of 91. In the exit pulse survey, we achieved an index of 77 to the question: “I would consider working again for Outokumpu if the situation was right”, which was above the external benchmark (+4).

Also, several targeted on-demand pulse surveys took place to support our businesses and functions in important topics. For example, an annual mental health pulse survey was launched at our site in Calvert, U.S.

We are planning to roll out two company-wide surveys again in 2024. First, we will repeat the health and safety pulse to support the development of our safety culture.

Bridging Outokumpu business goals and individual targets

Our performance management approach is an on-going, year-round partnership between managers and employees. It helps both parties to understand their main tasks, as well as how they contribute to Outokumpu’s strategy implementation and business targets. This approach is built into our annual My Performance Commitment (MPC) process.

The MPC process allows employees to understand their role and input into the company’s strategy implementation, supports our focus on building a high-performing company culture and ways of working. The overall completion rate of the MPC process, finalized at the beginning of 2023, was 71%. The participation rate has improved steadily during the past years, and we are taking further actions to highlight the importance and benefit of the discussions to improve participation among operational employees.

Already in 2022, we introduced the continuous dialogue model as part of the MPC process. The continuous dialogue cycle lasts throughout the year, starting from the set-up of the employee targets, ending at the annual performance evaluation when the year changes. Continuous dialogue aims at ensuring ongoing interaction between our managers and employees: follow-up and adjustment of targets and performance, continuous feedback, employee development and discussion of general topics like working environment, collaboration and well-being, and the employee’s career aspirations.

Calibration sessions across the management teams are facilitated by our HR business partners. Those help us align understanding of our top performers or colleagues in need of more support and development in the future. The HR business partners are also there to support managers in evaluating employee performance and behaviors in a fair and transparent manner.

In 2023, we continued raising employees’ and managers’ awareness of the importance of the MPC process by sharing tips and best practices. Surveys of managers and employees were conducted in March to get feedback on how the renewed MPC process has been perceived and how we can improve our practices to make sure that we deliver on our promises. A series of manager workshops was arranged to point out the importance of regular and meaningful conversations with the team members, and the importance of feedback for the team but also for own managerial work.

We have an ambition to improve the MPC process further in 2024 – from past-looking into a more forward-looking approach, putting more emphasis on employee skills and competence development, career aspirations and possibilities in the company. Managers have an important role to play in setting the right targets, so that everyone can do their share in reaching our common company goals.

Outokumpu ways of working

We operate safely. Always.	We work safely, comply with our cardinal safety rules, assess potential risks and take appropriate actions to mitigate them.
We leverage the power of one Outokumpu.	We work together, share and combine our knowledge, across functions and regions to create best value for our customers.
We deliver.	We live up to our promises with clear roles and clear accountabilities. We have a passion for continuous improvement.
We grow people and value diversity.	We foster diversity and create work environment that allows all team members to contribute and develop.
We act sustainably.	We are driven by creating sustainable impact, environmentally, socially and economically.
We are a trusted partner.	We are a reliable and trusted partner towards all our stakeholders, our customers, employees, investors and the communities we operate in.

Close collaboration with the employee representatives

To ensure good cooperation and understanding of our different employee groups, we are committed to informing and consulting our employees and their representatives.

The Outokumpu Personnel Forum is an important information channel between our personnel and management in our European operations. The Forum is based on the European Works Council Directive. In May 2023, the Forum was arranged in Vilnius, Lithuania.

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 face-to-face twice an also twice virtually.

Outokumpu's working hours, minimum notice periods, vacation times, wages, overtime compensation and other working conditions are consistent with the applicable local laws. Outokumpu maintains a consistent policy of freedom of association. All Outokumpu employees are free to join trade unions according to the local rules and regulations. In 2023, 79% of the Group's employees were covered by collective agreements (2022: 78%). In total, 4,210 days in 2023 were lost due to strikes (2022: 29).



Bonding with local communities

We are always looking for ways to do more around diversity, equity and inclusion. The first Team Member Networking Groups (TNGs) were formed in our Americas business area in 2021 to create space for minority (African Americans, women, Latino/Hispanic) team members to share ideas with peers who have similar values. TNGs are considered safe spaces for all team members to be seen, heard and valued.

Since the launch of the TNGs, team members have embraced a multitude of activities and initiatives that have not only celebrated the rich tapestry of cultures and backgrounds within our company, but have also reinforced our commitment to supporting worthy local community initiatives.

In 2023, Americas' Full Spectrum TNG took on the challenge of reaching out to the next generation of talent. During an annual football game, the TNG created a fun and inviting atmosphere for college students to engage with Outokumpu staff. The group was able to share our company culture and values as well as provide a platform for students and community members to learn about future career opportunities.

Every year in October the world goes pink in support of raising awareness for breast cancer. The Mexican Wonder Women and Iron Maidens TNGs both did their part to promote early detection and support research as well as unite our sites around a cause that can affect many of us in one way or another. The Calvert team participated in the American Cancer Society's Making Strides Against Breast Cancer Walk by proudly wearing pink Outokumpu shirts to show their support.

Our people by region, incl. temporary employees

	2023	2022	2021
Finland	**2,532**	2,415	2,394
Germany	**2,041**	2,018	2,043
Sweden	**1,529**	1,542	1,566
The United Kingdom	**105**	105	93
Other Europe	**684**	677	750
Europe	**6,891**	6,757	6,846
The United States	**972**	963	947
Mexico	**829**	815	804
South America	**8**	8	80
Americas	**1,809**	1,786	1,831
Asia/ Rest of the world	**50**	48	50
Group total	**8,750**	8,591	8,727

Employee group, gender and contracts

Employee group	People	%
Blue collar	5,411	62%
White collar	3,339	38%
Gender		
Male	7,137	82%
Female	1,613	18%
Contract		
Temporary	381	4%
Permanent, full-time	7,389	84%
Permanent, part-time	980	11%

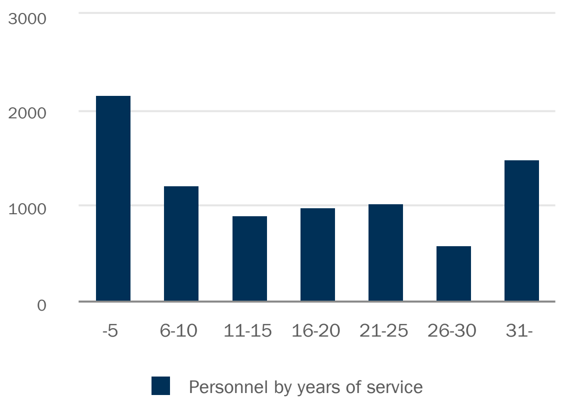
Males and females by employment type

Employee group	Male	Female
Temporary	259	122
Permanent	6,878	1,491
Permanent, full-time	5,990	1,399
Permanent, part-time	888	92

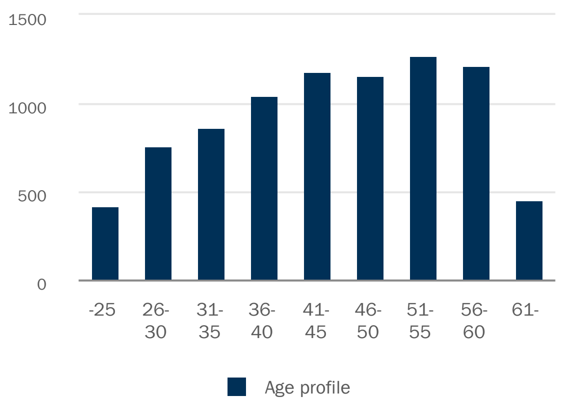
Hires and leavers by region, age group and gender

Number of permanent employees	Total	%	Hires	%	Leavers	%	Voluntary leavers	%	Total turnover	%	Hiring rate %	Leaving rate %	Voluntary leaving rate %	Average turnover rate %
Group	8,369		381		482		226		863		4.6%	5.8%	2.7%	5.2%
Region														
Europe	6,536	78%	265	70%	364	76%	174	77%	629	73%	4.1%	5.6%	2.7%	4.8%
America	1,785	21%	113	30%	114	24%	49	22%	227	26%	6.3%	6.4%	2.7%	6.4%
Asia/rest of the world	48	1%	3	1%	4	1%	3	1%	7	1%	6.3%	8.3%	6.3%	7.3%
Age groups														
<30 years old	1,001	12%	125	33%	62	13%	43	19%	187	22%	12.5%	6.2%	4.3%	9.3%
30–50 years old	4,427	53%	220	58%	242	50%	150	66%	462	54%	5.0%	5.5%	3.4%	5.2%
>50 years old	2,941	35%	36	9%	178	37%	33	15%	214	25%	1.2%	6.1%	1.1%	3.6%
Gender														
Male	6,878	82%	248	65%	379	79%	165	73%	627	73%	3.6%	5.5%	2.4%	4.6%
Female	1,491	18%	133	35%	103	21%	61	27%	236	27%	8.9%	6.9%	4.1%	7.9%

Personnel by years of service, permanent employees



Personnel age profile, permanent employees



Regions by employee group, region and gender

Number of employees	Total	%	Thereof blue collar	%	There of white collar	%	Thereof male	%	Thereof female	%
Group	8,750		5,411		3,339		7,137		1,613	
Europe	6,891	78.8%	4,350	80.4%	2,541	76.1%	5,593	78.4%	1,298	80.5%
Finland	2,532	28.9%	1,584	29.3%	948	28.4%	2,066	28.9%	466	28.9%
Germany	2,041	23.3%	1,415	26.2%	626	18.7%	1,816	25.4%	225	13.9%
Sweden	1,529	17.5%	1,067	19.7%	462	13.8%	1,224	17.2%	305	18.9%
The UK	105	1.2%	43	0.8%	62	1.9%	86	1.2%	19	1.2%
Other Europe	684	7.8%	241	4.5%	443	13.3%	401	5.6%	283	17.5%
Americas	1,809	20.7%	1,056	19.5%	753	22.6%	1,519	21.3%	290	18.0%
The United States	972	11.1%	614	11.3%	358	10.7%	815	11.4%	157	9.7%
Mexico	829	9.5%	442	8.2%	387	11.6%	698	9.8%	131	8.1%
Other Americas	8	0.1%	—	—%	8	0.2%	6	0.1%	2	0.1%
Asia/rest of the world	50	0.6%	5	0.1%	45	1.3%	25	0.4%	25	1.5%
Asia/Oceania	47	0.5%	5	0.1%	42	1.3%	24	0.3%	23	1.4%
Other countries	3	—%	—	—%	3	0.1%	1	—%	2	0.1%

Active collaboration with stakeholders

With several operation sites, we impact a variety of stakeholders around the world. Fostering transparent and active dialogue with stakeholders to understand their views and expectations is an essential factor for the acceptability of our operations and success.

Outokumpu joined COP28 in Dubai in December 2023 with Finnish climate leaders and engaged in current climate crisis discussions.

Outokumpu wants to be a reliable and trusted partner towards our stakeholders: customers, employees, investors, suppliers, and the communities we operate in, and maintains an active dialogue with its stakeholders to understand what their expectations and views are regarding Outokumpu.

We conduct a regular materiality analysis to keep up-to-date with the expectations of our stakeholders. The latest double materiality analysis will be finalized at the beginning of 2024. In 2023, we also participated in the Reputation & Trust survey in Finland to examine the general public’s view on our reputation. Our overall reputation is moderate, and it has stayed the same for the past five years.

During the past year, Outokumpu also engaged in dialogue with various stakeholders in Europe, when taking part in the ResponsibleSteel certification process. As part of the process, stakeholder dialogues were carried out locally at each site in Europe, consisting of, for example, workers and various local community representatives in the areas where we operate. Outokumpu is now in the process of receiving the certificates for its European production sites.

Read more about our suppliers and our employees.

Customers

In the stainless steel market, Outokumpu is known for the high quality and sustainability of our products, comprehensive product portfolio, and technical expertise. Our customers represent several industries, which means that we have a strong and balanced customer base spread across the globe and a range of industries. Our customers use our stainless steel to construct buildings and infrastructure, produce energy, and manufacture appliances and cars, for example.

We work to solve the challenges our customers face and work together with them to find new application areas where stainless steel can be used. Our innovations date back to the time when stainless steel was first invented.

Today, our customers are more and more interested in lowering the carbon footprint of their products, in environmental aspects, and in their entire value chain. Outokumpu is leading the change towards sustainable stainless steel manufacturing globally, and has ambitious climate targets approved by the Science Based Target initiative. In terms of products, Outokumpu stainless steel has up to 75% lower carbon footprint, to help customers to reach their climate targets. We offer a product-specific carbon footprint for our products in Europe, to enable customers to evaluate their value chain emissions. Our latest innovation, Outokumpu Circle Green®, launched in 2022, marks our biggest achievement in this pursuit to date, with up to 93% lower carbon footprint compared to the industry average and a potential to transform industries. In 2023, we introduced it to different industries and partnered with, for example, Siemens and Fissler.

During the year we also introduced a new customer portal Connect, piloting it for the existing customers of our previous web shops. The target was to improve our customer experience and satisfaction as well as give customers more transparency about material availability in our European service centers. The portal helps us automate order booking and there are different self-services that relieve our experts to work on advising our customers.

We collect feedback from our customers as a part of the sales process. They are mostly satisfied or very satisfied with their business relationship with us. In their opinion, our strengths are quickly reacting to requests, understanding customer needs and being easy to reach. One improvement area continues to be our delivery performance.

Outokumpu takes several measures to ensure the safe use of our products. We offer safety information sheets for stainless steel in the EU and material safety data sheets in the U.S. For ferrochrome, we instruct our customers on safe use. We also comply with relevant product requirements such as REACH, RoHS and ELV, and we strictly control that there is no contamination of radioactive material in our steel. No health and safety incidents caused by our products were reported to us in 2023.

Communities

Outokumpu's production sites are often located in relatively small towns where we are a significant member of those communities and, in many cases, one of the few big private-sector employers in the area. Many of our production sites have long and interesting histories: some of our sites in Finland, Germany and Sweden have been producing metal products for decades or even centuries. We recognize that our decisions might have a major impact on communities, our personnel and local suppliers and service providers.

Our sites engage regularly with local community representatives, especially on the topics of employment, the environment, energy, or sponsoring. We also maintain continuous cooperation with local schools and universities, NGOs, our neighbors and other companies.

Ongoing permit processes are one important topic that is discussed with local stakeholders. Based on these discussions with the neighboring communities and with authorities, no significant negative impacts on local communities have been identified.

Informing local residents on small modular reactors

Outokumpu is investigating the opportunity to cut carbon dioxide emissions from its steel production with emerging small modular reactor (SMR) technology. We are in the forefront of decarbonizing the steel industry, and investigating the opportunities to utilize developing technologies in the energy offering is a natural step for us in decreasing our carbon dioxide emissions.

Pre-research related to the small modular reactor is ongoing, and it will include investigating any possible technical solutions and financial profitability as well as environmental impacts. Any possible investment decisions will take place at a later date.

A possible location for the SMR would be the area surrounding the Tornio plant, so in 2023 we invited our neighboring communities in Tornio, Finland and Haparanda, Sweden to hear about the project. Our Head of SMR project **Kristiina Tiilas** and Head of Energy Strategy **Tony Lindström** described the project.

There were also questions, and we discussed with the residents about the small modular reactors as a technique, the possible location of the small modular reactor, our pre-research including environmental impacts, the possibility to produce also heat for example for district heating as well as on the time schedule of the project.

In 2023, we continued to invite the families of our team members to family day events at our sites, which were again very well received, allowing the families of our team members to see our operations for themselves. We also organize open-door events also for our neighbors at our production sites as well as other stakeholders: in 2023, we arranged an inauguration at our Kemi mine to celebrate its expansion and to highlight its target of becoming the first carbon-neutral mine in the world by 2025. Our ferrochrome has 67% lower carbon footprint than the industry average, which in part has an impact on our stainless steel having the smallest carbon footprint in the market.

Before focusing on stainless steel, Outokumpu operated mines in Finland and elsewhere. The decision to focus on stainless was taken some twenty years ago, and our Kemi mine is currently the only mine we operate: it is an integral part of our stainless steel production. In 2023, Outokumpu continued to monitor and visit its old mine sites in Finland, both those where Outokumpu still has obligations and those where they have ended. In Finland, work continued for instance a the mines in Orivesi, working with the current owner to empty one pit of waste, and Enonkoski. In Enonkoski, we investigated the current situation to know it thoroughly enough for us to be able to apply for an environmental permit for complementary restoration measures in the area. Outokumpu has environmental permits at a few old mines. In 2023, there was one minor environmental permit breach in Kotalahti where leachate water is treated in a limestone-based treatment system and biological ponds: the annual average of iron concentration in leachate water released did not meet the environmental permits' requirements. The incident is reported as part of Outokumpu's environmental incidents in Minimizing environmental impacts.

Information on old mines

List of Outokumpu's operating sites

Non-governmental organizations

Non-governmental organizations (NGOs) are an important stakeholder group for Outokumpu: they provide us with external views on expectations and views towards big companies like ours and our impact on nature and society. For example, regarding climate change, the dialogue has helped both sides to understand its urgency and related actions and policies. Other recurring topics are ongoing permit processes and other environmental issues. We are grateful to NGOs as they highlight any issues in our operating environment.

Since a Finnish NGO, Finnwatch, assessed critically our supply chain sustainability monitoring and purchasing, we have continued a dialogue with them, and Finnwatch has thanked Outokumpu for the actions taken, such as human rights impact assessment and committing to the UN Guiding Principles on Business and Human Rights. Based on for instance on their feedback, we have continued to work on the transparency of our supply chain. In 2023, we further strengthened the monitoring of our suppliers with the help of media monitoring and continued to implement our recent Supplier Code of Conduct and human rights policy in our supply chain.

Read more on our supply chain

Associations, memberships and public affairs

Outokumpu is a member of many international organizations and associations, such as the International Chamber of Commerce (ICC), the European Steel Association (Eurofer), the International Chromium Development Association (ICDA), EUROALLIAGES and EUROSLAG. We are actively involved in and support the work of these associations. For example, we provide relevant information to decision-makers and experts for the development of the business environment and legislation.

Outokumpu also participates in the work of trade organizations and is a member of industrial federations and associations in Finland, France, Germany, Italy, the Netherlands, Sweden, the UK, the US and Australia. These organizations advance industry views and contribute to national development. Outokumpu is also a member of the Sustainable Mining network in Finland and committed to the Finnish Sustainable Mining standard, based on the Canadian initiative Towards Sustainable Mining.

Taxes by country*

Million euros	2023	2022	2021
Finland	**32**	0	0
Sweden	**0**	0	0
Germany	**30**	1	1
Other Europe	**4**	2	1
The United States	**6**	3	2
Mexico	**11**	6	3
Asia and Oceania	**0**	1	1
Other countries	**0**	3	0
Group total	**84**	**15**	**7**

*Due net loss in certain years, paid taxes are reported cash based instead of booked taxes.

We conduct our public affairs through industry associations like Eurofer towards governing bodies and regulators. Outokumpu participates in different working groups in these associations, where the aim is to provide expertise to help decision-makers. In these forums, members share best practices and obtain benchmark data relating to, for example, the environment, R&D, product life cycles, product and chemical safety, and occupational safety. Members also contribute their own data for use in the industry reports, such as the ICDA's safety and sustainability reporting.

In 2023, Outokumpu's membership fees and other contributions to the associations amounted to EUR 954,000.

Sponsoring and support

In sponsorships, Outokumpu prioritizes connections to stainless steel, sustainability, talent, and education. Local sponsorship follows the same guidelines. Locally, we sponsor for instance significant local projects, sports associations, and artworks by donating stainless steel. Outokumpu does not take part in or otherwise support political activities, whether they are local, national, or international.

Outokumpu also makes discretionary donations for the common good as a responsible corporate citizen. These donations are approved by the Leadership Team or by the Board of Directors. In 2023, Outokumpu's shareholders approved the Board of Directors' proposal for a donation of EUR 500,000 to continue supporting relief efforts in Ukraine and the neighboring countries.

Outokumpu supports research related to its field of industry and maintains close cooperation with educational institutes. We offer apprenticeships to local colleges and offer student placements also in the form of one-year programs. We also introduce our operations to schoolchildren and local students.

Outokumpu has also been among the founders of a number of technological, research and educational funds. These funds support and promote university-level research and teaching and business opportunities. Examples include the Technology Industries of Finland Centennial Foundation and the Fund for the Association of Finnish Steel and Metal Producers.

In 2023, Outokumpu spent some EUR 615,000 in sponsorships.

Investors and shareholders

Outokumpu's share is a so-called people's share in Finland, with households and private investors owning approximately a quarter of its outstanding shares. The largest shareholder is Solidium Oy, the Finnish-state owned investment company, which owned 15.5% of the outstanding shares at year-end. The share of international institutions' ownership slightly decreased during the year and reached a level of 28.2% at the end of 2023.

Outokumpu has a strong focus on shareholder returns and according to its dividend policy, aims to distribute a stable and growing dividend to be paid annually. In 2023, we distributed a total of EUR 152 million as dividends for year 2022. The dividend consisted of a base dividend of EUR 0.25 per share and an extra dividend of EUR 0.10 per share for the exceptionally good result of the financial year. The base dividend amount of EUR 0.25 was the basis for future dividend distributions in accordance with the policy.

In 2023, we also completed the first share buyback program in our history. The program started already in November 2022 and under the program, we repurchased a total of 19,836,205 of our own shares and used a total of EUR 100 million for the share repurchases. Part of these repurchases occurred already in 2022. In November 2023, we launched another share buyback program, with a maximum of 11 million shares. During 2023, we repurchased a total of 13,903,534 of our own shares with EUR 70 million. 2,642,455 shares were repurchased under the new 2023 share buyback program and 11,261,079 under the 2022 program that ended on March 24, 2023. On December 31, 2023, Outokumpu held 25,683,745 treasury shares. Through the share buyback programs, Outokumpu seeks to mitigate and manage the dilutive impact of the company's outstanding convertible bonds.

Outokumpu continued its regular and active communication with investors and analysts throughout the year. Key topics in 2023 were Outokumpu's strategic considerations, capital allocation, shareholder returns, weaker market environment, stainless steel price development, energy market, cost inflation, sustainability, and decarbonization.

During the year, Outokumpu participated in seven conferences or roadshows, and, in addition to IR activities, management met investors in 44 one-on-one or small group meetings. On top of that, we arranged four breakfast seminars for Finnish institutional investors after every quarterly result and four pre-silent conference calls, which were hosted by CFO Pia Aaltonen-Forsell and were open to everyone to participate.

After a break of few years, the Annual General Meeting 2023 was held physically at the Dipoli congress center in Espoo, Finland, in March 2023. Around 300 participants attended the meeting, and altogether more than 900 shareholders participated either by attending or voting in advance. Before the Annual General Meeting, we also arranged an event, where CEO Heikki Malinen and CFO Pia Aaltonen-Forsell were interviewed about current topics and there was also a possibility to directly ask questions.

Principal shareholders on December 29, 2023

	Shares	%
Solidium Oy	70,793,208	15.5
Varma Mutual Pension Insurance Company	21,938,403	4.8
Ilmarinen Mutual Pension Insurance Company	14,707,361	3.22
The Social Insurance Institution of Finland	8,388,652	1.84
State Pension Fund	7,500,000	1.64
Elo Mutual Pension Insurance Company	6,698,000	1.47
Mandatum Life	5,319,768	1.16
OP Life Assurance Company Ltd.	4,007,283	0.88
Nordea Life Assurance Finland Ltd.	3,266,360	0.71
Equity Fund Evli Europe	2,109,482	0.46
Nordea Pro Finland Fund	1,940,720	0.42
Etola Erkki Olavi	1,900,000	0.42
Danske Invest Finnish Equity Fund	1,633,667	0.36
Sinituote Oy	1,588,560	0.35
Helander Hannu-Jukka	1,559,000	0.34
OP-Finland Small Firms Fund	1,369,229	0.3
Säästöpankki Kotimaa - Equity Fund	1,291,975	0.28
Laakkonen Mikko Kalervo	1,256,000	0.27
Seligson & Co Equity Fund	1,112,368	0.24
Insurance Company Fennia Life	1,014,889	0.22
	159,394,925	**34.88**
Nominee accounts held by custodian banks	128,795,988	28.19
Treasury Shares	25,683,745	5.62
Other Shareholders	142,999,790	31.31
Total	**456,874,448**	**100**

In the Reputation & Trust among investors -survey, arranged by Finnish company T-Media, Outokumpu improved its ranking significantly, by more than 20 places. Improving from 57th place to 35th, Outokumpu was one of the companies with the best improvement.

In 2023, Outokumpu's share price was EUR 5.90 at its highest and EUR 3.60 at its lowest (2022: EUR 6.48 at its highest and EUR 3.51 at its lowest). The share price closed at 4.48 at the end of year 2023, and decreased by 5% from the closing price of EUR 4.73 at the end of 2022. The market capitalization was EUR 2,048 million at the end of the year, compared to the level of EUR 2,161 million at the end of 2022.

During 2023, the average daily trading volume in Outokumpu shares on Nasdaq Helsinki was 1,5 million shares. 386 million Outokumpu shares were traded in total on Nasdaq Helsinki during the year (2022: 720 million shares).

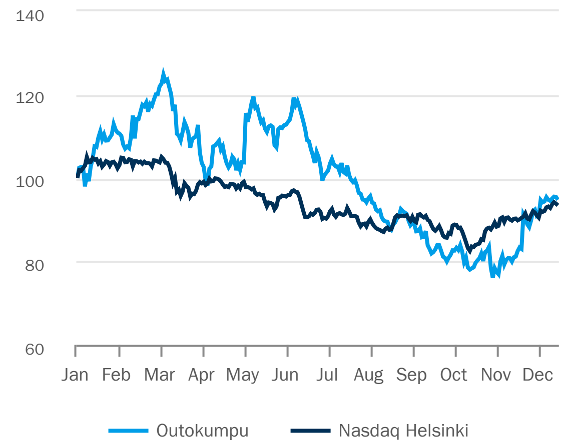
Outokumpu's shares are listed on the Nasdaq Helsinki Large Cap list under the trading code OUT1V and incorporated into the Finnish book-entry securities system. Outokumpu's shares are also traded on various alternative platforms.

Shareholders by group on December 29, 2023

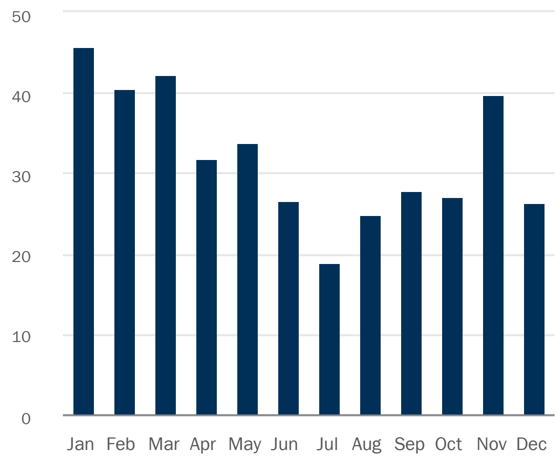
Solidium Oy is wholly owned by the Finnish state Source: Innovatics

Market capitalization and share price development

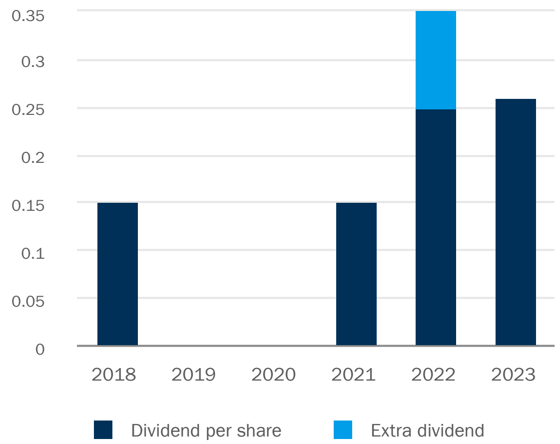
Outokumpu share price development in 2023



Monthly trading volume, million shares



Dividend/share, €



For 2023, dividend is a proposal by the Board of Directors. In 2022, the dividend included a one-time extra of EUR 0.10 per share for the exceptionally good result of the account period.

Conducting business with high integrity

Every employee at Outokumpu has a role in making ethical choices that help to build a world that lasts forever. The group-wide ethics and compliance program steers the sustainable and ethical decision-making and compliant business practices at Outokumpu. The first ever Ethics and Compliance Week highlighted the importance of conducting business with high integrity to all employees globally.

Outokumpu continuously raises awareness about ethics and compliance (E&C) topics to ensure fair play. During the E&C Week, employees discussed key questions such as: What do ethics and integrity mean to you? What is the role of responsible and ethical business practices as part of our sustainability journey?

Ethical business – how do we ensure fair play?

The Outokumpu Ethics and Compliance (E&C) Week was organized for the first time in September 2023 with success. The purpose of the week was to raise awareness and provide information about important E&C themes to all Outokumpu employees globally to enable everyone to do the right thing and conduct business fairly and in a responsible and ethical manner. The E&C Week consisted of many engaging activities and meaningful discussions. As part of the E&C Week, employees were encouraged to take part in the keynote speech, other presentations and discussions and various E&C events organized locally at Outokumpu's sites.

Being a trusted business partner

Trade sanctions compliance was one of the key themes presented during the E&C Week due to its importance and topical nature. Outokumpu is committed to complying with all applicable sanctions regulations, and we expect our suppliers, sub-suppliers and other business partners to also act as trusted partners and comply with these requirements as well. Within the trade compliance area, Outokumpu applies a Know Your Business Partner program, following which business partners are identified and monitored based on risk. Sanctions monitoring is part of this process. Outokumpu is also constantly monitoring and is committed to complying with applicable export and import restrictions. Furthermore, our employees are regularly trained in the adherence to sanctions regulations.

Due to the Russian invasion of Ukraine, we continued to concentrate on trade sanctions compliance as a priority work also during 2023 to ensure that all applicable sanctions regulations are complied with. In addition to the enhanced third-party screening activities, as well as adapting and complying with new sanctions regulations and conducting trainings for the employees within the trade sanctions area, Outokumpu's Know Your Business Partner-related processes and documentation were reviewed and updated, also taking into consideration the possible risks related to the circumvention of sanctions.

Launch of a new legal and compliance podcast

A new legal and compliance podcast was launched during the E&C Week. The purpose of this internal podcast is to share information about various E&C topics with Outokumpu employees in an easily digestible way, helping employees to comply with Outokumpu's internal policies and to make ethical decisions as part of their daily activities at Outokumpu – it is up to all of us to do the right thing!

The theme for the first podcast was competition law compliance and especially compliance with the rules regarding information exchange. Outokumpu is committed to complying with applicable competition laws and regulations and is continuously investing significant efforts in this area, including further developing various competition law compliance risk mitigation tools and giving trainings on this important topic.

Emphasis on the anti-corruption program

Outokumpu has a strict zero tolerance policy for any form of corruption and bribery. For this purpose, Outokumpu has an anti-corruption program in place as part of the group-wide E&C Program. The purpose of the program is to help to mitigate risks related to corruption and bribery and it contains various elements, such as a detailed internal guidance document, the Anti-Corruption Instruction. We also have a specific instruction in place for the use of intermediaries and consultants. There is also an anti-corruption e-learning as well as other forms of trainings available on corruption and bribery risks. During 2023, the different elements of the anti-corruption program were under review and assessment. In general, E&C risks are assessed as part of the Group risk management framework. In addition, we are continuously developing internal controls over identified risk areas, including anti-corruption.

Demystifying internal investigations

We encourage everyone to report their concerns and speak up. When concerns are reported they will be treated with strict confidence and assessed and reviewed in accordance with our internal investigations procedure. At Outokumpu it is our global policy not to tolerate any retaliation of individuals raising concerns in good faith.

As part of the E&C Week activities, we reminded employees about the ways to raise and report concerns at Outokumpu, including through Outokumpu’s SpeakUp channel. It is an externally hosted channel where concerns can be reported confidentially and anonymously, to the extent allowed by applicable laws and regulations. In addition, a presentation about our internal investigations procedure was given to the employees in cooperation between Internal Audit and the Group E&C team as part of the E&C Week, in order to further increase the transparency in how internal investigations are conducted.

Focus on engaging trainings and communications as part of the E&C Visibility Tour

All Outokumpu employees are responsible for conducting business with high integrity. Outokumpu's Group E&C team conducts trainings and shares information on a regular basis on various E&C topics to help ensure that our employees globally know how to apply E&C rules and ethical principles in their daily decision-making. At Outokumpu, E&C related trainings are given both through mandatory e-learnings as well as face-to-face trainings, webinars and discussions.

As part of the effective implementation of Outokumpu’s E&C Program, the Group E&C team continued the E&C Visibility Tour and conducted face-to-face trainings and met teams online to raise awareness on topical E&C matters, such as anti-corruption, data privacy, competition law compliance and trade sanctions in 2023. In addition, 98% of administrative employees completed the Code of Conduct e-learning and 99% of administrative employees completed the Data Protection e-learning in 2023. In addition to the data protection-related e-learning and other data privacy training sessions organized to the employees, the further development of Outokumpu’s global data protection program continued. We are also in the process of renewing all E&C related e-learnings and the plan is to launch those e-learnings in 2024.

Our ethical choices build a world that lasts forever.

About reporting

Outokumpu's sustainability reporting is prepared with reference to the GRI Standards.

In sustainability reporting, we report on the material developments of continuing sites and changes in 2023. Sustainability information is also available on our website.

Scope of the report

Outokumpu has published its sustainability review as part of the Annual Report 2023. Sustainability information is also available at www.outokumpu.com/sustainability.

Outokumpu Oyj reports on the material developments of continuing sites and changes in 2023 as part of the Annual Report. The reported data includes all continuing sites. Additional information is published on the company's website. The Annual Report 2023, including Sustainability Review, was published in March 2024.

Outokumpu's report has been prepared with reference to the GRI Standards 2021. The materiality assessment from 2021 and continuous communication with stakeholders were the basis for the decision on material topics and relevant disclosures.

The independent practitioner's assurance report on the limited assurance conclusion is available on page 96 in the Sustainability Review. The Financial Statements 2023 have been audited, and the auditor's report is available after the Financial statements.

Measurement and estimation methods

Economic responsibility

Most figures relating to economic responsibility presented in this report are based on the consolidated financial statements issued by the Outokumpu Group and collected through Outokumpu's internal consolidation system. Financial data has been prepared in accordance with International Financial Reporting Standards (IFRS). Outokumpu's accounting principles for the Group's consolidated financial statements are available in the related note to the consolidated financial statements.

All financial 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. Using the GRI guidelines as a basis, economic responsibility figures have been calculated as follows:

Direct economic value generated
Direct economic value generated includes all revenues received by Outokumpu during the financial year. The sources of revenue include sales invoiced to customers, net of discounts and indirect taxes, revenues reported as other operating income (including gains from the disposal of Group assets), and revenues reported as financial income, mainly dividend and interest income.

Economic value distributed
Operating costs include the cost of goods and services purchased by Outokumpu during the financial year. Employee benefit expenses include wages and salaries, termination benefits, social security expenses, pension and other post-employment and long-term employee benefits, expenses from share-based payments and other personnel expenses. Taxes paid to the government include income taxes paid (cash-flow based). Payments to providers of capital include interest costs on debt and other financial expenses during the financial year. Capitalized interest is deducted from this figure. The dividend payout is included in the payments to providers of capital according to the proposal by Outokumpu's Board of Directors.

Community investments consist of donations to and investments in beneficiaries external to the company.

Local suppliers

In this report, vendors are defined as local if they are located in the same country as the Outokumpu location. Significant locations for suppliers are defined as sites with production processes and our finishing line and logistic hub in the Netherlands,

Environmental responsibility

All energy and environmental information is based on the operational control. Outokumpu's climate change target is based on science and approved by the Science Based Target initiative. The target includes CO_2 intensity of direct and indirect emissions of electricity and upstream emissions. Emissions are consolidated on production control.

The green house gas measuring and reporting is following the GHG Protocol Corporate Standard and Value Chain Standards. Site falling under the European emission trading system (EU ETS) report the direct emission according to the verified EU ETS requirements.

CO_2 emissions of electricity are calculated and monitored by the emissions factor of Outokumpu's electricity mix of 38 kg CO_2/MWh (2022: 93 kg CO_2/MWh), given by the electricity supplier for the used electricity and calculated as weighted average. It includes 100% of electricity use in EU market which is coming with guarantees of origin from ownerships in power production, and the purchase of RECs in the US. In addition, the location-based electricity emissions are disclosed. They are calculated by the published country- specific emissions factors of the electricity generation of 2021 or 2022 if available.

CO_2 emissions outside the company (scope 3), except electricity, are covered by more than 95%. The main impact comes from purchased goods, mainly alloys. Also emissions from business travel and waste generated are reported, at least partly, as well as downstream transportation of products. The emissions are calculated as follows:

- For alloys: by emissions factors of the life-cycle assessments of relevant associations. Emission factor of ferronickel was calculated with 40% from supplier specific emissions and 60% of LCA e-factor published in 2021. Emissions of sold ferrochrome are not allocated to the stainless steel production of the company.
- E-factor for lime and dolomite are calculated with 71% from supplier specific emissions. For used gases, electrodes and coke: by emissions factors of ISO 14404.
- For upstream emissions of light fuel oil: by emissions factors of WorldSteel Association.
- For internal and product transport: by typical distances and type of transport with the well-to-wheel emissions according to the EEA report 2/2022 of the European Environmental Agency for the European transport and with the published e-factors of US EPA for US transport.
- For business travel: for the cars, trains and flights by CO_2 reports of the service provider.

Upstream transport was assessed on data of environmental product declaration of 2020, to be at about 3% of the scope 3 emissions but excluded from scope 3 emissions.

When calculating the CO_2 intensity, the total volume of own crude steel production and purchased crude steel was used as divider since that corresponds to total processed and sold products. For other environmental indicators like water and waste only Outokumpu´s own steel production was taken into account.

The recycled content according to ISO 14021 (recycled steel content) is calculated as the sum of pre- and post-consumer scrap related to crude steel production. Additionally, we report on the recycled material content including all recycled metals from treated own waste streams entering the melt shop.

Energy efficiency is defined as the sum of specific fuel and electricity energy of all processes calculated as energy consumption compared to the product output of that process. It covers all company productions: ferrochrome with 15%, melt shop, hot rolling and cold rolling processes. Used heat values and the consumption of energy are taken from supplier's invoices.

Water withdrawal is measured for groundwater surface and sea water, taken from municipal suppliers and estimated for rainwater amount. Waste generation details on company's typical waste categories of hazardous and non-hazardous are reported as dry tonnes and classified according to national legislation. In 2023, waste is reported as generated, diverted from landfill and landfilled. The offsite and onsite recycling and recovery are reported. Waste treated goes to energy recovery and is counted as diverted from landfill.

Slag use rate is calculated as the total amount of slag that is used compared to the generated slag. Stored slag is not considered in this calculation. Slag that is classified as a by-product is included in the slag use rate, but not in the waste management tables, since it has not been a waste.

Customers' CO_2 savings are calculated with the difference of world's stainless steel footprint of 7 tonnes CO_2 per tonne crude steel with 40% scrap recycling and 30% of nickel pig iron production and Outokumpu's footprint of 1.70 tonnes CO_2 per tonne steel and company's production.

Social responsibility

Health and safety figures

Health and safety figures reflect the scope of Outokumpu's operations as they were in 2023.

Safety indicators (accidents and preventive safety actions) are expressed per million hours worked (frequency). Safety indicators include Outokumpu employees, persons employed by a third party (contractor) or visitor accidents and preventive safety actions. A workplace accident is the direct result of a work-related activity and it has taken place during working hours at the workplace.

Accident types

- Lost time injury (LTI) is an accident that caused at least one day of sick leave (excluding the day of the injury or accident), as the World Steel Association defines it. One day of sick leave means that the injured person has not been able to return to work on their next scheduled period of working or any future working day if caused by an outcome of the original accident. Lost-day rate is defined as more than one calendar day absence from the day after the accident per million working hours.

- Restricted work injury (RWI) does not cause the individual to be absent, but results in that person being restricted in their capabilities so that they are unable to undertake their normal duties.
- Medically treated injury (MTI) has to be treated by a medical professional (doctor or nurse).
- First aid treated injury (FTI), where the injury did not require medical care and was treated by a person themselves or by first aid trained colleague.
- Total recordable injury (TRI) includes fatalities, LTIs, RWIs and MTIs, but FTIs are excluded.
- All workplace accidents include total recordable injuries (TRI) and first aid treated injuries (FTI)

Proactive safety actions
Hazards refer to events, situations or actions that could have led to an accident, but where no injury occurred. Safety behavior observations (SBOs) are safety-based discussions between an observer and the person being observed. Other preventive safety action includes proactive measures.

Employee benefit expenses
Employee benefit expenses include wages and salaries, termination benefits, social security expenses, pension and other post-employment and long-term employee benefits, expenses from share-based payments and other personnel expenses.

Administrative employees
Administrative employees include all white collar employees and managers of operators that were active as of December 31, 2023.

Training days per employee
The number of days spent by an employee in training when each training day is counted as lasting eight hours.

A bonus is an additional payment for good performance.These figures are reported without social costs or fringe benefits.

Personnel figures
Rates are calculated using the total employee numbers at the end of the reporting period. The calculations follow the requirements of GRI Standards. The following calculation has been applied e.g.

Hiring rate = New Hires / total number of permanent employees by year-end

Average turnover rate = (Leavers + New Hires) / (total number of permanent employees by year-end × 2)

Days lost due to strikes
The number of days lost due to strikes is calculated by multiplying the number of Outokumpu employees who have been on strike by the number of scheduled working days lost. The day on which a strike starts is included.

Safety indicators include our employees, contractors and visitors.

Statement of use	Outokumpu Oyj has reported with reference to the GRI Standards 2021 for the period from 01.01.2023 to 31.12.2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No applicable GRI Sector Standard

GRI standard	Disclosure	Omission	Location in Annual report 2023	Assured
General disclosures				
GRI 2: General Disclosures				
2-1	Organizational details		Corporate Governance Statement CG 99-117, back cover	
2-2	Entities included in the organization's sustainability reporting		Scope of the report SR 88	
2-3	Reporting period, frequency and contact point		Scope of the report SR 88, back cover	
2-4	Restatements of information		Scope of the report SR 88	
2-5	External assurance		Scope of the report SR 87-90, Independent practitioner's limited assurance report SR 96-97	
2-6	Activities, value chain and other business relationships		This is Outokumpu AR 4-5, Our impact AR 11, Stainless steel market AR 12-16	
2-7	Employees	Breakdown by gender and region not reported	People and society SR 64-79	x
2-9	Governance structure and composition		Corporate Governance Statement CG 99-117	
2-10	Nomination and selection of the highest governance body		Corporate Governance Statement CG 99, 107	
2-11	Chair of the highest governance body		Corporate Governance Statement CG 100	
2-12	Role of the highest governance body in overseeing the management of impacts		Corporate Governance Statement CG 104-106	
2-13	Delegation of responsibility for managing impacts		Corporate Governance Statement CG 104-106	
2-14	Role of the highest governance body in sustainability reporting		Corporate Governance Statement CG 104-106, Review by the Board of Directors FS 131-135	
2-16	Communication of critical concerns		Corporate Governance Statement CG 114-117	
2-19	Remuneration policies		Remuneration statement CG 118-122	
2-22	Statement on sustainable development strategy		Review by the Board of Directors FS 131-135	
2-25	Processes to remediate negative impacts		Human rights as the foundation of our business SR 65-66, Conducting business with high integrity SR 85-86	
2-26	Mechanisms for seeking advice and raising concerns		Human rights as the foundation of our business SR 65-66, Conducting business with high integrity SR 85-86	
2-27	Compliance with laws and regulations	No significant instances of non-compliances have occurred in 2023	Human rights as the foundation of our business SR 65-66, Conducting business with high integrity SR 85-86, Review by the Board of Directors FS 99-117	x
2-28	Membership associations		Active collaboration with stakeholders SR 82	
2-29	Approach to stakeholder engagement		Active collaboration with stakeholder SR 80-84	
2-30	Collective bargaining agreements		Teamwork towards our targets SR 71-77	x

Material topics				
GRI 3: Material topics				
3-1	Process to determine material topics		Sustainability strategy SR 31-35	
3-2	List of material topics		Sustainability strategy SR 35	
GRI 201: Economic performance				
201-1	Direct economic value generated and distributed		This is Outokumpu, Our year 2023 AR 4-5, Our impact AR 11, Active collaboration with stakeholders SR 80-84	x
201-2	Financial implications and other risks and opportunities due to climate change		Decarbonization across the value chain SR 40-46, Review by the Board of Directors FS 131-135, Risks and opportunities AR 20, 28	x
GRI 203: Indirect economic impacts				
203-2	Significant indirect economic impacts		Active collaboration with stakeholders SR 80-84, Strength and resilience AR 7, Our impact AR 11	x
GRI 204: Procurement practices				
204-1	Proportion of spending on local suppliers		Fostering a sustainable supply chain SR 59-62	x
GRI 205: Anti-corruption				
205-2	Communication and training about anti- corruption policies and procedures	98% of administrative employees trained. Training by region or on governance bodies not reported	Conducting business with high integrity SR 85-86	x
GRI 206: Anti-competitive behavior				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions pending or completed during 2023	Conducting business with high integrity SR 85-86, Review by the Board of Directors FS 124-140	x
GRI 207: Tax				
207-2	Tax governance, control, and risk management		Corporate Governance Statement CG 105	
207-4	Country-by-country reporting		Active collaboration with stakeholders SR 80-84	
GRI 301: Materials				
301-1	Materials used by weight or volume		Accelerating the circular economy SR 50-52	x
301-2	Recycled input materials used		Accelerating the circular economy SR 50-52	
301-3	Reclaimed products and their packaging materials		Active collaboration with stakeholders SR 80-81	
GRI 302: Energy				
302-1	Energy consumption within the organization		Low-carbon energy and energy efficiency SR 47-49	x
302-3	Energy intensity		Low-carbon energy and energy efficiency SR 47-49	x
302-4	Reduction of energy consumption		Low-carbon energy and energy efficiency SR 47-49	
GRI 303: Water and effluents				
303-1	Interactions with water as a shared resource		Biodiversity and water management SR 53-55	x
303-2	Management of water discharge-related impacts		Biodiversity and water management SR 53-55	x
303-3	Water withdrawal	Information on dissolved solids is not available	Biodiversity and water management SR 53-55	x
303-4	Water discharge	Information on dissolved solids is not available	Biodiversity and water management SR 53-55	x
303-5	Water consumption		Biodiversity and water management SR 53-55	

GRI 304: Biodiversity				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Biodiversity and water management SR 53-55	
GRI 305: Emissions				
305-1	Direct (Scope 1) GHG emissions		Decarbonizing across the value chain SR 40-46	x
305-2	Energy indirect (Scope 2) GHG emissions		Decarbonizing across the value chain SR 40-46	x
305-3	Other indirect (Scope 33) GHG emissions		Decarbonizing across the value chain SR 40-46	x
305-4	GHG emissions intensity		Decarbonizing across the value chain SR 40-46	x
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Minimizing impacts on the environment SR 56-57	x
GRI 306: Waste				
306-1	Waste generation and significant waste related impacts		Accelerating the circular economy SR 50-52	
306-3	Waste generated		Accelerating the circular economy SR 50-52	x
306-4	Waste diverted from disposal		Accelerating the circular economy SR 50-52	x
306-5	Waste directed to disposal	Only total waste to landfill reported	Accelerating the circular economy SR 50-52	x
GRI 308: Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criteria		Fostering a sustainable supply chain SR 59-63	
308-2	Negative environmental impacts in the supply chain and actions taken		Fostering a sustainable supply chain SR 59-63	
GRI 401: Employment				
401-1	New employee hires and employee turnover		Team work towards our targets SR 78	x
GRI 403: Occupational health and safety				
403-1	Occupational health and safety managementsystem		Always working safely SR 68-70	
403-2	Hazard indentification, risk assessment, and incident investigation		Always working safely SR 68-70	
403-4	Worker participation, consultation, and communication on occupational health and safety		Always working safely SR 68-70	
403-5	Worker training on occupational health and safety		Always working safely SR 68-70	
403-8	Workers covered by an occupational health and safety management system		Always working safely SR 68-70	
403-9	Work related injuries	Number of hours worked not reported	Always working safely SR 68-70	x
GRI 404: Training and education				
404-2	Programs for upgrading employee skills and transition assitance programs		Team work towards our targets SR 71-79	
404-3	Percentage of employees receiving regular performance and career development reviews		Team work towards our targets SR 71-79. Details of gender and employee category not available.	

GRI 405: Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	Information on governance bodies by age groups is not reported. BoD not reported by age group as not reasonable.	Review by the Board of Directors FS 134-135, Teamwork towards our targets SR 71-79	x
GRI 406: Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken		Corporate Governance statement CG 114-117	
GRI 407: Freedom of association and collective bargaining				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Fostering a sustainable supply chain SR 59-62, no risk within own operations	
GRI 408: Child labor				
408-1	Operations and suppliers at significant risk of incident of child labour		Fostering a sustainable supply chain SR 59-62, no risk within own operations	
GRI 409: Forced or compulsory labor				
409-1	Operations and suppliers at significant risk of forced and compulsory labor		Fostering a sustainable supply chain SR 59-62, no risk within own operations	
GRI 411: Rights of indigenous people				
411-1	Incidents of violation involving rights of indigenous people		Fostering a sustainable supply chain SR 59-62, no risk within own operations	
GRI 413: Local communities				
413-2	Operations with significant actual and potential negative impacts on local communities		Minimizing impacts on the environment SR 56--57, Active collaboration with stakeholders SR 80-84	x
GRI 414: Supplier social assessment				
414-1	New suppliers that were screened using social criteria		Fostering a sustainable supply chain SR 59-63	
414-2	Negative social impacts in the supply chain and actions taken		Fostering a sustainable supply chain SR 59-63	
GRI 415: Public policy				
415-1	Political contributions		Outokumpu does not make any donations to political parties or groups, see Code of Conduct https://www.outokumpu.com/en/sustainability/sustainability-downloads, Active collaboration with stakeholders SR 80-82	x
Company's own indicators				
Resource efficiency	Recycled material content and recycled (steel) content acc. Iso 14021		Accelerating the circular economy SR 50-52	x
Energy	Energy efficiency		Low-carbon energy and energy efficiency SR 47-49	x
Climate change	Science Based Target		Decarbonization across the value chain SR 40-46	x
By-products	Slag use rate		Accelerating the circular economy SR 50-52, 2023 in figures AR 5	x

ResponsibleSteel content index*

ResponsibleSteel Principle (International Standard Version 2.0)	
1. Corporate Leadership	Sustainability strategy SR 31-38
2. Social, Environmental and Governance Management Systems	Sustainability strategy SR 31-38 Fostering a sustainable supply chain SR 58-63 Teamwork towards our targets SR 71-79 Conducting business with high integrity SR 85-86
3. Responsible Sourcing of Input Materials	Fostering a sustainable supply chain SR 58-63
4. Decommissioning and Closure	Not applicable due to no confirmed plans to decommission or close sites
5. Occupational Health and Safety	Always working safely SR 68-70
6. Labour Rights	Teamwork towards our targets SR 71-79
7. Human Rights	Fostering a sustainable supply chain SR 58-63 Human rights as the foundation of our business SR 65-67
8. Stakeholder Engagement and Communication	Active collaboration with stakeholders SR 80-84
9. Local Communities	Active collaboration with stakeholders SR 80-84
10. Climate change and greenhouse gas emissions	Decarbonization across the value chain SR 40-52, Low-carbon energy and energy efficiency 47-49
11. Noise, Emissions, Effluents and Waste	Accelerating the circular economy SR 50-52 Minimizing impacts on the environment SR 56-57
12. Water Stewardship	Biodiversity and water management SR 53-55
13. Biodiversity	Biodiversity and water management SR 53-55

* Outokumpu has not yet been certified by the ResponsibleSteel initiative but this table indicates which part of the Sustainability Review 2023 contains information on Outokumpu's sustainability work related to the ResponsibleSteel Principles and respective requirements.

Independent practitioner’s limited assurance report

To the Management of Outokumpu Oyj

We have been engaged by the Management of Outokumpu Oyj (hereinafter also the “Company”) to perform a limited assurance engagement on Selected sustainability information for the reporting period from 1 January 2023 to 31 December 2023, disclosed in Outokumpu Oyj’s Annual Report 2023 available on the Company’s website (hereinafter the Selected sustainability information).

Selected sustainability information

The selected sustainability information within the scope of assurance covers:

- Indicators as set out in GRI Standards of the Global Reporting Initiative –standards and Company’s internal reporting instructions as identified in the GRI content index in the Company's Sustainability Review 2023.
- EU taxonomy reporting as disclosed in Outokumpu Oyj’s Board of Directors’ report of Outokumpu Oyj’s Annual Report 2023.

Management’s responsibility

The Management of Outokumpu Oyj is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in Outokumpu Oyj’s reporting instructions described in Outokumpu Oyj’s Sustainability Review 2023, the GRI Standards of the Global Reporting Initiative, Regulation (EU) 2020/852 and supplementing Delegated Acts (collectively reporting criteria). The Management of Outokumpu Oyj is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner’s independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers Oy 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.

Practitioner’s responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410 “Assurance Engagements on Greenhouse Gas Statements”. These standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Conducting site visits in Finland and United States of America.
- Interviewing employees responsible for collecting and reporting the Selected information at the Group level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing of the EU Taxonomy related disclosures.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

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 Outokumpu Oyj's Selected sustainability information for the reporting period ended 31 December 2023 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

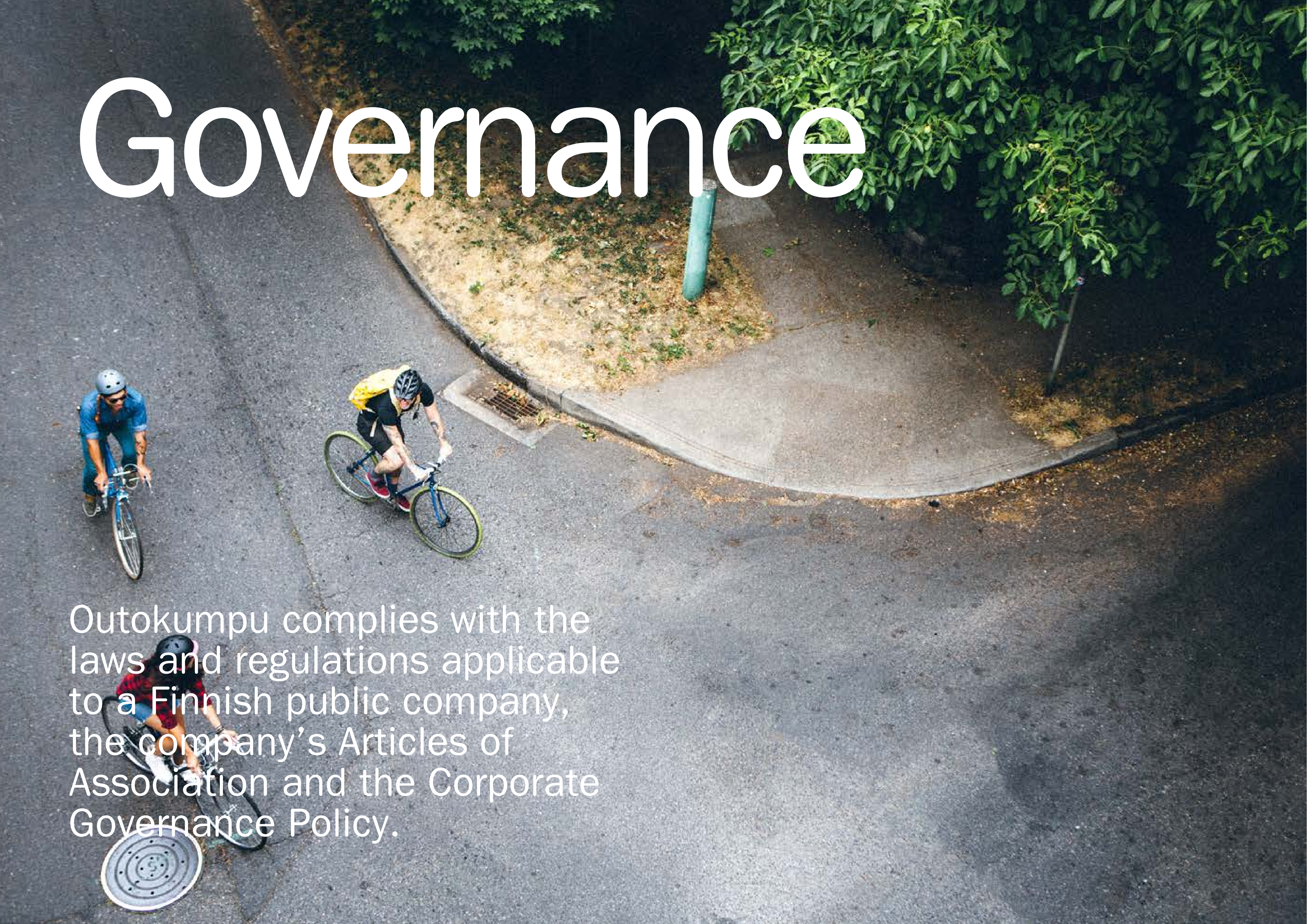
Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Outokumpu Oyj for our work, for this report, or for the conclusion that we have reached.

Helsinki 28 February 2024

PricewaterhouseCoopers Oy

Tiina Puukkoniemi	Janne Rajalahti
Partner, Authorised Public Accountant (KHT)	Partner, Authorised Public Accountant (KHT)
Sustainability Reporting & Assurance	Audit Partner

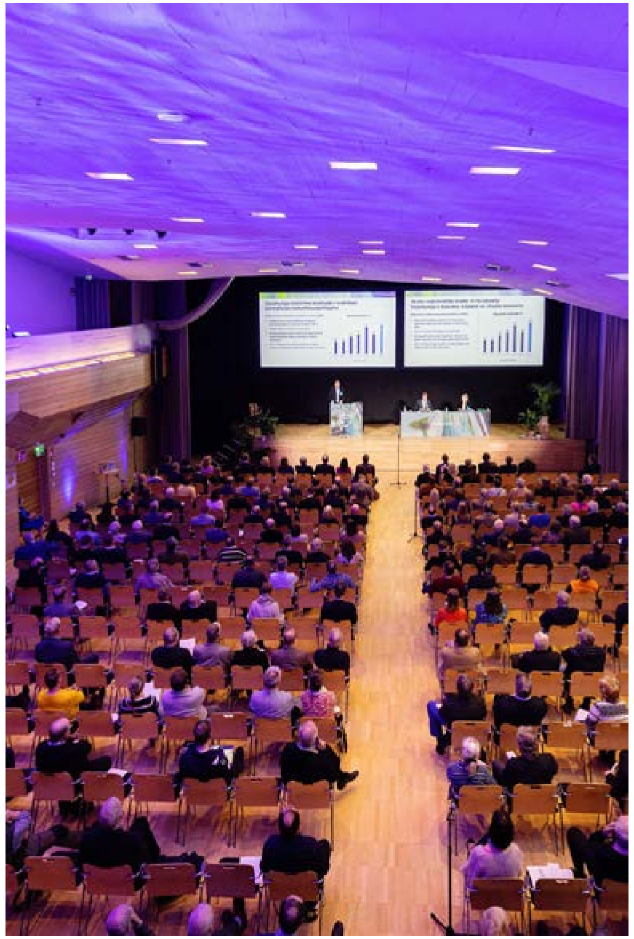
Governance



Outokumpu complies with the laws and regulations applicable to a Finnish public company, the company's Articles of Association and the Corporate Governance Policy.

Corporate Governance Statement 2023

Regulatory and structural framework



Outokumpu Oyj's Annual General Meeting 2023 was arranged in March 2023 at the Dipoli congress center in Espoo, Finland.

Outokumpu Oyj, the Group's parent company, is a public limited liability company, listed on Nasdaq Helsinki and incorporated and domiciled in Finland. Its headquarters are located in Helsinki. 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 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, 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 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 states that certain important decisions such as amendments to the Articles of Association, approval of the financial statements, increase or decrease of 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.

Our latest Corporate Governance statement and updated corporate governance information can be found on the Group's Corporate Governance website.

Board of Directors

Composition and operations of the Board of Directors December 31, 2023

All Board members are independent of the company. The CVs of the Board of Directors 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

Independent of the company and its significant shareholders.

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
Vice President: Citicorp Investment Bank Ltd 1986–1987
Several management positions: Citibank Plc 1981–1986

Positions of trust

Chairman of the Board of Directors (March 2023–) and member of the Board of Directors (2022–2023): Stora Enso
Vice Chairman of the Board of Directors: Nordea Bank Abp 2019–March 2022
Chairman of the Supervisory Board: Varma Mutual Pension Insurance Company 2015–2019
Vice Chairman of the Board: Nokian Tyres Plc 2018–2021
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
Chairman of the Board: Finnish Bankers' Association 2002–2004

Mr. Jordan holds several positions of trust in foundations and non-profit associations.

Kati ter Horst

Vice Chairman of the Board of Directors

b. 1968, Finnish citizen
M.Sc. (Econ.), MBA (International Business)

Outokumpu Board member 2016–
Vice Chairman 2022–
Member of the Remuneration Committee

Independent of the company and its significant shareholders.

Work experience

Divisional CEO, EMEA: Aliaxis 2022–
Executive Vice President, Head of Stora Enso Paper, member of the Group Leadership team 2014–2022
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

Member of the Supervisory Board: Wienerberger AG, May 2021–September 2022
Board member: Climate Leadership Coalition 2019–2022
Board member (2017–2022), Vice Chair (2019–2020) and Chair (2020–2022): EURO-GRAPH asbl
Board member: Finnish Forest Industries Federation 2015–2022

Heinz Jörg Fuhrmann

Member of the Board of Directors
b. 1956, German citizen
PhD, Metallurgy, University of Berlin, Germany
Master's Degree, Metallurgy, RWTH Aachen University, Germany
Honorary Professor, RWTH Aachen University, Germany

Outokumpu Board member 2021–
Member of the Remuneration Committee

Independent of the company and its significant shareholders.

Work experience
Chief Executive Officer: Salzgitter AG 2011–2021
Vice Chairman, Executive Board: Salzgitter AG 2007–2011
Chief Financial Officer: Salzgitter AG 2001–2011
Executive Board Member: Salzgitter AG and Preussag Stahl AG 1996–2001
General Representative and Head of Central Corporate Planning: Preussag Stahl AG 1995–1996
Several management positions: Klöckner-Werke AG 1983–1995
Scientist: Betriebsforschungsinstitut Düsseldorf 1980–1983

Positions of trust
Chairman of the Supervisory Board: Günter Papenburg AG (privately held) 2023–
Chairman of the Supervisory Board: Max Aicher Stahl AG (privately held) 2023–
Member of the Supervisory Board: H2APEX Group SCA 2024–
Member of the EIB Group Climate and Environment Advisory Council: 2021–
Chairman of the German Steel Industry Employers' Association 2020–2023
Member of the Presidential Board: Federation of German Industries (BDI) 2018–2021
Member of the Senate (2014–2016) and Chairman of the Senate: Fraunhofer Society 2016–2022
Chairman/member of the Supervisory Board: Aurubis AG 2009–2021
Member of the Supervisory Board: TÜV Nord AG 2008–2023
Member of the Supervisory Board: Öffentliche Versicherung Braunschweig (Insurance) 2002–2022

Päivi Luostarinen

Member of the Board of Directors
b. 1955, Finnish citizen
LL.M. University of Helsinki, Finland

Outokumpu Board member 2021–
Member of the Audit Committee

Independent of the company and its significant shareholders.

Work experience
Ambassador of Finland: London 2015–2019
Ambassador of Finland: Berlin 2011–2015
Director General, Europe: Ministry for Foreign Affairs of Finland 2008–2011
Deputy Director General, Americas and Asia: Ministry for Foreign Affairs 2007–2008
Chief Policy Adviser, Team Lead of Trade Policy and International Relations: Confederation of Finnish Industries, EK 2005–2006
Director General, Americas and Asia: Ministry for Foreign Affairs 2003–2005
Deputy Director General, Americas and Asia: Ministry for Foreign Affairs 2002–2003
Deputy Director General, Trade Policy and Economic Cooperation: Ministry for Foreign Affairs 2000–2001
Deputy Director General, the EU Secretariat: Ministry for Foreign Affairs 1996–2000
Member of the Cabinet of the Finnish Commissioner: EU Commission, Brussels 1995–1996

Positions of trust
Member: Finnish High Court of Impeachment 2012–2015
Member of the Board: Finnish Institute of International Affairs 2010–2014
Member of the Supervisory Board: Finnfund 2005–2006
Member of the Board: Finnfund 2002 and deputy member 2000–2001, 2003–2005 and 2007–2009

Ms. Luostarinen has in addition held several positions, starting in 1981, in the Foreign Service in Helsinki, at the Permanent Mission of Finland to the UN in New York and at the Permanent Delegation of Finland to the EU in Brussels.

Jyrki Mäki-Kala

Member of the Board of Directors
b. 1961, Finnish citizen
M.Sc. (Econ.), Vaasa, Finland

Outokumpu Board member 2023–
Chairman of the Audit Committee

Independent of the company and its significant shareholders.

Work experience
Chief Financial Officer: Neste Oyj 2013–2022
Chief Financial Officer: Kemira Oyj 2008–2013
Several managerial positions: Kemira Pulp and Paper 2005–2008
Several managerial positions: Nokia Chemicals/Finnish Chemicals (later Kemira Chemicals) 1988–2005

Positions of trust
Member of the Board of Directors: Orthex 2022–
Chairman of the Audit Committee: Anora (formerly Altia) 2021–
Chairman of the Board of Directors: Neste Marketing & Services 2017–2022
Member of the Board of Directors: Tesi (Finnish Industry Investment Ltd) 2019–2021
Member and Chairman of the Board of Directors: Nynas AB 2018–2021
Member of the Board of Directors: Pohjolan Voima 2008–2013
Member of the Board of Directors: FC Energia 1998–2005

Petter Söderström

Member of the Board of Directors
b. 1976, Finnish citizen
M. Sc. (Econ.), Hanken School of Economics

Outokumpu Board member 2022–
Member of the Audit Committee

Independent of the company.

Work experience
Investment Director and Member of the Management Team: Solidium Oy 2009–
Project Leader and Partner: Leimdörfer Finland Oy 2008–2009
Associate Director and Partner: Mandatum & Co Oy 2002–2008
Senior Associate: PricewaterhouseCoopers Oy 2000–2002

Positions of trust
Member of the Board of Directors and of the Remuneration Committee: TietoEVRY 2023–
Member of the Board of Directors and Member of the Audit Committee: Neles 2020–2021
Chairperson of the Nomination Board: Mandatum 2023–
Member of the Nomination Board: Anora 2021–
Member of the Nomination Board (2018–2020) and Chairperson of the Nomination Board: TietoEVRY 2020–2023
Chairperson of the Nomination Board: Metso 2018–2020

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

Independent of the company and its significant shareholders.

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 and President of the Aluminium Conversion Sector: Pechiney 2002–2004
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

Positions of trust

Board member, member of the Audit and Risk Committee, of the Nomination Committee and of the Remuneration Committee: London Metal Exchange (LME) 2023–
Vice Chairman of the Board and Lead Independent Director (2021–), Chairman of the Nomination, Remuneration and Governance Committee: Vallourec Group
Chairman of the Board: Société Bic SA 2018–2021
Board member (2015–), member of the Audit Committee (2018–2019), of the Nomination and Compensation Committee (2019–) and of the Strategic Committee (2021–): Verallia
Founder and Co-President: The Vareille Foundation 2014–
Member of the Strategic Committee: CentraleSupelec 2008–2022
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: CentraleSupelec 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
Member of the ESG Advisory Council 2021–

Independent of the company and its significant shareholders.

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 board member and member of Audit Committee and Remuneration Committee: Surface Transforms Plc 2021–
Independent non-executive board member, Standards & Regulation Board: Royal Institution of Chartered Surveyors 2020–2023
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

In addition, Ms. Woodhouse has held several additional roles on committees and operating boards.

The Board assesses the independence of the Board members and records the outcome in the Board minutes. All members of the Board of Directors were independent of the company and its significant shareholders on December 31, 2023, excluding one Board member who was independent of the Company but not of one of its major shareholders.

Outokumpu shares and share-based rights (parents or subsidiaries) owned by each director and their controlled corporations on December 31, 2023

Board member	Number of shares
Kari Jordan	300,000
Heinz Jörg Fuhrmann	16,939
Kati ter Horst	39,609
Päivi Luostarinen	16,939
Jyrki Mäki-Kala	10,700
Petter Söderström	11,608
Pierre Vareille	61,768
Julia Woodhouse	36,787
Total	**494,350**

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 pursuant to 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 financing arrangements, which exceed EUR 20 million, or which have a fixed tenor exceeding ten years or which are organized by way of public offerings by any Group company;

ii. All major guarantees and pledges on behalf of non-Group parties; and all guarantees and pledges on behalf of Group companies which exceed EUR 20 million 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 internal 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 2023, the Board of Directors assessed 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 eight members was elected at the Annual General Meeting 2023. Board meetings will be held as regularly as deemed necessary, but at least five times every year. In 2023, the Board of Directors had 16 meetings, and the attendance rate was 99%.

Breakdown of individual attendance at Board meeting

16 meetings in 2023	Attendance
Kari Jordan	16/16
Heinz Jörg Fuhrmann	16/16
Kati ter Horst	15/16
Jyrki Mäki-Kala (as of March 30,2023)	11/11
Vesa-Pekka Takala (until March 30, 2023)	5/5
Päivi Luostarinen	16/16
Petter Söderström	16/16
Pierre Vareille	16/16
Julia Woodhouse	16/16

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 2023.

The review by the Board of Directors is available in the Financial year section in the Annual report.

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 seven times during 2023, and the attendance rate was 100%.

Breakdown of individual attendance at Audit Committee meetings

7 meetings in 2023	Attendance
Jyrki Mäki-Kala (as of March 30, 2023)	6/6
Päivi Luostarinen	7/7
Petter Söderström	7/7
Vesa-Pekka Takala (until March 30, 2023)	1/1
Julia Woodhouse	7/7

Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board and a minimum of two additional Board members. The task 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 are further defined in the Remuneration Committee Charter, approved by the Board. The Remuneration Committee met five times during 2023, and the attendance rate was 96%.

Breakdown of individual attendance at Remuneration Committee meetings

5 meetings in 2023	Attendance
Kari Jordan	5/5
Heinz Jörg Fuhrmann	5/5
Kati ter Horst	4/5
Pierre Vareille	5/5

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 2023.

The Remuneration Committee prepares proposals to the Board concerning the Remuneration Policy and the Remuneration Report.

Shareholders’ Nomination Board

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 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 2023 were Solidium Oy, Varma Mutual Pension Insurance Company, Ilmarinen Mutual Pension Insurance Company and the Social Insurance Institution of Finland.

These shareholders nominated the following individuals as their representatives in the Nomination Board: Reima Rytsölä, Managing Director of Solidium Oy, Pekka Pajamo, CFO at Varma Mutual Pension Insurance Company, Jouko Pölönen, President and CEO of Ilmarinen Mutual Pension Insurance Company, and Outi Antila, Director General at The Social Insurance Institution of Finland, Reima Rytsölä was elected Chairman of the Nomination Board, and Kari Jordan, Chairman of the Outokumpu Board of Directors, served as the fifth member of the Nomination Board.

The Nomination Board convened two 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 2024 Annual General Meeting of Shareholders.

Four of the Nomination Board members represent the four largest shareholders.

Executive Management

Biographical details of the CEO and the Leadership Team on December 31, 2023

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 and compliance, safety and health, and business area Europe

Employed by the 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: Confederation of Finnish Industries (EK) 2023–
Vice Chairman: Technology Industries of Finland 2023–
Board member: Neste Corporation 2023–
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, IT, 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 and Audit Committee member: UPM 2023–
Chair: Association of Finnish Steel and Metal Producers 2023–
Board member (2017–2023) and Audit Committee Chair (2018–2023): Uponor

Thomas Anstots

President – Business Line, Advanced Materials

b. 1962, German citizen
M.Sc. (Mechanical Engineering)

President – business line, Advanced Materials 2022–
Member of the Leadership Team 2020–

Responsibility: Business line Advanced Materials within business area Europe

Employed by Outokumpu since 2012.

Work experience

Executive Vice President, Commercial, Business Area Europe 2020–2022
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, Inoxum, 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, energy, and investment steering

Employed by Outokumpu 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

Positions of trust

Board member: German Steel Association (Wirtschaftsvereinigung Stahl) 2020–

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 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: Outokumpu 1990–2006

Positions of trust
Board member: Technology Industry Employers of Finland 2021–
Board member: Association of Finnish Steel and Metal Producers 2020–2022
Chairman of Board: Chamber of Commerce in Lapland 2020–2021
Council member: International Chromium Development Association 2019–2023
Board member: EuroAlliages 2018–

Marc-Simon Schaar

Chief Procurement Officer
b. 1976, German citizen
M.Sc. (International Business)

Chief Procurement Officer 2023–
Member of the Leadership Team 2023–

Responsibility: Raw material and general procurement

Employed by Outokumpu since 2012.

Work experience:
Senior Vice President, Raw Materials: Outokumpu 2021–2023
Senior Vice President, Treasury, Risk Management, M&A and Investor Relations: Outokumpu 2020–2022
Senior Vice President, Finance, business areas Europe and Ferrochrome: Outokumpu 2016–2020
Senior Vice President, Head of Group Controlling (FP&A), M&A and Management Information Systems: Outokumpu 2014–2016
Vice President: Head of Special Projects: Outokumpu 2013–2014
Senior Manager: Accounting, Controlling and Post-Merger Integration: Inoxum 2012–2013
Manager Transaction Advisory Services: EY 2006–2011

Positions of trust:
Member of the Board of Directors: OSTP Holding Oy 2017–
Chairman of the Finance Committee: Fennovoima Oy 2021–2022
Member of the Board of Directors: Outokumpu Nirosta GmbH 2014–2019

Johann Steiner

Executive Vice President – Sustainability, People and Communications

b. 1966, German citizen
M.Sc. (Econ.)

Executive Vice President – Sustainability, People and Communications 2023–
Member of the Outokumpu Leadership Team 2013–

Responsibility: Sustainability, people and communications

Employed by Outokumpu since 2013.

Work experience

Chief Human Resources Officer: Outokumpu 2020–2023
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 Oyj 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

President – Business Line, Stainless Europe

b. 1977, Swedish citizen M.Sc. (Environmental Science)

President – Business Line, Stainless Europe 2022–
Member of the Leadership Team 2020–

Responsibility: Business line Stainless Europe within business area Europe

Employed by Outokumpu since 2002.

Work experience

Executive Vice President, Operations, Business Area Europe 2020–2022
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

President – Business Area Americas

b. 1965, German citizen
MBA, M.Sc.

President, Business Area Americas 2021–
Member of the Leadership Team 2020–

Responsibility: Business area Americas

Employed by Outokumpu since 2012.

Work experience

Acting President, Business Area Americas: Outokumpu 2020–2021
SVP, Sales South & Overseas, Business Area Europe: Outokumpu 2016–2020
SVP, Finance & Control, Business Area Europe: Outokumpu 2013–2016
VP, Investor Relations: Outokumpu 2012–2013
Director Treasury, Risk Management, Insurance & Investor Relations: Inoxum 2012
Director, Head of Corporate & Structured Finance: Vattenfall 2010–2012
Treasurer: N.V. Nuon 2008–2010
Risk Management: N.V. Nuon 2000–2008

International postings in India, Pakistan, Singapore, Russia, Netherlands, the U.S., and Finland.

Positions of trust

Board member: BCA, the Business Council of Alabama 2022
Board member: American Iron and Steel Institute 2020–
Member of the Board of Directors: Mobile Chamber of Commerce, Alabama, US 2021–

Outokumpu shares and share-based rights (parents or subsidiaries) owned by Leadership Team members and his/her controlled corporations on December 31, 2023

Members of the leadership team	Number of shares
Heikki Malinen	117,361
Pia Aaltonen-Forsell	48,248
Thomas Anstots	95,270
Stefan Erdmann	40,000
Martti Sassi	29,420
Marc-Simon Schaar	85,230
Johann Steiner	186,749
Niklas Wass	28,177
Tamara Weinert	50,001
Total	680,456

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.

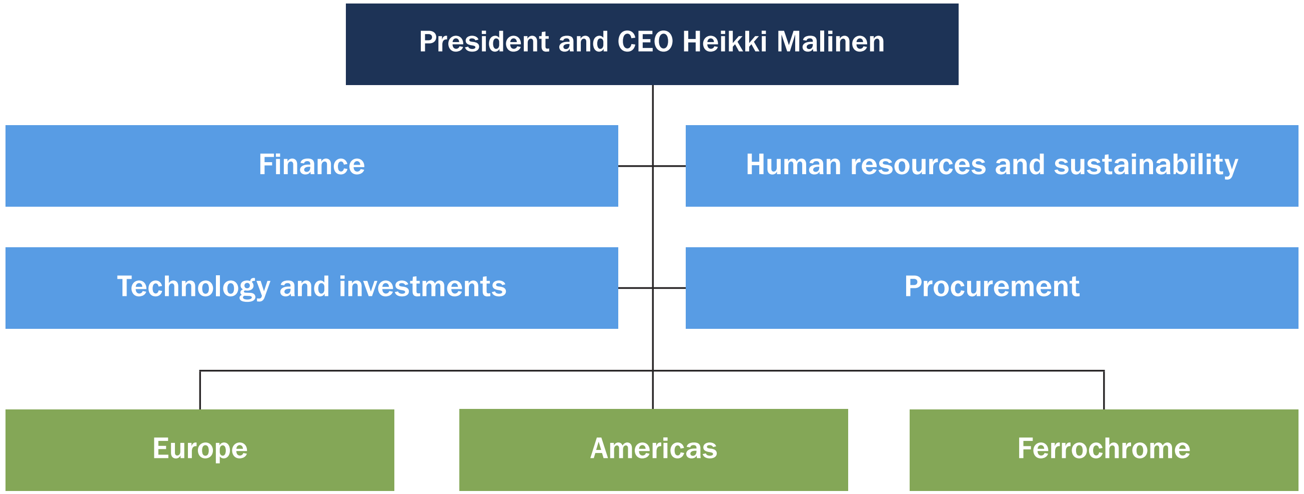
Each Outokumpu business area is steered by a Business Area Board, chaired by the CEO. The Business Area Boards consist of the CEO, the CFO, the Head of the respective business area and selected other key members of senior management.

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, 2023



Operational management targets to secure significant and sustainable growth in the value of the company.

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. As a listed company, the Group has to comply with a variety of regulations. Furthermore, it is important to ensure that key operational and reporting targets are met. Outokumpu has developed a system of internal controls and implements it throughout the company. The main purpose of the internal control system is to provide management and the Board of Directors with reasonable assurance regarding the achievement of objectives relating to the Group's operations, reporting and compliance.

Outokumpu applies the COSO Internal Control – Integrated Framework (2013) as main guidance for the internal control system. 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 run on a digital platform. 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: 1) risk identification, 2) risk evaluation, 3) mitigation actions, 4) control activities, and 5) risk reporting. Read more about risks and opportunities.

As a listed company, we need to comply with a variety of regulations and ensure that key operational and reporting targets are met.

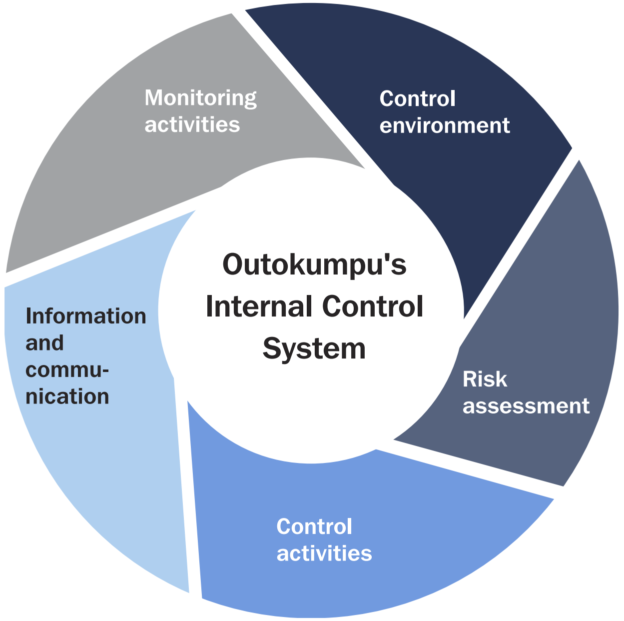
Internal controls over financial reporting

This section provides a description of how the internal controls over financial reporting are organized at Outokumpu. Outokumpu's objective 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. Outokumpu's Internal Control Policy defines main roles, responsibilities, principles, and objectives for the Group's internal control system. The Board of Directors is ultimately responsible for overseeing the system of internal controls and the CEO, supported by other members of executive management, is responsible for implementing and maintaining an efficient system of internal controls. The Group's internal control function supports and develops efficient internal control management processes and is responsible for control testing. Components of the system include control environment, risk assessment, control activities, information and communication as well as monitoring activities.

Outokumpu's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union. The Outokumpu Accounting Principles are Outokumpu's application guidance on IFRS. Outokumpu also complies with the regulations regarding financial reporting published by the Financial Supervisory Authority (FIN-FSA), Nasdaq Helsinki, and the European Securities and Markets Authority (ESMA). The objective of internal controls over financial reporting at Outokumpu is to provide reasonable assurance that the financial reporting and the preparation of financial statements are in accordance with applicable laws, regulations, and internal requirements.

Control environment

The foundation of Outokumpu's control environment consists of policies, standards, processes, and structures that provide the basis for the internal control system across the organization and define the ways in which



Outokumpu operates. The performance management as well as the risk management and internal control process are key management activities in enabling an efficient control environment. Throughout the Group's operations, the planning activities and the setting of compliance, operational and financial targets are executed in accordance with Outokumpu's overall business targets. Management monitors related achievements. Risks or threats are handled through regular reporting and status review meetings.

Key policies relevant to internal controls

- **Approval Policy**
  Defines the relevant authorization levels and thresholds within the Outokumpu Group. Applies to the internal approval of contracts and other commitments made by the business areas and Group Functions of the Outokumpu Group.
- **Risk Management Policy**
  Describes the risk management principles and guidelines in the Outokumpu Group and scope, roles and responsibilities for risk management activities.
- **Code of Conduct**
  Sets out the ethical standards and provides guidelines for a common way of working.
- **Internal Audit Charter**
  Describes the main principles and rules followed by the Outokumpu Group in relation to internal audit's assignment and underlying values.
- **Internal Control Policy**
  Defines main roles, responsibilities, principles, and objectives for Outokumpu's internal control system.
- **Treasury Policy**
  Defines objectives and main principles for treasury as well as the distribution of related tasks and responsibilities within the Outokumpu Group.
- **Acceptable Use of IT Policy**
  Outlines the guidelines of constraints and practices that a user must agree to for access to Outokumpu's network, the internet, and other resources.
- **Identity and Access Management Policy**
  Enables the right individuals to access the right resources at the right times for the right reasons.
- **Corporate Responsibility Policy and Ethics Statement**
  Aims to guarantee that companies work ethically, considering human rights as well as the social, economic and environmental impacts.
- **Outokumpu Accounting Principles (OAP)**
  Sets out the accounting principles and disclosure requirements that must be followed by all legal companies and reporting units in reporting their financial information to the Group.

Risk assessment

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 the financial reporting are managed according to Outokumpu's risk management policy. The risks related to financial reporting are identified and evaluated in risk workshops or similar, addressing risks for the most relevant parts of the financial reporting process.

Control activities

The objective of control activities is to prevent, discover, and correct potential errors and deviations. Control activities also aim to ensure that authorization structures are designed and implemented in such a way that incompatible tasks (e.g. one person performing a activity and being responsible for controlling that activity) are segregated. Control activities are performed at all levels of the organization, at various stages within business processes, and within the key technologies, e.g. ERP systems. Control activities for the financial reporting consist of various measures and include reviews of financial reports by management teams, the reconciliation of accounts, analyses of the logic behind reported figures, forecasts compared to 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.

Information and communication

Group-wide policies and principles are available to all Outokumpu's employees. Instructions relating to financial reporting are communicated to all involved parties. The main communication channels employed are regular controller meetings, Outokumpu's intranet as well as digital platforms and databases. Outokumpu's Group Functions Board discusses and reviews among other topics issues over internal controls. Furthermore, Finance Leadership Team meetings are organized regularly to discuss and address issues e.g. relating to the financial reporting process.

Control activities highlights

- During 2023, the maturity of the digital platform for risk and control management was improved by developing reporting capabilities which supports monitoring and decision making by management.
- Coverage of internal controls improved by including new areas, like business area Americas financial reporting process controls, in the digital control platform. A separate review of the inventory management process was conducted and implementation of additional internal controls in the process has been initiated.
- Group's internal control function started control testing, a measure by which control design and effectiveness are assessed. Results of the testing is presented to the attention of the control owners for further consideration.
- Strengthening of segregation of duties management (SoD) continued in 2023 with the implementation of GRC functionality into the SAP S/4HANA environment. Furthermore, the development of SoD governance and process continued with a target to start SoD reporting and risk mitigation in 2024.
- Outokumpu implemented a new financial planning, reporting and consolidation tool. Financial reporting related controls were reviewed and fine-tuned to reflect the new reporting process.
- Preparations for the next rollout of the SAP S/4HANA together with other related IT systems continued.

Monitoring activities

The organization evaluates and communicates internal control deficiencies in a timely manner to the parties responsible for taking corrective action, including executive and senior management, and the Board of Directors, as appropriate. Both management in Outokumpu's group companies and in the finance function are responsible for the follow-up and monitoring of internal controls connected with financial reporting. Overall development and monitoring of the internal control process and platform, as well as control testing, are performed by the Group's internal control function. The internal audit function monitors that an appropriate control environment exists across the Group. Risk management, the compliance function, and Outokumpu's auditors are also engaged in the review of control activities. The findings of the assurance procedures as well as maturity of the system of internal controls are reported to the Audit Committee and the Group Functions Board on a regular basis.

Internal audit

The mission of internal audit is to provide 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 and control management process, as designed and represented by the Board of Directors and the Outokumpu Leadership Team, are effective and efficient.

Group Internal audit, with the third-line roles in risk management, performs audits according to the audit plan approved by the Audit Committee. Internal audit monitors, together with the Group's ethics and compliance function, adherence to Group principles, policies, and instructions, and leads investigations into fraudulent and noncompliant behaviors and activities.

Key activities in 2023

- Internal audit performed nine audits, including one special audit. The results of the audits as well as progress in related actions are reported to the relevant management, the Audit Committee, and the external auditor.
- Total of 48 misconduct reports were recorded (2022: 45), most of the reports leading to recommendations for management actions.

Planned key activities for 2024

- During the year, from 7 to 9 site and thematic audits are expected.

Ethics and 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 common ways of working 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 group-wide ethics and compliance program. Outokumpu's ethics and compliance program is described in more detail in the Sustainability review. The Legal and Compliance function reports to the CEO and to the Outokumpu Leadership Team as well as directly to the Audit Committee on ethics and compliance related matters.

Ethics and compliance related matters are also regularly handled in the Compliance Steering Group which consists of the Group Functions Board, Head of Internal Controls and Internal Audit, General Counsel and Head of Compliance. The Compliance Steering Group met four times in 2023. In addition, a global network of 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.

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 and a year-end report – a so called "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 and Associated companies, Solidium Oy, 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 the Outokumpu Group's Approval Policy. Any such transactions are escalated for review on the Group's executive level and cross-checked against the related parties. Any related party transactions that are not conducted in Outokumpu Group's ordinary course of business will require a decision by Outokumpu's Board of Directors and a transaction which would be deemed material for Outokumpu'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's Audit Committee monitors the evaluation process. Related party transactions are reported to the Audit Committee on a regular basis. Outokumpu'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 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, was audited by PricewaterhouseCoopers Oy, and the responsible auditor was Janne Rajalahti, Authorized Public Accountant. PricewaterhouseCoopers Oy was 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 March 30, 2023 and has been the Auditor of Outokumpu for seven 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 Board Audit Committee continuously monitored the non-audit services purchased by the Group from PricewaterhouseCoopers at the global level. In 2023, the auditors were paid fees totalling EUR 3.2 million, of which the non-auditing services accounted for EUR 0.3 million.

Remuneration report

The principles of remuneration include shareholder value creation, competitive remuneration, incentives aligned with business strategy, and pay for performance. Sustainability targets are included in our incentive plans.

Introduction

This report has been prepared according to the Finnish Corporate Governance Code 2020 and approved by the Board of Directors. It will be presented to the Annual General Meeting in April 2024.

The report presents how Outokumpu rewarded the Board members and the President and CEO for 2023. The materialized remuneration is in line with the Remuneration Policy of the governing bodies of Outokumpu, approved at the Annual General Meeting in 2020.

Outokumpu's Annual General Meeting on March 30, 2023 approved the remuneration report 2022 in an advisory vote. Approximately 85% of the votes cast voted in favour of the remuneration report. In this remuneration report 2023, we further increased the transparency of our disclosures, notably on performance measures in incentive plans.

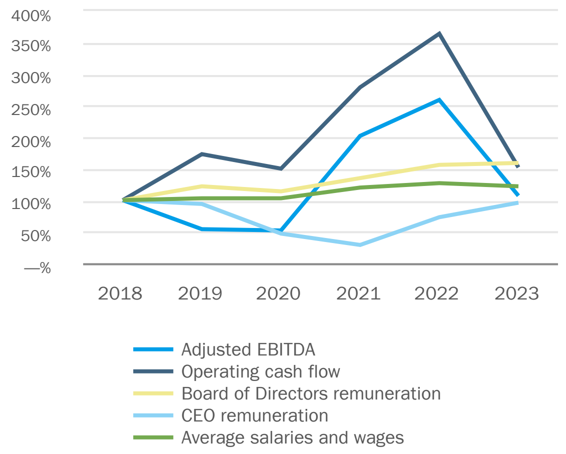
In 2023, the Annual General Meeting elected Jyrki Mäki-Kala as a new Board member. Jyrki's financial steering skills and experience with sustainability work provide an excellent addition to the capabilities of our Board of Directors.

For 2023, the CEO remuneration was in line with the framework and principles set forth in the Remuneration Policy. The remuneration of the employees follows the same principles, which include shareholder value creation as the underlying focus of the reward strategy, competitive remuneration, business strategy aligned incentives, and pay for performance. In line with this last principle, bleaker performance provided lower rewards for all employees.

Sustainability in all its aspects continues to be at the core of our operations. Following the definition of our long-term ambitions for diversity, equity, and inclusion in 2022, in 2023 we introduced a diversity target in our short-term incentive plan, for all key leaders except the CEO. CO_2 emission reduction also remained a key target in our long-term incentive program, the Performance Share Plan.

Going forward, we will continue to review our remuneration framework to ensure they support value delivery for our stakeholders.

Perfomance and remuneration trends 2019–2023 from 2018 baseline



Development of financial performance and remuneration

	2023	2022	2021	2020	2019
Adjusted EBITDA [1], € million	517	1,256	980	250	263
Operating cash flow, € million	325	778	597	322	371
Board of Directors [2], €	917,501	898,200	780,600	658,400	705,800
CEO [3], €	2,603,709	1,965,022	795,840	1,264,729	2,534,480
Employee average [3)4], €	62,152	66,013	62,677	53,637	53,922
Ratio CEO/employee average	42	30	13	24	47

[1] 2019–2020 including discontinued operations.

[2] Total remuneration paid to the Board of Directors, including annual remuneration and meeting fees for all members.

[3] Total remuneration paid to the CEO, including salary, employee benefits and incentives. Heikki Malinen started as the CEO on May 15, 2020.

[4] Personnel expenses without indirect employee costs and termination benefits, divided by the average number of employees during the year. In 2018–2020, the employee headcount was used for the calculation. From 2021 onwards, the calculation is based on full-time equivalent (FTE).

Fees of the Board of Directors

Outokumpu's Board members are compensated for their time, commitment, knowledge, and required experience for contributing to the long-term financial performance and success of the company. As of March 2023, Jyrki Mäki-Kala joined the Board of Directors as a new member. Vesa-Pekka Takala left the Board of Directors at the Annual General Meeting in 2023.

Observing general market trends and in accordance with the proposal by the Nomination Board, the Annual General Meeting 2023 decided to increase the remuneration of the Board of Directors as presented in the adjacent table.

40% of the annual remuneration is paid in the company's own shares using treasury shares or shares to be purchased from the market at a price formed in public trading and in accordance with the applicable insider regulations.

If a Board member, on the date of the Annual General Meeting, owns shares of the company, which based on the closing price of that day represent a value exceeding the annual remuneration, he or she can opt to receive the remuneration in cash.

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.

Set fees of the Board of Directors

	2023		2022	
€	Annual remuneration	Meeting fee	Annual remuneration	Meeting fee
Chairman	**174,000**	**800**	169,000	600
Vice Chairman	**93,500**	**800**	93,500	600
Board members	**72,500**		72,500	
Meeting held in the country of residence		**800**		600
Meeting held outside the country of residence		**1,600**		1,200

Board of Directors' remuneration and meeting fees paid in 2023 and 2022

	Paid in 2023			
	Annual compensation			
Members of the Board of Directors	Share portion	Cash portion	Meeting fees[1]	Total
Kari Jordan, Chairman	0	174,000	18,886	192,886
Kati ter Horst, Vice Chairman	0	93,500	26,750	120,250
Heinz Jörg Fuhrmann, Member	29,458	43,042	21,843	94,343
Päivi Luostarinen, Member	29,458	43,042	20,625	93,125
Jyrki Mäki-Kala, Member and Chairman of the Audit Committee [2]	37,996	55,504	12,800	106,300
Petter Söderström, Member	29,458	43,042	19,202	91,702
Vesa-Pekka Takala, Member [3]	0	0	7,614	7,614
Pierre Vareille, Member	29,458	43,042	25,338	97,838
Julia Woodhouse, Member [4]	29,458	43,042	40,943	113,443
Total	**185,286**	**538,214**	**194,001**	**917,501**

[1] Meeting fees are entered in the table on the year when they are paid and include committee meeting fees and tax on benefits/gifts.
[2] Appointed as a Board member on March 30, 2023.
[3] Board member until March 30, 2023.
[4] Meeting fees include 10,500€ meeting fees for the ESG (environmental, social and governance) Board

	Paid in 2022			
	Annual compensation			
Members of the Board of Directors	Share portion	Cash portion	Meeting fees[1]	Total
Kari Jordan, Chairman		169,000	21,000	190,000
Eeva Sipilä, Vice Chairman [2]			4,200	4,200
Kati ter Horst, Vice Chairman [3]		91,600	22,200	113,800
Heinz Jörg Fuhrmann, Member	29,463	43,037	22,200	94,700
Päivi Luostarinen, Member	29,463	43,037	19,200	91,700
Petter Söderström, Member	29,463	43,037	14,400	86,900
Vesa-Pekka Takala, Member [4]	37,996	55,504	19,200	112,700
Pierre Vareille, Member	29,463	43,037	27,000	99,500
Julia Woodhouse, Member [5]	29,463	43,037	32,200	104,700
Total	**185,311**	**531,289**	**181,600**	**898,200**

[1] Meeting fees are entered in the table on the year when they are paid and include committee meeting fees.
[2] Vice Chairman until March 31, 2022.
[3] Vice Chairman as of March 31, 2022.
[4] Board member until March 30, 2023.
[5] Meeting fees include 7,000€ meeting fees for the ESG (environmental, social and governance) Board.

Remuneration of the CEO

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.

Heikki Malinen's base salary remained unchanged during 2023, but he started to use a company car, which is reflected in the higher value of fringe benefits.

In 2023, the CEO earned a smaller short-term incentive than in 2022, reflecting the damped performance in severe market conditions. A share reward was paid out based on the performance from 2020 to 2022.

The service contract of the CEO is valid until further notice. He is entitled to a severance payment of 12 months, and the notice period is 6 months for both parties. Heikki Malinen's retirement age is 65 years. He participates in the Finnish statutory pension system, and in 2023 there was no supplementary pension plan at place.

Overall CEO remuneration

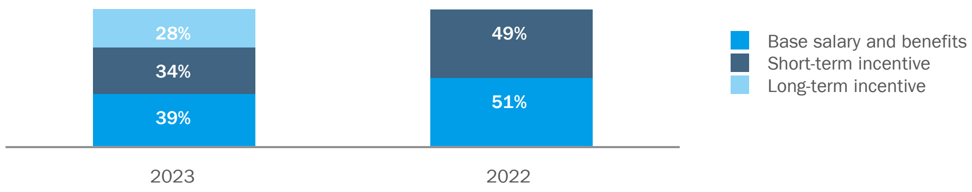
EUR	2023	2022
Base salary [1]	986,190	891,632
Short-term incentives [2]	871,388	1,064,700
Long-term incentive [2]	729,208	0
Benefits [3]	16,923	8,690
Total remuneration	**2,603,709**	**1,965,022**

[1] The total payment is higher than the annual base salary of EUR 950,000 because of accrued holidays and holiday pay from previous years paid in 2023.

[2] Incentives are entered in the table for the year when they are paid. Short-term incentives are earned during the previous year. Long-term incentives are earned during the previous three years.

[3] Benefits include telephone and car but exclude insurances and post-employment benefits (statutory pension).

CEO pay mix



Short-term incentive of the CEO

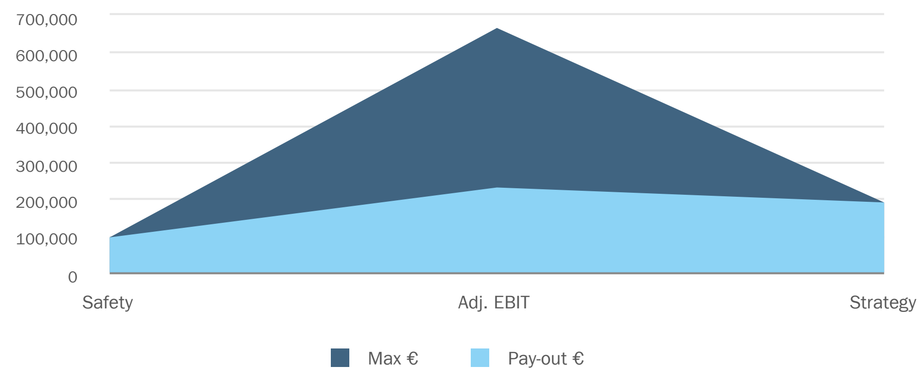
In 2023, the CEO's short-term incentive earning opportunity stayed unchanged at 50% of the annual gross base salary on a target level and 100% on a maximum level. The outcome was 54%or EUR 515,755. It will be paid in March 2024.

Short-term incentive earning opportunity

EUR	% [1]	€
Threshold	0.5%	4,750
Target	50%	425,000
Maximum	100%	950,000

[1] Percentage of annual base salary.

CEO's short-term incentives in 2023



Short-term incentive earning opportunity and performance measures

Performance measures	Weight	Achievement	Payout, %	Payout, €
Safety (TRIFR) [1]	10%	1.5	100%	95,000
Adjusted EBIT, million €	70%	274	35%	230,755
Strategy implementation (score 1–5)	20%	5	100%	190,000
	100%		**54%**	**515,755**

[1] Total recordable injury frequency rate.

[2] 1 = no payout, 2 = 25%, 3 = 50%, 4 = 75%, 5 = 100%. Discretionary assessment of strategy phase two implementation and delivery of projects that are key for Outokumpu's future.

Long-term incentives and shareholding of the CEO

In 2023, the long-term incentive target and maximum levels remained at 50% and respectively 75% of the annual base salary at time of grant. The Performance Share Plan (PSP) 2021-2023 partly met its performance criteria and the executives participating in the plan, including the CEO, will receive 73.3% of the shares granted at target level. The rewards will be paid in 2024.

Long-term earning opportunity

	PSP 2023-2025	PSP 2022-2024	PSP 2021-2023	PSP 2020-2022	PSP 2019-2021
Threshold [1]	25%	25%	25%	22%	14%
Target [1]	50%	50%	50%	44%	28%
Maximum [1]	75%	75%	75%	67%	56%
No of shares granted (gross) [2]	115,600	85,300	168,800	130,451	48,500
Grant date	10/3/2023	15/3/2022	15/3/2021	15/5/2020	15/5/2020
No of shares earned (gross)			123,730	130,451	0
No of shares delivered (net)				71,902	0
Share delivery date	By 31/03/2026	By 31/03/2025	By 31/03/2024	21/02/2023	–
Share price at delivery, €				5.59	–
Value of the reward (gross), €				729,208	0

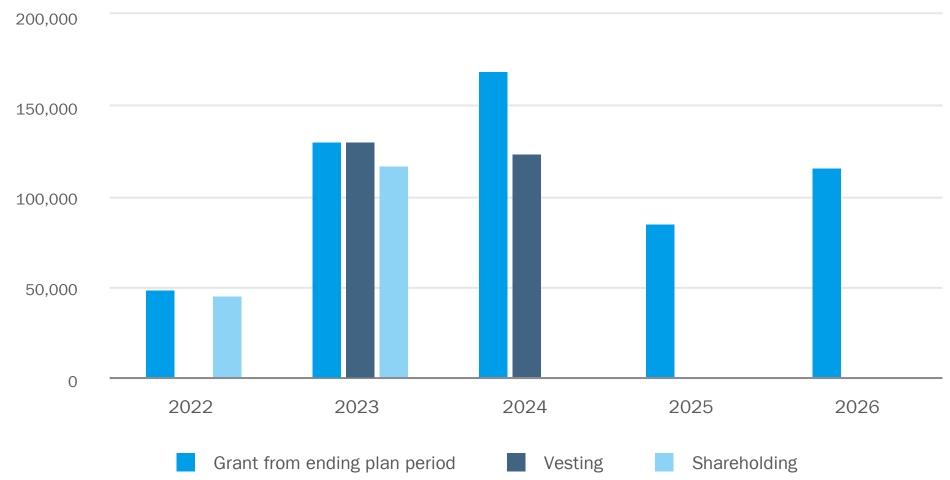
[1] In percentage of annual base salary at the time of grant. In PSP 2019–2021 and 2020–2022, the levels were prorated to time in position during the performance period.

[2] Number of gross shares at target level. The number of shares was determined using the average share price of 90 calendar days prior to Board approval.

Long-term earning performance measures

	PSP 2023–2025	PSP 2022–2024	PSP 2021–2023
Return on capital employed			
Weight	80%	80%	100%
Measurement	Average of 2023, 2024 and 2025	Average of 2022, 2023 and 2024	Q4/2022–Q3/2023
Outcome			73.3% of target
CO_2 emission per ton crude steel			
Weight	20%	20%	–
Measurement	SBTi target 2025 (1.52)	SBTi target 2024 (1.58)	–

CEO share rewards and ownership



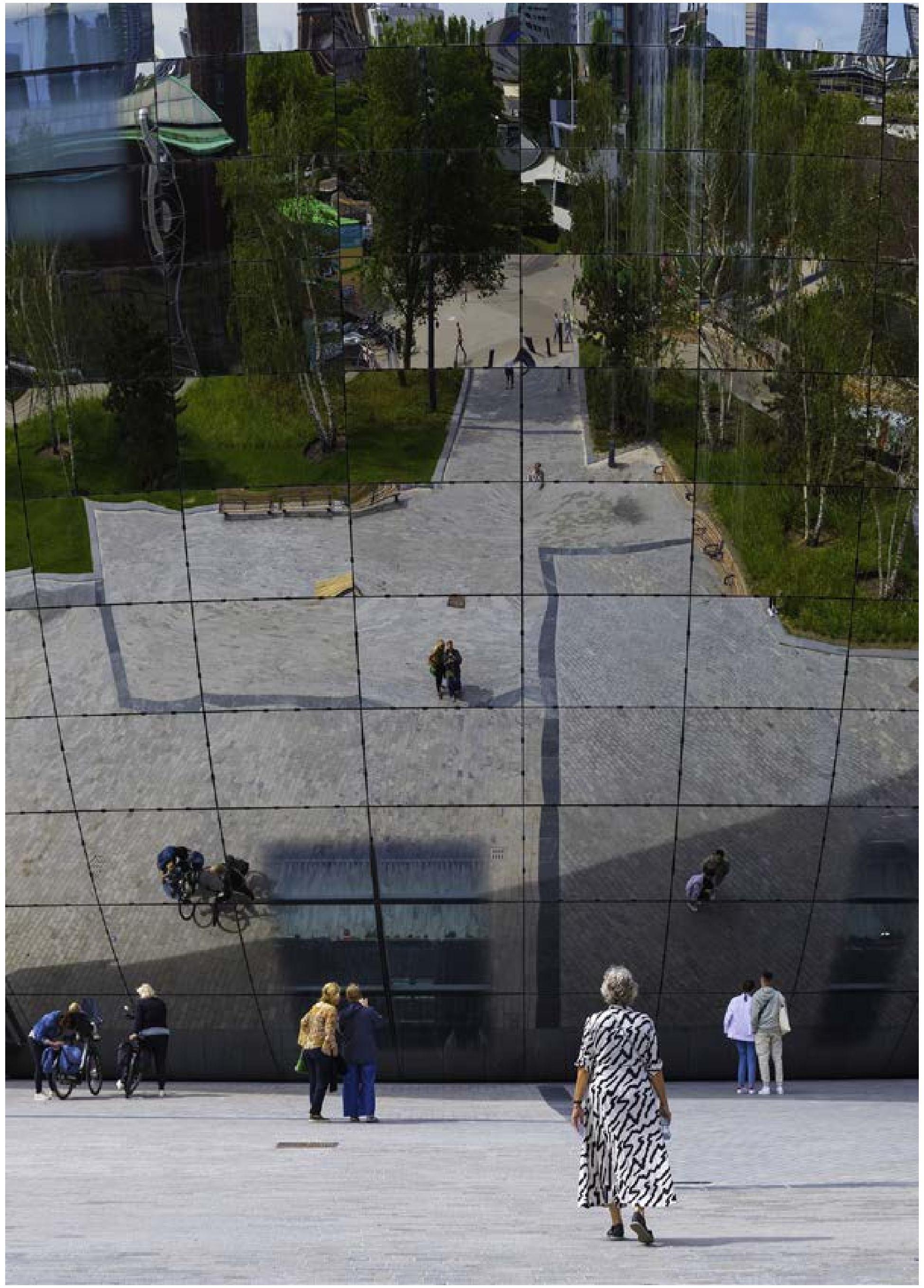
The members of Outokumpu's Leadership Team, including the CEO, are expected to own Outokumpu shares they receive in the company's share-based incentive programs corresponding to at least the value of their annual gross base salary. Half of the net shares received from the share-based incentive programs must be used to fulfil that ownership recommendation.

Shares owned by the CEO

On December 31, 2023	2023	2022
Number of shares owned	117,361	45,459
Closing share price, €	4.484	4.73
Value of the shares, €	526,247	215,021
Value of the shares in % of annual base salary	55%	23%

Financial year 2023

Outokumpu’s performance was solid in 2023. Despite the shift in the market environment, operative results remained good and the year ended with a net debt free balance sheet.



Review by the Board of Directors

In 2023, we experienced a shift in the global stainless steel market, which is reflected in our annual results. Despite the more challenging operating environment, especially in Europe, our operational performance remained strong. In 2023, Outokumpu's adjusted EBITDA amounted to EUR 517 million (EUR 1,256 million). The comparison period was exceptionally strong from a market perspective and therefore, we delivered our best annual result ever in 2022.

In 2023, our stainless steel deliveries decreased compared to the previous year. Market environment in the first half of the year was relatively solid in both Europe and Americas, but the second half turned out to be challenging in Europe. In the midst of changing conditions, we took immediate measures to manage our costs and improve our profitability. Our financial result, however, decreased compared to the previous year and was negatively impacted by significantly lower realized prices for stainless steel in the European market. As a result of lower profitability, our ROCE was -2.1% (22.6%). Net result amounted to EUR -111 million and earnings per share to EUR -0.26 (EUR 2.40). Both our net result and earnings per share as well as ROCE were negatively impacted by restructuring, divestments and the EUR 264 million impairment booking related to the renegotiated hot rolling agreement in business area Americas. This is a result of the strategic assessment, which we concluded during the year and found that the continuation of the procurement of hot rolling services in business area Americas is the best solution for Outokumpu. This was a great step on our strategy journey to extend our partnership in the U.S. until year 2051.

Outokumpu's balance sheet remained strong in 2023, and as a result of solid cash flow we ended the year with no net debt. It is crucial to have a buffer in these volatile times and this shows why de-risking of the company was considered a priority in the beginning of our

In 2023, Outokumpu successfully exited the Long Products business as it was considered non-core. Majority of the Long Products business was divested in the beginning of the year on January 3, 2023. The exit was completed on August 1, 2023 when the remaining Long Products units were divested. In 2022, Outokumpu classified the divested Long Products businesses as assets held for sale, reported as discontinued operations. Therefore, all figures and comments in this report refer to continuing operations, unless otherwise stated.

three-phase strategy journey. Cyclicality of the stainless steel industry prevails, but our strong financial position and increased resilience help us to withstand changing conditions.

Business area Europe's adjusted EBITDA amounted to EUR 148 million (EUR 680 million), and stainless deliveries decreased compared to the previous year. Business area Americas' performance remained solid in 2023. Stainless steel deliveries decreased and business area delivered adjusted EBITDA of EUR 285 million (EUR 384 million). Business area Ferrochrome's adjusted EBITDA amounted to EUR 96 million (EUR 220 million) and ferrochrome production decreased from the previous year due to weaker market conditions.

Throughout the year, we diligently executed our strategy and focused especially on measures to restore our profitability and improve our competitiveness. In the second phase of the strategy, we aim to improve our EBITDA run-rate by EUR 200 million and by the end of 2023, we had almost achieved our target. As part of our strategy, we also aim to keep our net debt to adjusted EBITDA ratio at below 1.0 in normal market conditions and have an increased focus on shareholder returns as well as an ambitious aim to reduce our CO_2 emissions further. During 2023, we proceeded decisively towards our strategic targets. We also kept our focus on shareholder returns and launched yet another share buyback program at the end of the year.

In 2023, we took important steps forward on our climate strategy and successfully reduced our CO_2 emissions in line with our SBTi climate target. We continued to execute energy efficiency improvements, which have a positive impact on both our costs and CO_2 emissions. The share of our recycled content even further increased and in 2023, our production was based on 95% recycled raw materials. As a result of various actions taken across the group, by the end of 2023, we had reduced our carbon emissions by 27% compared to year 2016. We supported our customers to reduce their emissions by over 12 million tonnes. During 2023, we also strengthened our future supply of low carbon raw materials through new partnerships. Within safety, we managed to further improve our performance to the best level in history, reflecting our strong commitment towards zero incidents.

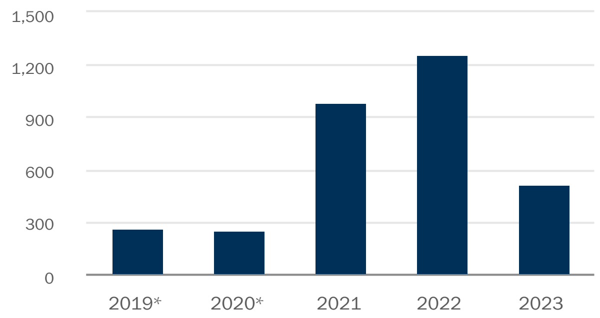
2023 was a solid year for Outokumpu. We kept out balance sheet strong in a weaker stainless steel market and ended the year with a negative net debt. This gives us significant resilience and strength to withstand changing conditions.

Market development

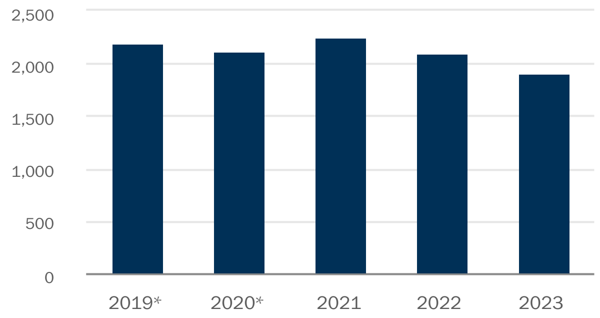
CRU adjusted downwards the expectations concerning global apparent consumption and estimates that total global apparent consumption of stainless steel flat products in 2023 will remain at the previous year's level, showing only a very minor increase of 0.1%. However, in EMEA apparent consumption of stainless steel flat products is estimated to decrease by 18.3% in 2023 compared to the previous year.

(Source: CRU Stainless Steel Flat Products Market Outlook November 2023)

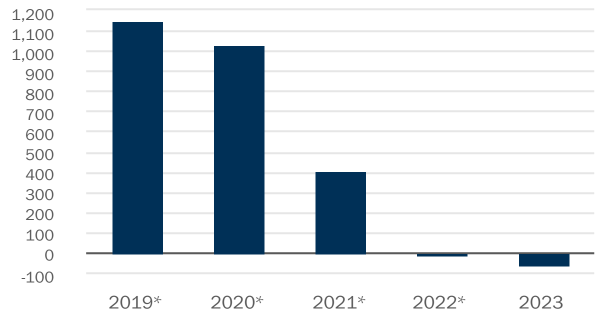
Adjusted EBITDA, € million



Stainless steel deliveries, 1,000 tonnes



Net debt, € million



*Including discontinued operations

Results

€ million	2023	2022
Sales	**6,961**	9,494
Adjusted EBITDA	**517**	1,256
Adjustments		
Loss on disposal of shares in Group companies and businesses	**-26**	-10
Restructuring costs	**-50**	—
Inventory write-down	**-20**	—
Onerous contracts provisions	**-7**	—
Litigation provisions	**—**	2
EBITDA	**416**	1,248
EBIT	**-100**	992
Net result for the financial year	**-111**	1,086
Earnings per share, €	**-0.26**	2.40
Diluted earnings per share, €	**-0.22**	2.22
Adjusted EBITDA margin, %	**7.4**	13.2
Return on capital employed, rolling 12 months (ROCE), %[1)]	**-2.1**	22.6

[1)] The balance sheet component in 2022 includes the equity component of discontinued operation.

During January–December 2023, Outokumpu's sales decreased to EUR 6,961 million (EUR 9,494 million) and adjusted EBITDA amounted to EUR 517 million (EUR 1,256 million). The decrease in adjusted EBITDA was mainly driven by a substantially weaker market environment in Europe. The previous year was exceptionally strong and in 2023 the market shifted. Due to the same reason as well as the impairment booking in business area Americas and other adjustment items, ROCE for the rolling 12 months was -2.1% (22.6%).

In January–December 2023 total stainless steel deliveries were 9% lower compared to the previous year. Realized prices for stainless steel were at a significantly lower level in Europe, but also declined in the Americas. Lower profitability in business area Ferrochrome negatively impacted the group result and costs in business area Europe increased compared to the previous year. Raw material-related inventory and metal derivative losses amounted to EUR 44 million in January–December 2023 (losses of EUR 131 million). Other operations and intra-group items' adjusted EBITDA totaled EUR -12 million (EUR -28 million).

EBIT amounted to EUR -100 million (EUR 992 million) and net result declined to EUR -111 million (EUR 1,086 million) in 2023. Negative development was mainly driven by a lower profitability as well as notable adjustment items related mainly to impairment, divestments and restructuring. Net result in 2022 was positively impacted by the recognition of the EUR 297 million deferred tax asset..

Strategy execution

Outokumpu launched its three-phase strategy in November 2020. In the first phase, the aim was to de-risk the company by the end of 2022. This was completed six months ahead of schedule. As a result, Outokumpu started the second phase in July 2022, and this phase will run until the end of 2025.

In the second phase of the strategy, the aim is to strengthen Outokumpu's core. The company aims to improve its EBITDA run-rate by an additional EUR 200 million and maintain a net debt to adjusted EBITDA ratio below 1.0 in normal market conditions.

The second phase is focused 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 years 2023-2025, while also increasing its focus on shareholder returns.

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 capacity by 80 kilotons with small investments as announced in June 2022. In business area Ferrochrome, carbon neutrality is a strategic priority.

At the end of the year 2023, Outokumpu had completed a total of 475 projects towards the EBITDA run-rate improvement target of EUR 200 million since the start of the second phase. By the end of the year, the company had improved its EBITDA run-rate by EUR 186 million and therefore, almost achieved its target.

In business area Americas, Outokumpu's target is to increase its cold rolling capacity by 80kt in the second phase of the strategy. At the end of 2023, the company was ahead of its target and had increased its cold rolling capacity by 55 kilotons in total. In San Luis Potosi, Mexico a significant number of actions had been implemented, allowing Outokumpu to offer to the market 32 kilotons of additional capacity of cold rolled prime product. In Calvert, Alabama, Outokumpu increased its cold rolling capacity by 23 kilotons through yield improvements and de-bottlenecking. Projects to turn this increased capacity into revenue are ongoing.

In the fourth quarter, on November 29, Outokumpu announced it had negotiated a long-term extension to its hot rolling partnership with AM/NS in business area Americas until 2051. The contract is subject to four years prior written notice with the earliest effective termination date being October 1, 2042. Outokumpu had been evaluating different options for its hot rolling arrangements to achieve its commercial ambitions in the attractive North

American market. One option under consideration was to build its own hot rolling mill, however, as a result of the evaluation, continuing with the partnership was considered the best solution. Outokumpu aims to strengthen its position in North America and is evaluating a possible cold rolling capacity expansion, which would enable the company to grow in North America. Decisions regarding the cold rolling capacity expansion are foreseen within a year.

In business area Europe, in the middle of the challenging market conditions, the focus has been on improving profitability and competitiveness. On November 7, Outokumpu announced restructuring plans for its German operations in order to ensure its competitiveness in Europe and strengthen global market leadership in advanced materials. The company is planning to transfer precision strip operations from Dahlerbrück to Dillenburg and to centralize production. The intended change would both consolidate underutilized capacity and create significant synergies. In addition, Outokumpu is also closing the service center in Hockenheim and will transfer volumes to other locations.

Throughout the second phase of the strategy a strong focus has been on the steering model in business area Europe. Especially in the commodity business, Outokumpu has been able to improve steering and thereby benefit from being more agile while facing challenging market conditions. This, combined with the ongoing focus on improving the digital customer experience and continuing efficiencies in scrap utilization, business area Europe contributed strongly to the EBITDA run-rate improvement throughout 2023.

In business area Ferrochrome, Outokumpu is targeting significant emissions reductions for the Kemi mine to become carbon neutral by 2025. In October, the company took a significant step forward in reaching this target by replacing fossil fuels with renewable solutions provided by Neste, the world’s leading producer of renewable diesel. With renewable fuels, the annual greenhouse gas emissions of the Kemi mine will be cut by almost 11.3 million kilos, which corresponds to the removal of approximately 4,000 passenger cars from Finnish traffic for a year.

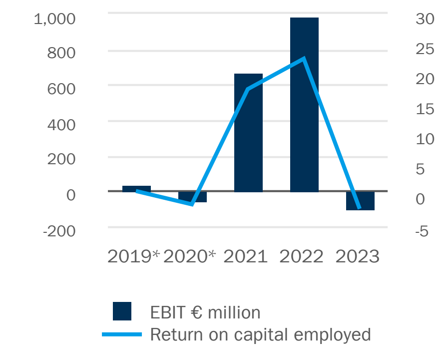
Outokumpu is a significant user of energy which impacts both costs and emissions. As part of the sustainability journey, the company has set an ambitious target to improve energy efficiency by 8% across the group by the end of 2024 compared to the January–September 2022 level. This corresponds to energy consumption of around 600 GWh. At the end of the year 2023, Outokumpu had achieved a run-rate improvement of 215 GWh in context of energy consumption, resulting in savings of more than EUR 10 million.

During 2023, Outokumpu took significant actions to strengthen its supply of sustainable raw materials. In the fourth quarter, Outokumpu announced it has signed an agreement to become a shareholder in Envigas AB, a leading European producer of biocarbon, with an ownership share of 20%. The company also announced it is expanding collaboration with CRONIMET to take circularity to new heights and to secure access to high-quality scrap near Outokumpu's sites in Europe. The company signed an agreement to acquire a 10% minority interest in CRONIMET North-East GmbH, the holding company for CRONIMET’s Northeastern business in Europe and the partnership agreement was completed after the reporting period on January 24, 2024. In the fourth quarter, Outokumpu also signed a letter of intent with Greenland Resources Inc. to strengthen the future supply chain of low-emission high-quality molybdenum and in the second quarter, the company acquired a 9.9% share of FPX Nickel to strengthen the supply chain of sustainable nickel.

In 2023, Outokumpu announced it has begun preparations for the third phase of its strategy, which will start in 2026 and will most likely require new investments. The company’s focus in the third phase will be 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 the possible biocoke investment.

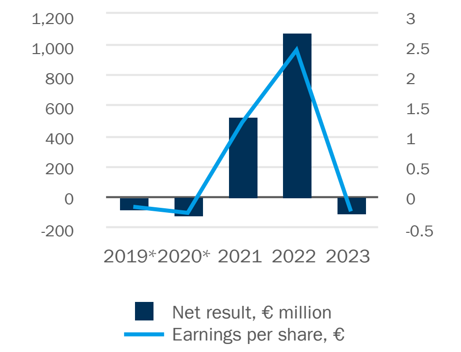
On December 18, Outokumpu announced that it is investing EUR 30 million in a pelletizing plant for biocoke in Tornio, Finland to accelerate the reduction of direct emissions. The company also continues to plan for further investments to capacity for a biocoke production in the future. Further investment decisions are expected during 2024 provided that the financial feasibility is proven.

EBIT, € million, and return on capital employed, %



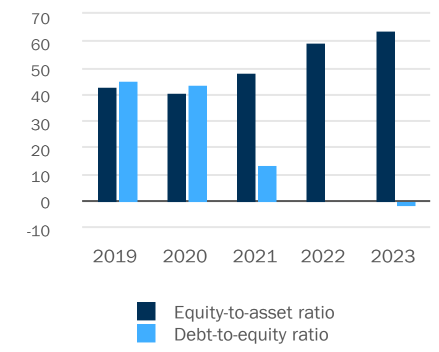
Outokumpu has redefined its' capital employed and ROCE definitions in 2022. Comparative information for 2021 has been restated accordingly.

Net result, € million, and earnings per share, €

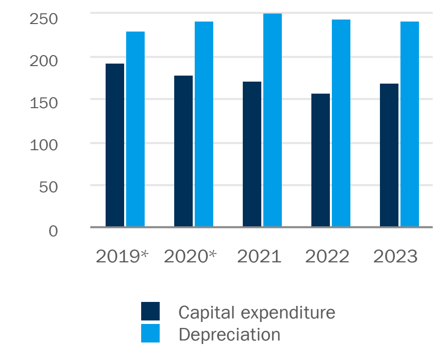


*Including discontinued operations. In 2023 no discontinued operations impact in the balance sheet.

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



Capital expenditure and depreciation, € million



Financial position and cash flow, incl. discontinued operations

€ million	2023	2022
Net debt		
Non current debt	**359**	492
Current debt	**82**	141
Cash and cash equivalents	**502**	644
Net debt	**-60**	-10
Net debt to adjusted EBITDA	**-0.1**	0.0
Net cash generated from operating activities	**325**	778
Capital expenditure, continuing operations	**170**	158
Capital expenditure	**170**	160
Debt-to-equity ratio, %	**-1.6**	-0.3
Equity-to-assets, ratio, %	**63.8**	59.2

Operating cash flow for full-year 2023 was EUR 325 million (EUR 778 million, incl. discontinued operations). The decrease in the annual operating cash flow compared to the previous year was mainly driven by weaker profitability, partly offset by positive development in net working capital. During full-year of 2023, net working capital decreased by EUR 54 million, while there was an increase of EUR 587million in the previous year. The difference in net working capital development compared to the previous year was mainly driven by lower metal prices as inventory volumes remained relatively stable. Inventories stood at EUR 1,581 million at the end of December (December 31, 2022: EUR 1,783 million). The inventory decrease in full-year of 2023 was EUR 202 million. Capital expenditure amounted to EUR 170 million in the full-year of 2023 (EUR 158 million).

Net debt amounted to EUR -60 million at the end of December (December 31, 2022: EUR -10 million, incl. discontinued operations). The completion of the divestment of the majority of the Long Products business had a EUR 94 million positive impact on net debt, while the dividend payment of EUR 152 million for the year 2022 had a negative impact on net debt. In the fourth quarter, the impact of the announced EUR 50 million share buyback program is included in net debt. This comprises of EUR 12 million cash impact and EUR 38 million financial liability. Gearing amounted to -1.6% at the end of December (December 31, 2022: -0.3%, incl. discontinued operations).

Net financial expenses in full-year 2023 decreased to EUR 37 million (EUR 71 million) and were driven by higher interest income, lower loan-related fees and market price impact. Interest expenses increased to EUR 60 million (EUR 44 million), mainly due to an overall higher interest rate environment.

Cash and cash equivalents amounted to EUR 502 million at the end of December (December 31, 2022: EUR 644 million, incl. discontinued operations) and overall liquidity reserves were EUR 1.3 billion (December 31, 2022: EUR 1.4 billion). In 2023, Outokumpu prepaid EUR 141 million of the remaining outstanding pension loans.

On December 31, 2023, Outokumpu had a total of EUR 800 million of outstanding committed credit facilities, which were fully unutilized. In 2023, Outokumpu extended its current EUR 700 million multicurrency revolving credit facility by one year and it will mature in February 2027.

In 2021, Outokumpu signed a deal on three cargo vessels with Langh Ship to reduce CO_2 emissions in transports. The company will take these cargo vessels into use during the first half of 2024. The net debt impact is expected to be approximately EUR 38 million in the first half of 2024, of which approximately EUR 25 million in the first quarter.

Business areas

Outokumpu has three business areas, which are also Group's operating segments. In 2023, the company exited the Long Product's business, which was previously one of Outokumpu's business area. The divested Long Products businesses were classified as assets held for sale and reported as discontinued operations as of September 2022. More information about the business areas can be found in note 2.1 in the consolidated financial statements.

Europe

		2023	2022
Stainless steel deliveries	1,000 tonnes	**1,367**	1,423
Sales	EUR million	**4,818**	6,266
Adjusted EBITDA	EUR million	**148**	680
Adjustments to EBITDA	EUR million	**-52**	—
EBITDA	EUR million	**96**	680
Operating capital	EUR million	**1,850**	1,864
Return on operating capital, rolling 12 months	%	**1.5**	28.9

In 2023, business area Europe's sales decreased to EUR 4,818 million (EUR 6,266 million) and adjusted EBITDA amounted to EUR 148 million (EUR 680 million).

Stainless steel deliveries decreased by 4% compared to the previous year. Market environment was substantially weaker and profitability was negatively impacted by significantly lower realized prices for stainless steel. Variable costs increased in 2023 compared to the previous year as a result of higher consumable and energy prices, and also fixed costs were slightly higher. Raw material-related inventory and metal derivative losses amounted to EUR 27 million (losses of EUR 135 million in 2022). Adjustments to EBITDA include the impact from restructuring plans in Germany.

Business area Europe's return on operating capital amounted to 1.5% at the end of 2023 (28.9%) mainly due to lower profitability, but was supported by improvements in working capital management.

In 2023, apparent consumption in EMEA decreased by 18% compared to 2022 (Source: CRU, November 2023). EU cold-rolled imports from the third countries decreased to a level of 19% from the previous year's level of 35% (Source: EUROFER, January 2024). Distributor inventories were below the average levels at the end of 2023.

Americas

		2023	2022
Stainless steel deliveries	1,000 tonnes	**552**	654
Sales	EUR million	**1,892**	2,695
Adjusted EBITDA	EUR million	**285**	384
Adjustments to EBITDA	EUR million	**-16**	2
EBITDA	EUR million	**270**	387
Operating capital	EUR million	**594**	990
Return on operating capital, rolling 12 months	%	**25.8**	32.4

In 2023, business area Americas' sales decreased to EUR 1,892 million (EUR 2,695 million) and adjusted EBITDA amounted to EUR 285 million (EUR 384 million).

Stainless steel deliveries decreased by 16% compared to the previous year. Negative affect on profitability from lower realized prices for stainless steel was offset by positive raw material related impacts. Variable costs remained relatively stable and fixed costs slightly decreased. Raw material-related inventory and metal derivative losses amounted to EUR 1 million (losses of EUR 36 million in 2022).

Business area Americas' return on operating capital amounted to 25.8% at the end of 2023 (32.4%), and was negatively impacted by the impairment booking related to the renegotiated hot rolling agreement.

In 2023, the apparent consumption decreased by 23% compared to 2022. The share of cold-rolled imports into the US decreased to a level of 22% compared to a level of 26% in the previous year. (Source: American Iron and Steel Institute, AISI). Distributor inventories were below the average levels at the end of 2023.

Ferrochrome

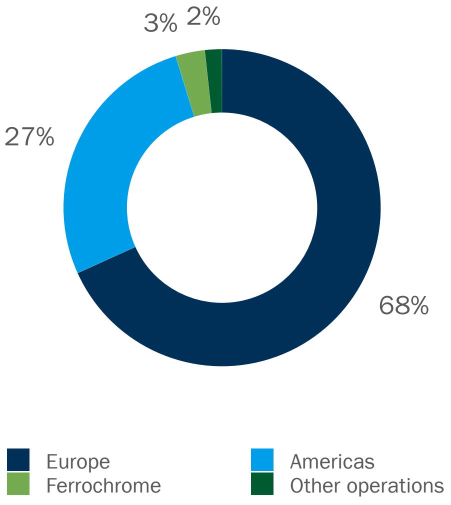
		2023	2022
FeCr production	1,000 tonnes	**390**	430
Sales	EUR million	**467**	633
Adjusted EBITDA	EUR million	**96**	220
Adjustments to EBITDA	EUR million	**-3**	—
EBITDA	EUR million	**93**	220
Operating capital	EUR million	**894**	867
Return on operating capital, rolling 12 months	%	**5.0**	20.7

In 2023, business area Ferrochrome's sales decreased to EUR 467 million (EUR 633 million), while adjusted EBITDA amounted to EUR 96 million (EUR 220 million).

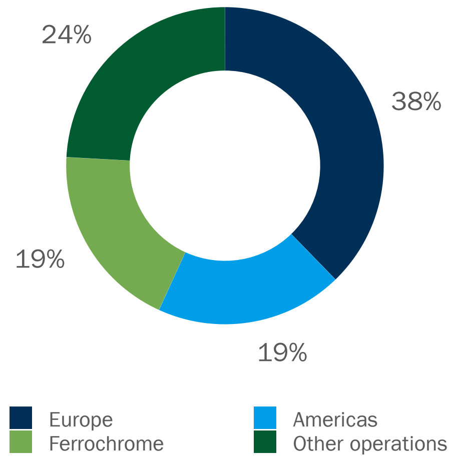
Ferrochrome production was 9% lower compared to the previous year, mainly due to weak market conditions and the major maintenance break in one of the ferrochrome furnaces. Profitability was negatively impacted by a significantly lower ferrochrome sales price in 2023. Variable costs increased compared to the previous year due to higher electricity price, while fixed costs decreased and were positively affected by lower maintenance costs.

Business area Ferrochrome's return on operating capital amounted 5.0% at the end of 2023 (20.7%).

Sales by business area, 6,961 € million



Capital expenditure by business area, 170 € million



Discontinued operations: divestment of the Long Products business

In 2023, Outokumpu successfully exited the Long Products business as it was considered non-core. The majority of the Long Products business was divested already at the beginning of the year and the exit was finalized in the third quarter when the divestment of the remaining units was completed.

On July 12, 2022, Outokumpu signed an agreement to divest the majority of its Long Products business operations to Marcegaglia Steel Group, a leading global industrial group in the steel processing sector.

The prerequisites for the completion of the transaction were, among other things, the necessary approvals by the competition authorities. Outokumpu announced the approvals on December 14, 2022.

On January 3, 2023, Outokumpu completed the divestment of the majority of the Long Products business. The transaction was carried out as a share sale and, as a result of the transaction, melting, rod, and bar operations in Sheffield, the UK, bar operations in Richburg, the US, and wire rod mill in Fagersta, Sweden, were sold to Marcegaglia. The transaction excluded Outokumpu Long Products AB units in Degerfors and Storfors, Sweden.

The total consideration for the transaction on a debt and cash-free basis was EUR 228 million. Provisional cash proceeds for the equity and net debt item were EUR 214 million, with EUR 5 million paid into an escrow account. The transaction costs in total were EUR 8 million and are presented in the net result for the period from discontinued operations.

The received proceeds, net of cash disposed, were EUR 94 million. The gain on divestment reported in the net result from discontinued operations was EUR 5 million, mainly as the accumulated translation differences were reclassified into net result at the time of the divestment. The consideration is still subject to the release of the escrow account. In 2022, Outokumpu recognized in the net result from the discontinued operations an impairment loss of EUR 33 million.

On April 1, 2023, Outokumpu signed an agreement to divest the 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. On August 1, 2023, Outokumpu completed the divestment. The company's plate operations in Degerfors were not affected by the divestment. The enterprise value of the transaction was EUR 12 million and it had a positive cash impact for Outokumpu. Outokumpu booked a loss of EUR 26 million in the third quarter.

Non-financial development at Outokumpu

The information in this section fulfills the requirements in the EU Directive and the Finnish Accounting Act's Chapter 3a on statement of non-financial information. Outokumpu is also reporting according to the EU taxonomy framework and with regards to the Task Force on Climate-related Financial Disclosures (TCFD) disclosure recommendations. The taxonomy reporting is based on the delegated act specifying the technical screening criteria under which certain economic activities qualify as contributing substantially to climate change mitigation and climate change adaptation.

Outokumpu acknowledges the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and the underlying framework and acknowledges that there are financial impacts in a 2°C or lower transition scenario. 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). The financial impact of the physical and transition risks of climate change are assessed and included in the general risk assessment and management of the company.

Outokumpu is a leading global producer of stainless steel, with world-class production assets in its key markets in Europe and in the Americas and has a global sales and service network close to its international customers. From basic structures of society to industry, mobility, and household appliances, the demand for stainless steel will grow. As a product, stainless steel is a strong, corrosion-resistant, hygienic, and aesthetic material with a high strength-to-weight ratio and no need for maintenance. At the end of its lifecycle, stainless steel is fully and endlessly recyclable, making it a key contributor to the circular economy. Outokumpu's organization and businesses are presented in the company's annual report and in notes 2.1 and 6.5 of the consolidated financial statements.

Outokumpu's vision is to be the customer's first choice in sustainable stainless steel. Climate change is one of the megatrends driving Outokumpu's business, together with economic and population growth and urbanization. At the same time, sustainable stainless steel has a significant role in society by enabling green transition – from hydrogen to electric vehicles. Outokumpu believes that the market for climate solutions supporting the transition towards low-carbon economies will increase on the way to 1.5°C scenarios and present an opportunity for companies ahead of the climate journey.

Outokumpu has built its business on circular economy, using 94.6% recycled materials in the production of stainless steel during 2023. By converting scrap and metal waste into new products the company also minimizes the use of virgin resources. Through this, Outokumpu reduces its carbon emissions but also mitigates biodiversity loss and impact on nature.

Outokumpu has an integrated production process. This includes the company's own chrome mine in Kemi, Finland for one of the main raw materials in stainless steel production, ferrochrome operations, melting, hot rolling and cold rolling, as well as finishing and service centres. Outokumpu's production sites are mainly located in relatively small cities or towns. This means that Outokumpu is a significant contributor to the economies of small local communities, and often one of the very few large private-sector employers in the area.

Sustainability strategy & targets

This section focuses on the most material sustainability topics for Outokumpu and its stakeholders in relation to value creation and risk management. Outokumpu conducted a materiality analysis mapping stakeholders' expectations and assessing business impact in 2021 which worked as the basis for the current sustainability strategy. Based on the analysis, Outokumpu focus areas on sustainability are emission reduction, circular economy, waste management, sustainable supply chain and innovative technologies. At end of 2023, Outokumpu conducted a double materiality analysis during 2023 to prepare for Corporate Sustainability Reporting Directive (CSRD), which the company will start reporting on in 2024.

Outokumpu is a signatory of the United Nations Global Compact. Outokumpu is committed to the UN's Sustainable Development Goals, with a focus on the following six objectives: affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, responsible consumption and production, climate action and partnerships for goals.

Sustainability at Outokumpu consist of three pillars: environmental, social and governance. To demonstrate the commitment to sustainability in all aspects, Outokumpu finalized the certification process for the ResponsibleSteel standard for its operating sites in business area Europe during 2023. ResponsibleSteel is a standard developed to recognize steel sites that are being operated in a responsible manner with the focus on the most material sustainability issues identified and agreed upon by the members and stakeholders.

Outokumpu is currently in the process of waiting for the certification, after finalizing the audits of the sites during 2023. Outokumpu received also a Platinum rating from Ecovadis, the global sustainability rating platform, ranking Outokumpu among the top 1 % of the assessed companies.

As part of its ambitious sustainability strategy, Outokumpu has a climate target approved by Science Based Targets aligned with the 1.5 °C climate ambition and the long-term target is to become carbon neutral by 2050. Outokumpu's environmental targets are:

- Reducing Scope 1, 2 and 3 greenhouse gas emissions 42% per tonne of stainless steel by 2030 from 2016 baseline (the target setting includes biogenic missions and removals from bioenergy feedstock).
- Increasing recycled material content to 92.5% in 2023 (all metallic input from waste streams, such as scrap, scales or metals from slag and dust treatment per tonne stainless steel).
- Improving energy efficiency by 8% by the end of 2024 compared to January–September 2022 level.
- Reducing the landfilled production waste other than slag by 0.5% in 2023.

Outokumpu supported customers to reduce their emissions by over 12 million tonnes in 2023. Outokumpu has supported customers across various industries to even further reduce emissions with Circle Green stainless steel with up to 93% lower carbon footprint compared to the global average. The exceptionally significant emission reduction is achieved through low-carbon energy use, sustainable raw materials, and improvements to the production process. More about Outokumpu's climate solutions and decarbonization roadmap can be found on the Sustainability Review.

The European Carbon Border Adjustment Mechanism (CBAM) will be introduced in 2026 to avoid carbon leakage which will impact also steel producers. CBAM measures will also phase out the free allocation under EU ETS 2026–2034. Outokumpu forecasts to have an adequate quantity of the EU emission allowances until the end of this decade if the projected carbon emission reduction projects are realized. Outokumpu also has a strong position due to own ferrochrome production in Finland and the low carbon footprint of its production.

Outokumpu is committed to the United Nations Guiding Principles on Business and Human Rights and has clear targets on diversity, equity, and inclusion. Safety is integrated to all our decision-making, and the long-term target is to have achieve zero-level in injuries.

The social targets of the company are:

- Achieving a total recordable injury frequency rate of <1.9 per million working hours
- Achieving high employee engagement index rate in the organizational pulse surveys
- Increasing the share of diverse leaders in all international leadership teams to 30% and add 100 diverse managers by the end of 2025
- Verifying pay equity by an external certification
- Reaching 60% agreement score on all areas of inclusion and across all diverse employee group in our people pulse survey

Outokumpu has built its business foundation on ethical principles and conducts its operations with a commitment to ethical business practices and strives for continuous improvement and transparency in its sustainability governance.

Governance targets:

- Employees trained on Outokumpu Code of Conduct

More information about ethics & compliance in the Sustainability Review.

Policies and principles of sustainability management

Outokumpu's Board of Directors approves Outokumpu's sustainability strategy and targets. On the Group level, sustainability is managed by the Group sustainability team headed by the Vice President, Sustainability, who reports to the EVP Sustainability, People and Communications. The Outokumpu Leadership Team follows the progress of Outokumpu's sustainability targets continuously. Business areas and functions are responsible for ensuring that operations within their own organizations and business lines are aligned with the targets and that monitoring, data collection and reporting are duly carried out. All Outokumpu operating sites are certified according to quality ISO 9001 and environment ISO 14001 management systems. The functioning of the systems is monitored by both internal and external audits.

Outokumpu's external ESG Advisory Council supports Outokumpu in challenging and commenting the sustainability strategy, roadmap and actions as well as facilitating dialogue between Outokumpu and its stakeholders. The council consists of three external advisors. More information about the council can be found on Outokumpu's website. Outokumpu also has internal and cross-functional ESG teams in place developing and supporting the implementation of the company's sustainability strategy. Outokumpu works across cross-functionally including Group sustainability, operations, procurement, communications, compliance, HR and safety functions.

Corporate statements, policies and instructions are the basis of the Outokumpu operating model in governance, risk, and compliance. Policies and instructions are implemented through internal communication, mandatory training, and internal control mechanisms. Outokumpu currently has five key corporate policies, which everyone working for Outokumpu needs to know well:

- Code of Conduct

- Cardinal Safety Rules
- Approval Policy
- Competition Law Compliance Policy
- Acceptable Use of IT Policy

The most important policies guiding Outokumpu's sustainability management are the Group's Code of Conduct and the Corporate Responsibility Policy. Outokumpu's Code of Conduct defines common ways of working in the Group and sets principles for conducting business in a legal, compliant, and ethical manner, including zero tolerance for corrupt practices, and requiring compliance with applicable laws and regulations, including competition laws and trade sanctions regulations.

The Corporate Responsibility Policy describes the main principles and rules followed by Outokumpu in relation to the sustainable development of the economic, environmental, and social aspects. Outokumpu also has an Anti-Corruption Instruction providing detailed guidance on responsible business practices.

Supplier Code of Conduct outlines Outokumpu's expectations for suppliers. Complying with the Supplier Code of Conduct is considered a minimum requirement for business engagement with any of Outokumpu's business units. Outokumpu has also published a Human Rights Policy.

Outokumpu has strict guidelines for safety through the Outokumpu Safety Principles and Health and Safety Standards. Additionally, Outokumpu has ten Cardinal Safety Rules that are a part of the company's operating principles.

The internal audit function, flanked by external audits consistently monitors and tests adherence to corporate guidance and standards, while the sustainability organization follows-up on environmental performance and legality monthly. Regular internal environmental audits by the Group's environmental team are performed based on an internal risk assessment.

Outokumpu applies a risk-based approach in its supplier management. Risks are assessed in different stages of the relationship with the supplier, first during the onboarding of a new supplier as well as later during the relationship with the supplier. Outokumpu monitors its suppliers through self-assessment, screenings and audits. Most suppliers also go through a monthly compliance screening for sanctions. The self-assessments and audits are based on Outokumpu's Supplier Requirements and focused on evaluating the suppliers' social and environmental responsibility and quality management. In raw material procurement, a supplier's sustainability performance is assessed by sustainability platform EcoVadis, which Outokumpu plans to also introduce to the General Procurement.

Outokumpu complies with international, national, and local laws and regulations, and honors and is committed to international agreements concerning human and labor rights, such as International Bill of Human Rights, and condemns the use of forced and child labor. Since 2021, Outokumpu has implemented the UN Guiding Principles on Business and Human Rights.

All Outokumpu employees are free to join trade unions according to local rules and regulations. There is zero tolerance of any form of discrimination, whether it is based on ethnic origin, nationality, religion, political views, gender, sexual orientation, age or any other factor.

Outokumpu expects its suppliers and contractors to comply with applicable laws and regulations as well as Outokumpu's Supplier Code of Conduct and to meet the company's Supplier Code of Conduct and Requirements. Outokumpu also aims to ensure that modern slavery or human trafficking plays no part in its supply chain or in any part of the business.

Outokumpu's Supplier Code of Conduct sets the minimum level for suppliers regarding sustainability and ethical standards, safety, environmental considerations, quality management and other criteria.

More information about Outokumpu's sustainability related risks can be found in the Annual review of the Annual report.

Environmental performance

The impacts to environment from stainless steel production are the use of virgin materials, energy, dust emissions into the air, waste created in the production process and water discharges from production plants. By 2023, Outokumpu managed to reduce emissions intensity by 27% from 2016 baseline. During the year Outokumpu also reduced its customers emissions by over 12 million tonnes compared to the global average of stainless steel.

All Outokumpu sites have environmental permits that set the basic framework for operations. In 2023, there were three environmental permit breaches in operational sites and one in an old mining site. The permit breaches that occurred were temporary, identified, and had no or only minimal impact on the environment. There were no significant environmental incidents during 2023.

Outokumpu's operations under the EU Emissions Trading Scheme (ETS) will continue to receive free emissions allocations according to efficiency-based benchmarks and historical activity for the next five years. In 2023, the ETS free emission allowances of Outokumpu were below emissions within the ETS system, 0.86 million tonnes (0.9 million tonnes in 2022).

The energy efficiency improved by 0.9% compared to the previous year. Outokumpu also switched to low-carbon electricity across its production sites in Europe.

Outokumpu had an all-time high material recycling (all metallic input from waste streams, such as scrap or metals from slag and dust treatment per tonne of stainless steel), resulting in 2023 to 94.6% (93.9% in 2022). The recycled steel content of our stainless steel, defined according to ISO 14021, was 90.9 % in 2023 (89.8% in 2022). Outokumpu uses efficient dust-filtering systems that remove 99% of particles, and water is reused in production as much as possible and treated at production sites. In addition to material efficiency through maximizing utilization of recycled material, Outokumpu aims to reduce landfill waste and reuses waste from its production processes. Outokumpu also aims to increase the use of its by-product slag from its production outside the company for example in road construction, concrete production, and water treatment.

In 2023, the use rate of slag, meaning the share of slag used (e.g. in construction or agricultural purpose) compared to all slag produced was 87.8% (86.5%). In addition to production waste, tailing sand from mining is the most significant waste item to be deposited in the mine site. Landfill waste intensity increased due to higher production of tailing sands in the mining business.

Outokumpu is not a party to any significant legal or administrative proceedings concerning environmental issues, nor is it aware of any realized environmental risks that could have a material adverse effect on its financial position.

Environmental indicators

	2023	2022
Scope 1, 2 and 3 (direct and indirect) CO_2 emission intensity, tonnes per tonne of stainless steel	**1.52**	1.70
Energy intensity, GJ per tonne stainless steel	**10.4**	10.5
Use rate of slag, including slag from ferrochrome production, %	**87.8**	86.5
Total landfill waste intensity, tonnes per tonne stainless steel	**0.647**	0.530
Recycled material content, %	**94.6**	93.9

Social & governance performance

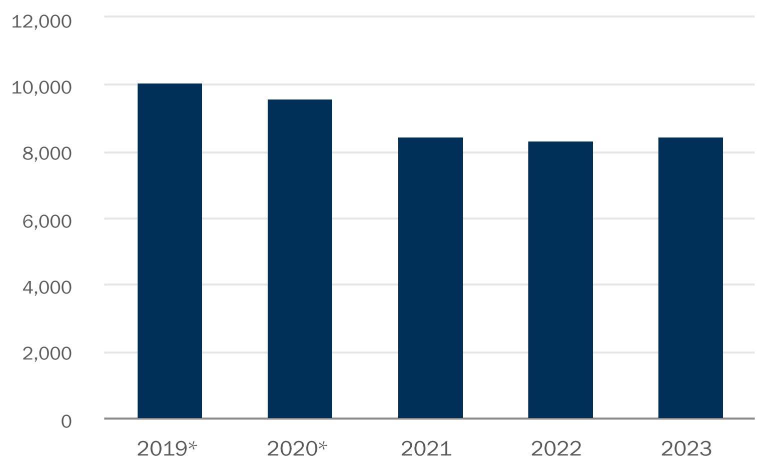
Outokumpu's main indicator for safety performance is the total recordable injury frequency rate (TRIFR), which includes fatalities, lost-time injuries, restricted work injuries, and medically treated injuries per million working hours. Group TRIFR declined from the previous year and was 1.5 against the target of below 1.9, from 1.8 in 2022.

Outokumpu's personnel on full-time equivalent basis increased by 112 during the year and totaled 8,469 at the end of December 2023 (8,357). Total wages and salaries amounted to EUR 531 million in 2023 (EUR 544 million). Other employee benefit expenses totaled EUR 182 million in 2023 (EUR 178 million).

As part of its sustainability strategy, Outokumpu is also focusing on strengthening diversity, equity and inclusion within the company. We have progressed well against our target of having 30% diverse leaders in all key leadership teams by 2025: at the end of 2023, 10 out of 12 key leadership teams had reached the target and the overall diversity among these leaders was 43%. We have also been working on an external pay equity certification, which we expect to conclude early 2024. Finally, we reached our inclusion target: 60% of group employee respondents agreed on all areas related to inclusion in our People Pulse survey.

In our annual pulse survey about inclusion and fairness conducted during 2023, all areas of DE&I topics scored above 60%. Compared to 2022's pulse survey, we already see improvement in belonging, inclusion, but a slight decrease in respectful treatment. Especially fair treatment was rated significantly better in the survey than previous year and above benchmark group. Additionally, the overall results show that men and women perceive their working environment and how they are treated the same way. The improvement opportunities are still in providing equal opportunities to all employees.

Personnel on December 31



Personnel reported as full time equivalent number.
*Including discontinued operations

During 2023, Outokumpu continued to develop the management of sustainable supply chain to create a transparent and responsible supply chain with partners with the highest standard. During the year, Outokumpu placed particular focus on improving the supply chain transparency and solidifying processes to evaluate supplier sustainability performance. In addition, Outokumpu developed the supply chain risk identification processes by activating use of new group level risk management tools and expanding country-based risk rating to cover all categories.

In accordance with our due diligence process, we initiated a human rights impact assessment on our suppliers in Zimbabwe. The target was to assess the maturity level of their human rights management processes, to identify potential human rights impacts of their operations, and to better understand the context of the industry and country. The specific topics we investigated on were workers' conditions and wages, environmental impacts such as pollution, health and safety and the supply chain of the chrome. Based on the final assessment report, we provide recommendations to our suppliers and stay in close contact with them to see the results. In the previous year 2022, Outokumpu also conducted a human rights risk assessment of one supplier in Guatemala and visited several suppliers in Colombia.

Outokumpu encourages all its employees to raise their concerns. All available reporting channels are detailed in the Code of Conduct, including the SpeakUp channel which is an externally operated communication channel to report misconduct confidentially and anonymously, if allowed by laws and regulations. The SpeakUp channel is available as a communication channel in Outokumpu's reporting process if other reporting channels do not feel suitable.

In 2023, 48 reports of potential misconduct were recorded through the various reporting channels. These incidents have been assessed and, if needed, further investigated. Consequently, proper corrective and preventative measures have been or will be taken.

The effective implementation of Outokumpu's group-wide Ethics and Compliance (E&C) Program continued in close co-operation with the business areas, business lines and group functions during 2023. As part of these activities, the first ever E&C Week was organized in September 2023. The purpose of the week was to offer information and increase awareness about important E&C themes to all Outokumpu employees worldwide, encouraging everyone to do the right thing, conduct business fairly and in a responsible and ethical manner, and speak up if any concerns arise. The E&C Week was full of many engaging activities, such as presentations and local events organized in several Outokumpu sites.

Trade sanctions compliance was one of the key themes during the E&C Week and throughout the year 2023. Outokumpu is committed to complying with all applicable laws and regulations, including sanctions regulations. Due to the Russian invasion of Ukraine, Outokumpu continued to concentrate on trade sanctions compliance as a priority work also during 2023 to ensure that all applicable sanctions regulations are complied with. Improvement actions were also taken in other key E&C areas in 2023 such as within the anti-corruption, competition law compliance and data protection areas.

Key social indicators

	2023	2022
Diversity		
Employees		
male, %	**82**	83
female, %	**18**	17
Managers		
male, %	**81**	83
female, %	**19**	17
Board of Directors		
male, %	**62**	62
female, %	**38**	38
Safety		
Total recordable injury frequency rate, per million working hours	**1.5**	1.8

EU taxonomy reporting

EU taxonomy is a classification system for categorization of sustainable business activities that could substantially contribute to the EU's environmental goals. Companies required to report non-financial information need to disclose the taxonomy eligibility and alignment of their economic activities.

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 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, 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 EU taxonomy, resulting in the identification of aligned, eligible and non-eligible activities. The key performance indicators were calculated by 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 Review by the Board of Directors.

Taxonomy key performance indicators

2023	Total € million	Eligible and aligned, %	Eligible and non-aligned, %	Non-eligible
Sales (Turnover)	**6,961**	**90**	**0**	**10**
Capital expenditure	**146**	**75**	**0**	**25**
Restricted operating expenditure	**652**	**83**	**0**	**17**
2022				
Sales (Turnover)	9,494	91	0	9
Capital expenditure	153	42	0	58
Restricted operating expenditure	736	82	0	18

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 the continuing operations, sales from service centers are excluded from eligibility. The impact of service centers is however insignificant as the Group internal sales from mills to service centers are still eligible. Since the service centers are excluded from eligibility, also restricted operating expenditure and capital expenditure associated with service centers is 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, our ownership is considered immaterial and is not included in the group taxonomy key performance indicators.

All steelmaking sites have been assessed and they fulfill 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 an assessment was carried out to ensure if the activities also fulfil the criteria set to determine that they do no significant harm (DNSH) to the remaining objectives, this assessment was reviewed in 2023, no changes that affect the outcome of the evaluation was identified.

- Criteria for DNSH to climate change adaptation: physical risks material to our 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 to 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, we have 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 fulfilling 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 business area Ferrochrome, service centers and directly to corporate functions have been considered non-eligible. The increase in the eligible and aligned share of capital expenditure is driven by the substantial non-eligible Deep mine expansion investment in business area Ferrochrome in 2022.

As all steelmaking activities were considered aligned, also related capital expenditure was 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, or 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 business area Ferrochrome, 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 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. Outokumpu's taxonomy disclosure has been part of the limited assurance by an independent practitioner.

Research and development

Outokumpu's research and development (R&D) provides leading technical expertise covering the whole range from the production process to fabrication of the company's products at our customers. Outokumpu has three R&D centers located in Avesta, Sweden, in Krefeld, Germany and in Tornio, Finland. R&D activities are focused to two key themes: sustainable production process technologies and future products and customer applications. In 2023, Outokumpu's total R&D expenditure amounted to EUR 14 million, representing 0.2% of the annual sales (2022: EUR 15 million and 0.2%).

As a leader in sustainable stainless steel, Outokumpu has recognized since a long time its responsibility to provide customers with all the technical information they need to select the best grade for their requirements. In 2023, Outokumpu published its 12th edition of the Outokumpu's Corrosion handbook, fully revised and updated. It covers the latest additions to the company's expanding portfolio of corrosion-resistant materials which now include nickel alloys.

To strengthen Outokumpu's portfolio a new ferritic grade, Therma 4622Nb™, was launched. This grade has an enhanced high temperature creep resistance above 1000°C. That makes it ideal for a wide range of applications such as automotive exhaust systems, furnace equipment, annealing boxes, air heaters and burner nozzles.

As part of its commitment to decarbonize its operations and supply chain, Outokumpu further developed its initiative in replacing fossil coke with renewable raw materials from biomass. In 2023, the company made a decision to invest 30 million euros in a pelletizing plant for biocoke in Tornio, Finland and acquired a share of Swedish Envigas AB to ensure sustainable raw materials in the future. Replacing fossil coke, which is used in the ferrochrome production process as a reductant, with biocoke is one of the company's ways to reduce its direct emissions.

The circular economy is another key area of Outokumpu's research and development. Examples include the use of waste heat with the help of new technologies or the reuse of refractories in the company's melt shops. Born from the idea to go as low as possible with CO_2 emissions, Outokumpu produced Outokumpu Circle Green® product which has up to 93% lower carbon footprint than the global average. In December 2023, Circle Green celebrated its second birthday.

Risks and uncertainties

Outokumpu is exposed to various risks and uncertainties that may have an adverse impact on its business and operations. The adverse development of the global economy, geopolitical conflicts including the Israel-Hamas war, the recent tension in the Red Sea and the continued war in Ukraine have increased the risks and uncertainties to which Outokumpu is exposed. However, the company has taken prompt measures to manage and control these risks.

The main uncertainties relate to inflation, slow growth in China, geopolitical conflicts that could disrupt global supply chains, energy prices and the slowdown of the global economic growth. All these adverse consequences could impact Outokumpu's operating environment, business, and stainless steel demand.

Throughout 2023, electricity prices have declined but the uncertainties in volatility and price peaks remain and may expose Outokumpu to increased energy costs. During the fourth quarter, the main driver of the volatility in the electricity prices in the Nordics was the cold weather and the limited wind and hydro balance availability. Possible increases in the price of electricity would mainly affect business area Ferrochrome, due to the high amount of electricity needed in ferrochrome production. The activities implemented in relation to electricity optimization are enabling mitigation of peaks in spot market electricity prices and for 2024, Outokumpu's energy portfolio has been hedged with roughly two thirds of the estimated consumption.The nuclear power plant Olkiluoto-3 in Finland continued to balance the electricity market in Finland with good electricity availability.

Gas availability in Germany remained sufficient during the fourth quarter with limited uncertainties for the remaining winter period. The uncertainties over gas are mainly related to increased energy price sensitivity to adverse events in the geopolitical situation, especially developments in the Middle East. Any severe disruption or possible further sanctions in the natural gas supply could affect the prices or availability of gas for Outokumpu's operations in Europe. Outokumpu acquires energy gases from the European market, for which Russia is one of the indirect suppliers.

Outokumpu does not purchase any scrap or nickel of Russian origin for its operations. The risk of possible disruptions in its raw material supply chain due to sanctions is considered to be limited. At the end of 2023, indirect supply from Russia still exists for a very limited amount of raw material, and the company is demanding that its supplier finds alternative sources globally.

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.

In addition, cyber security threats and dependencies on critical suppliers expose Outokumpu to the risk of operational disruptions and additional costs. In the fourth quarter, Outokumpu announced that with respect to its critical supplier dependency in the US it has successfully extended the existing hot rolling agreement with its current partner AM/NS on mutually acceptable terms until October 1, 2051. The contract is subject to prior written notice of four years, with the earliest effective termination date being October 1, 2042.

The EU safeguard measures, renewed in June 2023 by the European Commission, are in place until June 2024 which decreases the risk of a sudden import surge. In August 2023, the anti-circumvention investigation on cold rolled stainless steel from Indonesia was initiated and this has decreased the risk of imports from Taiwan, Turkey, and Vietnam.

Outokumpu Oyj has been joined in arbitration proceedings over a dispute between Fennovoima and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract. Outokumpu disputes the existence of any contractual relationship, obligation, or arbitration agreement between Outokumpu and any Rosatom entity.

Significant legal proceedings

Dispute over payment of wages in the US

On July 16, 2018, a class of plaintiffs, consisting of 152 former and 126 current Outokumpu Calvert mill employees, brought suit against Outokumpu in U.S. federal circuit court. The plaintiffs alleged that Outokumpu failed to pay full wages for regular work and overtime work they performed. On November 18, 2021, the circuit court entered a default judgment against Outokumpu with respect to liability as a sanction for alleged misconduct during the discovery phase of the legal proceeding. On October 4, 2022, the circuit court further found Outokumpu liable to the plaintiffs for approximately USD 13 million in the aggregate, plus attorney's fees. Outokumpu has appealed the circuit court's November 18, 2021 default judgment entry and October 4, 2022 finding of liability. Outokumpu is of the view that the claims asserted against it are without merit and is defending against them. Appropriate provisions are in place.

Claim in Germany related to expired lease agreement

On January 19, 2018, Outokumpu was served with a claim 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 plaintiff has later in the process specified the claim and is now seeking 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 favour of the claimant and has been appealed by Outokumpu. On June 15, 2023 the court of appeal cancelled the ruling of May 4, 2022 and referred the dispute back to the court. Outokumpu is of the view that the claims asserted against it are without merit and and continues to defend against them. Appropriate provisions are in place.

Joinder to arbitration dispute between Fennovoima and Rosatom entities

Outokumpu Oyj has been joined into arbitration proceedings over a dispute between Fennovoima and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract. Outokumpu disputes the existence of any contractual relationship, obligation, or arbitration agreement between Outokumpu and any Rosatom entity.

Shares and share capital

On December 31, 2023, 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 25,683,745 treasury shares. The average number of shares outstanding was 435,090,240 in 2023. The closing share price at the end of the period, on December 29, was EUR 4.48.

Principal shareholders and share price development is presented in the Stakeholder engagement section in the Annual report.

Share buyback program

On March 24, 2023, Outokumpu completed its share buyback program of up to EUR 100 million and repurchased a total of 19,836,205 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 is 11 million, representing approximately 2.4% of the company's total number of shares. The program commenced on December 1, 2023, and ends no later than on March 21, 2024.

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. Alternatively, Outokumpu may decide to cancel any or all of the repurchased shares and reduce its capital accordingly. The share repurchases will be funded by using funds from the unrestricted equity. Prior to the announcement, Outokumpu held 23,041,290 treasury shares, representing approximately 5.0% of the company's total number of shares.

During the year 2023, Outokumpu purchased a total of 13,903,534 of its own shares with EUR 70 million. 2,642,455 shares were repurchased under the new 2023 share buyback program and 11,261,079 under the 2022 program that ended on March 24, 2023. On December 31, 2023, Outokumpu held 25,683,745 treasury shares.

Management shareholdings and share based incentive programs

On December 31, 2023, the members of the Board of Directors and Outokumpu Leadership Team (OLT) altogether held 1,174,806 shares, corresponding to 0.26% 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 2023, after deductions for applicable taxes, a total of 217,503 shares were delivered to the OLT participants 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 2021-2023, 2022–2024, 2023–2025 and their continuation for the period 2024–2026 was approved by the Board of Directors in December 2023. For vesting conditions see note 3.4 in the consolidated financial statements.

To support Outokumpu's continuous improvements in sustainability, an additional sustainability-related performance criteria was introduced in 2022 for Performance Share Plan periods 2022–2024 and 2023–2025. The above-mentioned programs now include earning criteria which are linked to the CO_2 emission reduction target according to Outokumpu's Science Based Targets initiative (SBTi) commitment. In the Performance Share Plan periods 2022–2024 and 2023–2025 return on capital employed represents 80% of the remuneration and CO_2 emission reduction target 20%.

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

The members of OLT and the Board of Directors are introduced in the Corporate Governance Statement included in the Annual report and at Outokumpu website. Their shareholding is also presented in the Corporate Governance Statement and remuneration in the note 3.2 in the consolidated financial statements. Remuneration report is also included in the Annual report.

Changes in management and Board of Directors

On June 7, 2023, it was announced that Marc-Simon Schaar has been appointed as Chief Procurement Officer and member of Outokumpu Leadership Team. Marc-Simon Schaar has worked at Outokumpu since 2011 in senior roles in finance, M&A, and raw materials procurement, most recently as SVP, Raw Materials Procurement. Chief Procurement Officer is a new role in the company and reports to CEO Heikki Malinen.

On March 30, 2023, Vesa-Pekka Takala left the Board of Directors and the Annual General Meeting 2023 elected Jyrki Mäki-Kala as a new member, for a term of office ending at the end of the next Annual General Meeting.

Corporate governance

Outokumpu's Corporate Governance Statement can be found at the Outokumpu website.

Annual General Meeting

Outokumpu's Annual General Meeting 2023 was held on March 30, 2023, at the Dipoli congress center in Espoo, 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 2022.

The Annual General Meeting decided that a base dividend of 0.25 euros and an extra divided of EUR 0.10 per share, totaling EUR 0.35 per share, be paid for the financial year 2022. The Annual General Meeting also authorized the Board of Directors to repurchase the company's own shares, to decide on the issuance of shares as well as special rights entitling to shares, and to decide on donations for charitable purposes. 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. Kari Jordan, Heinz Jörg Fuhrmann, Kati ter Horst, Päivi Luostarinen, Petter Söderström, Pierre Vareille and Julia Woodhouse were re-elected and Jyrki Mäki-Kala was elected as new member, all for the term of office ending at the end of the next Annual General Meeting. Vesa-Pekka Takala left the Board of Directors with the Annual General Meeting in 2023. Kari Jordan was re-elected as the Chairman and Kati ter Horst was elected as the Vice Chairman of the Board of Directors.

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 last 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 31, 2023, 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, Managing Director 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 January 22, 2024.

Board of Directors' proposal for profit distribution

According to the dividend policy, Outokumpu aims to distribute a stable and growing dividend, to be paid annually. According to the parent company´s financial statements on December 31, 2023, distributable funds totaled EUR 2,589 million, of which retained earnings were EUR 369 million.

The Board of Directors proposes to the Annual General Meeting to be held on April 4, 2024, that a dividend of EUR 0.26 per share, be paid for the year 2023.

Last year, the Board stated that the base dividend amount of EUR 0.25 was the basis for future dividend distributions in accordance with the policy. The extra dividend of EUR 0.10 per share was a one-time extra dividend that was proposed to be distributed to the shareholders for the exceptionally good result of the financial year 2022.

Outlook for Q1 2024

Group stainless steel deliveries in the first quarter are expected to increase by 5–15% compared to the fourth quarter.

Market environment started to weaken at the end of the fourth quarter for business area Americas, and in Europe, a slow recovery is expected to continue. Also, scrap market has recently tightened.

Ferrochrome production is running at 80% of its full capacity as one of the three ferrochrome furnaces and one of the two sintering plants were closed in January 2024 due to weak ferrochrome market conditions.

Maintenance costs in the first quarter are expected to decrease by approximately EUR 20 million compared to the fourth quarter.

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

Guidance for Q1 2024

Adjusted EBITDA in the first quarter of 2024 is expected to be at a similar level compared to the fourth quarter.

Events after the balance sheet date

After the reporting period, Outokumpu repurchased 6,297,563 shares under the share buyback program, which ends no later than on March 21, 2024. By February 7, 2024, Outokumpu had repurchased a total of 8,940,018 shares under the share buyback program. After the disclosed transactions, the company held a total of 31,981,308 treasury shares.

After the reporting period, on January 24, 2024, Outokumpu announced it has completed the partnership agreement to accelerate circularity and becomes a minority shareholder in CRONIMET North-East GmbH.

After the reporting period, on January 3, 2024, Outokumpu announced that it plans to temporarily restrict its ferrochrome production due to weak ferrochrome market conditions.

Group key figures

		2023	2022	2021	2020[1]	2019[1]
Continuing operations						
Scope of activity						
Sales	€ million	**6,961**	9,494	7,243	5,639	6,403
change in sales	%	**-26.7**	31.1	28.4	-11.9	-6.8
exports from and sales outside Finland, of total sales*	%	**96.5**	95.9	96.4	96.3	95.9
Capital employed on Dec 31 [2) 3)] *	€ million	**4,204**	4,751	3,828	3,543	3,904
Capital expenditure *	€ million	**170**	158	171	180	193
in relation to sales	%	**2.4**	1.7	2.4	3.2	3.0
Depreciation and amortization	€ million	**242**	245	249	243	230
Impairments	€ million	**274**	11	45	3	3
Research and development costs	€ million	**14**	15	14	21	17
in relation to sales	%	**0.2**	0.2	0.2	0.4	0.3
Personnel on Dec 31 [4)]	FTE	**8,469**	8,357	8,439	9,602	10,078
average for the year	FTE	**8,624**	8,683	8,714	10,000	10,329
Personnel on Dec 31	headcount	**8,750**	8,591	8,727	9,915	10,390
Profitability						
Adjusted EBITDA*	€ million	**517**	1,256	980	250	263
in relation to sales	%	**7.4**	13.2	13.5	4.4	4.1
EBITDA*	€ million	**416**	1,248	968	191	266
EBIT*	€ million	**-100**	992	674	-55	33
in relation to sales	%	**-1.4**	10.5	9.3	-1.0	0.5
Result before taxes	€ million	**-133**	933	610	-151	-41
in relation to sales	%	**-1.9**	9.8	8.4	-2.7	-0.6

		2023	2022	2021	2020[1]	2019[1]
Net result for the financial year	€ million	**-111**	1,086	526	-116	-75
in relation to sales	%	**-1.6**	11.4	7.3	-2.1	-1.2
Return on capital employed (ROCE) [3) 5)] *	%	**-2.1**	22.6	17.6	-1.4	0.8
Financing and financial position						
Net financial expenses*	€ million	**37**	71	79	98	80
in relation to sales	%	**0.5**	0.7	1.1	1.7	1.3
Interest expenses*	€ million	**60**	44	64	78	76
in relation to sales	%	**0.9**	0.5	0.9	1.4	1.2

Alternative performance measures are marked with *. For more information, please see Alternative Performance Measures section.

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 2021 has been restated accordingly.
4) In 2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel.
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. At the end of the year 2023 no discontinued operations impacts in the balance sheet.

Group key figures

		2023	2022	2021	2020	2019
Including discontinued operations						
Scope of activity						
Sales	€ million	**6,961**	10,287	7,709	5,639	6,403
Capital employed on Dec 31 [1) *]	€ million	**4,204**	4,752	3,828	3,543	3,904
Capital expenditure*	€ million	**170**	160	175	180	193
Personnel on Dec 31 [2)]	FTE	**8,469**	9,029	9,096	9,602	10,078
average for the year	FTE	**8,624**	9,362	9,372	10,000	10,329
Personnel on Dec 31	headcount	**8,750**	9,269	9,395	9,915	10,390
Profitability						
Adjusted EBITDA*	€ million	**517**	1,387	1,021	250	263
Net result for the financial year	€ million	**-106**	1,140	553	-116	-75
Return on equity (ROE)*	%	**-2.6**	30.6	20.1	-4.7	-2.8
Return on capital employed (ROCE) [1) *]	%	**-2.0**	24.5	18.4	-1.4	0.8

		2023	2022	2021	2020	2019
Financing and financial position						
Net debt*	€ million	**-60**	-10	408	1,028	1,155
Net financial expenses*	€ million	**37**	68	80	98	80
Interest expenses*	€ million	**60**	45	65	78	76
Net debt adjusted EBITDA*		**-0.1**	0.0	0.4	4.1	4.4
Share capital	€ million	**311**	311	311	311	311
Total equity	€ million	**3,762**	4,119	3,120	2,360	2,562
Equity-to-assets ratio*	%	**63.8**	59.2	48.3	40.8	42.5
Debt-to-equity ratio (gearing)*	%	**-1.6**	-0.3	13.1	43.6	45.1
Net cash generated from operating activities	€ million	**325**	778	597	322	371

Alternative performance measures are marked with *. For more information, please see Alternative Performance Measures section.

[1)] Outokumpu has redefined its capital employed and ROCE definitions in 2022. Information for 2021 has been restated accordingly.
[2)] In 2021, Outokumpu changed its main personnel amount measure from headcount to full-time equivalent personnel.

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 Annual Report 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 Group key figures table.

Key figure, continuing operations	Definition of the key figure or source in the consolidated financial statements		2023	2022
Continuing operations				
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	€ million	**6,961**	9,494
Sales by destination to Finland	Note 2.2	€ million	**243**	384
Exports from and sales outside Finland	Sales - Sales by destination to Finland	€ million	**6,717**	9,109
exports from and sales outside Finland, of total sales	Comparison to sales	%	**96.5**	95.9
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 in the below section incl. discontinued operations - debt of discontinued operations	€ million	**4,204**	4,751
Cash and cash equivalents	Consolidated statement of financial position	€ million	**502**	526
Investments in associated companies	Consolidated statement of financial position	€ million	**62**	51
Investments in equity at fair value through other comprehensive income	Consolidated statement of financial position	€ million	**12**	25
Investments at fair value through profit or loss	Note 5.5	€ million	**27**	23
Net deferred tax assets	Note 2.6	€ million	**423**	390
Net assets held for sale	Assets held for sale - Liabilities related to assets held for sale in the Consolidated statement of financial position	€ million	**—**	215
Net employee benefit obligations	Note 3.3	€ million	**212**	216
Operating capital on Dec 31	Capital employed – cash and cash equivalents – 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	€ million	**3,390**	3,737
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; investments in equity at fair value through other comprehensive income and associated companies, and acquisitions of businesses.	€ million	**170**	158
in relation to sales	Comparison to sales	%	**2.4**	1.7

Key figure, continuing operations	Definition of the key figure or source in the consolidated financial statements		2023	2022
Adjusted EBITDA, EBITDA, and EBIT				
Adjusted EBITDA is Outokumpu's main performance indicator in financial reporting. The adjustments to EBITDA relate to material income and expense items of unusual nature, and their purpose is to improve comparability of financial performance between reporting periods. EBITDA and EBIT are also measures of financial performance of the Group.				
EBIT	Consolidated statement of income	€ million	**-100**	992
in relation to sales	Comparison to sales	%	**-1.4**	10.5
Depreciation and amortization	Note 2.3	€ million	**242**	245
Impairments	Note 2.4	€ million	**274**	11
EBITDA	EBIT before depreciation, amortization and impairments	€ million	**416**	1,248
Adjustments to EBITDA	Note 2.1	€ million	**-102**	-7
Adjusted EBITDA	EBITDA - Adjustments to EBITDA	€ million	**517**	1,256
in relation to sales	Comparison to sales	%	**7.4**	13.2
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 (4-quarter average), including discontinued operations[1)]	Defined in the below section incl. discontinued operations - debt of discontinued operations	€ million	**4,528**	4,437
EBIT	Consolidated statement of income	€ million	**-100**	992
Share of results in associated companies	Consolidated statement of income	€ million	**4**	11
Return on capital employed (ROCE)	(EBIT+Share of results in associated companies)/ Capital employed (4-quarter average)	%	**-2.1**	22.6
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	€ million	**37**	71
in relation to sales	Comparison to sales	%	**0.5**	0.7
Interest expenses	Consolidated statement of income	€ million	**60**	44
in relation to sales	Comparison to sales	%	**0.9**	0.5

1) Including discontinued operations except for capital employed on Sept 30 and Dec 31, 2022, where only the equity component of discontinued operations is included.

Key figure, including discontinuing operations	Definition of the key figure or source in the consolidated financial statements		2023	2022
Including discontinued operations				
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	€ million	**3,762**	4,119
Non-current debt	Consolidated statement of financial position + Note 6.1	€ million	**359**	492
Current debt	Consolidated statement of financial position + Note 6.1	€ million	**82**	141
Capital employed on Dec 31	Total equity + non-current debt + current debt	€ million	**4,204**	4,752
Capital expenditure				
Capital expenditure indicates the investment in assets to generate future cash flows for the Group.				
Capital expenditure	Purchase of property, plant and equipment and intangible assets, other than emission allowances; investments in equity at fair value through other comprehensive income and associated companies, and acquisitions of businesses	€ million	**170**	160
in relation to sales	Comparison to sales	%	**2.4**	1.6
Adjusted EBITDA, EBITDA, and EBIT				
Adjusted EBITDA is Outokumpu's main performance indicator in financial reporting. The adjustments to EBITDA relate to material income and expense items of unusual nature, and their purpose is to improve comparability of financial performance between reporting periods. EBITDA and EBIT are also measures of financial performance of the Group.				
EBIT	Consolidated statement of income + Note 6.1	€ million	**-95**	1,078
in relation to sales	Comparison to sales	%	**-1.4**	10.5
Depreciation and amortization	Note 2.3 + discontinued operations	€ million	**242**	253
Impairments	Note 2.4 + discontinued operations	€ million	**274**	44
EBITDA	EBIT before depreciation, amortization and impairments	€ million	**421**	1,375
Adjustments to EBITDA	Note 2.1 + discontinued operations	€ million	**-97**	-12
Adjusted EBITDA	EBITDA - Adjustments to EBITDA	€ million	**517**	1,387
in relation to sales	Comparison to sales	%	**7.4**	13.5

Key figure, including discontinued operations	Definition of the key figure or source in the consolidated financial statements		2023	2022

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	€ million	**4,119**	3,120
Total equity on March 31		€ million	**4,064**	3,278
Total equity on June 30		€ million	**4,141**	3,943
Total equity on Sept 30		€ million	**4,135**	4,158
Total equity on Dec 31	Consolidated statement of financial position	€ million	**3,762**	4,119
Total equity (4-quarter average)	Average of the opening and 4 quarter-end values	€ million	**4,044**	3,723
Net result for the financial year	Consolidated statement of income	€ million	**-106**	1,140
Return on equity (ROE)	Net result for the financial year/ Total equity (4-quarter average)	%	**-2.6**	30.6

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	Defined earlier in this section	€ million	**4,752**	3,828
Capital employed on March 31		€ million	**4,612**	4,097
Capital employed on June 30		€ million	**4,541**	4,705
Capital employed on Sept 30		€ million	**4,531**	4,805
Capital employed on Dec 31	Defined earlier in this section	€ million	**4,204**	4,752
Capital employed (4-quarter average)	Average of the opening and 4-quarter-end values	€ million	**4,528**	4,438
EBIT	Consolidated statement of income + Note 6.1	€ million	**-95**	1,078
Share of results in associated companies	Consolidated statement of income	€ million	**4**	11
Return on capital employed (ROCE)	(EBIT+ Share of results in associated companies)/ Capital employed (4-quarter average)	%	**-2.0**	24.5

Key figure, including discontinued operations	Definition of the key figure or source in the consolidated financial statements		2023	2022

Net debt

Net debt is a measure for the level of debt financing in the Group. The reduction of net debt is a key priority for the Group.

Non-current debt	Consolidated statement of financial position + Note 6.1	€ million	**359**	492
Current debt	Consolidated statement of financial position + Note 6.1	€ million	**82**	141
Cash and cash equivalents	Consolidated statement of financial position + Note 6.1	€ million	**502**	644
Net debt	Non-current + current debt – cash and cash equivalents	€ million	**-60**	-10
in relation to sales	Comparison to sales	%	**-0.9**	-0.1

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	€ million	**-60**	-10
Adjusted EBITDA	Defined earlier in this section	€ million	**517**	1,387
Net debt to Adjusted EBITDA	Net debt / Adjusted EBITDA		**-0.1**	0.0

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	€ million	**3,762**	4,119
Total assets	Consolidated statement of financial position	€ million	**5,927**	6,983
Advances received	Note 4.5	€ million	**31**	23
Equity-to-assets ratio	Total equity/ (Total assets - advances received)	%	**63.8**	59.2

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	€ million	**-60**	-10
Total equity	Consolidated statement of financial position	€ million	**3,762**	4,119
Debt-to-equity ratio (gearing)	Net debt / Total equity	%	**-1.6**	-0.3

Definitions of financial key figures

Key figure		Definition	
EBITDA	=	EBIT before depreciation, amortization and impairments	
Adjustments to EBITDA or EBIT	=	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	=	EBITDA or EBIT – items classified as adjustments	
Capital employed	=	Total equity + non-current debt + current debt	
Operating capital (segment reporting)	=	Capital employed – cash and cash equivalents – 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	=	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	
Return on capital employed (ROCE)	=	$\frac{\text{EBIT + Share of results in associated companies}}{\text{Capital employed (4-quarter rolling average)}}$	× 100
Return on operating capital (ROOC) (segment reporting)	=	$\frac{\text{Adjusted EBIT}}{\text{Operating capital (4-quarter rolling average)}}$	× 100
Return on equity (ROE)	=	$\frac{\text{Net result for the financial period}}{\text{Total equity (4-quarter rolling average)}}$	× 100
Net debt	=	Non-current debt + current debt – cash and cash equivalents	
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}}$	× 100
Debt-to-equity ratio (gearing)	=	$\frac{\text{Net debt}}{\text{Total equity}}$	× 100
Net debt to adjusted EBITDA	=	$\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$	
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	

Share-related key figures[1)]

		2023	2022	2021	2020	2019
Earnings per share [2)]	€	**-0.24**	2.52	1.26	-0.28	-0.18
Earnings per share continuing operations[2)]	€	**-0.26**	2.40	1.21	0.00	0.00
Diluted earnings per share [2)]	€	**-0.21**	2.33	1.17	-0.28	-0.18
Diluted earnings per share continuing operations[2)]	€	**-0.22**	2.22	1.13	0.00	0.00
Cash flow per share [2)]	€	**0.75**	1.72	1.36	0.78	0.90
Equity per share [3)]	€	**8.73**	9.27	6.89	5.70	6.19
Dividend per share	€	**0.26** [4)]	0.35	0.15	—	—
Dividend payout ratio	%	**-105.97**	13.64	12.30	—	—
Dividend yield	%	**5.80**	7.40	2.70	—	—
Price / earnings ratio		**neg.**	1.88	4.37	neg.	neg.
Development of share price						
Average trading price	€	**4.77**	4.69	4.96	2.66	3.01
Lowest trading price	€	**3.60**	3.51	3.36	2.08	2.23
Highest trading price	€	**5.90**	6.48	6.01	4.44	4.04
Trading price at the end of the period	€	**4.48**	4.73	5.50	3.22	2.81
Change during the period	%	**-5.2**	-14.0	70.8	14.8	-12.2
Change in the OMX Helsinki index during the period	%	**-6.6**	-13.4	18.3	10.1	13.4
Market capitalization at the end of the period [5)]	€ million	**1,933**	2,101	2,489	1,327	1,155
Development in trading volume						
Trading volume [6)]	1,000 shares	**386,008**	720,801	880,092	1,100,628	884,254
In relation to adjusted weighted average number of shares [2)]	%	**88.7**	159.5	200.5	265.9	215.0
Adjusted weighted average number of shares [2)5)]		**435,090,240**	451,932,876	438,871,175	413,907,618	411,198,002
Adjusted diluted weighted average number of shares [2)5)]		**475,843,726**	493,535,712	479,163,509	437,336,296	446,209,235
Number of shares at the end of the period [5)]		**431,190,703**	444,134,611	452,571,977	412,002,212	411,774,715

[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)] Reported based on share-issue-adjusted weighted average number of shares. Comparative information for 2020 is presented accordingly. Information for 2019 has not been restated.
[3)] 2020 and 2019 calculated based on the share issue-adjusted number of shares.
[4)] The Board of Directors' proposal to the Annual General Meeting.
[5)] Excluding treasury shares.
[6)] Includes only Nasdaq Helsinki trading.

Definitions of share-related key figures

Key figure		Definition
Earnings per share	=	$\dfrac{\text{Net result for the financial year attributable to the equity holders}}{\text{Adjusted weighted average number of shares during the period}}$
Diluted earnings per share	=	$\dfrac{\text{Net result for the financial year attributable to the equity holders + interest expenses on convertible bond, net of tax}}{\text{Adjusted diluted weighted average number of shares during the period}}$
Cash flow per share	=	$\dfrac{\text{Net cash generated from operating activities}}{\text{Adjusted weighted average number of shares during the period}}$
Equity per share	=	$\dfrac{\text{Equity attributable to the equity holders}}{\text{Adjusted number of shares at the end of the period}}$
Dividend per share	=	$\dfrac{\text{Dividend for the financial year}}{\text{Adjusted number of shares at the end of the period}}$
Dividend payout ratio	=	$\dfrac{\text{Dividend for the financial year}}{\text{Net result for the financial tear attributable to the equity holders}} \times 100$
Dividend yield	=	$\dfrac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}} \times 100$
Price/ earnings ratio (P/E)	=	$\dfrac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$
Average trading price	=	$\dfrac{\text{EUR amount traded during the period}}{\text{Adjusted number of shares traded during the period}}$
Market capitalization at end off 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

Non-financial indicators

Environmental indicators	2023	2022	2021	2020[1]	2019[1]
Scope 1, 2 and 3 (direct and indirect) CO_2 emission intensity, tonnes per tonne of stainless steel	**1.5**	1.7	1.8	1.6	1.6
Energy intensity, GJ per tonne stainless steel	**10.4**	10.5	10.2	11.0	10.9
Use rate of slag, including slag from ferrochrome production, %	**87.8**	86.5	78.1	77.1	90.8
Total landfill waste intensity, tonnes per tonne stainless steel	**0.647**	0.530	0.561	0.590	0.500
Recycled material content, %	**94.6**	93.9	89.6	92.5	89.6

Social indicators	2023	2022	2021	2020[1]	2019[1]
Diversity					
Employees					
male, %	**82**	83	84	84	85
female, %	**18**	17	16	16	15
Managers					
male, %	**81**	83	84	84	84
female, %	**19**	17	16	16	16
Board of Directors					
male, %	**62**	62	50	50	57
female, %	**38**	38	50	50	43
Safety					
Total recordable injury frequency rate, per million working hours	**1.5**	1.8	2.1	2.4	3.2

[1] Including discontinued operations.

Taxonomy key performance indicators - Turnover

Financial year 2023		2023		Substantial Contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
Economic activities	Code	Turnover	Proportion of Turnover, 2023	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, 2022	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	6,246	90%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	91%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**6,246**	**90%**	**90%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**91%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		6,246	90%	90%							Y	Y	Y	Y	Y	Y	91%		T
A.2 Taxonomy-Eligible but not environmental 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)		**6,246**	**90%**	90%	0%	0%	0%	0%	0%								91%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		714	10%																
TOTAL		**6,961**	**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.

Taxonomy key performance indicators - Capital expenditure (CapEx)

Financial year 2023		2023		Substantial Contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
Economic activities	Code	CapEx	Proportion of CapEx, 2023	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, 2022	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	109	75%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	42%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**109**	**75%**	**75%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**42%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		109	**75%**	75%							Y	Y	Y	Y	Y	Y	42%		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)		**109**	**75%**	75%	0%	0%	0%	0%	0%								42%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		37	25%																
TOTAL		**146**	**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 business area Ferrochrome, service centers and directly to corporate functions have been considered non-eligible. The increase in the eligible and aligned share of capital expenditure is driven by the substantial non-eligible Deep mine expansion investment in business area Ferrochrome in 2022.

Taxonomy key performance indicators - Restricted operating expenditure (OpEx)

Financial year 2023		2023		Substantial Contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
Economic activities	Code	OpEx	Proportion of CapEx, 2023	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, 2022	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	538	83%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	82%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**538**	**83%**	**83%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**82%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		538	83%	83%							Y	Y	Y	Y	Y	Y	82%		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)		**538**	**83%**	83%	0%	0%	0%	0%	0%								82%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		114	17%																
TOTAL		**652**	**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 business area Ferrochrome, 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 manufacturing of ferrochrome, service centers and corporate.

Financial statements

In 2023, Outokumpu delivered a solid adjusted EBITDA and progressed well with its strategy execution. Stainless steel market was clearly weaker but the year ended with a net debt free balance sheet and a strong liquidity position.

"I am proud that we kept our balance sheet strong in the midst of the changing stainless steel market conditions."

– Pia Aaltonen-Forsell, CFO

Financial statements content

Consolidated financial statements, IFRS

Consolidated statement of income

€ million	Note	2023	2022
Continuing operations			
Sales	2.2	**6,961**	9,494
Cost of sales	2.3	**-6,474**	-8,147
Gross margin		**486**	1,346
Other operating income	2.4	**62**	18
Selling and marketing expenses	2.3	**-73**	-72
Administrative expenses	2.3	**-260**	-225
Research and development expenses	2.3	**-14**	-15
Other operating expenses	2.4	**-302**	-60
EBIT		**-100**	992
Share of results in associated companies	6.6	**4**	11
Financial income and expenses	2.5		
Interest income and other financial income		**21**	4
Interest expenses		**-60**	-44
Market price gains and losses		**11**	-12
Other financial expenses		**-9**	-19
Total financial income and expenses		**-37**	-71
Result before taxes		**-133**	933
Income taxes	2.6	**22**	154
Net result for the period from continuing operations		**-111**	1,086

€ million	Note	2023	2022
Discontinued operations			
Net result for the period from discontinued operations	6.1	**5**	54
Net result for the period		**-106**	1,140
Earnings per share for result from continuing operations attributable to the equity holders of the parent company	2.7		
Earnings per share, EUR		**-0.26**	2.40
Diluted earnings per share, EUR		**-0.22**	2.22
Earnings per share for result attributable to the equity holders of the parent company	2.7		
Earnings per share, EUR		**-0.24**	2.52
Diluted earnings per share, EUR		**-0.21**	2.33

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.

Consolidated statement of comprehensive income

€ million	Note	2023	2022
Net result for the period		**-106**	1,140
Other comprehensive income, continuing operations			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations			
Change in exchange differences		**-58**	17
Cash flow hedges	5.4		
Fair value changes during the financial year		**71**	-43
Reclassification to profit or loss		**-15**	28
Income taxes	2.6	**-6**	-1
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit plans	3.3		
Changes during the financial year		**-15**	65
Income taxes	2.6	**5**	-24
Equity investments at fair value through other comprehensive income	5.6		
Fair value changes during the financial year		**-23**	-4
Share of other comprehensive income in associated companies	6.6	**1**	0
Other comprehensive income for the financial year, continuing operations, net of tax		**-41**	38
Other comprehensive income for the financial year, discontinued operations, net of tax		**-12**	8
Other comprehensive income for the financial year, net of tax		**-53**	46
Total comprehensive income for the financial year		**-159**	1,186

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	2023	2022
ASSETS			
Non-current assets			
Intangible assets	4.1, 4.3	**556**	547
Property, plant and equipment	4.1	**1,905**	2,250
Right-of-use assets	4.2	**147**	156
Investments in associated companies	6.6	**62**	51
Equity investments at fair value through other comprehensive income	5.6	**12**	25
Deferred tax assets	2.6	**454**	390
Trade and other receivables	4.5	**12**	6
		3,148	3,425
Current assets			
Inventories	4.4	**1,581**	1,783
Investments at fair value through profit or loss	5.5	**27**	23
Derivative financial instruments	5.4	**34**	40
Current tax receivables	2.6	**27**	21
Trade and other receivables	4.5	**609**	746
Cash and cash equivalents	5.1	**502**	526
		2,779	3,139
Assets held for sale	6.1	**—**	419
TOTAL ASSETS		**5,927**	6,983

€ million	Note	2023	2022
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company			
Share capital		**311**	311
Premium fund and other restricted reserves		**714**	717
Invested unrestricted equity reserve		**2,307**	2,308
Treasury share		**-169**	-129
Fair value reserves		**6**	-142
Retained earnings		**593**	1,054
Total equity	5.2	**3,762**	4,119
Non current liabilities			
Non-current debt	5.1	**359**	491
Derivative financial instruments	5.4	**8**	11
Deferred tax liabilities	2.6	**31**	0
Employee benefit obligations	3.3	**212**	216
Provisions	4.6	**73**	49
Trade and other payables	4.5	**16**	20
		700	787
Current liabilities			
Current debt	5.1	**82**	141
Derivative financial instruments	5.4	**40**	120
Provisions	4.6	**37**	32
Current tax liabilities	2.6	**8**	65
Trade and other payables	4.5	**1,299**	1,516
		1,465	1,874
Liabilities related to assets held for sale	6.1	**—**	204
TOTAL EQUITY AND LIABILITIES		**5,927**	6,983

The notes are an integral part of the financial statements.
During 2023 the process of netting of deferred tax assets and liabilities was redefined.

Consolidated statement of cash flows

€ million	Note	2023	2022
Cash flow from operating activities[1]			
Net result for the financial year		**-106**	1,140
Adjustments for			
Depreciation, amortization and impairments	2.3, 2.4, 4.1	**516**	297
Gains/ losses on sale of non-current assets, Group companies and businesses	2.4	**-6**	8
Net interest income and expense	2.5	**37**	35
Income taxes	2.6	**-22**	-119
Other non-cash adjustments		**-34**	80
		491	302
Change in net working capital			
Change in trade and other receivables		**101**	-35
Change in inventories		**165**	-129
Change in trade and other payables		**-212**	-424
		54	-587
Provisions and employee benefit obligations		**6**	-24
Interest and dividends received		**19**	7
Interest paid		**-47**	-39
Other financial items		**-9**	—
Income taxes paid		**-84**	-21
Net cash from operating activities		**325**	778

€ million	Note	2023	2022
Cash flow from investing activities			
Equity investments at fair value through other comprehensive income	5.6	**-14**	-5
Purchase of property, plant and equipment	4.1	**-129**	-148
Purchases of intangible assets	4.1	**-17**	-7
Investments in associated companies	6.6	**-10**	—
Proceeds from sale of property, plant and equipment and intangible assets	4.1	**37**	2
Proceeds from disposal of shares in Group companies and businesses, net of cash	6.2	**97**	-1
Other investing cash flow		**1**	—
Net cash from investing activities		**-35**	-159
Cash flow before financing activities		**290**	619
Cash flow from financing activities			
Dividends paid	5.2	**-152**	-68
Repurchase of treasury share	5.2	**-70**	-42
Repayments of non-current debt	5.1	**-169**	-71
Change in current debt	5.1	**0**	-58
Repayments of lease liabilities	4.2	**-39**	-33
Net cash from financing activities		**-430**	-272
Net change in cash and cash equivalents		**-140**	346
Cash and cash equivalents at the beginning of the financial year		**644**	300
Net change in cash and cash equivalents		**-140**	346
Foreign exchange rate effect on cash and cash equivalents		**-2**	-3
Cash and cash equivalents at the end of the financial year [2]	5.1	**502**	644

The notes are an integral pat of the financial statements.
[1] During 2023, cash flow presentation within the net cash from operating activities was redefined. The impact is not material.
[2] Year 2022 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, 2022		**311**	**714**	**3**	**2,308**	**-30**	**-89**	**-7**	**-22**	**-169**	**101**	**3,120**
Net result for the period		—	—	—	—	—	—	—	—	—	1,140	1,140
Other comprehensive income		—	—	—	—	—	-4	-15	24	41	0	46
Total comprehensive income for the financial year		—	—	—	—	—	-4	-15	24	41	1,140	1,186
Transactions with equity holders of the parent company												
Contributions and distributions												
Dividends	5.2	—	—	—	—	—	—	—	—	—	-68	-68
Share-based payments	3.4	—	—	—	—	1	—	—	—	—	6	7
Repurchase of treasury shares[1)]	5.2	—	—	—	—	-100	—	—	—	—	—	-100
Fair value transfer to inventory	5.4	—	—	—	—	—	—	-26	—	—	—	-26
Equity on December 31, 2022		**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 bond		—	—	—	0	1	—	—	—	—	—	0
Share-based payments	3.4	—	—	—	—	9	—	—	—	—	-10	-2
Repurchase of treasury shares [2)]	5.2	—	—	—	—	-50	—	—	—	—	—	-50
Fair value transfer to inventory	5.4	—	—	—	—	—	—	5	—	—	—	5
Other[3)]		—	—	-3	—	—	117	—	28	—	-142	—
Equity on December 31, 2023		**311**	**714**	**0**	**2,307**	**-169**	**1**	**5**	**-38**	**-139**	**770**	**3,762**

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)] Outokumpu announced on November 3, 2022, a share buyback program and completed the program on March 24, 2023. Due to the nature of the contract with the third party, Outokumpu recognized a EUR 58 million financial liability in December 2022 related to the share buyback program and the maximum amount of EUR 100 million already impacted Group equity in 2022. The outstanding EUR 58 million share purchases were realized by the end of the program.
[2)] Treasury shares were acquired as part of the share buyback program announced on November 29, 2023. Shares are repurchased using funds in the Invested unrestricted equity reserve. 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.
[3)] 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. More information on the Voimaosakeyhtiö SF reclassification in note 6.6. These changes did not have an impact in total equity.

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 insurance			●
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 Oyj 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 Oyj is the parent company ("parent company", "Outokumpu Oyj") 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 8,800 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.

In its meeting on February 8, 2024, the Board of Directors of Outokumpu Oyj approved the publishing of these consolidated financial statements. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to decide to amend 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 2023 covering the period from January 1 to December 31, 2023.

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, 2023. 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.

Discontinued operations - Long product businesses

On July 12, 2022 Outokumpu announced that it has signed an agreement to divest the majority of the Long Products business operations to Marcegaglia Steel Group. The transaction includes melting, rod, and bar operations in Sheffield, the UK, bar operations in Richburg, the US, and wire rod mill in Fagersta, Sweden. The transaction excludes Outokumpu Long Products AB units in Degerfors and Storfors, Sweden. Long products activities that remained in Outokumpu until completion of disposal on August 1, 2023 are included in Other operations.

During 2022 Outokumpu reclassified its Long Products businesses to be divested as assets held for sale and reports the businesses as discontinued operations according to IFRS 5 Non current assets held for sale and discontinued operations.

Net result from the discontinued operations is reported separately from income and expenses from continuing operations in the consolidated statement of income. Assets and liabilities related to the discontinued operations are presented as separate line items in the statement of financial position. The statement of cash flows consists of total group figures including the discontinued operations. In the comparative period Outokumpu had only Long product businesses reported as discontinued operations.

The divestment was completed on January 3, 2023, and the transaction was carried out as a share sale. The only impact in 2023 financial statements regarding the discontinued operations is the sale transaction. See more information in note 6.1.

Corporate information

Company name	Outokumpu Oyj
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 Oyj

Risk information

Global economy and geopolitical conflicts

The adverse development of global economy, geopolitical conflicts including Israel-Hamas war, the recent tension in the Red Sea and the continued war in Ukraine have increased the risks and uncertainties to which Outokumpu is exposed. However, the company has taken prompt measures to manage and control these risks. These developments have not had material impact on 2023 financial statements.

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. According to the roadmap, Outokumpu plans to invest to the emission reduction projects in total about EUR 350 million until 2030. The avoided direct emission from European sites in that period corresponds to European emission allowances of about EUR 114[1)] million. As some projects result in lower emissions outside the company, as avoided Scope 3 emissions caused by raw material production, they do not impact the company's financial situation but enable the society to save about 2.5 million tons of carbon emissions which corresponds to EUR 228[1)] million.

See more information about climate related matters in the section Sustainability review.

[1)] The financial impact is evaluated with Company's shadow price of 90 Euro 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 Oyj and all subsidiaries controlled by Outokumpu Oyj 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 use 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. During 2023 Outokumpu changed the translation method for the statements of income and comprehensive income and the statement of cash flows from cumulative foreign exchange translation method to periodical translation method. The impact was not significant and the comparative period has not been restated. 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, 2023, Outokumpu has applied the following new and amended standards, interpretations and decisions.

- Amendments to IAS 1 Presentation of financial statements, IFRS Practice Statement 2 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure of Accounting Policies and Definition of Accounting Estimates: The amendments distinguish changes in accounting estimates from changes in accounting policies and aim to improve accounting policy disclosures.
- Amendments to IAS 12 Income taxes – Deferred Tax related to Assets and Liabilities arising from single transaction: The amendment clarifies the application of the recognition exemption of deferred taxes on a single transaction.
- Amendments to IAS 12 - International Tax Reform, Pillar Two Model Rules: The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include: A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. See more information in note 2.6.
- IFRS 17 Insurance contracts and amendments to IFRS 17 insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative information: The standard requires a current measurement model for insurance liability with re-measured estimates at each reporting date. Outokumpu has a captive insurance company Visenta Försäkrings AB but in the Group's consolidated financial statements IFRS 17 is not applicable.

The new and amended standards, interpretations and decisions did not have material impact on Outokumpu's consolidated financial statements.

2. Business result

In 2023, Outokumpu generated a solid adjusted EBITDA in more challenging market conditions and kept its balance sheet strong. Stainless steel deliveries decreased from the previous year and realized prices for stainless steel were substantially lower especially in Europe, reflecting weaker market. Net result, however, turned negative mainly due the impairment booking related to the renegotiated hot rolling agreement in business area Americas.

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 commercials, 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, Raw material procurement, Finance and IR, General procurement, Strategy, Transformation office, HR, Group communications, Global business services, R&D, Technology, Sustainability and Group IT.

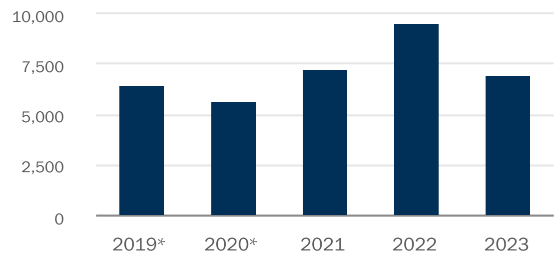
Europe consists of both coil and plate operations in Europe. The high-volume and tailored standard stainless steel grades are primarily used for example in architecture, building and construction, transportation, catering and appliances, chemical, petrochemical and energy sectors, as well as other process 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.

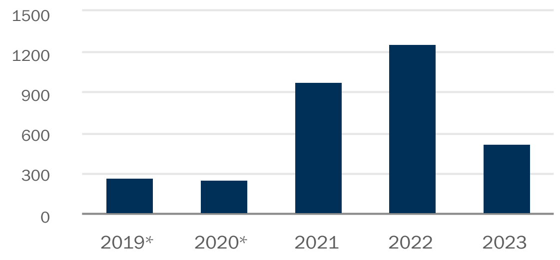
Ferrochrome produces charge grade of ferrochrome. The business area has a chrome mine in Kemi, Finland and ferrochrome smelters in Tornio, Finland.

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, Corporate Management expenses and other extraordinary costs not part of business area performance assessment that are 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, nickel procured under the Group's sourcing contract, sales of non-core businesses and internal services.

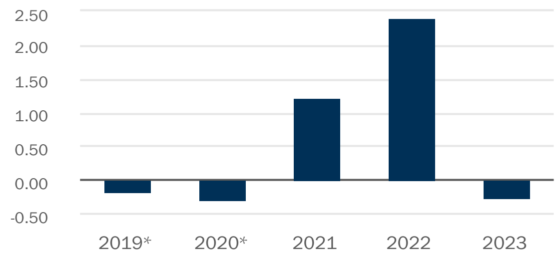
Sales, € million



Adjusted EBITDA, € million



Earnings per share, €



* Including discontinued operations

Sales EUR

7.0

billion

Adjusted EBITDA EUR

517

million

Net result EUR

-111

million

Earnings per share EUR

-0.26

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
Adjustments to 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 write-down	-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
EBIT	-31	-54	41	-44	-107	51	-100
Assets in operating capital	2,843	940	1,018	4,801	824	-754	4,871
Other assets							602
Deferred tax assets							454
Total assets							5,927
Liabilities in operating capital	993	346	125	1,463	224	-207	1,480
Other liabilities							653
Deferred tax liabilities							31
Total liabilities							2,165
Operating capital	1,850	594	894	3,338	600	-548	3,390
Return on operating capital (ROOC), %	1.5	25.8	5.0				

In 2023, Outokumpu recognized adjustments 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, restructuring costs total of 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. Adjustment item was also recognized for a propane-related inventory write-down of EUR 20 million. For more information on impairments related to business area Americas in 2023, see note 4.1.

In 2022, Outokumpu recognized adjustments relating mainly to divestment in the Netherlands, Italy, and Argentina, amounting to EUR 10 million loss and impairment related to Group's ERP systems of EUR 10 million

Adjustments to EBITDA and EBIT

€ million	2023	2022
Loss on disposal of shares in Group companies and businesses	**-26**	-10
Restructuring costs	**-50**	—
Inventory write-down	**-20**	—
Onerous contracts provisions	**-7**	—
Litigation provisions	**—**	2
Adjustments to EBITDA	**-102**	-7
Impairments of Group’s ERP systems	**—**	-10
Impairments on non-current assets	**-272**	—
Adjustments to EBIT	**-374**	-17

2022 € million	Europe	Americas	Ferrochrome	Operating segments total	Other operations	Eliminations	Group
				Reconciliation			
External sales	6,225	2,686	221	9,131	258	—	9,389
Inter-segment sales	42	9	412	462	462	-924	—
Intra-Group sales to discontinued operations	—	—	—	—	—	104	104
Sales	6,266	2,695	633	9,594	720	-820	9,494
Adjusted EBITDA	680	384	220	1,284	-34	6	1,256
Adjustments to EBITDA							
Loss on disposal of shares in Group companies and businesses	—	—	—	—	-10	—	-10
Litigation provisions	—	2	—	2	—	—	2
EBITDA	680	387	220	1,287	-44	6	1,248
Depreciation and amortization	-130	-67	-42	-239	-6	0	-245
Impairments	0	0	-1	-1	-10	—	-11
EBIT	550	320	177	1,046	-60	5	992
Assets in operating capital	3,203	1,274	954	5,431	419	-301	5,550
Other assets							625
Deferred tax assets							390
Assets held for sale							419
Total assets							6,983
Liabilities in operating capital	1,339	285	87	1,711	385	-283	1,813
Other liabilities							848
Deferred tax liabilities							0
Liabilities related to assets held for sale							204
Total liabilities							2,864
Operating capital	1,864	990	867	3,721	34	-18	3,737
Return on operating capital (ROOC), %	28.9	32.4	20.7				

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, so it is defined also in the Alternative performance measures section within the Review by the Board of Directors and reconciled to the consolidated statement of income.

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 Definitions of financial key figures.

2.2 Revenue

External sales by geographical destination

€ million	Finland	Other Europe	North America	APAC region	Other countries	Group
2023						
Operating segment						
Europe	222	4,035	105	318	70	4,749
Americas	—	0	1,856	5	22	1,883
Ferrochrome	13	130	21	44	0	207
Other operations	8	98	13	2	—	121
	243	**4,263**	**1,995**	**368**	**91**	**6,961**
2022						
Operating segment						
Europe	366	5,014	149	565	134	6,229
Americas	—	0	2,603	2	80	2,686
Ferrochrome	16	163	40	28	—	247
Other operations	2	278	51	1	—	331
	384	**5,455**	**2,843**	**597**	**214**	**9,494**

Year 2022 figures by operating segment include intra-group sales to discontinued operations amounting to EUR 104 million.

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.

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.

In the end of 2023, the amount of revenue recognized under the bill and hold arrangements for products not delivered yet 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	2023	2022
Cost of sales	-6,474	-8,147
Selling and marketing expenses	-73	-72
Administrative expenses	-260	-225
Research and development expenses	-14	-15
Total, continuing operations	-6,821	-8,460

Cost of sales and selling, general and administrative expenses by nature

€ million	2023	2022
Materials	-3,671	-5,263
Supplies	-737	-777
Energy	-461	-462
Maintenance	-226	-197
Freight	-248	-284
Employee benefits	-712	-722
Depreciation and amortization	-242	-245
Other	-524	-510
Total, continuing operations	-6,821	-8,460

Depreciation and amortization by function

€ million	2023	2022
Cost of sales	-233	-236
Selling and marketing expenses	0	-1
Administrative expenses	-7	-7
Research and development expenses	-1	-1
Total, continuing operations	-242	-245

Auditor fees

€ million	2023	2022
Audit	-2.9	-2.5
Audit-related services	—	—
Tax advisory	-0.1	0.0
Other services	-0.2	-0.2
Total, continuing operations	-3.2	-2.7

PricewaterhouseCoopers Oy has provided non-audit services to Outokumpu in total of EUR 0.3 million during 2023 (2022: EUR 0.2 million). These services comprised of sustainability reporting, ESG consulting 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	2023	2022
Exchange gains and losses from foreign exchange derivatives	**-2**	—
Market price gains and losses from commodity derivatives	**10**	—
Market price gains and losses from derivative financial instruments	**8**	—
Sale of services and rental income	**7**	5
Gains on sale of non-current assets	**33**	3
Insurance compensation	**6**	0
Other income items	**8**	10
Total continuing operations	**62**	18

Other operating expenses

€ million	2023	2022
Exchange gains and losses from foreign exchange derivatives	**—**	-8
Market price gains and losses from commodity derivatives	**—**	-21
Market price gains and losses from derivative financial instruments	**—**	-29
Impairments in non-current assets	**-274**	-11
Loss on disposal of shares in Group companies and businesses	**-26**	-9
Loss on sale of non-current assets	**0**	-2
Other expense items	**-2**	-8
Total, continuing operations	**-302**	-60

Comparative information for exchange as well as market price gains and losses is reported as other operating expenses.

In other operating income the gain on sale of non-current assets is mainly related to the sale of emission allowances amounting to EUR 29 million. More information on emission allowances in note 4.1.

In other operating expenses 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 metal powder plant. More information on the impairment of business area Americas in note 4.1.

Loss on disposal of shares in Group companies and businesses is related to the sale of Degerfors. More information on the disposal in note 6.2.

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	2023	2022
Interest income	**16**	4
Other financial income	**5**	1
Interest income and other financial income	**21**	4
Interest expenses		
Debt at amortized cost	**-19**	-21
Factoring	**-19**	-10
Lease liabilities	**-10**	-10
Employee benefit obligations	**-7**	-3
Other interest expenses	**-5**	-1
Interest expenses	**-60**	-44
Capitalized interests	**2**	3
Fees related to committed credit facilities	**-6**	-12
Other fees	**-4**	-10
Other financial expenses	**-9**	-19
Exchange gains and losses		
Derivatives	**-5**	40
Cash, loans and receivables	**16**	-39
Other market price gains and losses		
Derivatives	**5**	-10
Other	**-4**	-3
Market price gains and losses	**11**	-12
Total, continuing operations	**-37**	-71

Exchange gains and losses in the consolidated statement of income

€ million	2023	2022
In sales	**7**	10
In purchases	**9**	-31
In other operating income and expenses	**-2**	-8
In financial income and expenses	**11**	1
Total, continuing operations	**24**	-29

Exchange gains and losses include EUR 7 million of net exchange loss on derivative financial instruments (2022: EUR 32 million net exchange gain) of which a loss of EUR 2 million (2022: EUR 8 million loss) has been recognized in other operating income and expenses and a loss of EUR 5 million (2022: EUR 40 million gain) 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	2023	2022
Current taxes	**-23**	-61
Deferred taxes	**45**	215
Total, continuing operations	**22**	154

Reconciliation of income taxes in the consolidated statement of income

€ million	2023	2022
Result before taxes	**-133**	933
Income taxes at Finnish tax rate of 20%	**27**	-187
Difference between Finnish and foreign tax rates	**-1**	-46
Non-deductible expenses and tax exempt income	**0**	-1
Current year result for which no deferred tax asset has been recognized	**—**	84
Changes in deferred tax recognition	**10**	303
Group company disposals	**-5**	-2
Taxes for prior years	**-6**	1
Tax rate changes and other changes in tax laws	**-3**	-1
Associated companies	**1**	2
Total, continuing operations	**22**	154

Accumulated deferred taxes recognized in equity

€ million	2023	2022
Deferred tax on convertible bond equity component	**-1**	-1
Net investment hedging	**-4**	-4
Remeasurements of the net defined benefit liability	**69**	64
Derivatives	**-2**	6
Total, continuing operations	**63**	64

Deferred tax assets and liabilities

€ 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	-215	9	85	—	0	-121
Inventories	3	1	-14	—	0	-11
Net derivate 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	43	0	0	—	0	42
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**

During 2023 the process of netting of deferred tax assets and liabilities was redefined.

€ million	Jan 1, 2022 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, 2022 Net deferred tax assets (+) and liabilities (-)
Intangible assets	5	—	3	—	0	8
Property, plant and equipment	-211	-9	14	—	-8	-215
Inventories	6	0	-2	—	0	3
Net derivate financial assets	1	0	-5	6	0	2
Other financial assets	39	0	-8	—	0	31
Employee benefit obligations	41	0	-1	-24	0	16
Other financial liabilities	38	0	5	—	0	43
Provisions	-5	0	6	—	0	1
Tax losses and tax credits	307	-8	203	—	-2	500
Net deferred tax assets	221	-18	215	-18	-10	**390**
Deferred tax assets	222					**390**
Deferred tax liabilities	-1					**0**

Reclassifications include transfers to assets classified as held for sale.

Tax losses and related deferred tax assets

€ million	Tax losses carried forward 2023	2022	Recognized deferred tax assets 2023	2022	Unrecognized deferred tax assets 2023	2022
Expire in 2-5 years	**0**	0	**0**	0	**0**	—
Expire later than in 5 year	**1,090**	1,267	**238**	302	**25**	—
Never expire	**967**	924	**222**	199	**0**	7
Total, continuing operations	**2,056**	2,190	**461**	500	**25**	7

Tax losses by country

€ million	2023	2022
Finland	**94**	0
Germany	**169**	145
Sweden	**198**	190
The US	**1,358**	1,640
The UK	**179**	168
Other countries	**58**	47
Total, continuing operations	**2,056**	2,190

As of December 31, 2023, 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. A deferred tax asset of EUR 297 million relating to US losses was recorded in the balance sheet in 2022. Year 2021 was the first profitable year for business area Americas after a long history of losses and the accounting assessment for deferred tax asset did not support the recognition of a net deferred tax asset. Year 2022 was also profitable and therefore, following two consecutive years of strong performance and good expectations for continuing good performance, the condition for recording a deferred tax was fulfilled. Business area Americas has continued its strong performance in year 2023.

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, the UK 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 Oyj is incorporated, based on the EU directive, and will come into effect from January 1, 2024. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Regarding the OECD Pillar 2 model rules, the management does not expect any material impact. The analysis is based on rules, regulations and information available at the time when the financial statements are prepared.

2.7 Earnings per share

	2023	2022
Net result attributable to the equity holders of the parent company, € million	**-106**	1,140
Interest expenses on convertible bond, net of tax, € million	**8**	8
Adjusted net result attributable to the equity holders of the parent company, € million	**-98**	1,148
Net result attributable to the equity holders of the parent company, continuing operations, € million	**-111**	1,086
Interest expenses on convertible bond, net tax, continuing operations, € million	**8**	8
Adjusted net result attributable to the equity holders of the parent company, continuing operations, € million	**-103**	1,094
Adjusted weighted average number of shares, in thousands	**435,090**	451,933
Adjusted diluted weighted average number of shares, in thousands	**475,844**	493,536
Earnings per share, €	**-0.24**	2.52
Diluted earnings per share, €	**-0.21**	2.33
Earnings per share, continuing operations, €	**-0.26**	2.40
Diluted earnings per share, continuing operations, €	**-0.22**	2.22

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.

In 2022, Outokumpu repurchased 8,575,126 treasury shares as part of a share buyback program started in 2022.

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 somewhat increased its number of personnel during 2023 and at the end of December full-time equivalent number of personnel was 8,469. Employee benefit expenses slightly decreased in 2023 however, reflecting the cost reduction measures taken to adapt to the weaker market environment.

3.1 Employee benefit expenses

€ million	2023	2022
Wages and salaries	**-531**	-544
Termination benefits	**-18**	-9
Social security costs	**-98**	-108
Post-employment and other long-term employee benefits		
Defined benefit plans	**-3**	-5
Defined contribution plans	**-50**	-41
Other long-term employee benefits	**-7**	-1
Share-based payments	**-1**	-8
Other employee benefit expenses	**-4**	-7
Total continuing operations	**-712**	-722

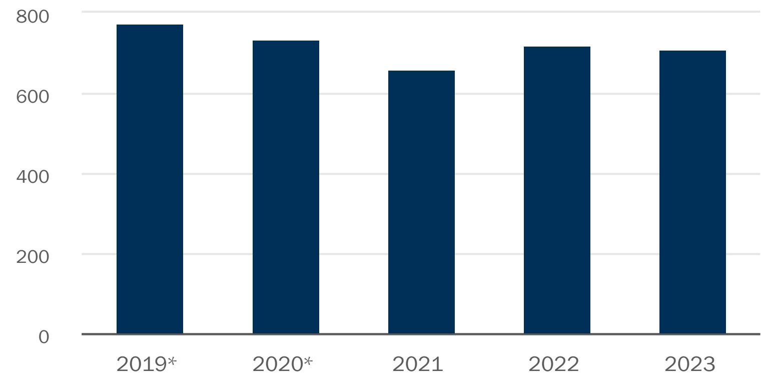
Total employee benefit expenses EUR

-712 million

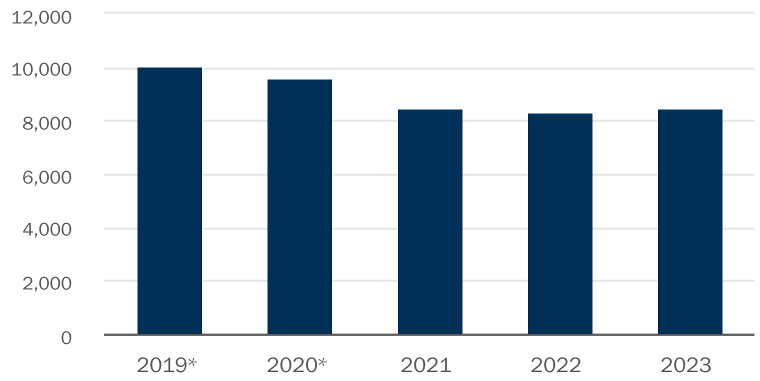
Number of personnel at the end of period (FTE)

8,469

Employee benefit expenses, € million



Personnel on December 31



Personnel reported as full time equivalent number.
*Including discontinued operations

3.2 Employee benefits for key management

€ thousands	2023	2022
Short-term employee benefits	**6,438**	6,404
Post-employment benefits [1]	**240**	233
Share-based payments	**447**	2,331
Remuneration to the Board of Directors	**918**	898
	8,043	9,866

[1] Contains only supplementary pensions

Key management includes the members of the Outokumpu Leadership Team and the members of the parent company Outokumpu Oyj's Board of Directors. President and CEO, CFO, Presidents of the core business areas and business lines, Chief Procurement Officer, Chief Technology Officer and Chief Human Resources Officer are part of the Outokumpu Leadership Team. In June 2023, the Chief Procurement Officer was added to the Leadership Team, bringing the number of its members from 8 to 9.

Employee benefits for the CEO

	Recognized in profit or loss		Remuneration paid	
€ thousands	2023	2022	2023	2022
Salaries and short-term benefits	**1,003**	900	**1,003**	900
Short-term incentives	**516**	871	**871**	1,065
Post-employment benefits	**259**	241	**259**	241
Share-based payments	**111**	633	**729**	—
	1,888	2,645	**2,863**	2,206

CEO participates in the Finnish TyEL pensions system, and the post-employment benefits have been calculated based on the general TyEL contribution percentage of the employer.

Remuneration paid to Board of Directors

€ thousands	2023	2022
Chairman Kari Jordan	**193**	190
Vice Chairman Eeva Sipilä, until March 31, 2022	**—**	4
Vice Chairman Kati ter Horst, Vice Chairman as of March 31, 2022	**120**	114
Member Heinz Jörg Fuhrmann	**94**	95
Member Päivi Luostarinen	**93**	92
Member Jyrki Mäki-Kala, as of March 30, 2023	**106**	—
Member Karl-Petter Söderström, as of March 31, 2022	**92**	87
Member Vesa-Pekka Takala, until March 30, 2023	**8**	113
Member Pierre Vareille	**98**	100
Member Julia Woodhouse	**113**	105
Total	**918**	898

Remuneration of the CEO

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 2023, 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. The outcome was 54%or EUR 515,755. It will be paid in March 2024.

In 2023, the long-term incentive target and maximum levels remained at 50% and respectively 75% of the annual base salary at time of grant. The Performance Share Plan (PSP) 2021-2023 partly met its performance criteria and the executives participating in the plan, including the CEO, will receive 73.3% of the shares granted at target level. The rewards will be paid in 2024.

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. He is entitled to a severance payment of 12 months, and the notice period is 6 months for both parties. Heikki Malinen's retirement age is 65 years. He participates in the Finnish statutory pension system, and in 2023 there was no supplementary pension plan at place.

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. In addition to the annual remuneration, a meeting fee is paid. The Board members are not eligible for any pension schemes nor any other share-based rewards.

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 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 45% and 52% 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 the Company.

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 2023, the escrow balance was GBP 13 million (2022: GBP 13 million). The actuarial losses in 2023 amounted to EUR 0.5 million.

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 2021.

Discontinued operations

At the end of year 2023, there were no assets held for sale nor costs related to defined benefits. All the year 2022 figures in this note are including discontinued operations as their impact is considered immaterial.

Defined benefit cost in profit or loss and other comprehensive income

€ million	**2023**	2022
In employee benefit expenses in EBIT	**-3**	-5
In financial income and expenses	**-7**	-3
Defined benefit cost in profit or loss	**-11**	-7
In other comprehensive income	**-15**	65
Total defined benefit cost	**-25**	57

Gross defined benefit obligations and plan assets

€ million	**2023**	2022
Present value of funded defined benefit obligations	**522**	502
Present value of unfunded defined benefit obligations	**1**	2
Fair value of plan assets	**-330**	-301
Net defined benefit liability	**193**	202

Amounts recognized in the consolidated statement of financial position

€ million	**2023**	2022
Net defined benefit liability	**193**	202
Other long-term employee benefit liabilities	**19**	14
Employee benefit obligations in statement of financial position	**212**	216

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.

There was a net defined benefit liability of EUR 1 million in statement of financial position in discontinued operations in 2022.

Movement in net defined benefit liability

€ million	Present value of obligation 2023	Fair value of plan assets 2023	Net defined benefit liability 2023	Present value of obligation 2022	Fair value of plan assets 2022	Net defined benefit liability 2022
Total on Jan 1	504	-301	202	781	-487	294
Current service cost	3	—	3	4	—	4
Past service cost	—	—	—	1	—	1
Interest expense/(income)	21	-14	7	10	-8	3
Remeasurements arising from						
Return on plan assets	—	-9	-9	—	178	178
Demographic assumptions	-5	—	-5	4	—	4
Financial assumptions	20	—	20	-264	—	-264
Experience adjustment	9	—	9	16	—	16
Exchange differences	6	-5	1	-16	17	1
Employer contributions	0	-34	-34	—	-34	-34
Benefits paid	-33	33	0	-31	31	—
Settlements	0	—	0	-1	2	0
Business combinations	-1	—	-1	—	—	—
Total on Dec 31	**524**	**-330**	**193**	504	-301	202
Germany on Dec 31	**233**	**-58**	**175**	221	-34	187
The UK on Dec 31	**273**	**-267**	**6**	266	-262	4

The weighted average duration of the overall defined benefit obligation is 13.2 years. In Germany and in the UK, the weighted average durations are 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 2024 are EUR 35 million and relate mainly to the German plans.

Allocation of plan assets

€ million	2023	2022
Cash and cash equivalents	**1**	2
Insurance policies	**271**	264
Other assets	**59**	34
Total plan assets	**330**	301

On December 31, 2023, 0.2% of the plan assets were invested in quoted instruments (Dec 31, 2022: 0.8%).

Significant actuarial assumptions

		Germany	The UK	Other countries
Discount rate, %	**2023**	**3.18**	**4.50**	**8.15**
	2022	3.74	4.75	7.14
Future salary increase, %	**2023**	**—**	**—**	**5.28**
	2022	—	—	4.11
Inflation rate, %	**2023**	**2.30**	**3.10**	**3.48**
	2022	2.30	3.25	3.40
Future benefit increase, %	**2023**	**2.30**	**2.95**	**2.06**
	2022	2.30	3.10	2.01
Medical cost trend rate, %	**2023**	**—**	**—**	**4.70**
	2022	—	—	5.20
Life expectancy	**2023**	**RT 2018 G mortality tables**	**96% SAPS All Pensioner Amounts tables with CMI Core Projection Model - 2022**	**Standard mortality tables**
	2022	RT 2018 G mortality tables	96% SAPS All Pensioner Amounts tables with CMI Core Projection Model - 2021	Standard mortality tables

Sensitivity analysis of significant actuarial assumptions

	Change in assumption	Germany, %	The UK, % [1]	Other countries, %
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
2022				
Discount rate	+/-0.5%	-5 / +6	-7 / +8	-3 / +4
Future benefit increase	+/-0.5%	+3 / -2	+5 / -5	+2 / -2
Medical cost trend rate	+/-0.5%	— / —	— / —	+5 / -4
Future salary increase	+/-0.5%	— / —	— / —	+3 / -3
Life expectancy	+ 1 year	— / +2	— / +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.

[1] The buy-in removed risks of investment, longevity, interest rate changes and inflation for the scheme.

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 2023, the share-based payment expenses included in the employee benefit expenses were EUR 1 million (2022: EUR 8 million). The total estimated value of the share-based payment plans is EUR 13 million on December 31, 2023 (2022: EUR 18 million). This value is recognized as an expense in the statement of income during the vesting periods.

Outstanding programs

During 2023, Outokumpu's share-based payment programs include Performance Share Plan (periods 2021–2023, 2022–2024 and 2023–2025) and Restricted Share Pool (periods 2021–2023, 2022–2024 and 2023–2025).

In December 2023, the Board of Directors has approved the commencement of Outokumpu’s share-based programs, Performance Share Plan and Restricted Share Pool, for the period 2024–2026. The plans commence at the beginning of 2024.

Vested programs

In 2023, the Performance Share Plan 2020–2022 ended with the targets met in full, and after deduction for the applicable taxes, a total of 732,495 shares were delivered to the participants. Regarding the Restricted Share Pool period 2020–2022, after deductions for the applicable taxes, a total of 90,545 shares were delivered to 33 participants based on the conditions of the plan. From the Restricted Share Pool 2021–2023, after deductions for applicable taxes as second installment of three, in total 41,577 shares were delivered to the 56 participants. From the Restricted Share Pool 2022–2024, after deductions for applicable taxes as first installment of three, in total 27,093 shares were delivered to the 56 participants. Shares were delivered in February 2023, and Outokumpu used its treasury shares for the reward payments.

Share-based payment opportunity

Maximum number of shares Dec 31, 2023	2024	2025	2026	Total
PSP 2021-2023	2,724,375	—	—	2,724,375
RSP 2021-2023	65,370	—	—	65,370
	2,789,745	—	—	2,789,745
PSP 2022-2024	—	1,305,353	—	1,305,353
RSP 2022-2024	57,034	237,332	—	294,366
	57,034	1,542,685	—	1,599,719
PSP 2023-2025	—	—	2,465,400	2,465,400
RSP 2023-2025	60,064	60,064	60,072	180,200
	60,064	60,064	2,525,472	2,645,600
Total	**2,906,843**	**1,602,749**	**2,525,472**	**7,035,064**

The general terms and conditions of the outstanding share-based incentive programs

	Performance Share plan		
	PSP 2021-2023	PSP 2022-2024	PSP 2023-2025
Grant date	March 15, 2021	March 15, 2022	March 10, 2023
Vesting period	Jan 1, 2021-Mar 31, 2024	Jan 1, 2022-Mar 31, 2025	Jan 1, 2023-Mar 31, 2026
Number of participants	94	99	183
Share price at grant date, €	4.35	4.50	5.68
Exercised	In shares and cash in 2024	In shares and cash in 2025	In shares and cash in 2026
Vesting conditions			
Non-market	Return on capital employed	Return on capital employed (80%), CO_2, emissions per ton of crude steel produced (20%)	Return on capital employed (80%), CO_2, 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 2021-2023	RSP 2022-2024	RSP 2023-2025
Grant date	March 15, 2021	March 15, 2022	March 10, 2023
Vesting period	Jan 1, 2021-Mar 31, 2024	Jan 1, 2022-Mar 31, 2025	Jan 1, 2023-Mar 31, 2026
Number of participants	54	68	57
Share price at grant date, €	4.35	4.50	5.68
Exercised	In shares and cash, in 3 installments in 2022, 2023 and 2024	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
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 remained capital disciplined also in 2023, and the annual capital expenditure amounted to EUR 170 million. The group's main capital expenditure project during the past years has been the Kemi mine expansion, which was finalized during the year. Outokumpu's net working capital slightly decreased in 2023. Inventory volumes remained relatively stable while metal prices were lower. Return on capital employed was negatively affected by significant adjustment items on result.

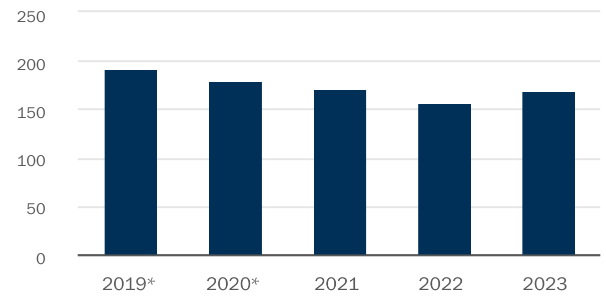
4.1 Intangible assets and property, plant and equipment

Intangible assets

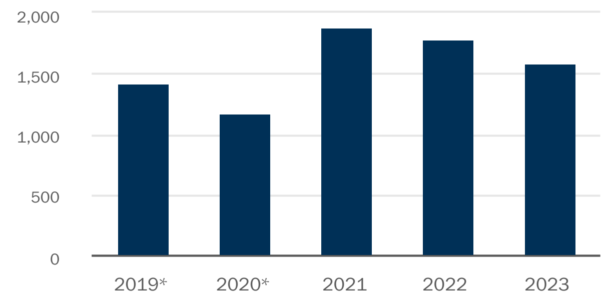
2023 € million	Goodwill	Other intangible assets	Total
Historical cost on Jan 1, 2023	471	352	823
Translation differences	—	-3	-3
Additions	—	24	24
Disposals	—	-7	-7
Reclassifications	1	-35	-33
Other	—	0	0
Historical cost on Dec 31, 2023	**472**	**332**	**804**
Accumulated amortization and impairment on Jan 1, 2023	-15	-262	-276
Translation differences	—	3	3
Amortization	—	-13	-13
Disposals	—	0	0
Reclassifications	0	38	37
Other	—	0	0
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.

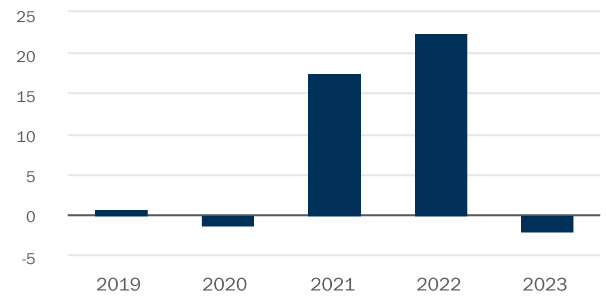
Capital expenditure, € million



Inventories, € million



Return on capital employed, %,



*Including discontinued operations.

2022 € million	Goodwill	Other intangible assets	Total
Historical cost on Jan 1, 2022	482	367	849
Translation differences	-2	-4	-5
Additions	—	7	7
Disposals	-2	-2	-4
Reclassifications	-8	-15	-23
Historical cost on Dec 31, 2022	**471**	**352**	**823**
Accumulated amortization and impairment on Jan 1, 2022	-17	-255	-272
Translation differences	1	4	5
Amortization	—	-16	-16
Impairments	—	-10	-10
Disposals	1	1	2
Reclassifications	—	15	15
Accumulated amortization and impairment on Dec, 31, 2022	**-15**	**-262**	**-276**
Carrying value on Dec 31, 2022	**456**	**91**	**547**
Carrying value on Jan 1, 2022	465	112	577

Impairments in other intangible assets relate mainly to the Group's ERP systems. Reclassifications include transfers to assets classified as held for sale.

Emission allowances

Outokumpu's continuing operations had the following active sites operating under EU's Emissions Trading Scheme (EU ETS) in 2023: 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 2023.

The pre-verified carbon dioxide emissions under EU ETS were approximately 0.9 million tonnes in 2023 (2022: 0.9 million tonnes). For its 2023 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 2023, Outokumpu Oyj sold externally 450,000 tons of emission allowances and recognized a gain on sale of non-current assets of EUR 29 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.

Property, plant and equipment

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 and also transfers between historical cost and accumulated depreciation and impairment.

Impairment in business area Americas

At the end of the year 2023, Outokumpu conducted an impairment test of business area Americas' fixed assets as the new extended hot rolling agreement is expected to decrease business area Americas' normalized annual EBITDA run-rate from USD 200 million to USD 170 million. The Value-in-use method was used in the calculations with a growth rate of 0.5% and a post-tax weighted average cost of capital (WACC) of 10.58%. As the result of the impairment test calculation, Outokumpu recognized an impairment loss of EUR 264 million related to property, plant and equipment of business area Americas.

2022 € million	Land	Mine properties	Buildings	Machinery and equipment	Other tangible assets	Advances paid and construction work in progress	Group
Historical cost on Jan 1, 2022	81	130	1,212	4,391	148	384	6,347
Translation differences	1	—	0	-26	-1	0	-27
Additions	—	0	1	8	0	96	106
Disposals	-2	—	-10	-28	-8	0	-48
Reclassifications	-4	0	-29	-185	-8	-36	-262
Other	—	—	—	1	—	-1	1
Historical cost on Dec 31, 2022	**76**	**131**	**1,174**	**4,161**	**132**	**443**	**6,116**
Accumulated depreciation and impairment on Jan 1, 2022	-14	-70	-760	-3,004	-91	—	-3,940
Translation differences	0	—	7	47	1	—	56
Disposals	—	—	4	27	8	—	40
Depreciation	—	-10	-39	-143	-5	—	-196
Impairments	—	—	0	0	—	—	0
Reclassifications	—	—	20	156	-2	—	175
Other	0	—	0	-2	—	—	-2
Accumulated depreciation and impairment on Dec 31, 2022	**-13**	**-81**	**-768**	**-2,916**	**-89**	**0**	**-3,866**
Carrying value on Dec 31, 2022	**63**	**50**	**406**	**1,244**	**43**	**443**	**2,250**
Carrying value on Jan 1, 2022	68	59	452	1,387	57	384	2,407

Reclassifications include transfers to assets classified as held for sale in addition to reclassifications from advances paid and construction work in progress to other asset classes.
All the comparative information regarding property, plant and equipment has been restated as the Group has separated the property, plant and equipment from the right-of-use assets in the 2023 consolidated statement of financial position.

Intangible assets and property, plant and equipment by geographical region

€ million	2023	2022
Finland	**1,552**	1,565
Other Europe	**495**	525
North America	**406**	698
APAC region	**8**	9
Other countries	**0**	0
	2,461	2,797

Capitalized interest expenses

During 2023, borrowing costs amounting to EUR 2 million (2022: EUR 3 million) were capitalized on investment projects under property, plant and equipment and intangible assets. Total capitalized interests on December 31, 2023 were EUR 25 million (Dec 31, 2022: EUR 32 million). The average capitalization rate used in 2023 was 1.0% (2022: 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 comprises 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

Land is not depreciated, except for leased land, 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. Contracts include typically fixed rental amounts, and for land and buildings, rents are linked to an index. 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 104 million.

Right-of-use assets

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

2022 € million	Land	Buildings	Machinery and equipment	Advances paid and other tangible assets	Total
Historical cost on Jan 1, 2022	36	47	183	0	266
Additions	—	1	5	0	6
Reclassifications	—	-3	-3	0	-6
Other changes	—	-3	-10	1	-13
Historical cost on Dec 31, 2022	**36**	**41**	**175**	**2**	**254**
Accumulated depreciation and impairment on Jan 1, 2022	-4	-22	-75	—	-101
Depreciation and impairments	-1	-5	-27	0	-33
Reclassifications	—	1	2	—	3
Other changes	—	4	29	0	33
Accumulated depreciation and impairment on Dec 31, 2022	**-5**	**-22**	**-71**	**-1**	**-97**
Carrying value on Dec 31, 2022	**31**	**20**	**104**	**1**	**156**
Carrying value on Jan 1, 2022	31	25	109	—	166

Reclassifications include transfers to assets classified as held for sale.

Lease liabilities

€ million	2023	2022
Non-current	**146**	143
Current	**29**	37
	175	179

Maturity analysis of lease liabilities is presented in note 5.1.

Lease expenses

€ million	2023	2022
Depreciation	**-37**	-32
Impairments	**-5**	-1
Interest expenses	**-10**	-10
Expenses on short-term and low-value leases	**-20**	-16
Total continuing operations	**-72**	-60

Lease cash flows

€ million	2023	2022
Repayments	**-39**	-33
Interest paid	**-10**	-10
Total, Group	**-49**	-43

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

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. An option is considered in determining the lease liability when it is highly probable that the option will be used.

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 in non-current and current debt in the consolidated statement of financial position.

Lease liabilities or right-of-use assets relating to short-term leases, leases of low value items, or intangible assets are not recognized to statement of financial position. Instead, related payments, as well as variable lease 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

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.

4.3 Goodwill impairment test

Goodwill and operating capital by operating segment

	Goodwill		Operating capital	
€ million	**2023**	2022	**2023**	2022
Europe	**343**	342	**1,850**	1,864
Americas	**—**	—	**594**	990
Ferrochrome	**114**	114	**894**	867
Other operations and intra-group items	**—**	—	**52**	16
Total, continuing operations	**457**	456	**3,390**	3,737

Assumptions by operating segment

	Europe	Ferrochrome
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**
2022		
Weighted average cost of capital (WACC), pre-tax, %	11.5	11.2
Weighted average cost of capital (WACC), after-tax, %	9.0	9.1
Terminal growth rate, %	0.5	0.5

Test results and sensitivities by operating segment

2023	Europe	Ferrochrome
Headroom, € million	1,189	217
After-tax WACC increase leading to impairment, %-points	6.2	2.4
EBITDA decrease leading to impairment, %	37	19
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 2023 and 2022, 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 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, defined in the Alternative performance measures section of the Review by the Board of Directors.

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 base 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 risk-free rate, Outokumpu credit margin, equity market risk premium, 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	2023	2022
Raw materials and consumables	**690**	635
Work in progress	**553**	689
Finished goods and merchandise	**321**	447
Advanced payments	**16**	12
Total	**1,581**	1,783

Net realizable value write-downs of EUR 19 million were recognized in the profit or loss during 2023 (2022: write-downs of EUR 24 million).

In 2023, Outokumpu continued to apply cash flow hedge accounting for three selected nickel hedging programs. 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 of 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 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	2023	2022
Non-current		
Non-current receivables and accruals	**12**	6
Current		
Trade receivables	**508**	593
VAT receivables	**51**	94
Escrow deposits	**18**	14
Prepaid insurance expenses	**7**	10
Other accruals	**21**	24
Other receivables	**4**	11
Total	**609**	746
Loss allowance on trade receivables		
On Jan 1	**5**	5
Reclassifications	**0**	0
Reduction in loss allowance	**0**	0
On Dec 31	**5**	5

In 2022, reclassifications include transfers to assets classified as held for sale.

Age analysis of trade receivables	2023	2022
Not overdue	**474**	553
Past due 1-30 days	**28**	28
Past due 31-60 days	**2**	7
More than 60 days	**4**	5
Total	**508**	593

Factored trade receivables

Outokumpu uses factoring to finance its working capital. Under these arrangements, Outokumpu has on December 31, 2023 derecognized trade receivables totaling EUR 376 million (2022: EUR 423 million), which represents fair value of the assets. Net proceeds received amounted to EUR 376 million (2022: EUR 423 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 14 million (2022: EUR 16 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. Year 2022 figures are presented for continuing operations.

Trade and other payables

€ million	2023	2022
Non-current		
Accruals	**16**	20
Total	**16**	20
Current		
Trade payables	**1,086**	1,210
Accrued employee-related expenses	**72**	100
Accrued interest expenses	**7**	6
VAT payable	**23**	96
Withholding tax and social security liabilities	**18**	23
Advance payments received	**31**	23
Other accruals	**53**	51
Other payables	**9**	9
Total	**1,299**	1,516

Liabilities related to customer contracts

On December 31, 2023, accrued volume discounts related to customer contracts amounted to EUR 24 million (Dec 31, 2022: EUR 38 million). These are reported as other current accruals.

The liabilities related to the unperformed transportation service were not material on December 31, 2023, and these liabilities as well as advance payments received 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, 2023, the maximum exposure to credit risk of trade receivables was EUR 508 million (2022: EUR 593 million). The portion of unsecured receivables during 2023 has been approximately 6-11% of all trade receivables. During 2023, credit limits have remained available from the insurer and there is no significant change in the insurance cover. Outokumpu has frequently monitored 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 2023, 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 reduced by having credit insurance that provides cover against political risk on external trade receivables. At year-end, main country related credit risk exposures included for example limited exposure on Argentina.

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 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 discounts, 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

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 reversed	-1	-1	-1	-2
Reclassifications	—	-13	1	-12
Provisions on Dec 31, 2023	**48**	**24**	**38**	**110**

2022 € million	Environmental provisions	Restructuring provisions	Other provisions	Total
Provisions on Jan 1, 2022	57	8	26	91
Translation differences	-1	0	1	0
Increase in provisions	3	14	7	24
Utilized during the financial year	-1	-10	-1	-12
Unused amounts reserved	—	-2	-4	-6
Reclassifications	-14	-2	—	-16
Provisions on Dec 31, 2022	**45**	**8**	**28**	**81**

Reclassifications include transfers to assets classified as held for sale.

€ million	**2023**	2022
Non current provisions	**73**	49
Current provisions	**37**	32
Total	**110**	81

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 2023 increases in restructuring provisions are mainly due to planned restructuring measures in Germany. Outokumpu plans to transfer it's precision strip operations from Dahlerbrück to Dillenburg and to close its coil service center in Hockenheim. These plans are expected to impact close to 200 people in Germany. Reclassifications are mainly related to transfers from provisions to employee benefit obligations in Germany. In 2022 increases in restructuring provisions were mainly due to revaluations related to the provisions from earlier redundancies as a result of employee negations in 2020.

Other provisions

Other provisions comprise for example provisions for litigations, product and other claims and are mainly current in nature. In 2023 the increase in other provisions is mainly related to onerous contracts provision of EUR 7 million related to the metal powder plant in Germany. In 2022, the increases in other provisions were mainly related to litigation provisions.

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 cost 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.

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 an 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 related to the Group.

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 the cost 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

Due to prudent capital discipline Outokumpu remained net debt free despite lower profitability and capital distributions. In 2023, credit rating agency Moody's upgraded Outokumpu from Ba3 positive to Ba2 stable. Prepayment of loans mitigated the impact of higher interest expenses.

The capital structure is regularly monitored by management with focus on the company's leverage ratio (net debt to adjusted EBITDA) . The target is to have a leverage ratio less than 1.0 in normal market conditions and it remained within the target during 2023.

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.

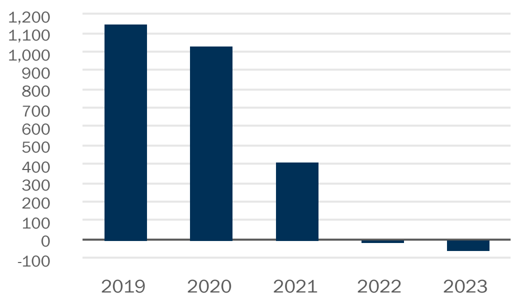
Equity is managed through dividend policy, share buybacks and issuances of equity or equity-linked securities. In March 2023 Outokumpu finalized its share buyback program for a maximum amount of EUR 100 million. A new share buyback program for a maximum amount of EUR 50 million was launched in November and will be finalized in March, 2024.

Tools to manage debt include raising new debt in various forms, establishing financing facilities, prepaying and cancelling loans, notes and other financing facilities in order to optimize the maturity structure of the debt portfolio and to minimize finance costs.

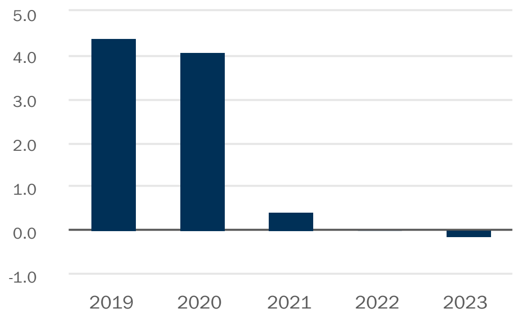
Capital structure

€ million	**2023**	2022
Total equity	**3,762**	4,119
Total non-current and current debt, incl. discontinued operations	**441**	633
Total capitalization	**4,204**	4,752
Net debt, incl. discontinued operations	**-60**	-10

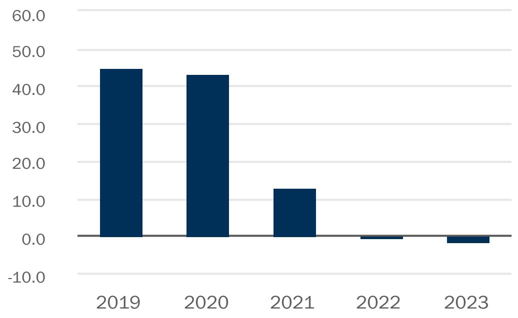
Net debt, € million*



Net debt to adjusted EBITDA*



Debt-to-equity, %*



*Including discontinued operations until 2022. In 2023 no discontinued operations impact in the balance sheet.

5.1 Net debt and capital management

The main focus in 2023 on debt management was to ensure sufficient liquidity and at the same time monitor financing costs following the sharp increase in interest rates. Net Debt decreased to EUR -60 million at the year end 2023. In addition to extending the maturity of the EUR 700 million revolving credit facility with 12 month to mature in 2027, all outstanding pension loans EUR 141 million were prepaid in June. In 2023 remaining outstanding real estate mortgage securities were released and returned to Outokumpu.

Outokumpu has evaluated options to manage its EUR 125 million convertible bond due in 2025. In order to mitigate and manage the dilutive impact of the conversion, Outokumpu completed a share buyback program of EUR 100 million in March 2023 and launched a new program of EUR 50 million in November 2023. The number of shares in the new program corresponds to approximately half of the remaining shares needed in the conversion. Outokumpu has recognized EUR 38 million financial liability related to the share buyback program and the maximum amount of EUR 50 million is impacting the equity and net debt at the end of December 2023. See more information on share buyback program in note 5.2.

Net debt

€ million	2023	2022
Non-current		
Convertible bonds	**119**	115
Loans from financial institutions	**85**	99
Pension loans	**—**	123
Lease liabilities	**146**	143
Other loans	**9**	11
	359	491
Current		
Loans from financial institutions	**14**	14
Pension loans	**—**	31
Lease liabilities	**29**	37
Other loans [1]	**40**	60
	82	141
Cash and cash equivalents		
Cash at bank and in hand	**497**	452
Short-term bank deposits and cash equivalents	**5**	74
	502	526
Net debt, continuing operations	**-60**	105
Discontinued operations [2]	**—**	-116
Total	**-60**	-10

[1] Including share buyback program related financial liability EUR 38 million (Dec 31, 2022: EUR 58 million),
[2] Including mainly cash and cash equivalents.

Net debt development

€ million	2023	2022
Net cash flow from operating activities	**325**	778
Net cash flow from investing activities	**-35**	-159
Cash flow before financing activities	**290**	619
Dividends paid	**-152**	-68
Treasury share purchase	**-70**	-42
Cash flow impact on net debt	**68**	509
Net debt on Jan 1	**-10**	408
Cash flow impact on net debt	**-68**	-509
Share buyback financial liability	**38**	58
Change in net debt, non-cash	**-20**	33
Net debt on Dec 31	**-60**	-10

Average effective interest rate of cash and cash equivalents at the end of 2023 was 3.8% (Dec 31, 2022: 2.3%).

Changes in non-current and current debt

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	—	0
Other non-cash movements	4	—	34	—	38	76
On Dec 31	213	15	146	29	38	441

2022 € 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	440	21	157	32	58	709
Financing cash flows	-50	-21	—	-33	-58	-163
Transfer to current debt	-46	46	-38	38	—	0
Other non-cash movements	4	—	25	1	58	87
Reclassifications [2]	—	—	-1	-1	—	-2
On Dec 31	348	46	143	37	58	632

[1] Including share buyback program related financial liability EUR 38 million (Dec 31, 2022 EUR 58 million).
[2] Reclassifications include liabilities related to assets held for sale.

Other non-cash movements in debt consist mainly of 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. The reconciliation of cash effective and non-cash movements in cash and cash equivalents is presented in the consolidated statement of cash flows.

Convertible bonds

		Outstanding amount	
€ million	Interest rate, %	**2023**	2022
2020 fixed rate bond maturing on July 9, 2025	5.0	**125**	125

The convertible bonds maturing in July 2025 can be converted into maximum of 42.379.788 ordinary shares in Outokumpu representing 9.8% 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 2.9448 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, 2023 remaining part of the equity component of the convertible bond amounted to EUR 6 million (Dec 31, 2022: EUR 10 million).

Contractual cash flows

€ million	2023						2022					
	2024	2025	2026	2027	2028	2029	2023	2024	2025	2026	2027	2028
Convertible bonds	—	125	—	—	—	—	—	—	125	—	—	—
Loans from financial institutions	14	14	14	14	14	28	14	14	14	14	14	42
Pension loans	—	—	—	—	—	—	31	29	23	19	15	38
Other loans [1)]	40	1	1	1	0	5	60	1	1	1	1	6
Interest payments on debt and facility charges	17	13	9	4	2	3	21	20	15	6	5	6
Lease liabilities	29	25	18	17	16	70	37	17	16	15	14	81
Interest payments on lease liabilities	10	9	7	6	5	127	9	8	7	6	5	132
Trade and other payables	1,103	—	—	—	—	—	1,220	—	—	—	—	—
	1,212	**187**	**49**	**43**	**38**	**234**	1,392	90	201	62	55	305

Contractual cash flows related to derivative instruments are presented in note 5.4.

[1)] Including share buyback program related financial liability EUR 38 million (Dec 31, 2022 EUR 58 million).

Credit facilities

€ million	Maturity	2023 Total	2023 Utilized	2023 Available	2022 Total	2022 Utilized	2022 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	—	800	800	—	800

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 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 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 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, 2022	452,572	311	714	2,308	-30	3,303
Shares delivered from the share-based payment programs	138	—	—	—	1	1
Repurchase of treasury shares	-8,575	—	—	—	-100	-100
Shares outstanding on Dec 31, 2022	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 bond	68	—	—	0	1	0
Shares outstanding on Dec 31, 2023	**431,191**	**311**	**714**	**2,307**	**-169**	**3,163**
Treasury shares	25,684					
Total number of shares on Dec 31, 2023	**456,874**					

Share buyback program

Through the 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. The share repurchases will be funded by using funds from the unrestricted equity. During the year 2023 Outokumpu had two different programs: the 2022 program that started in November 2022 and ended on March 24, 2023 and 2023 program that still continues.

During the year 2023, Outokumpu had purchased a total of 13,903,534 of its own shares of which 2,642,455 shares were under the new 2023 share buyback program and 11,261,079 were under the 2022 program that ended on March 24, 2023. On December 31, 2023, Outokumpu held 25,683,745 treasury shares, which represents 5.6% of the company's total number of shares.

2023 program

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 is 11 million, representing approximately 2.4% of the company's total number of shares. The program commenced on December 1, 2023, and ends no later than on March 21, 2024. By the end of December, Outokumpu has purchased 2,642,455 shares and used a total of EUR 12 million. The program continues.

Outokumpu has appointed a third-party broker to execute the share buyback program that, based on irrevocable instructions, will decide 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 is 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 has the option to terminate the program during the buyback period and will, in such case, issue a stock exchange release to this effect. Because of the nature of the contract with the third party, Outokumpu has recognized a EUR 38 million financial liability related to the share buyback program and the maximum amount of EUR 50 million is impacting the equity and net debt already in 2023.

The Annual General Meeting, held on March 30, 2023, authorized the Board of Directors to resolve to repurchase a maximum of 45,000,000 of Outokumpu's own shares, representing approximately 9.8% of Outokumpu's total number of shares.

2022 program

On November 3, 2022, Outokumpu's Board of Directors approved a share buyback program of up to EUR 100 million. The maximum number of shares to be repurchased under the program was 20 million, representing approximately 4.4% of the company's total number of shares. The program commenced on November 7, 2022, and ended on March 24, 2023.

During the program, Outokumpu repurchased a total of 19,836,205 of its own shares and used a total of EUR 100 million for the share repurchases. The average price per share was approximately EUR 5.04. After the completion of the program, Outokumpu held a total of 23,109,206 treasury shares, representing 5.06% of the company's total number of shares.

Dividend policy and distributable funds

According to the dividend policy, Outokumpu aims to distribute a stable and growing dividend, to be paid annually. On December 31, 2023, the distributable funds of the parent company totaled EUR 2,589 million of which retained earnings were EUR 369 million.

The Board of Directors proposes to the Annual General Meeting to be held on April 4, 2024 that a dividend of EUR 0.26 per share will be paid for the year 2023, corresponding to EUR 112 million based on the number of shares outstanding on December 31, 2023.

In 2023, Outokumpu paid for a financial year 2022 a total dividend of EUR 0.35 per share comprising of base dividend of EUR 0.25 per share plus an extra dividend of EUR 0.10 per share, a total of EUR 152 million. The extra dividend of EUR 0.10 per share was a one-time extra dividend that was distributed to the shareholders for the exceptionally good result of the financial year.

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 subscription and other contribution 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 volatility of 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 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 Chief Procurement Officer (CPO).

Financial risks consist of market, country, credit, liquidity and refinancing risks. Outokumpu subsidiaries hedge their currency and commodity price risk with parent company Outokumpu Oyj, 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 Global Business Services, and Treasury coordinates credit risk management. Customer credit risk is presented in note 4.5. The procurement is responsible for managing the electricity and fuel price risks.

Treasury sources all global insurances. The most important insurance lines are property damage and business interruption (PDBI), liability, marine cargo and credit risk. The captive insurance company Visenta Försäkringsaktiebolag is contributing global insurances by mainly participating in 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, 2023		Dec 31, 2022	
€ million	In profit or loss	In other comprehensive income	In profit or loss	In other comprehensive income
+/-10% change in EUR/USD exchange rate	+2/-3	—	+1/-2	—
+/-10% change in EUR/SEK exchange rate	-5/+6	—	-5/+7	—
+/-10% change in nickel price in USD	-2/+2	-6/+6	+2/-2	-18/+18
+/-1% parallel shift in interest rates	-1/+1	—	-2/+2	—

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 26–55%. With +/–30% change in dollar denominated price, the effect in profit or loss is about EUR -6/+6 million and in other comprehensive income EUR -19/+19 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, 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 cyclical 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 previous page.

The strategy for market risk management is based on identifying, evaluating and mitigating relevant risks in committed business transactions and balance sheet items for each of the market risk categories. Forecasted items are included in the underlying risk position in interest rate, energy price and emission allowance price risk. The use of derivatives to mitigate market risks may cause timing differences between derivative gains or losses and in the impact of net result of the underlying exposure. In order to reduce such timing differences in net result, hedge accounting can be applied selectively as part of the metal 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 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. However, continuing an exception to the hedging policy approved in 2019, the main operating entity in Sweden hedged its fixed price sales orders to a limited extent, and did not hedge its fixed price purchase orders. Forecasted and probable cash flows are not typically hedged but can be hedged selectively.

In 2023 there were no hedge accounting applied in foreign exchange hedging activities.

Foreign exchange positions of EUR based companies

	Dec 31, 2023				Dec 31, 2022			
€ million	SEK	USD	GBP	Other	SEK	USD	GBP	Other
Trade receivables and payables	-25	-157	6	9	5	-267	11	17
Loans and bank accounts [1]	90	-772	-43	4	243	-305	58	15
Derivatives	-64	908	32	-22	-229	566	-79	-39
Net position	0	-21	-5	-8	19	-6	-10	-7

Foreign exchange positions of SEK based companies

	Dec 31, 2023				Dec 31, 2022			
€ million	EUR	USD	GBP	Other	EUR	USD	GBP	Other
Trade receivables and payables	-6	7	2	3	32	13	3	6
Loans and bank accounts [1]	14	2	1	1	27	9	5	2
Derivatives	-81	-20	-19	-7	-83	-30	-18	-28
Net position	-72	-11	-17	-4	-24	-8	-11	-20

[1] Includes cash and cash equivalents, loan receivables and debt.

Currency distribution and re-pricing of outstanding net debt

€ million					Dec 31, 2023
Currency	Net debt [1]	Derivatives [2]	Rate sensitivity [3]	Average rate, % [4]	Duration, year [5]
EUR	117	771	7.4	6.3	2.8
SEK	-61	84	0.2	—	—
USD	-75	-791	-8.7	—	—
Others	-41	-47	-0.9	—	—
	-60	17	-1.9		

€ million					Dec 31, 2022
Currency	Net debt [1]	Derivatives [2]	Rate sensitivity [3]	Average rate, % [4]	Duration, year [5]
EUR	315	17	0.6	4.8	3.0
SEK	-31	250	2.2	—	—
USD	-165	-321	-4.9	—	—
Others	-130	63	-0.7	—	—
	-10	9	-2.7		

[1] Includes cash and cash equivalents, debt and financial liability related to share buyback program.
[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.
[4]) Includes debt and financial liability related to share buy back program. The interest rate of share buy back program financial liability is zero. Currency forwards are not included in average rate calculation. Year 2022 figures have been restated accordingly.
[5] Duration calculation includes both debt and interest rate derivatives. Year 2022 figures have been restated accordingly.

Outokumpu's largest foreign exchange transaction risk exposures are in US dollars, Swedish krona and British pound. However, the British pound foreign exchange transaction risk has decreased substantially after the divestment of UK operations of Long Products business. 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 risk origins from sales in the ferrochrome operations as chromium is priced in US dollars. Another significant US dollar cash flow risk is included in sales margins due to the dollar-linked stainless scrap purchase discounts. 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 a more detailed 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 2023, 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 CFO. In 2023, there were no hedges related to economic risk.

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 38% (2022: 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, 2023 was 7.0% (Dec 31, 2022: 5.4%).

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 maturity buckets to limits defined in the Treasury policy. This cash flow risk exposure excludes lease liabilities.

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 purchase and sale transactions as well as 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 impacts of metal price changes on net result, whereas efficient working capital management helps to reduce cash flow variations caused by metal price. 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 a more detailed 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 significant 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. The share of Group sales contracts including an alloy surcharge clause decreased in 2023 compared to the previous year.

After nickel market trading disruption in March 2022, LME has implemented new measures to prevent similar market behavior from occurring again, including permanent daily price limits and enhanced reporting of open positions in the market. During 2023 market has started to gain more confidence towards functioning of the LME nickel market. Market volumes and inventories of LME grade nickel have grown steadily especially in the second half of the 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 and partial ownerships in power utilities. The Energy Risk Steering Group monitors and decides upon proposed hedging levels for each European business entity.

All in all, Outokumpu's energy spend decreased around 20% - 25% compared to last year. For 2024, Outokumpu's energy portfolio has been hedged with roughly two thirds of the estimated consumption.

Outokumpu has initiated and executed multiple actions to prevent further risks from realizing and to cope with the escalated energy prices. Improved energy efficiency is prioritized and several initiatives are ongoing. In August, 2023 Outokumpu established a new reporting unit within Outokumpu Europe Oy, Outokumpu EvoEnergy. Outokumpu EvoEnergy will focus on long term development of increasing Outokumpu's own energy production and will also support Outokumpu's sustainability targets by focusing on new decarbonization initiatives. In December Outokumpu increased its ownership in Rajakiiri wind farm in Tornio. See more information on energy in Sustainability review's section Low-carbon energy and energy efficiency.

Outokumpu is exposed to changes in emission allowance prices as the Group's main production sites in Europe are participating in the EU Emissions Trading Scheme (EU ETS). All Outokumpu sites met the compliance requirements on time in 2023 regarding returning of emissions to local authorities. The Group's emission allowances positions are composed of realized and forecasted emissions netted against confirmed and forecasted emission allowances granted by the authorities. 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 an significant impact on this forecast.

Security price risk

Outokumpu has equity investments and fixed income securities. On December 31, 2023, the largest investments were in OSTP Holding Oy (investment in associated company of EUR 32 million) and Voimaosakeyhtiö SF. For more information on the investment in Voimaosakeyhtiö SF refer to note 6.6.

The captive insurance company Visenta Försäkringsaktiebolag has investments totaling EUR 27 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 risk on external account receivables. However, there is some exposure on certain countries where insurance was unavailable, like limited exposure in Argentina.

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 loss prevention program, focusing on execution of the mitigating and preventive actions.

Outokumpu has captive insurance company, Visenta Försäkringsaktiebolag (Visenta), for optimizing insurance arrangements as part of Group's risk management. The captive insurance company is registered in Sweden and can operate as a direct insurer and reinsurer. 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 2023	Negative fair value 2023	Net fair value 2023	Net fair value 2022	Nominal amounts 2023	Nominal amounts 2022
Currency and interest rate derivatives						
Currency forwards	11	-27	**-17**	-15	**1,972**	1,982
Interest rate swaps	—	-7	**-7**	-11	**125**	125
					Tonnes	Tonnes
Metal derivatives						
Forward nickel contracts, hedge accounted	15	-8	**7**	-53	**22,823**	21,612
Forward nickel contracts	8	-5	**3**	-12	**10,720**	13,289
Total derivatives	34	-47	**-14**	-91		
Less long-term derivatives						
Forward nickel contracts, hedge accounted	—	-1	**-1**	—		
Interest rate swaps	—	-7	**-7**	-11		
Short-term derivatives	34	-40	**-6**	-80		

Contractual cash flows

2023 € million	2024	2025	2026	2027
Currency derivatives				
Outflows	1,964	—	—	—
Inflows	-1,980	—	—	—
Interest derivatives	-6	-6	—	—
	-21	**-6**	**—**	**—**

2022 € million	2023	2024	2025	2026
Currency derivatives				
Outflows	1,975	—	—	—
Inflows	-1,990	—	—	—
Interest derivatives	-2	-4	-4	—
	-17	-4	-4	—

Hedge accounted cash flow hedges (nickel derivatives)

	2023	2022
Fair value of nickel derivatives, € million	**7**	-53
Nominal amount of nickel derivatives, tonnes	**22,823**	21,612
Hedge ratio	**1:1**	1:1
Fair value reserve in other comprehensive income, € million	**7**	-54
Reclassified to sales in profit or loss, € million	**16**	-28
Reclassified to cost of sales in profit or loss, € million	**2**	32
Recognized in inventory, € million	**4**	-5

The nickel hedge accounting programs implemented for the business area Americas and the business area Europe cover a material part of the Group's sales and purchase contracts. Forwards, which correspond to the pricing model of underlying, are used as derivative instrument. Only the spot component of nickel derivatives is under hedge accounting, forward element is recognized in profit or loss. The ineffectiveness is tested regularly. Management estimates that possible ineffectiveness can arise relates to credit risk or timing of transactions, but these are estimated to be immaterial.

Master netting agreements and similar arrangements

€ million	2023	2022
Derivative assets		
Gross amounts of recognized financial assets in the statement of financial position	**34**	40
Related financial instruments that are not offset	**21**	40
	12	0
Derivative liabilities		
Gross amounts of recognized financial liabilities in the statement of financial position	**47**	131
Related financial instruments that are not offset	**21**	40
	26	91

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 nickel 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

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	515	—	—	515		
Hedge accounted derivatives	—	—	15	15	15	2
Derivatives held for trading	—	—	19	19	19	2
Cash and cash equivalents	502	—	—	502		
	1,029	12	60	1,101		
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	1,103	—	—	1,103		
Hedge accounted derivatives	—	—	7	7	7	2
Derivatives held for trading	—	—	32	32	32	2
	1,544	—	47	1,591		

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. Current debt includes EUR 38 million (Dec 31, 2022 EUR 58 million) of share buyback program related financial liability.

2022 € million	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying amount	Fair value	Fair value hierarchy level
	Measured at					
Non-current financial assets						
Equity investments	—	25	—	25	25	3
Trade and other receivables	6	—	—	6		
Current financial assets						
Other investments	—	—	23	23	23	1
Trade and other receivables	593	—	—	593		
Hedge accounted derivatives	—	—	12	12	12	2
Derivatives held for trading	—	—	28	28	28	2
Cash and cash equivalents	526	—	—	526		
	1,126	25	63	1,213		
Non-current financial liabilities						
Non-current debt	491	—	—	491	571	2
Derivatives held for trading	—	—	11	11	11	2
Current financial liabilities						
Current debt	141	—	—	141	141	2
Trade and other payables	1,220	—	—	1,220		
Hedge and other payables	—	—	65	65	65	2
Derivatives held for trading	—	—	55	55	55	2
	1,852	—	131	1,983		

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, 2023	—	25
Additions	5	3
Disposals	—	0
Fair value changes	-5	-20
Carrying value at the end of the period	0	7

€ million	Investments at fair value through profit or loss	Equity investments at fair value through other comprehensive income
Carrying value on Jan 1, 2022	—	24
Additions	—	5
Disposals	—	0
Fair value changes	—	-4
Carrying value at the end of the period	—	25

In 2023 Outokumpu Oyj agreed to participate in a convertible loan offered by Voimaosakeyhtiö SF to its shareholders. Outokumpu's share is EUR 14 million. The first call of the loan was in August 2023 and amounted to EUR 5 million. The loan has been valuated at EUR 0 million at the end of the period. Change in value has been 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 6.6 and 5.7.

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

Number of 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	2023	2022
Carrying value on Jan 1	**25**	24
Additions	**11**	5
Disposals	**0**	—
Fair value changes	**-23**	-4
Carrying value on Dec 31	**12**	25

Fair value reserve in equity

€ million	2023	2022
Fair value on Dec 31	**12**	25
Reclassification	**-117**	—
Fair value at acquisition	**129**	118
Fair value reserve	**1**	-93

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 the 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 during the year EUR 11 million are related to two investments. In May 2023, Outokumpu signed an agreement to become a shareholder in the Canadian company, FPX Nickel Corp. with an ownership share of 9.9%. The amount of the investment is EUR 11 million. The premium paid over the share's market price at the acquisition date EUR 3 million has been treated as part of the inventory and will be released at the time of the nickel purchase. In December 2023, Outokumpu invested in a further stake in the Rajakiiri wind farm in Tornio, Finland. With this latest investment, Outokumpu's ownership in the 45MW wind farm in Tornio rised to a level of close to 9MW and 19.9% of the shares.

Outokumpu is an owner in nuclear utility through 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) nuclear power plant in Eurajoki, Finland. Outokumpu has indirect ownership in Tornion Voima Oy, combined heat and power plant in Tornio, Northern Finland. This indirect ownership is through EPV Energia Oy, with on 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 6 million at the year end (Dec 31, 2022: EUR 24 million). The remaining EUR 6 million (Dec 31, 2022: EUR 1 million) are other share holdings.

During the year 2023 Outokumpu's investment in Voimaosakeyhtiö SF (22%) 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. More information in note 6.6 Associated companies.

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 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	2023	2022
Mortgages and pledges on Dec 31		
Mortgages	**156**	546
Other pledges	**13**	13
Guarantees on Dec 31		
On behalf of subsidiaries for commercial and other commitments	**51**	51
On behalf of associated companies for financing	**—**	1
On behalf of discontinued operations for other commitments	**—**	5
Other commitments for financing on Dec 31	**2**	4

Outokumpu has issued business mortgages over movable assets in Kemi to secure an outstanding project loan. In June 2023, Outokumpu prepaid all outstanding pension loans and the mortgages in real property provided as security for the loans were returned.

Outokumpu Oyj 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 liabilities are reported under other commitments for financing.

Outokumpu has a long-term energy supply contract that includes a minimum purchase quantity. There is uncertainty as to whether the company will be able to utilize this minimum purchase quantity in full by the end of 2028 or whether there will be additional costs to the company from this contract.

Investment commitments and commitments related to shares in associated companies
Outokumpu is liable for its associated company Manga LNG Oy's certain liabilities amounting to EUR 12 million at the end of 2023 (Dec 31, 2022: EUR 16 million). In the above table, this commitment is reported as other pledges (Outokumpu's shares in Manga LNG Oy).

Outokumpu is a minority shareholder in its associated company Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima Oy. The role of Fennovoima Oy has changed from a nuclear power plant project company into an asset and litigation management company after it terminated the EPC (Engineering, Procurement and Construction) contract with RAOS Project Oy for supplier-related reasons in May 2022.

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 in the foreseeable future. In June 2023 Outokumpu Oyj agreed to participate in a convertible loan offered by 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 and amounted to EUR 5 million.

The Group's other off-balance sheet investment commitments totaled EUR 46 million on December 31, 2023 (Dec 31, 2022: EUR 27 million).

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

On July 12, 2022, Outokumpu announced that it had signed an agreement to divest the majority of the Long Products business operations to Marcegaglia Steel Group. The transaction includes melting, rod, and bar operations in Sheffield, the UK, bar operations in Richburg, the US, and wire rod mill in Fagersta, Sweden. The transaction excludes Outokumpu Long Products AB units in Degerfors and Storfors, Sweden. Long products activities that remained in Outokumpu until completion of disposal on August 1, 2023, are included in Other operations.

During 2022, Outokumpu reclassified its Long Products businesses to be divested assets held for sale and discontinued operations. Outokumpu booked an impairment loss of EUR 33 million. The impairment was allocated to goodwill, other intangible assets and property, plant and equipment.

The divestment was completed on January 3, 2023, and the transaction was carried out as a share sale. The total consideration for the transaction on a debt and cash-free basis was EUR 228 million. Provisional cash proceeds for the equity and net debt item were EUR 214 million, with EUR 5 million paid into an escrow account. The transaction costs in total are EUR 8 million and are presented in the net result for the period from discontinued operations.

The received proceeds, net of cash disposed, were EUR 94 million. The gain on divestment reported in the net result from discontinued operations was EUR 5 million, mainly as the accumulated translation differences were reclassified into net result at the time of the divestment. The consideration is still subject to the release of the escrow account.

Provisional gain on sale

€ million	2023
Total net assets sold as of Jan 3, 2023	**-215**
Provisional sale consideration	**214**
Other	**-4**
Gain on sale of discontinued operations before reclassification of accumulated translation differences	**-5**
Reclassification of accumulated translation differences	**10**
Gain on sale	**5**

€ million	2023
Cash flow	
Provisional cash consideration	**214**
Cash and cash equivalents	**-117**
Escrow account receivable	**-3**
Consideration received	**94**

Condensed statement of income, discontinued operations1)

€ million	2022
Sales	794
Cost of sales	-656
Gross margin	138
Other operating income	1
Sales, general and administrative costs	-17
Other operating expenses2)	-36
EBIT	86
Total financial income and expenses	2
Result before taxes	88
Income taxes3)	-35
Net result for the financial year from discontinued operations	54
Other comprehensive income for the financial year from discontinued operations, net of tax	8
Total comprehensive income for the financial year from discontinued operations	62

1) As the Long Product businesses were sold on January 3, 2023, 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. Other comprehensive income for the same period was EUR -12 million.
2) Including EUR 33 million of impairment loss
3) Due to the disposal of the Long Products businesses in the UK a related deferred tax asset was reduced, increasing the tax expense with EUR 13 million.

Condensed statement of financial position, discontinued operations

€ million	2022
Assets held for sale	
Non-current assets	
Property, plant and equipment	60
Total non-current assets	60
Current assets	
Inventories	193
Trade and other receivables	49
Cash and cash equivalents	117
Total current assets	359
Total Assets held for sale	419

€ million	2022
Liabilities related to assets held for sale	
Non-current liabilities	
Non-current debt	1
Deferred tax liabilities	2
Employee benefit obligations	1
Provisions	14
Total non-current liabilities	18
Current liabilities	
Current debt	1
Trade and other payables	186
Total current liabilities	186
Total liabilities related to assets held for sale	204

Condensed statement of cash flows, discontinued operations

€ million	2022
Net cash from operating activities	91
Net cash from investing activities	-2
Net cash from financing activities	-2
Net change in cash and cash equivalents from discontinued operations	87

As the Long Product businesses were sold on January 3, 2023, cash flows in 2023 are related to received proceeds, net of cash disposed of amounting to EUR 94 million.

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

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**

During the year 2023 Outokumpu has completed disposals of 2022 with no material impact on financial statements. Relating to the sale of Outokumpu Fortinox S.A. EUR 1 million was received as cash proceeds.

2022

Disposals

During the year 2022, Outokumpu divested its plate service center in Aalten, the Netherlands, plated services business in Castelleone, Italy, and Outokumpu Fortinox S.A. in Argentina.

The total book value of sold net assets including a cumulative translation adjustment release was EUR 22 million, the provisional loss on sale was EUR 9 million and the net cash received was EUR -1 million. A receivable of EUR 2 million related to the sale consideration of the subsidiary Fortinox S.A. is recognized in the trade and other receivables. Related transaction costs amounted to EUR 1 million.

These transactions did not have a significant impact on the Group.

€ million	2022
Total net assets sold	-22
Sale consideration	13
Provisional loss on sale	-9
Cash flow	
Cash consideration, net of cash acquired	1
Receivable related to sale consideration	-2
Consideration received	-1

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, consisting of 152 former and 126 current Outokumpu Calvert mill employees, brought suit against Outokumpu in U.S. federal circuit court. The plaintiffs alleged that Outokumpu failed to pay full wages for regular work and overtime work they performed. On November 18, 2021, the circuit court entered a default judgment against Outokumpu with respect to liability as a sanction for alleged misconduct during the discovery phase of the legal proceeding. On October 4, 2022, the circuit court further found Outokumpu liable to the plaintiffs for approximately USD 13 million in the aggregate, plus attorney's fees. Outokumpu has appealed the circuit court's November 18, 2021 default judgment entry and October 4, 2022 finding of liability. Outokumpu is of the view that the claims asserted against it are without merit and is defending against them. Appropriate provisions are in place.

Claim in Germany related to expired lease agreement

On January 19, 2018, Outokumpu was served with a claim 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 plaintiff has later in the process specified the claim and is now seeking 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 favour of the claimant and has been appealed by Outokumpu. On June 15, 2023 the court of appeal cancelled the ruling of May 4, 2022 and referred the dispute back to the court. Outokumpu is of the view that the claims asserted against it are without merit and and continues to defend against them. Appropriate provisions are in place.

Joinder to arbitration dispute between Fennovoima and Rosatom entities

Outokumpu Oyj has been joined into arbitration proceedings over a dispute between Fennovoima and Rosatom entities related to the termination of the EPC (Engineering, Procurement and Construction) contract. Outokumpu disputes the existence of any contractual relationship, obligation, or arbitration agreement between Outokumpu and any Rosatom entity.

6.4 Related parties

Outokumpu's related parties include the key management of the company and their close family members, subsidiaries, associated companies and Solidium Oy. Key management includes Leadership Team members and members of the Board of Directors, and their remuneration is presented in note 3.2. Commitments related to associated companies are presented in note 5.7. The principal subsidiaries and associated companies are listed later in this notes section.

Solidium Oy, a limited company fully owned by the State of Finland, owned 15.5% of Outokumpu on December 31, 2023. 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.

In 2023 Outokumpu Oyj agreed to participate in a convertible loan offered by 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 and amounted to EUR 5 million. The loan is valued at EUR 0 million at the end of December 2023.

Transactions with related partied are carried out at arms-length principles.

Transactions and balances with related companies

€ million	2023	2022
Sales and other operating income	**99**	115
Purchases	**-51**	-66
Dividend income	**3**	11
Trade and other receivables	**35**	26
Trade and other payables	**5**	7

6.5 Subsidiaries

December 31, 2023	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 UK	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, 2023	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 US	100
ThyssenKrupp Mexinox CreateIT, S.A. de C.V.	Mexico	100
Ferrochrome		
Outokumpu Chrome Oy [1)]	Finland	100
Other operations		
Outokumpu Americas, Inc.	The US	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
Québec Inc.	Canada	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 UK and Vietnam.

[1)] Shares and stock held by the parent company

6.6 Associated companies

	Industry	Domicile	Ownership, %
Envigas AB	Energy	Sweden	21
Manga LNG Oy	Energy	Finland	45
OSTP Holding Oy	Metals processing	Finland	49
Voimaosakeyhtiö SF	Energy	Finland	22

Summarized financial information on associated companies

€ million	2023	2022
Carrying value of investments in associated companies	**62**	51
Group’s share of total comprehensive income	**5**	11

The carrying amounts of individual associated companies are immaterial in the Group's consolidated financial statements.

In 2023 Outokumpu acquired 21% of Envigas AB amounting to EUR 10 million. Envigas is a leading European producer of biocarbon. With the investment, Outokumpu secures a right to 50% of Envigas’ production. As Outokumpu holds 21% of voting rights and has a place in the Board of Directors, Outokumpu has significant influence in Envigas.

During 2023 Rapid Power was liquidated.

In previous financial statements investment to Voimaosakeyhtiö SF for participation in the planned nuclear power plant project (previously referred as Fennovoima investment) was treated as equity investment at fair value through other comprehensive income due to Mankala principle. It has been concluded recently that the role of Fennovoima Oy has turned from a nuclear power plant project company into an asset and litigation management company, and it will never operate according to Mankala principle. Consequently, Voimaosakeyhtiö SF Group (including Fennovoima Oy subsidiary) where Outokumpu has a significant influence due to 22% of voting rights was reclassified as an associated company in accordance with IAS 28. Outokumpu has invested in total EUR 117 million in Voimaosakeyhtiö SF and the value of the investment in Voimaosakeyhtiö SF is EUR 0 million at the end of December 2023 (Dec 31, 2022: EUR 0 million).

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 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, 2023. These standards and amendments are not expected to have a material impact on Outokumpu’s current or future reporting periods nor foreseeable future transactions and have not been early adopted.

6.8 Events after the balance sheet date

After the reporting period, Outokumpu repurchased 6,297,563 shares under the share buyback program, which ends no later than on March 21, 2024. By February 7, 2024, Outokumpu had repurchased a total of 8,940,018 shares under the share buyback program. After the disclosed transactions, the company held a total of 31,981,308 treasury shares.

After the reporting period, on January 24, 2024, Outokumpu announced it has completed the partnership agreement to accelerate circularity and becomes a minority shareholder in CRONIMET North-East GmbH.

After the reporting period, on January 3, 2024, Outokumpu announced that it plans to temporarily restrict its ferrochrome production due to weak ferrochrome market conditions.

Parent company financial statements, FAS

Income statement of the parent company

€ million	2023	2022
Sales	**423**	496
Cost of sales	**-313**	-409
Gross margin	**111**	87
Other operating income	**133**	232
Selling and marketing expenses	**—**	-3
Administrative expenses	**-156**	-131
Other operating expenses	**-20**	-10
EBIT	**67**	175
Financial income and expenses	**-7**	-6
Result before appropriations and taxes	**60**	169
Appropriations		
Group contribution	**17**	117
Change in depreciation difference	**1**	—
Income taxes	**-3**	0
Result for the financial year	**75**	286

According to the Finnish accounting standards (FAS), the parent company financial statements are presented in addition to the Group financial statements. The parent company's financial statements have been prepared in accordance with Finnish accounting standards. The parent company Outokumpu Oyj's income statement and balance sheet items are mainly internal and are eliminated on the group level except for the external financing and treasury items which are mainly centralized to the parent company.

Balance sheet of the parent company

€ million	2023	2022
ASSETS		
Non-current assets		
Intangible assets	**91**	85
Property, plant and equipment	**3**	2
Financial assets		
Shares in Group companies	**3,952**	3,877
Loan receivables from Group companies	**532**	127
Shares in associated companies	**13**	13
Other shares and holdings	**1**	1
Other financial assets	**3**	3
	4,500	4,021
Total non-current assets	**4,594**	4,108
Current assets		
Current receivables		
Loans receivable	**80**	694
Trade receivables	**80**	75
Prepaid expenses and accrued income	**25**	22
Other receivables	**75**	275
	260	1,066
Cash and cash equivalents	**470**	500
Total current assets	**730**	1,566
TOTAL ASSETS	**5,324**	5,674

€ million	2023	2022
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	**311**	311
Premium fund	**720**	720
Invested unrestricted equity reserve	**2,220**	2,290
Retained earnings	**294**	160
Result for the financial year	**75**	286
	3,621	3,768
Untaxed reserves		
Accumulated depreciation difference	**0**	1
Liabilities		
Non-current liabilities		
Convertible bonds	**125**	125
Pension loans	**—**	123
Other non-current loans	**8**	11
	133	260
Current liabilities		
Group bank account liabilities	**978**	1,263
Other current loans	**398**	27
Pension loans	**—**	31
Trade payables	**88**	139
Accrued expenses and prepaid income	**17**	13
Other current liabilities	**89**	173
	1,570	1,646
Total liabilities	**1,703**	1,906
TOTAL EQUITY AND LIABILITIES	**5,324**	5,674

Cash flow statement of the parent company

€ million	2023	2022
Cash flow from operating activities		
Result for the financial year	**75**	286
Adjustments for		
Taxes	**3**	—
Depreciation and amortization	**11**	15
Impairments	**27**	15
Reversal of impairments	**-130**	-220
Gain/loss on sale of intangible assets, and property, plant and equipment	**-30**	0
Interest income	**-65**	-43
Interest expense	**76**	27
Change in provisions	**-1**	0
Exchange gains/losses	**-2**	3
Group contributions	**-17**	-117
Other non-cash adjustments	**19**	-12
	-108	-332
Change in working capital		
Change in trade and other receivables	**-6**	21
Change in trade and other payables	**-64**	-28
	-70	-7
Interest received	**66**	41
Interest paid	**-73**	-27
Income taxes paid	**-5**	—
	-13	13
Net cash from operating activities	**-115**	-41

€ million	2023	2022
Cash flow from investing activities		
Investments in subsidiaries and other shares and holdings	**—**	-5
Purchases of intangible assets	**-17**	-6
Proceeds from disposal of subsidiaries	**28**	28
Proceeds from disposal of other shares and holdings	**0**	—
Purchases of property, plant and equipment	**-1**	-1
Proceeds from sale of intangible assets	**37**	0
Change in other long-term receivables	**216**	—
Net cash from investing activities	**263**	16
Cash flow before financing activities	**148**	-24
Cash flow from financing activities		
Dividends paid	**-152**	-68
Treasury shares purchase	**-70**	-42
Repayments of non-current debt	**-154**	-63
Change in current debt	**86**	171
Cash flow from group contribution	**117**	164
Other financing cash flow	**-7**	106
Net cash from financing activities	**-179**	268
Net change in cash and cash equivalents	**-31**	244
Net change in cash and cash equivalents in the balance sheet	**-31**	244

Statement of changes in equity of the parent company

€ million	Share capital	Premium fund	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity on Jan 1, 2022	311	720	2,332	228	3,592
Result for the financial year	—	—	—	286	286
Dividends paid	—	—	—	-68	-68
Treasury share purchase	—	—	-42	—	-42
Equity on Dec 31, 2022	311	720	2,290	446	3,768
Result for the financial year	—	—	—	75	75
Dividends paid	—	—	—	-152	-152
Treasury share purchase	—	—	-70	—	-70
Equity on Dec 31, 2023	**311**	**720**	**2,220**	**369**	**3,621**

Distributable funds on Dec 31

€ million	2023	2022
Retained earnings	**294**	160
Result for the financial year	**75**	286
Invested unrestricted equity reserve	**2,220**	2,290
Distributable funds on Dec 31	**2,589**	2,736

Commitments and contingent liabilities of the parent company

€ million	2023	2022
Other pledges on Dec 31	**13**	13
Guarantees on Dec 31		
On behalf of subsidiaries		
For financing	**256**	307
For commercial guarantees	**0**	1
For other commitments	**50**	55
On behalf of associated companies		
For financing	**—**	1
Other commitments for financing on Dec 31	**2**	4

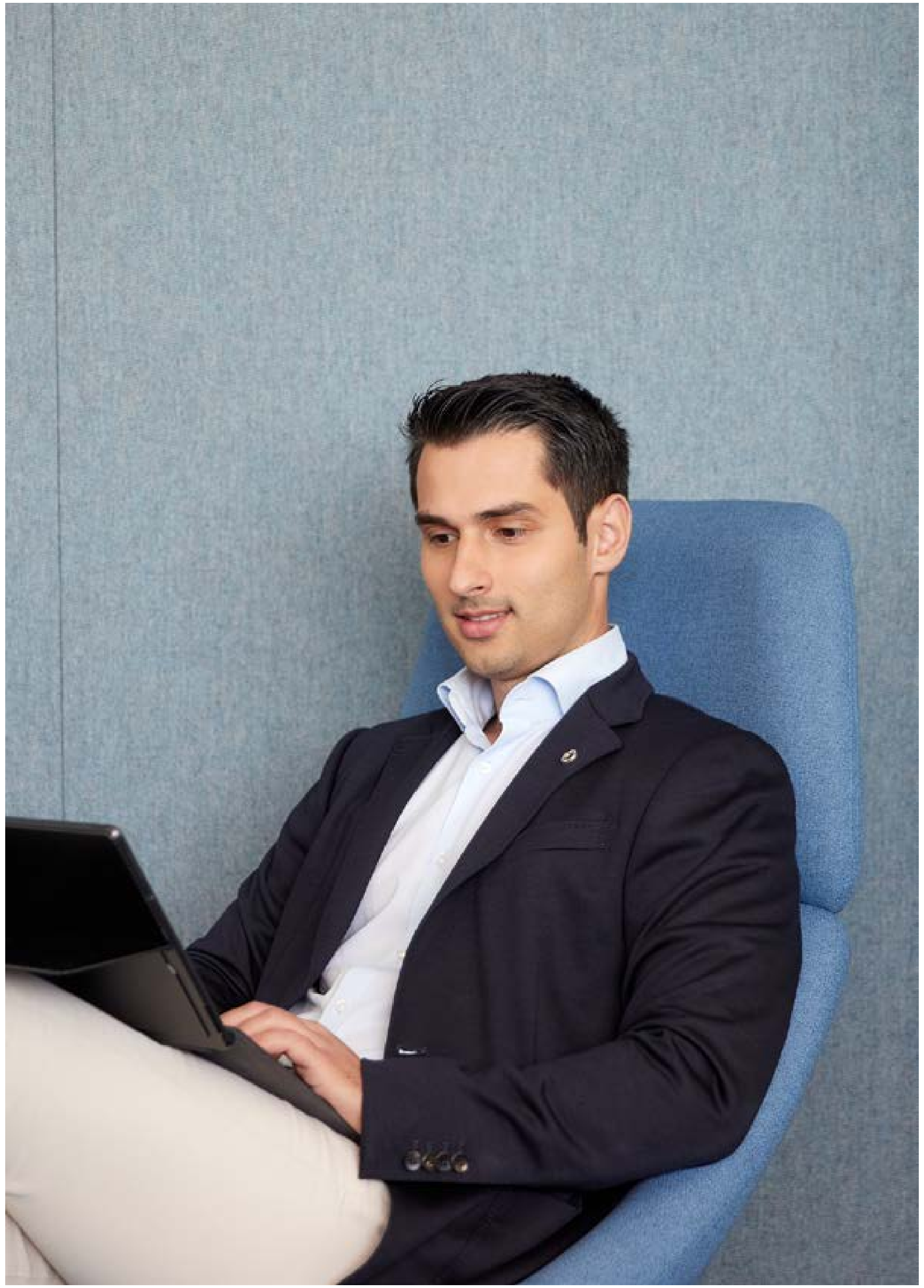
Outokumpu is liable for its associated company Manga LNG Oy's certain liabilities amounting to EUR 12 million at the end of 2023 (Dec 31, 2022: EUR 16 million). In the above table, this commitment is reported as other pledges (Outokumpu's shares in Manga LNG Oy).

Outokumpu Oyj 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 liabilities are reported under other commitments for financing.

Outokumpu is a minority shareholder in its associated company Voimaosakeyhtiö SF, which is the majority shareholder of Fennovoima Oy. The role of Fennovoima Oy has changed from a nuclear power plant project company into an asset and litigation management company after it terminated the EPC (Engineering, Procurement and Construction) contract with RAOS Project Oy for supplier-related reasons in May 2022.

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 in the foreseeable future. In June 2023 Outokumpu Oyj agreed to participate in a convertible loan offered by 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 and amounted to EUR 5 million.

See more information in note 5.7 of the consolidated financial statements.



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 and 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 the 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 2023. 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 parent company's income statement, balance sheet, cash flow statement 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 to the 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

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 (2022: € 35 million)
How we determined it	0.5% of sales 2023
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. As the group's profitability has not been stable, sales is also a generally accepted benchmark. We chose 0.5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

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 judgement, 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 2023 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, base price development, delivery volume and capital expenditure development. Valuation of goodwill is a key audit matter due to the size of the goodwill balance and the high 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 business 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 2023 the group's Property, Plant and Equipment (PPE) amounted to € 1,905 million. The group's business is very capital intensive and there is a risk that the carrying value of the Property, Plant and Equipment is overstated. The carrying value of Property, Plant and Equipment is tested as part of the group impairment testing based on the discounted cash flow model. Valuation of Property, Plant and Equipment is a key audit matter due to the size of the balance and the high level of management judgement involved in the estimation process.	We assessed the appropriateness of the group's method and management's judgement and esti- mates 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.
Valuation of Deferred Tax Assets in the US **Refer to note 2.6 in the consolidated financial statements.** As at 31 December 2023 the group's deferred tax assets amounted to € 454 million, of which € 293 million related to the US. In deferred tax recognition, the management assesses whether the realization of future tax benefits is sufficiently probable to support the recognition. 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.	We obtained an understanding of the process for accounting for deferred tax assets. We performed substantive audit procedures to validate the deferred tax balances, which are recorded with a consideration of enacted tax laws in each jurisdiction.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of deferred tax assets in the US is a key audit matter as the amounts are material, the assessment process is judgemental and is based on assumptions that are impacted by expected future market conditions and performance in the US.	Our audit work on the valuation of deferred tax assets, with the involvement of our tax specialists, included: • Validating the completeness and accuracy of tax attributes. • Confirming the appropriate application of tax rules for utilizing deferred tax assets, including expiry of those attributes. • Evaluating the Company's ability to generate sufficient taxable income to utilize deferred tax assets. This evaluation takes into account the Company's historical profitability and circumstances as well as future projections. We also considered the appropriateness of the related disclosures provided in note 2.6 in the group financial statements

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 2023 the group's inventories amounted to € 1,581 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. The most important commodity price risk for Outokumpu is caused by fluctuation in nickel and other alloy prices. 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 relevant 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. As the prices for all products to be sold in the future are not known, a significant part of the future prices are estimated according to management's best knowledge in net realizable value (NRV) calculations. Due to fluctuations in nickel and other alloy prices, the realized prices can deviate significantly from the estimates used in NRV calculations. Due to the high level of management judgement and the significant carrying amounts and risks relating to valuation, this is one of the key audit matters.	Our audit work included testing controls in place to ensure proper valuation and existence 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. • We participated in the physical inventory counting and performed independent test counts to validate the existence of assets and accuracy of the counting performed.

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.	Our response to the risks related to the fragmented system environment included both testing of IT controls and tests of details. We tested the group's controls around access and change management related to the key IT systems. We noted certain weaknesses related to access controls to certain key systems. We reported those control weaknesses to the management and 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 2023 the value of Outokumpu Oyj's subsidiary shares amounted to € 3,952 million in the parent company's financial statements prepared in accordance with Finnish GAAP. 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 is a key audit matter due to the significant carrying amounts involved and the high level of 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 business 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 judgement 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 relation- ships 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. Our appointment represents a total period of uninterrupted engagement of 7 years.

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 and 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 accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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 based on the decision by the Annual General Meeting

The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO be discharged from liability for the financial period audited by us.

Helsinki 8 February 2024

PricewaterhouseCoopers Oy

Authorised Public Accountants

Janne Rajalahti

Authorised Public Accountant (KHT)

Information for shareholders

Annual General Meeting 2024

Outokumpu's Annual General Meeting will be held on Thursday, April 4, 2024 at 1.00 pm EEST in Clarion Hotel Helsinki's meeting venue Bysa 1-3, at the address Tyynenmerenkatu 2, Helsinki. The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 10.30 am EEST. Shareholders of the company can exercise their right to vote also by voting in advance. Shareholders, who have registered for the meeting have the possibility to follow the Annual General Meeting via a webcast.

The meeting language of the Annual General Meeting will be Finnish. There will be simultaneous translation in English at the meeting.

Notice of the meeting and more information at www.outokumpu.com/en/agm2024.

CEO and CFO available before the meeting

Before the Annual General Meeting, from 11.15 am to 12.15 pm EEST, the CEO and CFO of the company will be available at Clarion Hotel Helsinki at a discussion event organized by the company. The event is not part of the Annual General Meeting, and its presentation language is Finnish. Simultaneous translation into English is also available. In connection with the event, participants can present questions to the CEO and CFO, but the event will not be a decision-making forum. Questions presented at the event are thus not questions referred to in Chapter 5, Section 25 of the Finnish Companies Act.

Important dates

February 8, 2024: Notice to the Annual General Meeting published.

February 9, 2024: Registration for the AGM started at 12.00 pm EET.

March 4, 2024: Advance voting starts at 12.00 pm EET.

March 21, 2024: Record date of the AGM.

March 26, 2024: Registration and advance voting end at 4.00 pm EET.

April 4, 2024: Annual General Meeting at 1.00 pm EEST.

April 8, 2024: Proposed dividend record date.

April 15, 2024: Proposed dividend payment date.

Signatures of the Review by the Board of Directors and Financial statements

Helsinki, February 8, 2024

[Signatures to be included in the official Finnish language version only.]

Kari Jordan
Chairman

Kati ter Horst
Vice Chairman

Heinz Jörg Fuhrmann
Member

Päivi Luostarinen
Member

Jyrki Mäki-Kala
Member

Karl-Petter Söderström
Member

Pierre Vareille
Member

Julia Woodhouse
Member

Heikki Malinen
CEO

Auditor signature

[Signature to be included in the official Finnish language version only.]

Helsinki, February 8, 2024
PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

Working towards a world that lasts forever

We believe in a world that is efficient, sustainable, and designed to last forever. The world deserves innovations that can stand the test of time and are ready to be born again at the end of their life cycle. Stainless steel is vital in enabling a sustainable world with economic prosperity.

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