

A high-angle photograph of a man in a light blue long-sleeved shirt and dark pants, leaning over a large, shiny stainless steel industrial tank. He appears to be adjusting or inspecting something on the side of the tank. The tank is part of a larger piece of industrial machinery, with various pipes, valves, and a handle visible. The background shows a concrete floor and other parts of the factory equipment, including another similar tank to the right. The lighting is dramatic, with strong highlights on the metallic surfaces and deep shadows in the surrounding areas.

# 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.

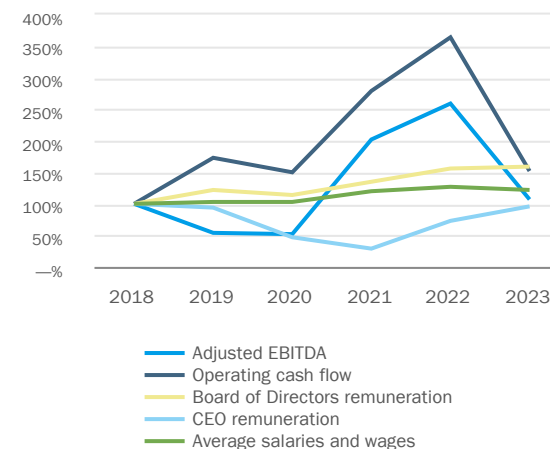
In 2023, the Annual General Meeting elected Jyrki Mäki-Kala as a new Board member. Jyrki's financial steering skills and experience with sustainability work provide an excellent addition to the capabilities of our Board of Directors.

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<sub>2</sub> 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.

## Performance and remuneration trends 2019–2023 from 2018 baseline



## Development of financial performance and remuneration

	2023	2022	2021	2020	2019
Adjusted EBITDA <sup>1)</sup> , € million	517	1,256	980	250	263
Operating cash flow, € million	325	778	597	322	371
Board of Directors <sup>2)</sup> , €	917,501	898,200	780,600	658,400	705,800
CEO <sup>3)</sup> , €	2,603,709	1,965,022	795,840	1,264,729	2,534,480
Employee average <sup>3)4)</sup> , €	62,152	66,013	62,677	53,637	53,922
Ratio CEO/employee average	42	30	13	24	47

<sup>1)</sup> 2019–2020 including discontinued operations.

<sup>2)</sup> Total remuneration paid to the Board of Directors, including annual remuneration and meeting fees for all members.

<sup>3)</sup> Total remuneration paid to the CEO, including salary, employee benefits and incentives. Heikki Malinen started as the CEO on May 15, 2020.

<sup>4)</sup> 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	<b>174,000</b>	<b>800</b>	169,000	600
Vice Chairman	<b>93,500</b>	<b>800</b>	93,500	600
Board members	<b>72,500</b>		72,500	
Meeting held in the country of residence		<b>800</b>		600
Meeting held outside the country of residence		<b>1,600</b>		1,200

## Board of Directors' remuneration and meeting fees paid in 2023 and 2022

Members of the Board of Directors	Paid in 2023			
	Annual compensation			Total
	Share portion	Cash portion	Meeting fees <sup>1)</sup>	
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 <sup>2)</sup>	37,996	55,504	12,800	106,300
Petter Söderström, Member	29,458	43,042	19,202	91,702
Vesa-Pekka Takala, Member <sup>3)</sup>	0	0	7,614	7,614
Pierre Vareille, Member	29,458	43,042	25,338	97,838
Julia Woodhouse, Member <sup>4)</sup>	29,458	43,042	40,943	113,443
<b>Total</b>	<b>185,286</b>	<b>538,214</b>	<b>194,001</b>	<b>917,501</b>

<sup>1)</sup> Meeting fees are entered in the table on the year when they are paid and include committee meeting fees and tax on benefits/gifts.

<sup>2)</sup> Appointed as a Board member on March 30, 2023.

<sup>3)</sup> Board member until March 30, 2023.

<sup>4)</sup> Meeting fees include 10,500€ meeting fees for the ESG (environmental, social and governance) Board

Members of the Board of Directors	Paid in 2022			
	Annual compensation			Total
	Share portion	Cash portion	Meeting fees <sup>1)</sup>	
Kari Jordan, Chairman		169,000	21,000	190,000
Eeva Sipilä, Vice Chairman <sup>2)</sup>			4,200	4,200
Kati ter Horst, Vice Chairman <sup>3)</sup>		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 <sup>4)</sup>	37,996	55,504	19,200	112,700
Pierre Vareille, Member	29,463	43,037	27,000	99,500
Julia Woodhouse, Member <sup>5)</sup>	29,463	43,037	32,200	104,700
<b>Total</b>	<b>185,311</b>	<b>531,289</b>	<b>181,600</b>	<b>898,200</b>

<sup>1)</sup> Meeting fees are entered in the table on the year when they are paid and include committee meeting fees.

<sup>2)</sup> Vice Chairman until March 31, 2022.

<sup>3)</sup> Vice Chairman as of March 31, 2022.

<sup>4)</sup> Board member until March 30, 2023.

<sup>5)</sup> 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

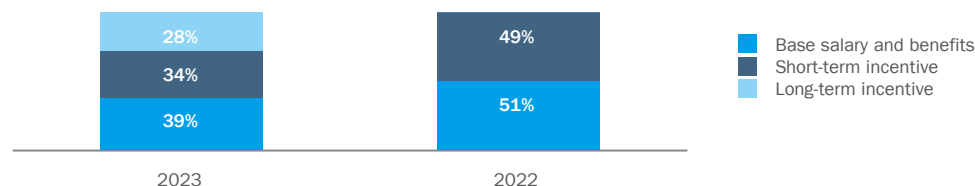
EUR	2023	2022
Base salary <sup>1)</sup>	986,190	891,632
Short-term incentives <sup>2)</sup>	871,388	1,064,700
Long-term incentive <sup>2)</sup>	729,208	0
Benefits <sup>3)</sup>	16,923	8,690
<b>Total remuneration</b>	<b>2,603,709</b>	<b>1,965,022</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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.

<sup>3)</sup> Benefits include telephone and car but exclude insurances and post-employment benefits (statutory pension).

## CEO pay mix



## Short-term incentive of the CEO

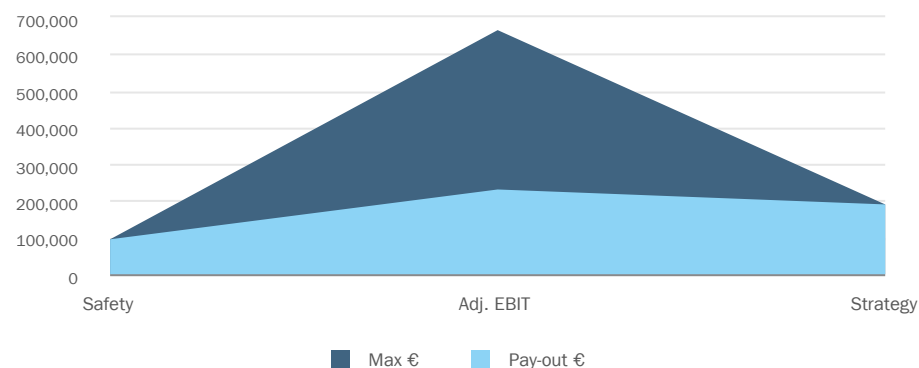
In 2023, the CEO's short-term incentive earning opportunity stayed unchanged at 50% of the annual gross base salary on a target level and 100% on a maximum level. The outcome was 54% or EUR 515,755. It will be paid in March 2024.

## Short-term incentive earning opportunity

EUR	% <sup>1)</sup>	€
Threshold	0.5%	4,750
Target	50%	425,000
Maximum	100%	950,000

<sup>1)</sup> 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) <sup>1)</sup>	10%	1.5	100%	95,000
Adjusted EBIT, million €	70%	274	35%	230,755
Strategy implementation (score 1-5)	20%	5	100%	190,000
	<b>100%</b>		<b>54%</b>	<b>515,755</b>

<sup>1)</sup> Total recordable injury frequency rate.

<sup>2)</sup> 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 <sup>1)</sup>	25%	25%	25%	22%	14%
Target <sup>1)</sup>	50%	50%	50%	44%	28%
Maximum <sup>1)</sup>	75%	75%	75%	67%	56%
No of shares granted (gross) <sup>2)</sup>	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

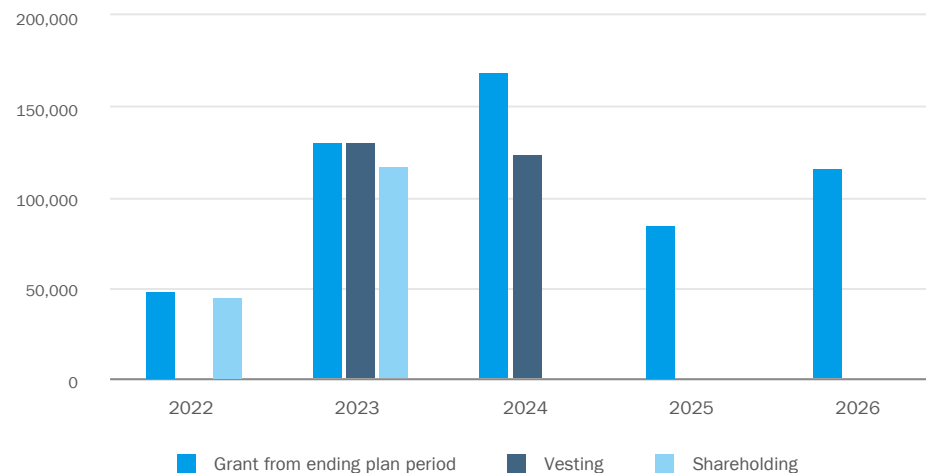
<sup>1)</sup> In percentage of annual base salary at the time of grant. In PSP 2019–2021 and 2020–2022, the levels were prorated to time in position during the performance period.

<sup>2)</sup> 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
<b>Return on capital employed</b>			
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
<b>CO<sub>2</sub> emission per ton crude steel</b>			
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%