

OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu group	Safety is our key target and license to operate: anyone who works, or visits company premises has a right to a safe and healthy environment. Health and well-being helps safety and the company's performance. A healthy and thriving team of professionals is an asset to the company's success.	<p>Safety first strategy in vision 2020, safety behaviour observations and exchange and learn from every case, take proactive safety actions.</p> <p>Outokumpu encourages its employees to take care of their physical and mental health and offers several programs.</p>	Reporting on near-misses, hazard observations, SBOs and other preventive safety actions. Continuation of behavioural safety training program SafeStart and a new e-learning course was launched to increase the awareness of all employees on the Cardinal Safety Rules. TRIFR further reduced to 4.1 slightly above target 2018.
Contractors & visitors	Safety first includes our contractors and visitors.	Safety training before entering the site, detailed safety instruction to contractors.	Implemented
Society	To save contribution of the health care system.	Local preventive health campaigns.	Examples of health programs in report, SR7.
Employees	Anyone who works, or visits company premises has a right to a safe and healthy environment.	Occupational hygiene measurements to prevent exposure as well as health and well-being programs.	No occupational disease diagnosed in 2018.

*) Acronyms before page numbers in the evaluation of progress column refer to the sections in the Annual report 2018: AR=Annual review, FS=Review by the Board of Directors and Financial statements, SR=Sustainability review and CG=Corporate Governance statement

RESPONSIBLE BUSINESS PRACTICES

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu group	Outokumpu is strongly committed to legal compliance and an ethical way of conducting business. Building trust with open communication on policies and procedures related to governance and sustainability	Ethical Statement, Code of Conduct, Anti-Corruption Instruction (internal), Reporting Misconduct Instruction (internal), Competition Law, Compliance Policy (internal), Prevention of Money Laundering and Terrorist Financing Instruction (internal). Outokumpu endorses the values of UN Universal Declaration of Human Rights. Following operating principles on compliance topics such as fair competition, anti-corruption, money laundering, tax risks or transfer pricing. Disclosure of annual report with third party audit and with assurance on sustainability.	Continuous communication and training. In 2018, Outokumpu launched compliance related e-learning for white collars: one in anti-corruption (97% coverage) and the second in data protection with focus on the EU General Data Protection Regulation (98% coverage). E-learning on Code of Conduct issued to blue collars in 2018 to be continued in 2019.
Contractors & visitors	Outokumpu expects their customers and other business partners to follow similar ethical standards as set forth in Outokumpu's Code of Conduct and to comply with all applicable national and international laws, regulations and restrictions, including any applicable sanctions regulations. In 2018, Outokumpu developed further its business partner screening processes within the area of trade compliance.	Code of Conduct, Prevention of Money Laundering and Terrorist Financing Instruction (internal). Screening process (onboarding) for potential new business partners and regular sanction screening of existing customers and suppliers.	Continuous communication and training. Outokumpu's business partner screening process has a risk-based approach with focus on e.g. high-risk areas, high risk business partners and transactions. Screening processes include both regular screening of existing customers and suppliers and onboarding vetting of potential new business partners.
Society	Ethical conduct and legal compliance, including actions to combat bribery and corruption are essential elements for sustainability in the societies Outokumpu operates in.	Ethics Statement, Code of Conduct, Statement on Modern Slavery.	Participant in UN Global Compact since 2009. In 2018, Outokumpu issued a statement according to the UK's Modern Slavery Act.

ENERGY MANAGEMENT

Boundary	Why topic is material/What is important	Management actions	approach/Outokumpu	Evaluation of progress
Outokumpu's production sites	Ferrochrome and stainless steel production is energy and resource intensive.	Setting targets on KPIs for improving energy and material efficiency in production. Realize targets by efficiency projects.		Energy efficiency KPI calculated as a sum of different process steps was 8.9% compared to baseline 2007-2009. It was behind the yearly target.
Outokumpu group	Outokumpu is responsible for the company's contribution to GHG emissions, reducing emissions and saving expenses from GHG (i.e. Emission Trading Scheme). Global megatrends call for long lasting and sustainable solutions made of stainless steel.	Setting target on GHG emissions and approval of a Science Based Target (SBT) initiative, following the sectoral decarbonization approach of steel industry. Continue in improving energy and material efficiency and in following to low carbon electricity mix.		Approved SBT covers scope 1, 2 and 3 with improvement in coverage and estimations. The 2018 specific CO2 emissions are on target track to 2023, SR18
Society	To protect the planet for the future. Outokumpu's stainless steel is 100% recyclable, corrosion-resistant, durable and hygienic and the environmental impacts resulting from its use are a driver of solutions. It contributes to a more sustainable world.	Outokumpu takes climate change seriously and operates according to long term targets, initiating programs and actions to reach them.		Contributing to the Sustainable development goals especially on goal 13 Climate action and goal 12 Responsible consumption and production, SR17-18.
Supplier	Outokumpu requests suppliers to follow high ethical standards as in our Code of Conduct and to fulfil same stringent requirements as we expect from ourselves.	Request fulfilment of supplier requirements, general terms and conditions and follow an assessment program.		Energy and climate impact assessed by supplier association life cycle inventories or more steel associated world steel factors, SR21-22.

Customers Customers expect suppliers to be sustainable and transparent. Open communication on sustainability (climate change) and follow our vision by customer orientation. Publishing Environmental Product Declarations [online](#), and all energy and climate change data on the [online data tool](#).

MATERIAL EFFICIENCY

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu's production sites	To protect limited natural resource as raw material (i.e. ores for ferroalloys) and primary energy and to reduce company's and upstream emissions and save costs to work towards a circular economy. By-products replace natural resources by secondary material as slag.	Certification acc. 14001 for all production sites, 50001. Aims to decrease waste to landfill, setting a target on recycled content and energy efficiency and follow it on quarterly KPI report.	KPI for recycled content reached ambitious target and amounted to 88.6% (2017: 87.0%). This directly decreases virgin material need.
Outokumpu group	Outokumpu delivers stainless steel as material for a broad range of uses. Production is based on recycling of scrap. High amount of by-product "slag" is marketed in several uses. Whole process is based on handling of high mass flows and need lot of energy.	EHSQ policy and develop ambitious targets based on science.	Further development with better coverage of SBT includes scope 1, 2 and 3 emissions. It now takes into account all material resources for stainless steel production. The specific CO2 emissions could be reduced by 7.7% and being on track to target in 2023.
Society	To protect the planet for the future. Outokumpu's stainless steel is 100% recyclable, corrosion-resistant, durable and hygienic and the environmental impacts resulting from its use are almost non-existent. It contributes to a more sustainable world.	Research and develop new products to help saving the use of energy (as low weight components in cars or components for wind mills), find best solutions for a long lifespan use in partnership with customers.	Contributing to the Sustainable development goals especially on Goal 13: Climate action and Goal 12: Responsible consumption and production. Protecting the Climate in SR17.

<p>Supplier</p>	<p>Outokumpu is a customer with high amount of material use and good market potential for suppliers.</p>	<p>Having long-lived business partnership and cooperate in sustainability topics. Revision of supplier requirements and terms of condition including sustainability. Supplier risk screening and assessment program.</p>	<p>Continuing the new approach including in 2018 with four on-site audits.</p>
<p>Customer</p>	<p>Handling and processing of high amount of material and energy is expensive. Resource efficiency improves costs and reputation for final products.</p>	<p>Develop solutions in partnership with customers' needs.</p>	<p>Several project examples in Sustainability Highlights, SR4 and in Sustainable stainless, SR20 and Our Year 2018, AR7.</p>

CUSTOMER EXPERIENCE

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu group	Global megatrends call for long lasting and sustainable solution such as sustainable development and circular economy.	R&D for innovation, customer orientation in the vision 2020 and following life cycle approach. Target setting of customer satisfaction to 75% satisfaction in 2020.	Improving i.e. recycled content, energy efficiency, safety and OHI results in better economic performance, increased EBITDA. Customer satisfaction improved to 63% of respondents absolutely or very satisfied (57% in 2016).
Society	Company's value to society and contribution to sustainable development and the UN Sustainable Development Goals.	Development to estimate value contribution.	Value generated and contribution to the UN's SDGs.
Investors	Robustness of investment.	Regular information and meetings.	Well-developed and published.
Customer	To get a competent supplier.	Partnership with customers to align our activities with customer's current and future needs.	Development of long-lasting, sustainable material solutions providing advantages over the entire product life cycle.

IMPACT OF CLIMATE CHANGE

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu's production sites	To protect limited natural resources such as raw material (i.e. ores for ferroalloys) and primary energy and to reduce company's and upstream emissions and save costs to work towards a circular economy. By-products replace natural resources by secondary material as slag.	Certification acc. 14001 for all production sites, 50001. Setting a target on recycled content and energy efficiency and follows it on quarterly KPI report.	KPI for recycled content reached the target with 88.6% (2017: 87.0%). This directly decreases virgin material need. Energy efficiency was behind the target track. Specific CO2 emission reduction of 7.7% compared to baseline 2014-2016.
Outokumpu group	Outokumpu delivers stainless steel as material for a broad range of uses. Production is based on recycling of scrap. High amount of by-product "slag" is marketed in several uses. Whole process is based on handling of high mass flows and need lot of energy.	EHSQ policy and setting greenhouse gas target based on science.	Approval of SBT with better coverage includes scope 1, 2 and 3 emissions. It now takes into account all material resources for stainless steel production. The specific CO2 emissions could be reduced by 7.7% and being on track to target in 2023 compared to baseline 2014-2016.
Society	To protect the planet for the future. Outokumpu's stainless steel is 100% recyclable, corrosion-resistant, durable and hygienic and the environmental impacts resulting from its use are almost non-existent. It contributes to a more sustainable world.	Research and develop new products to help saving the use of energy (as low weight components in cars or components for wind mills), find best solution for a long lifespan use in partnership with customer.	Contributing to the Sustainable development goals especially on Goal 13: Climate action and Goal 12: Responsible consumption and production. Protecting the Climate in SR17.
Supplier	Outokumpu is a customer with high amount of material use and good market potential for suppliers.	Having long-lasting business partnerships and cooperate in sustainability topics. Request supplier requirements and perform related supplier assessment.	A small number of existing and new suppliers were invited to a self-assessment. Additionally, four suppliers were audited on-site. Risk screening of raw material suppliers of ferro alloys and coke on environmental, social and governance (ESG) risks.

Customers

End users request environmental friendly products.

Develop solutions in partnership with customer needs.

Material topics and boundaries

8 (17)
2018

Sustainability review

Public

Certified EPDs and assurance acc. ISAE 3000 available.
Customer information on LEED system (Leadership in Energy and Environmental Design).

POLLUTION REDUCTION

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu's production sites	<p>Outokumpu aims at minimizing the environmental impacts of its production. The main environmental impacts from stainless steel production are:</p> <ul style="list-style-type: none"> the use of direct and indirect energy dust emissions into air water discharges from production waste created in the production process 	<p>EHSQ policy, certification acc. 14001 for all production sites and acc. 50001 and target setting, follow grievances and their immediately solution. Setting a target to improve energy efficiency. Follow the best available techniques with dust capture of 99%. Circulate water as far as reasonable and treat all water discharged to the environment. Aim to decrease waste to landfill, setting a target on recycled content.</p>	<p>No significant environmental incidence and no relevant grievance, 18 temporary and insignificant permit breaches in 2018. Energy efficiency KPI 2018 slightly behind target. Specific dust emission on BREF level. Water discharge increased because of higher evaporation and need of cooling water according to weather conditions. Landfill waste increased after a period of reduction because of slag market conditions and increase of tailing sands coming from increase of mining and lower chromite concentration. Recycled content reached the ambitious target level of 2018.</p>
Melt shops in Avesta, Calvert, Sheffield and Tornio	<p>To avoid any radioactive contamination of product and assets.</p>	<p>Outokumpu supplier requirements, measurement of all incoming deliveries and all melts on radioactivity, Outokumpu stainless steel handbook.</p>	<p>Three radioactive cases detected in 2018 and managed in coordination with competent authority.</p>
Production site San Luis Potosi	<p>Water management in an arid and dry region.</p>	<p>Water recycling as much as reasonable at one concerned site in San Luis Potosi, Mexico</p>	<p>Water is reused in production, SR15</p>
Production sites Dahlerbrück, Kemi, Tornio and Calvert	<p>To take care on protected areas or areas of high biodiversity value owned or adjacent to production sites.</p>	<p>Keep additional loads under level and make control studies on impact of biodiversity.</p>	<p>No change in 2018, read more about our biodiversity.</p>

Closed sites
Benrath,
Bochum, Kloster
and melt shop
Krefeld

After-care and restauration of closed sites and owned land and manage the economic impact.

Studies on site status after closure, develop after-care necessities and uses.

[Environmental performance / closed sites.](#)

Outokumpu
group

Managing and mitigating environmental risks.

Quarterly revision and report on risks, certification acc. 14001, internal environmental audits and make provision on best cost estimation.

Emissions trading and fair competition SR18; Environmental business risks CG18; Environmental accidents CG19; Provisions and contingent liabilities FS31; Provisions FS58.

Investors

Development in company's environmental impact, environmental risk management and mitigation.

Annual report and regular ESG meetings with investors and answering the RobecoSam questionnaire (DJSI), participating the carbon disclosure project (CDP) and being scored on Environmental & Social Disclosure QualityScore (ISS) and the Ethibel Sustainability index.

Information on [investor relations](#) and sustainability [recognitions](#).

Authorities

Environment protection such as air, soil, waste and water.

Cooperation and dialogue in permit aspects and emission control.

Environmental costs of actions and compliance, SR15.

Communities,
neighbours,
authorities

Local environment for living, recreation, commercial or industrial areas. Employment, purchasing power and company's development, closed site management.

Communication in permit processes and on developments in local neighbours' dialogue.

[Outokumpu and society.](#)

EMPLOYEE DEVELOPMENT

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu group	To attract and retain talented people, and to engage employees. CEO: it's our people who determine our success.	Integrate employees via OHI, Training programs, Talent review process, compensation and benefits, regular performance development discussion.	In 2018, 77% of production employees and 96% of administrative employees in applicable countries had a regular performance development discussion.
Community & Society	To maintain attractiveness as an employer with high ethical standards	Enhancing personal ownership and empowerment and emphasising on supportive leadership behaviour.	Ongoing.
Employees	Identification with company and contributing to success factors.	Questions to employees and involving them in OHI, Personnel Forum for cooperation between management and employees.	One quartile improvement in OHI result.

SUPPLY CHAIN MANAGEMENT

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu's production sites	To realize customer orientation as in-time deliveries and operational excellence, to avoid production interruption, to get material traceability.	Vision with must win battle on customer orientation and operational excellence, following several production KPIs and target on customer satisfaction.	Customer satisfaction increased to 63% in 2018 (2016: 57%).
Outokumpu group	To reduce distances in the supply chain and emissions of transportation. To save costs of transport, inventory, delivery delay and claims to improve customer satisfaction.	Optimize routings with least resources (NWC) and lowest costs. Establish one seamless, fully integrated sales and operation planning process.	Improvement of delivery performance and claims handling to be continued.
Society, community and neighbours	To reduce impact by noise and emissions of high traffic volume.	Optimize transport type and communicate in neighbour dialogue.	Target to shift transport from truck to train and ship, no further improvement compared to last year. Increased coverage of transport for emissions calculation.
Supplier	To have fair competition, to maintain partnership, to identify improvement opportunities.	Monthly business partner compliance screening for sanctions, supplier requirements and terms and conditions, supplier assessment with improvement plans.	Continuing the approach of supplier assessment (suppliers have commented that the new approach is comprehensive).
Customers	To create value to customers by having better traceability and transparent supply chain, to deliver in-time.	Assurance that the materials for their applications are produced and procured in an ethical and responsible manner. Have a global sales and service centre network that serves customers on all main continents.	Development relate in particular to delivery performance and claims handling.

COMMUNITY ENGAGEMENT

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu Group	To understand the expectations and needs especially of impact of the operations affecting social and environmental conditions.	Cooperation with schools, universities to find future employees, cooperation between company's and community's fire brigades.	Well-developed since most sites have been operating for long time.
Local supplier & contractors	Company as a local customer and employer.	Organizational restructuring and frame contracts.	Implementation in finishing phase.
Community & society	Company's contribution to support sustainable prosperity and well-being.	Open dialogues, presence in local society and activities.	Developed neighbour dialogues, partnerships with schools.

PRODUCT STEWARDSHIP

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu Group	Life cycle approach is important in sustainability. This includes production, use and recycling phase. Certifications support to insure compliance and serve customer needs.	Product and application development in partnership with customer. Give product related information (Brochures and product families on webpage) and declaration (EPD). Declarations on safe and compliant use by safety information sheet and declaration as on REACH, ELV and GADSL, RoHS and WEEE.	Declarations and EPDs regularly updated, brochures and product information on webpage.
Customers	Right handling of the material and right use of the stainless steel grade in good partnership.	Vision 2020 is based on customer orientation.	Certified EPDs and assurance acc. ISAE 3000 and customer information as on REACH, ROhS and WEEE, ELV available. Sales Academy activities were carried on developing sales competences in 16 different programs in 2018.
Society	Safe use of products.	Disclose safety information.	Safety information sheet and Material safety data sheets available.
Supplier	To strengthen the business partnership.	Request stringent suppliers' requirements and terms and conditions and assess suppliers.	Continued approach in 2018 on assessment and audits. A small number of existing and new suppliers were invited to a self-assessment. Additionally, four suppliers were audited on-site. Raw material suppliers Environment, social and governance risks are screened according to OECD guidance.

TALENT ATTRACTION AND RETENTION

Boundary	Why topic is material/What is important	Management actions	approach/Outokumpu	Evaluation of progress
Outokumpu group	To attract and retain talented people and to engage employees. CEO: it's our people who determine our success.	Integrate employees via OHI, Training programs, Talent review process, compensation and benefits, regular performance development discussion.		Reached second quartile on Organizational Health Index amongst all 1,700 companies participating in the survey.
Community & Society	To maintain attractiveness as employer.	Following the vision.		Ongoing.
Employees	Ensuring all-around collaboration across teams and the organization helps in company's performance and retain employees at the company.	Virtual e-learning courses formed a great part of trainings and a multitude of face-to-face classroom training sessions were held, too.		In 2018, e-learnings on Anti-corruption and Data Protection courses for white collars and face-to-face classroom training sessions. E-learning on Code of Conduct was issued for blue collar in 2018 and will continue in 2019. Over 80% of Outokumpu employees participated in learning sessions. An increase of training hours of 40% to last year and 24 licenses to lead training programs started in 2018.

PRODUCT R&D

Boundary	Why topic is material/What is important	Management actions	approach/Outokumpu	Evaluation of progress
Outokumpu group	To create extraordinary value to our customers and other partners by delivering focused projects on current and future product demands, ensure best in class product support.	Reorganization of R&D function in globally aligned and strongly cooperating teams, optimization of utilization and development of our digital competences.		Artificial intelligence-based optimization for smelter 3 in ferrochrome production. New enhanced HyTech grade developed and development and testing of prototypes of electric engine applications using Forta-H series.
Customer	To develop products best fitting to the need and improve own performance.	Partnerships.		Cases on website.
Community & Society	To maintain company's contribution to the community well-being and get improvement in resource efficiency, circular economy and maintenance.	Following the five focus SDGs.		Outokumpu and society.

CUSTOMER PRIVACY AND INFORMATION SECURITY

Boundary	Why topic is material/What is important	Management approach/Outokumpu actions	Evaluation of progress
Outokumpu group	Digital manufacturing will lead to transformation in our ways of working and include more consistent and efficient delivery of services to our customers.	To ensure that the IT systems and solutions are reliable.	Organizational process blueprints prepared in 2018 will be implemented.
Customer	To establish a good partnership.	Sales processes are developed to identify multiple ways to interact and interface with customers.	Ongoing.
Outokumpu production sites	Digital manufacturing will lead to transformation in our ways of working.	Educating and increasing the competencies of employees.	Skill set for operators and all employees planned in 2019.