



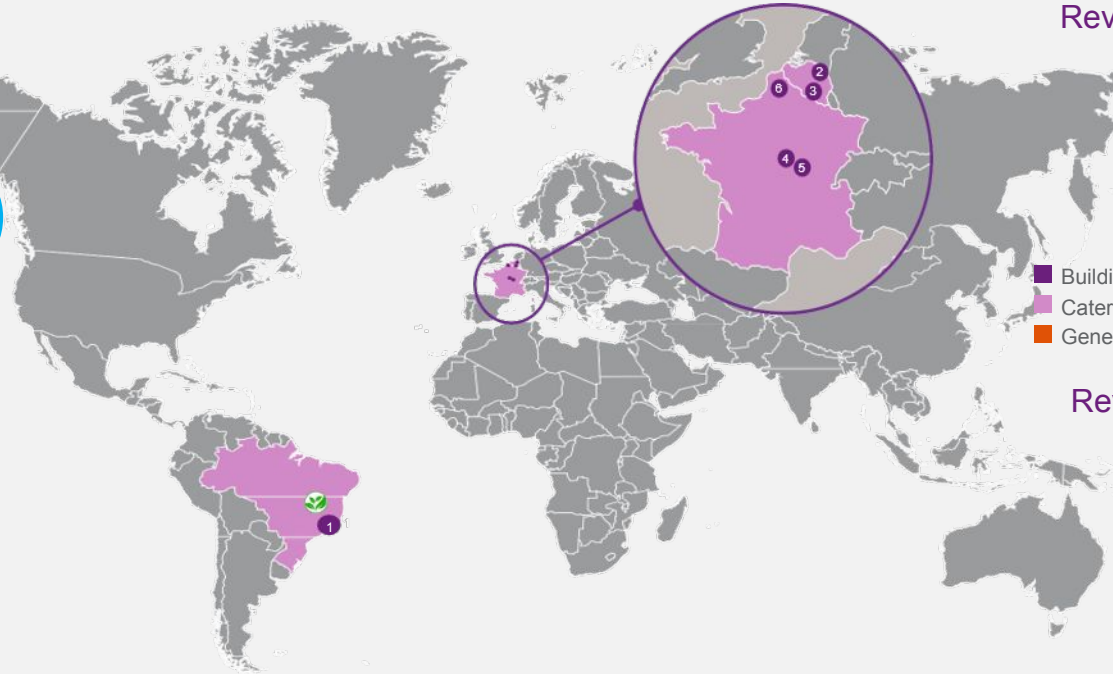
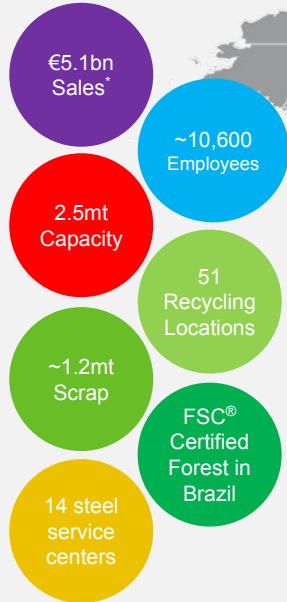
aperam

**Sustainability  
At the Heart of  
Aperam's Strategy**

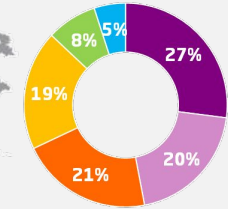
June 2022

# BUSINESS OVERVIEW

Aperam is active in Stainless, Electrical & Specialty Steel & Scrap  
 #2 in Europe and the Only Producer in S. America

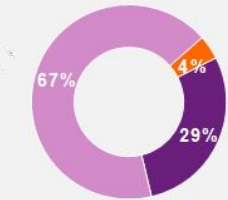


Revenue by industry 2021



- Building & Construction
- Automotive
- Catering & Appliances
- Energy & Chemicals
- General Industry
- Transport

Revenue by region 2021



- Americas
- Europe
- Asia

# PRODUCT & PROCESS

Aperam Produces a Superior Product  
in a Sustainable and Responsible Way

## SUPERIOR PRODUCT

- Very long useful life
- 100% recyclable
- Non toxic
- Corrosion resistant
- Acid resistant
- Fire proof
- Abrasion resistant
- Aesthetic
- Mechanically strong



## RENEWABLE ENERGY

Our blast furnace in Brazil uses 100% charcoal as fuel –  
produced from our sustainably cultivated FSC®-certified forests



## RECYCLING

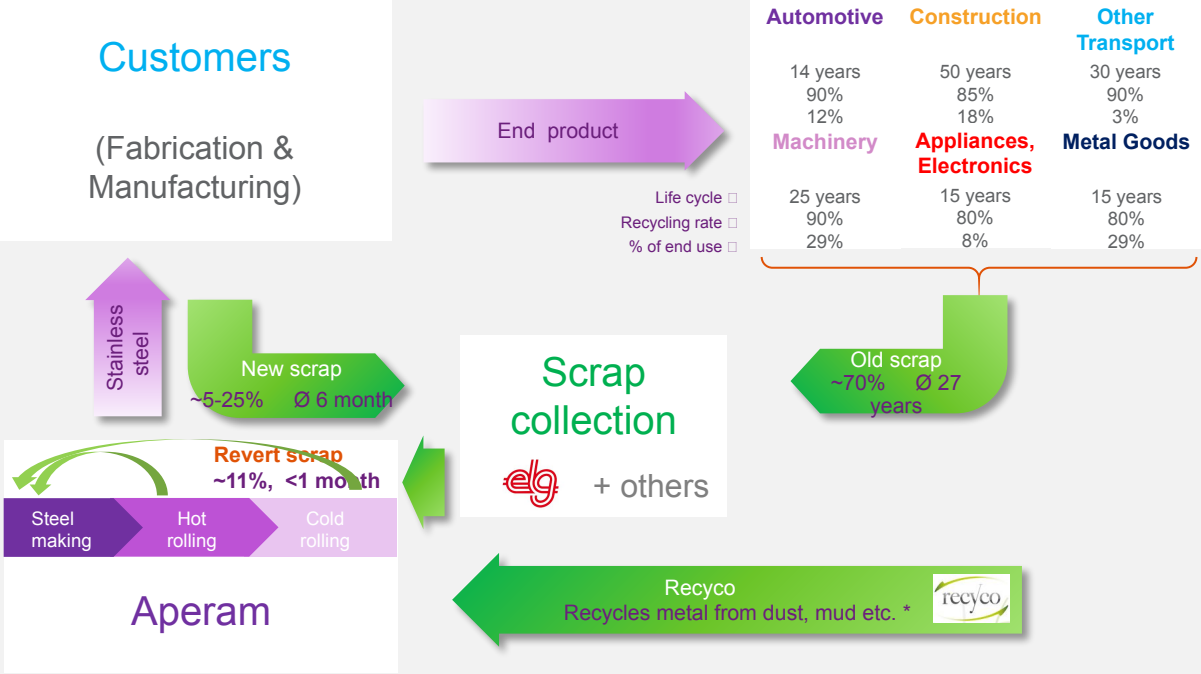
Aperam’s main input in Europe is scrap & recycled materials (>80%)  
Our Recyco unit recycles dust, sludges & residues for us and third parties



*Best practice forest management, recognized by the Forest Stewardship Council's (FSC®) certification, which standards and principles conciliate ecological protection (flora and fauna, but also water reserves) with social benefits and economic feasibility. Our forests are made of selected cloned saplings which are considered among the best on the market and they are separated by firewalls and strips of natural vegetation to take into account both fire-prevention, biodiversity preservation and local development (beekeeping).*

# CIRCULAR ECONOMY

Aperam is at the Heart of the European Circular Economy.  
Scrap & Recycled Material are our Dominating Input



- Aperam uses ~90% scrap in its austenitic grades
- Scrap is sourced regionally in Europe
- Aperam’s location at the heart of Europe minimizes transportation costs & environmental impact

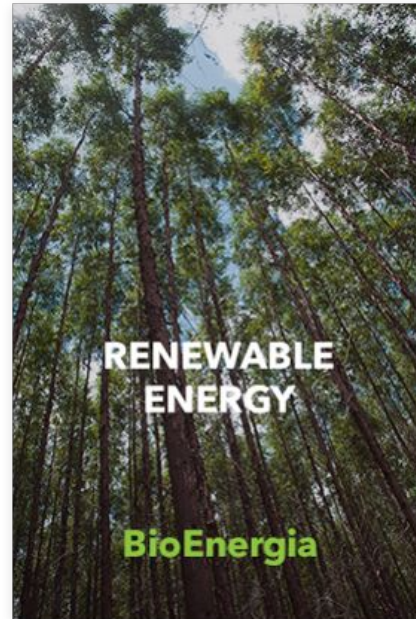
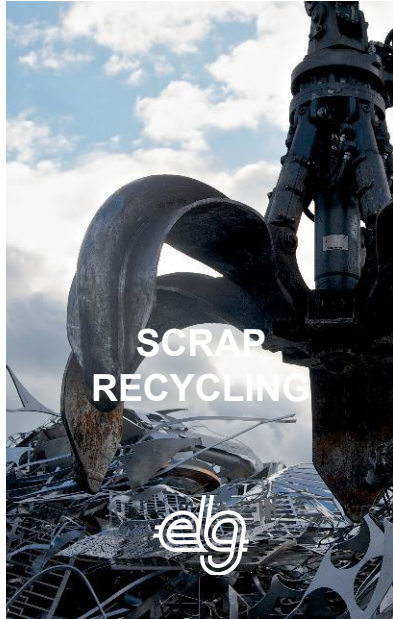
- Recyco recovers metal content from waste material\*

Source: Aperam, SMR, ISSF \* see 2020 Sustainability report p.35-37 for detail

# RECYCLING & RENEWABLES



~30% of Aperam's Workforce Create Value from Working in Renewables and Recycling Upstream



ESG  
Leadership

Stakeholder  
Value

Cost Benefit  
& Growth

# PRODUCTS

We are Part of the Solution



## e-Mobility solutions

Aperam's solutions enable e-vehicle components such as converters, inverters, onboard-charges, motors, EPS, cooling systems, air conditioning systems, current sensors, charging stations, fuel cells and battery packs



## Clean air

Stainless and alloys help the marine transport sector minimizing emissions. Aperam offers scrubbing systems that remove over 90% of Sulphur and 80% of particles. Corrosion resistance grades with high mechanical properties are required



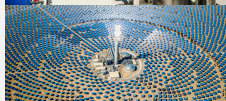
## Cryogenic applications

They require a material that can withstand very low temperatures. Aperam solutions (stainless and INVAR M93 LNG tanker) are specially designed for cryogenic storage; transporting natural gas, ethane, or ethylene; and handling liquefied air gases like nitrogen, oxygen and argon



## Sustainable water supply

Due to its inert nature, stainless is the material of choice for water supply (e.g. tanks and fountains, water boilers, sanitary piping systems, etc.) and water treatment (e.g. sewerage, distillation, desalination) applications



## Solar power

Alloys are resistant to heat, corrosion, fatigue, and creep. It is the ideal material for the receiver tubes used to ensure the flow of molten salt and for glass metal sealing. Stainless, is the material of choice for the structural and fixing elements used in solar power systems



## Renewable energy

Electrical steels enable high performing wind generators due to their high permeability. The magnetic properties of alloys convert and shape an electrical signal from generation to end use. Anemometric towers built of stainless steel enjoy an increased life span, reduced maintenance costs, better safety



## The hydrogen economy

Stainless steel and alloys are already used in a number of important hydrogen applications eg fuel cells, production and storage installations, and transportation\*. Aperam is a big supporter of the shift to hydrogen and a proud member of HydrogenEurope

\*Eg electrodes in alkaline electrolyzers, catalysts for steam methane reforming, storage and transportation

# UN SDG's



## Aperam supports the United Nations' Sustainable Development Goals, in Particular:



Health & Safety is Aperam's primary concern and the priority in all our proceedings.



Gender balance ranks highly on our priority list with a special commitment from Management. Aperam established specific objectives for creating more gender balance in our workforce.



Lowering water consumption and improving the quality of discharge are key elements of our environmental strategy.



Almost 50% of Aperam's energy comes from renewables, mainly as biomass (charcoal) and increasingly also, wind and solar.



Research & Development and innovation are top priorities for Aperam. We also help our customers to adapt their own processes (welding, stamping, etc.) to make the most of their tools.



Aperam is committed to a sustainable cohabitation with our neighboring communities, allowing host cities to thrive and accommodating inhabitants' legitimate requests.



Aperam is a recycling champion: We use the maximum amount of recycled material in our production (eg +80% in Europe) and also recycle wastes and by-Products in line with our zero-waste target.



Our blast furnace uses charcoal, produced from our FSC® certified forest which also acts as a carbon sink. We have ambitious reduction targets to 2030 and target carbon neutrality by 2050.



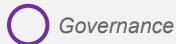
Ethics are a key to Aperam's values. We comply with all applicable regulations, interact transparently with authorities and support the fight against corruption or anti-competitive practices -among others.



Social



Environment



Governance

## Aperam Approaches ESG Holistically



### ENVIRONMENT

- > Best-in-class CO<sub>2</sub>e footprint<sup>1</sup>
- > FSC®-certified forest provides renewable energy and certified CO<sub>2</sub>e
- > Clear improvement targets
  - Waste, aiming at zero-waste
  - Air (dust) emissions
  - Water consumption
  - Energy consumption
- > Production is based on recycled materials, with plans to increase further
- > Committed to net zero 2050 and SBTi-validated roadmap
- > Superior product supporting the energy transition

### SOCIAL

- > Health & Safety is our prime objective
- > Human Rights, Inclusion & diversity
- > Training & development
- > Positive social dialogue & responsible variabilization
- > Quality of life at work and employee satisfaction

### GOVERNANCE

- > High ethical standards with zero-tolerance policy
- > Responsible supply chain
- > Majority of Board is independent
- > Committees are exclusively independent
- > Best-in-class ESG rating
- > Active Foundation and stakeholder engagement
- > ResponsibleSteel™ Certification roll-out in progress



<sup>(1)</sup> scope 1+2





DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



# ESG STATUS & TARGETS



## A Best-in-Class Footprint & Clear Improvement Targets

We aim to become  
carbon neutral by 2050 & validate  
our CO<sub>2</sub> roadmap with the SBTi

| CRITERIA                               | 2030 TARGET                          |               | APERAM 2021  | vs 2015 |   |
|--|--------------------------------------|---------------|--|---------|---|
| Energy intensity <sup>1</sup>          | 6.9 GJ/tcs <sup>2</sup>              | -11% vs 2015  | 7.8* GJ/tcs <sup>2</sup>                                   | 0%      | ⚠ |
| CO <sub>2</sub> intensity <sup>3</sup> | 0.30 te/tcs <sup>2</sup>             | New objective | 0.33* te/tcs <sup>2</sup>                                  | -39%    | ✅ |
| Water consumption                      | 6.1 m <sup>3</sup> /tcs <sup>2</sup> | -40% vs 2015  | 10.0* m <sup>3</sup> /tcs <sup>2</sup>                     | -2%     | ⚠ |
| Dust intensity                         | 76 g/tcs <sup>2</sup>                | -70% vs 2015  | 155* g/tcs <sup>2</sup>                                    | -38%    | ✅ |
| Zero waste target                      | >97% reused / recycled               |               | 92.9%  | -0.6pp  | ⚠ |
| Health & Safety                        | TRIR<3 in 2026                       |               | 7 (new indicator)  |         | ⚠ |
| Diversity                              | 30% of exempts in 2029               |               | Women 13.5% of staff<br>7.4% blue collar, 22.4% of exempts |         |   |
| Digital Learning                       | 30% of total learning hours in 2029  |               | 18%  |         |   |
| Employee Satisfaction                  | >80% of Sustainable Engagement       |               | 80%  |         |   |

(1) only electricity, LPG and natural gas, (2) per ton of slab (internal/external), (3) Scope 1+2, including yearly removals for our forestry. (4) Using comparable methodologies, our 2021 CO<sub>2</sub>e intensity decreased by 2%, but the 0.33t/tcs includes methodological updates rendering the comparison with 2020 irrelevant. \* Data having received external assurance

# HEALTH & SAFETY

Our Prime Objective

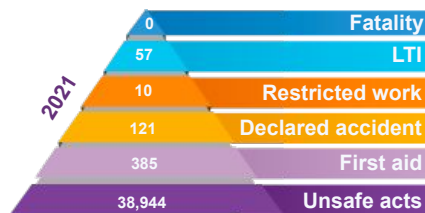


LTIFR IS HALF  
OF SS INDUSTRY\* ...



ISSF    Aperam

... WITH VERY LOW  
SEVERITY RATE\*\*



## ROADMAPS WITH 3 STRATEGIC AXES

### > Prevent and control the risk of fatal and severe accidents

- Detailed improvement plan post a H&S audit of each site
- Monthly monitoring

### > Identify cultural maturity

Uses external framework to assess and improve H&S at each site individually



### > Support and coordinate transversal actions

Launch of single incident reporting and investigation tool

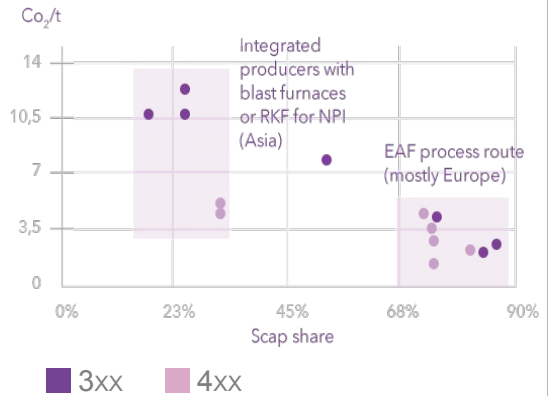
\* Lost time injury frequency rate = number of injuries resulting in lost time per million working hours – 2020: Aperam 1.5 versus ISSF average 3.1, ISSF 2021 data will be published in late May 2022

\*\* Severity rate = total number of days lost for accidents/total/hours worked x 1,000,000.

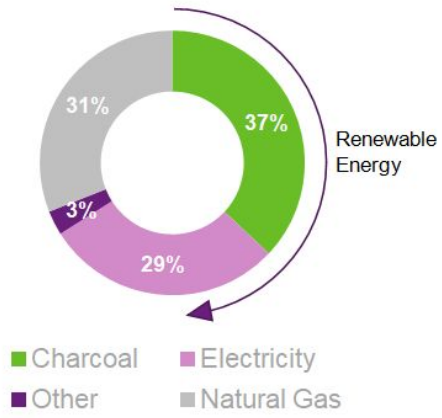
# GHG

## Recycling Content & Renewable Share puts Aperam in a Best-in-Class Position

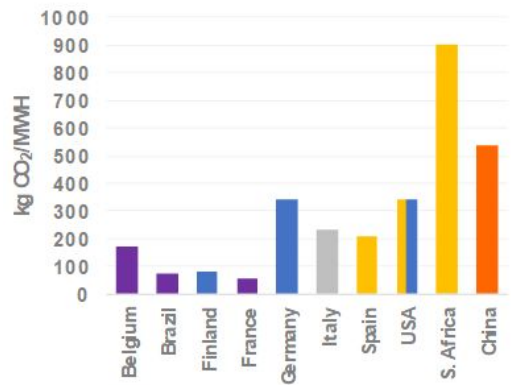
### SCRAP USAGE REDUCES CO<sub>2</sub> EMISSIONS SUBSTANTIALLY\*



### APERAM ENERGY MIX 2021



### ELECTRICITY IS KEY FOR DECARBONIZING



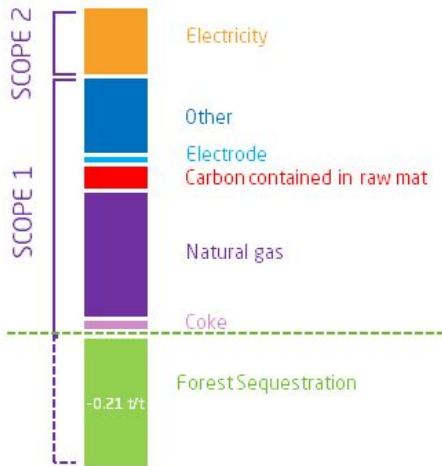
Source: Company data, Aperam estimates, EEA, IEA

\*scope 1 + 2 + 3a incl. raw material

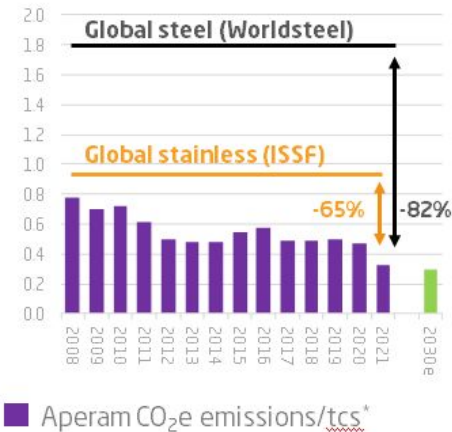
Aperam has a Transparent & Realistic Plan for Realizing 0.30 tCO<sub>2</sub>e/tcs by 2030 and Carbon Neutrality by 2050

## APERAM CO<sub>2</sub> EMISSION BY SCOPE

0.33te/tcs\*



## APERAM CO<sub>2</sub> EMISSIONS ROADMAP\*



## MEASURES & CAPEX

**Target: <0.3 tCO<sub>2</sub>e/tcs in 2030\*\***

- > ~33% are based on energy efficiency projects and heat recuperation
- > ~33% are based on the decarbonization of energy
- > ~33% gains in direct CH<sub>4</sub> emissions
- > Capex for 2030 targets ~EUR20m pa\*\*
- > FSC® certified forest operations play a key role for reaching net zero by 2050

\*Scope 1 (non-biogenic) + scope 2 (market-based) ; for change in methodology please refer to Aperam's 2021 ESG report

\*\*versus 2015 (0.54 tCO<sub>2</sub>e/tcs)

\* Mainly covered by normal annual maintenance & growth capex budget. 2020-30 total spend ~EUR200m

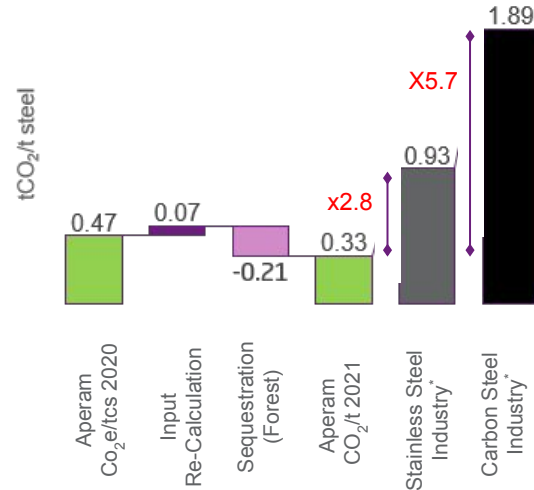
# Q1 2022 ESG HIGHLIGHT

Forestry is a Valuable Decarbonisation Asset  
With Substantial Growth Potential to 2050

## BIOENERGIA INCLUDED IN NEW RECYCLING & RENEWABLES SEGMENT

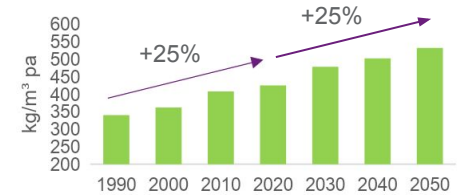
- > Since Jan 2022 BioEnergia is reported in the newly formed Recycling & Renewables segment (used to be part of S&E Brazil before)
- > BioEnergia owns ~130,000 ha Land in Minas Gerais (Brazil)
- > 40,000 ha preservation area that is wildlife habitat
- > Capex of EUR15-20m pa, employs ~1000 people

## APERAM OWNS A BEST IN CLASS CARBON FOOTPRINT<sup>2</sup>



## BIOENERGIA GROWTH PLAN SUPPORTS CARBON NEUTRALITY BY 2050

- > Continue to increase forestry asset density (optimized plants & operations)

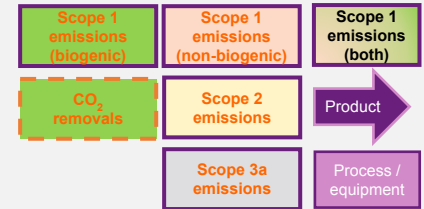
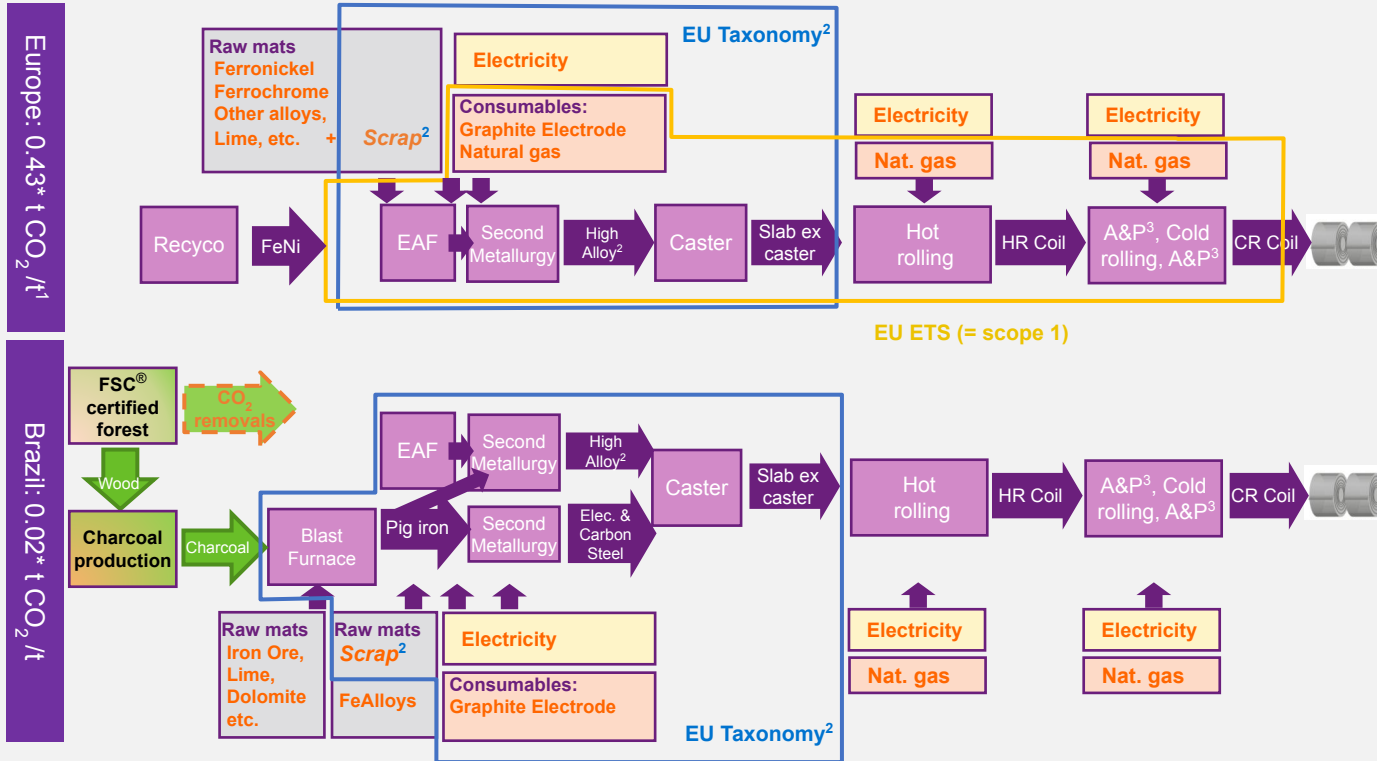


- > Acquire rights for an additional 26k ha
  - Additional biomass capacity
  - Value accretive with IRR >15%

# ENVIRONMENT



Aperam has an industry leading CO<sub>2</sub>e footprint<sup>1</sup> and clear improvement targets for 2030



Scope 1 – All Direct Emissions from the activities of an organisation or under their control (can be either biogenic i.e from biomass, or non-biogenic).  
 Scope 2 – Indirect Emissions from electricity purchased and used by the organisation.  
 Scope 3 – All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control (3a: Upstream, i.e mostly Raw materials)  
 (1) per tonne of slab, scope 1 + 2 (Scope 1 non-biogenic, Scope 2 "market-based") based on ISO14404 (incl. purchased tons processed internally and hire-work)  
 (2) EU Taxonomy\* requires:  
 - for high alloy steel (stainless): 0.266 (mitigation) to 0.360 (adaptation) tCO<sub>2</sub>e/tcs ex-caster Scope 1 for EAF route or a 70% scrap ratio minimum.  
 - for carbon steel: 1,331 (mitigation) to 1.443 (adaptation) tCO<sub>2</sub>e/tcs ex-caster Scope 1 for hot metal i.e BF route), or a scrap ratio at 90% minimum.  
 (3) Annealing & Pickling.

\* Data having received external assurance

# GOVERNANCE & STAKEHOLDERS



“We lead by example and maintain constant engagement with all our Stakeholders in quest for mutually beneficial solutions”

- > **Best practice in Corporate Governance** reflected in our:
  - Committee composition
  - Risk management approach
  - Extensive Compliance plan
- > **Responsible Purchasing** policy and procedures
- > **CSR indicators** cascaded within the entire organisation
- > **Community** engagement
- > Leadership/Excellence level **ESG ratings**  
(refer to last page)
- > Strong **Customer and innovation** focus



| Indicator                        | Unit       | 2021               | 2020               | 2019 | 2018               |
|----------------------------------|------------|--------------------|--------------------|------|--------------------|
| Customer Satisfaction: Alloys    | Rate on 10 | 9.2                | n/a                | 8.8  | n/a                |
| Customer Satisfaction: Stainless |            | 7.9 <sup>(2)</sup> | 8,0 <sup>(2)</sup> | n/a  | 7.6 <sup>(2)</sup> |

(1): Europe , (2): Brazil

# GOVERNANCE & STAKEHOLDERS



ResponsibleSteel™ as part of our strategic plan  
making corporate responsibility more widely recognised



ResponsibleSteel™ helps steel producers answer the sustainability concerns of their customers while addressing the expectations of the Civil Society. It is a member-based not-for-profit organisation. Using an independent certification standard, the initiative enables to promote steel as the responsible material of choice.

- > Aperam actively participates in the development of the ResponsibleSteel™ standards (site-level and product).
- > In 2021, Aperam was **the first Stainless producer to earn the Site-level certification** for its Stainless Europe perimeter.

## Benefiting everybody

- > External certification is much more satisfactory for **customers and end-users** than a pure document-based approach.
- > **Local communities and employees** will benefit too from the high sustainability standards and transparency this initiative sets taking into account the ideas shared by members that represent their interest.
- > As for **Suppliers**, ResponsibleSteel™ cooperates with existing Mining standards to assess if we can integrate their own specific grade to rate the suppliers, recognizing the efforts of the best operators.

“ *The ResponsibleSteel™ label will play a prominent role in making the steel industry a true ally in building the sustainable and responsible society we strive to live in.* ”

**Tim di Maulo,**  
Aperam CEO



**The Site-specific standard consists of 12 principles for the responsible sourcing and production of steel**



## Communities & Corporate Citizenship

Maintaining a close relationship with our stakeholders is consistent with our values and also sound business management.

In Brazil, the Aperam Acesita Foundation is a private, non-profit institution. Its mission is to promote the integrated and sustainable development of communities where Aperam South America maintains its main activities.

The foundation concentrates on 4 key areas:

- > Education
- > Culture
- > Environment
- > Social promotion



### Stakeholder Engagement, the Aperam Way

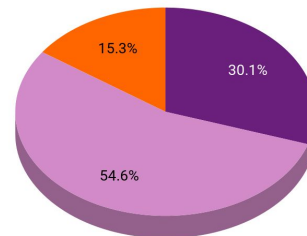
- ✓ Official Stakeholder Engagement policy
- ✓ Group Sustainability report in English
- ✓ Country supplements in local languages
- ✓ Entrance Posters and site-specific web pages with key Social & Environmental indicators
- ✓ Ongoing Environmental monitoring
- ✓ Stakeholder dialogue directly by sites or via our Acesita Foundation
- ✓ Development program via our Foundation
- ✓ 24h/7 Online contact form in local languages
- ✓ Company-wide Impact Assessment (2016)
- ✓ Human Rights/Discrimination risk method
- ✓ Biodiversity risk assessments in progress

### Aperam Acesita Foundation Activity GRI 413-1

| Indicator  | Unit        | 2021       | 2020       | 2019       | 2018       |
|--|-------------|------------|------------|------------|------------|
| Beneficiaries  |             | > 26,000   | > 40,000   | >65,000    | >64,000    |
| Cultural Events  | #           | 60         | 94         | 89         | 102        |
| Online Events - Views                                    |             | > 61,000   | >265,000   | n/a        | n/a        |
| Social Impact Investments (Social Projects only)         |             | 2.7        | 1.9        | 2.3        | 2.9        |
| Other Aperam Acesita Foundation Expenses                 | BRS million | 1.1        | 0.8        | 0.9        | n/a        |
| <b>Total Investments by the Foundation<sup>(1)</sup></b> |             | <b>3.7</b> | <b>2.7</b> | <b>3.2</b> | <b>2.9</b> |

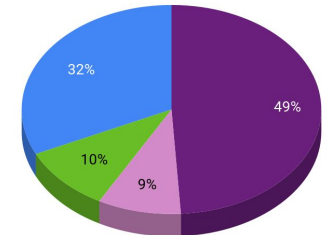
(1) Including expenses linked to the services provided.

Sources of funds



● Aperam Social Investment 
 ● Services Provided - Foundation 
 ● External Fundraising

Expenses by Focus



● Education 
 ● Culture 
 ● Environmental 
 ● Community development



# GOVERNANCE & STAKEHOLDERS



## Ethics and Compliance

- > **Very strong ethical guidelines** based on Aperam values that go much beyond regulatory required compliance
- > **Zero tolerance for non-compliant behaviour**
- > **Full ethical framework** based on regular Communications, Training, Expertise and Continuous improvement with yearly routines (Conflict of interest declarations)
- > Beyond regulations, high focus on **best practices**

### Aperam policies inspired by international references:

- > International Labour Office
- > UN Human Rights charter
- > UN Global Compact
- > UN convention Against Corruption
- > OECD Guidelines for Multinationals
- > ISO standards: Quality, Energy, etc.
- > SA 8000

### 2021 key facts

#### Key actions:

- New self-guided training on our Code of Conduct consisting of a short video with real-life examples.
- 3<sup>rd</sup> Company wide anti-fraud week and specific event on Human Rights Inclusion & Diversity.
- Best-in-class process with automated Compliance routines hosted on the People Management IS.

#### Investigations:

- 13 allegations relating to fraud referred to the Group's Internal Audit for investigation.
- At end 2021: 4 forensic cases and 10 ethical cases, with investigations finalized (0 significant cases).
- Review by Audit and Risk Management Committee & report to Board of Directors.



Zero tolerance policy for non compliant behavior

# GOVERNANCE

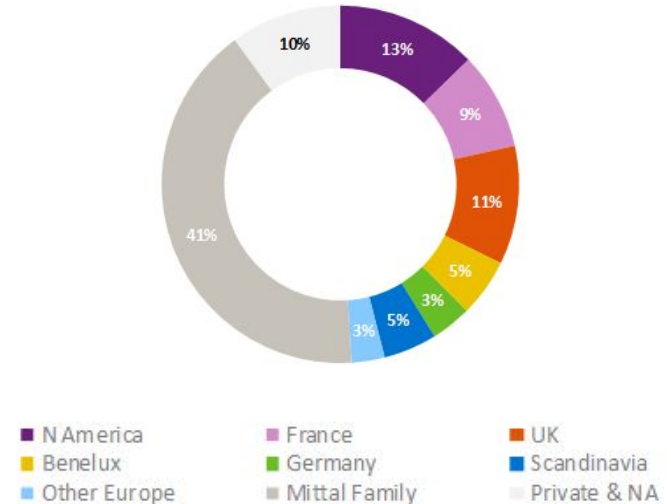


## Our Diverse Board of Directors Ensures Effective Governance

### PRINCIPLES OF BOARD

- > Responsible for strategic direction and oversight of the business, as well as for appointing senior management
- > Election subject to shareholder approval. Directors are elected for 3 year terms
- > Chairman: Mr. Lakshmi N. Mittal
- > 7 members with a majority of independent directors (4 independent directors out of 7)
- > Mrs. Ros Rivaz is lead independent director
- > 2 Board Committees composed of 100% of independent directors and reporting to the Board of Directors:
  - Audit and Risk Management Committee covering also ESG matters ; Chair: Ms. Bernadette Baudier
  - Remuneration, Nomination and Corporate Governance Committee ; Chair: Mr. Alain Kinsch

### SHAREHOLDER STRUCTURE



# GOVERNANCE



## Our Leadership Team: Diverse & Experienced

### KEY FACTS & COMPENSATION

- > Entrusted with day-to-day management of the Company
- > Appointed by the Board of Directors
- > Experience and industry know how
- > Average age: 50 / 6 nationalities
- > CEO: responsible for Aperam's sustainability performance and compliance
- > CTO is also Head of Health, Safety & Environment
- > Compensation aligned with long term interest of the Company and its stakeholders
  - Multiplier for performance related bonus includes H&S factors (1 year plan)
  - Long term incentive plans based on ESG targets, EPS, TSR evolution (3 year plan) vs relevant peers and index

\* & sustainability



Aperam benefits from the experience and industry know-how of its Leadership Team

# RECOGNITIONS



Our Commitment to Sustainability is Recognised by Investors,  
NGOs, and Certification Authorities

## Investor Perspective



Reconfirmed as "AA"  
(Leadership level) by MSCI



Listed in Excellence registers



Rated 78/100 pts by  
EthiFinance



Ecovadis  
Rated Gold

## Customer Perspective



Rated "B" (Management level)  
by CDP



## Employee Perspective



Best employer #10 in France  
in the Heavy industry and  
Material sector (Capital)



# Q&A

Please send your Questions to  
[sustainability@aperam.com](mailto:sustainability@aperam.com)