

aperam



Sustainability Report 2020

Sustainable by Design – Made for Life

External Assurance

We declare this report to be in accordance with GRI core level.

Material aspects and indicators are shown on p. 12. Detailed Disclosures on Management Approach (DMA) can be found in the online supplement 'C'. The scope of the information and data in this report covers global operations from January to December 2020.

Aperam's production capacity is focused on:

- > 6 production sites in Brazil (Timóteo), Belgium (Châtelet, Genk), and France (Gueugnon, Imphy, Isbergues/Recyco)
 - > 14 Steel Service Centres (SSC), part of our Service & Solutions segment
 - > 11 transformation facilities: 5 in the Service & Solutions segment; Pont de Roide and BioEnergia in the Stainless & Electrical Steel segment; and Rescal, Amilly, and two joint-ventures: Imhua and ICS in Alloys & Specialties
 - > 17 sales and representations offices for the Service & Solutions segment and 4 more for Alloys & Specialties
 - > Registered office: 12C rue Guillaume J. Kroll, L-1882 Luxembourg
- The report does not cover any joint venture operations or activities of or with partner organisations.

Safety data covers Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties, as well as on-site contractors. Human resources data exclude contractors.

Subject to the exclusions indicated below, environmental data covers all the main industrial sites, SSCs and corporate offices.

Environmental information is compiled locally and aggregated centrally. In our greenhouse gas emissions calculation, we apply ISO 14404-1 and ISO 14404-2 standards, which considers biomass to be carbon neutral. The CO₂ emissions data relates to Scopes 1 and 2, unless otherwise detailed.

The following exclusions apply to the environmental data:

- (1) Raw material data excludes packaging and miscellaneous parts;
- (2) Scope 3 indirect emissions.

This report represents our Communication on Progress relating to UNGC membership (see Online Supplement 'A'). The 'Made for Life' report is a component (the 'summary') of our complete sustainability reporting (the 'Report') for the year ending 31 December 2020.

The Report is composed of four items: the 'Made for Life Report' and three Online Supplements – A,B and C. Our 2020 Report can be found on our website (www.aperam.com/sustainability), together with the four online supplements. The summary report provides part of the information required to satisfy GRI 'In Accordance Core' criteria. Therefore, the summary should be read with its accompanying Online Supplements to constitute the complete Report.

Independent assurance statement

Deloitte Audit Société à Responsabilité limitée issued an unmodified opinion using ISAE 3000 limited level assurance with respect to the Report on the following subject matters: adherence to the Global Reporting Initiative (GRI) guidelines with respect to the Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness adherence of the disclosures in the Report to the GRI 'In Accordance Core' criteria and the appropriateness of the GRI Index on pages 60-61 of the Report and fair presentation in all material aspects in accordance with GRI Guidelines, of selected performance data, marked in the Report with a ^(*):

- GRI 302-3: Energy intensity,
- GRI 303-3: Water intakes,
- GRI 305-1,2,4: CO₂ and CO₂ intensity,
- GRI 305-7: NO_x, SO_x and other air emissions (dust only),
- GRI 403-9: Work-related injuries LTIFR and Severity Rate - LDR.

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Opening words From our Chief Executive Officer.

Company profile A global leader in Stainless and Specialty Steel serving multiple markets ; Our Offering ; Our Main Sites.

History: 10 years in a few milestones.

Business Model: Sustainability is fully embedded within our Business operations.

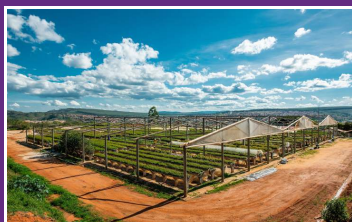
Sustainability strategy How Aperam's roadmap and reporting comply with GRI principles.



Social: Our People

With safety as our top priority, Aperam aims to be a sustainable and profitable company with our efficient and passionate workforce as our main asset.

> See how our approach ensures the safety, development and well-being of our people, even in COVID times.



Environment: Our Planet

As part of an energy-intensive industry consuming metallic ores and other raw materials, Aperam takes environmental stewardship seriously. That is why we set ambitious 2030 objectives, as well as a target of becoming carbon neutral by 2050.

> Read about the many ways we are becoming a more sustainable company by reducing our industrial footprint and working to raise awareness about important environmental issues.



Governance: Our Stakeholders

From the support of our subcontractors who assist our teams to the strong partnerships built with our suppliers and customers and up to local infrastructures - our success is dependent on the communities we operate in. Our Corporate Governance is based on the highest standards and complies with the most rigorous business ethics. As a member of the ResponsibleSteel™ initiative, we are committed to taking stakeholder engagement and responsibility to a new level.

> See how we continually strive to develop in a way that benefits the public at large.



About this Report

GRI Index

Country Supplements - Prepared for our stakeholder, they will be soon available in local language for the three main countries of operation (Belgium, Brazil, France).

Methodology Supplements - United Nations' Global Compact reference; Materiality Process at Aperam; GRI Index and Disclosures on Management Approach.

Opening Words from our CEO



Created 10 years ago, Aperam's first decade has been both challenging and inspiring – a characterisation that was on full display during the global COVID-19 pandemic.

Despite the myriad of challenges the pandemic has created, it also confirmed that we have built a resilient, sustainable company capable of navigating even the most turbulent of times. What I've found so inspiring about this past year is the dedication of our 9,400 committed employees. Through all the social distancing, telework, economic unemployment, and stress of the pandemic, our team has remained

committed and fully focused on providing our customers with superior products while never wavering on our sustainability commitments. Our commitment to sustainability drives our operations and is embedded in our social, environmental, and societal responsibilities. It has also helped us weather these challenging times, which I invite you to read more about in the following pages. In the meantime, I would like to highlight a few important points here.

► **Aperam takes pride in its health and safety culture.** The safety of our people remains our undisputed priority and always takes precedence over everything else, including efficiency and costs. Because of this focus, when the pandemic hit, we were able to quickly adapt our processes to this new reality. From the shopfloor to our headquarters, our entire organisation reacted with remarkable efficiency and professionalism.

Building on our existing safety practices, we quickly set up strict protocols and follow-ups, preventing the spread of the disease amongst our people and allowing the continuity of operations. We also improved our lost-time injury frequency, reducing it from 1.7 in 2019 to 1.5 in 2020. However, we still have a long way to go towards reaching our zero-accident objective. To help, we recently launched a new 'Just Culture' programme, which you can read about on page 16.

Despite the ongoing challenges that the pandemic presents, I am confident that we'll get through it collectively and that Aperam will emerge stronger than ever. Leveraging what we learned, from the benefits of having a clever teleworking policy to the use of e-learning

and virtual team building, we can create a better work-life balance for a post-pandemic world. Not only is this good news for everyone's well-being, it will also help us attract and employ more women - which is an important objective of Aperam.

► **2020 saw several important achievements in the environmental field.** For example, thanks to our FSC-certified forestry in Brazil and the eucalyptus-based charcoal it produces, combined with the scrap used by our European operations, Aperam has maintained its best-in-class CO₂ footprint among stainless steel producers¹.

That being said, Aperam's environmental performance was not immune to the effects of the COVID-19 pandemic. For instance, some of our indicators flatlined or even decreased temporarily due to pandemic-related production slowdowns. However, we still managed to define a strong CO₂ action plan that justifies the doubling of our 2030 ambitions. We also continued to record recycling rates of over 94% for both our residues and our water consumption.

► This report usually highlights **the many ways Aperam engages with our stakeholders and the communities in which we operate**, but COVID-19 had other plans. Although we weren't able to physically open our plants to the public, meet with customers, or interact with our partners, in Europe, we initiated our first sustainability-specific customer survey and we engaged nonetheless, contributing as we could to the common fight against the virus. For instance, in Brazil, we realised a specific donation to extend Timoteo's Intensive Care Unit and our Foundation distributed health packs to the community. We also continued to enhance our Sustainability, Ethics & Compliance approach by strengthening the teams and elaborating on such topics as Human Rights, Anti-Fraud and Responsible

Purchasing - always taking into account the framework proposed by ResponsibleSteel™.

I firmly believe that the biggest takeaway from the pandemic is that sustainability cannot wait. In this report, we highlight what we're doing today to create a sustainable tomorrow. But we can't do it alone, and it can't happen from the top down. When it comes to sustainability and creating real social value, everyone has an important part to play. That is why regardless of one's role or title, I encourage everyone to develop responsible practices and standards within their own sphere of influence.

As we work to build our sustainable, post-pandemic world - a world that will be characterised by more freedom and happiness -, I hope you join us in our sustainability journey and will use Aperam as a resource for implementing your own initiatives.

I look forward to collaborating with you soon.
Sincerely yours,

Tim di Maulo
Chief Executive Officer

¹ 0.5tCO₂/tcs, almost half of our sector's average (Source: ISSF) and better than our direct competitors.

Company Profile

Aperam is a public limited company listed on the Luxembourg stock exchange and on Euronext Amsterdam, Brussels and Paris.

> 6 main plants

> 4 melting shops: Timóteo (Brazil), Châtelet and Genk (Belgium), Imphy (France)

> 5 main cold rolling sites: Timóteo (Brazil), Genk (Belgium), Gueugnon, Isbergues and Imphy (France)

> 1 FSC®-certified BioEnergia eucalyptus plantation and charcoal production facility (Brazil)



EUR millions unless otherwise stated ¹	2020	2019	2018	2017	2016
Crude Steel ('000 metric tons)	1.96	1.98	2.29	2.25	2.267
Shipments ('000 metric tons)	1.68	1.79	1.97	1.94	1.92
Revenues ¹	3,656	4,287	4,704	4,492	3,887
Operating costs ²	2,798	3,378	3,635	3,381	2,903
Employee wages & benefits	482	517	527	534	502
Payments to providers of capital ³	146	240	205	204	97
Payments to government	80	37	75	57	54
Community investments	0.4	0.3	0.3	0.9	0.5
EBITDA	343	357	504	551	445
Economic value retained	150	210	332	406	330
Direct economic value generated	3,656	4,287	4,704	4,492	3,887
Economic value distributed	3,506	4,077	4,372	4,086	3,556

¹ Differences between "Global Aperam" and the sum of the different regions and segments (next page) are due to all operations other than those in clear, together with inter segment elimination and/or non-operational items that are not segmented. For Full-Time Equivalent Employees, it is related to Transversal Functions (Headquarters, Sales, Purchasing, etc.).

² Operating costs include R&D costs of EUR 16 million for Aperam Group.

³ Payments to capital providers = Net Cash Interest and dividends paid to capital providers and shares repurchased through share buyback programmes during the year, in line with an amount of interest paid (net) of EUR 5 million, EUR 5 million, EUR 8 million and EUR 9 million, dividends paid of EUR 142 million, EUR 130 million, EUR 106 million and EUR 87 million, and shares repurchased for EUR 93 million, EUR 70 million, EUR 90 million, and nil stated in the cash flow statements of the 2019, 2018, 2017 and 2016 Annual Reports respectively.

Our Offering



Alloys & Specialties

- > Portfolio includes the finest grades made from a combination of alloying elements, including not only Ni and Cr, but also Mo and Co for stainless and electrical steel and alloys.
- > Products include cold-rolled strips, plates, semis, bars, wire rods and fine wire, all of which are available in a variety of grades. We also offer a variety of semi-transformed components.
- > Customers typically contact us for our in-depth technical expertise and industry-leading innovation.



Stainless & Electrical Steel

- > Among the world's largest producers of flat stainless steel.
- > Delivering from Europe and South America.
- > Products include cold- and hot-rolled coils, sheets and strips, all of which are available in a range of finishes.
- > One of only a handful of companies producing 2 metre wide coil.
- > Continuously expanding an already wide-ranging portfolio with innovative new products, grade and finishes.

Aperam Performance by Division GRI-201-1

Aspect	Indicator	Unit	Stainless & Electrical Steel		Services & Solutions	Alloys & Specialties
			<u>Europe:</u> Genk, Châtelet, Gueugnon, Isbergues & Recyclo, Precision	<u>South America:</u> Timóteo, BioEnergia	<u>Worldwide</u> 14 service centers 6 transformation units 17 sales offices	<u>Worldwide:</u> Imphy, Amilly, Rescal Imhua (PRC), Indore -ICS (IN)
People	Own Staff (End of Period) ¹	FTE	2,752	3,075	1,618	1,214
Shipments	Steel Shipments	kt	1,048	591	646	31
Economic Contribution	Revenues	m€	2,229	693	1,504	505
	Wages & Benefits		270	60	74	62
	Payments to Capital Providers ⁽⁴⁾		5	57	11	3
	Community Investments		0	0.4	0	0
	Payments to Government		18	44	8	7
	EBITDA		88	189	39	45
	Economic Value Distributed		2,097	601	1,480	464

Services & Solutions



Aperam sells and distributes products through its Services & Solutions division:

- > Just in time
- > Distribution of Aperam and third party material
- > Transformation services, according to specific customer requirements

Our Main Sites



Châtelet (Belgium)

Melt shop and hot-rolling mill



Genk (Belgium)

Melt shop and finishing



Timóteo (Brazil)

Melt shop and finishing



Isbergues (France)

Cold-rolling mill and finishing



Gueugnon (France)

Cold-rolling mill and finishing facilities



Imphy (France)

Melt shop and finishing

Our Values



Leadership

By being a bold, creative and courageous market player, we will lead the way in promoting sustainable solutions.



Agility

While changing market conditions require us to move quickly and adapt, we must remain flexible enough to meet our customer's specific requirements.



Ingenuity

Our people are skilled, imaginative and innovative and have a passion for sharing their skills. This ingenuity leads to new ideas and new solutions.

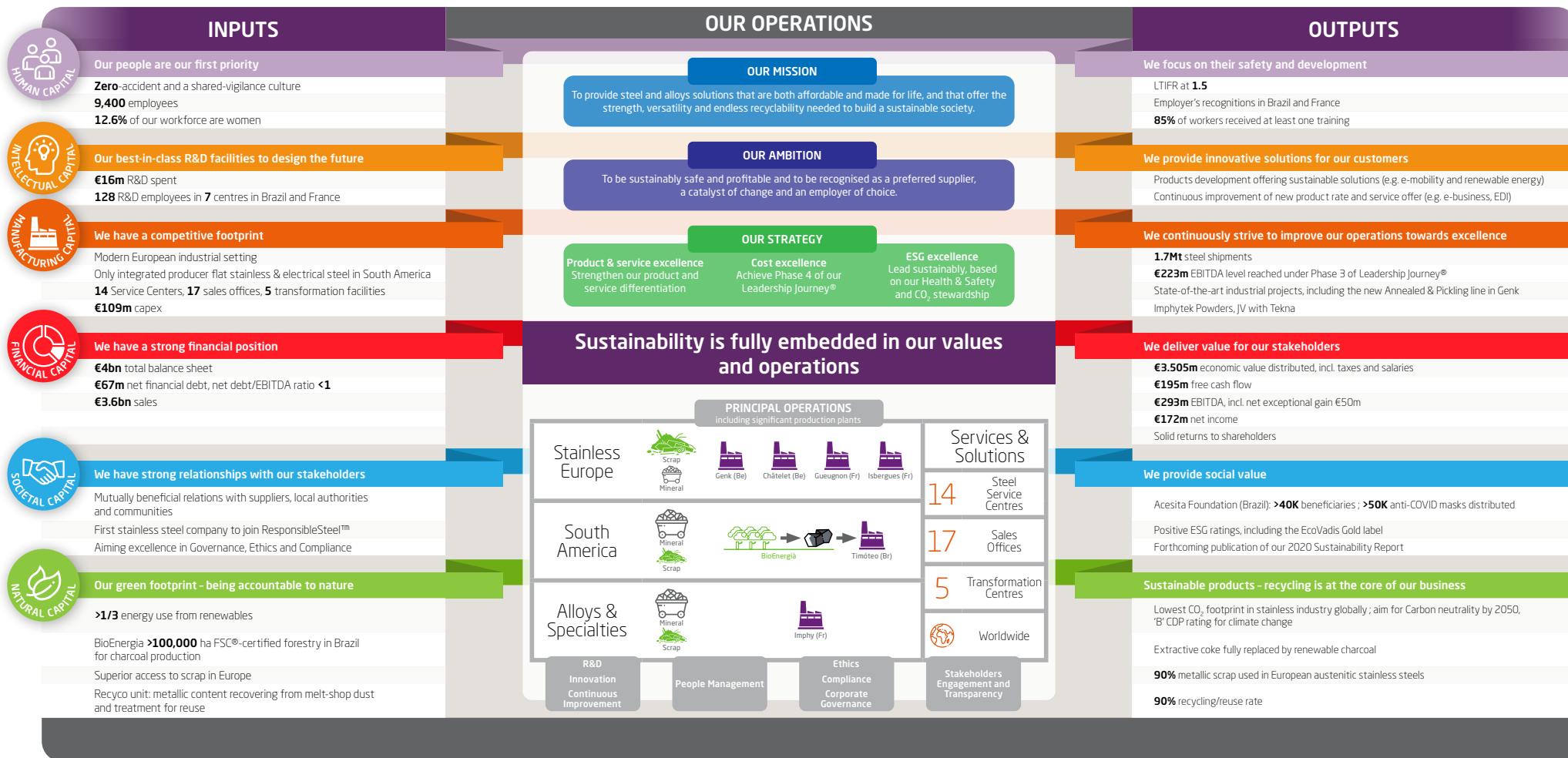
Site Certification

Division	Plant/Site	OHSAS	ISO				IATF	Others
		18001	45001	14001	9001	50001	16949	
Stainless & Electrical Steel:	Châtelet	x		x	x			
	Genk	x		x			x	
	Gueugnon	x		x		x	x	
	Pont-de-Roide		x	x		x	x	
	Isbergues	x	x	x		x	x	
	Recyco	x		x				
South America	Timoteo	x		x	x		x	FSC® CoC & M
	BioEnergia		x	x				
Alloys & Specialties	Imphy	x		x	x		x	
	Amilly	x		x	x		x	
	Rescal		x	x	x			
	Imhua (PRC)	x			x		x	
	Indore (IN)	x		x	x			
Services & Solutions	20 units	5/20	14/20	11/20	20/20	4/20	5/20	SA8000 - PL

Other specific certificates and approvals can be found at <https://www.aperam.com/documentation>.

About Aperam

Our Business Model



About Aperam History

10 Years Aperam Journey

Sustainable by Design
Made for Life

APERAM CREATION
25 January: ArcelorMittal shareholders approve spin-off proposal at a General Meeting. Aperam listed on Amsterdam, Paris, Luxembourg stock exchange and created with a strong governance framework.

LEADERSHIP JOURNEY®
Announcement of Phase 1 of the Leadership Journey®.

DIVIDENDS
Payment stopped in 2013 to accelerate net debt reduction.

SAFE TRAINING
With safety being our #1 priority, Aperam starts providing new award-winning SAFE training to all employees.

PRIME RATING
Company gets first enquiries from ESG Analysts and earns Prime rating from Oekom.

BIOENERGIA REBORN
Planting new trees, Aperam renews its eucalyptus forest.

BEL20
Aperam listed on Euronext Brussels, and enters Bel20 Index.

INVESTMENT GRADE
Company earns first Investment Grade (Baa3) rating from Moody's.

€90 MILLION
First share buyback completed in June.

EMPLOYEE SATISFACTION
Second all-employee survey shows 86% satisfaction - up from 71% in 2011.

RESPONSIBLE STEEL™
Aperam joins the industry's first global, multi-stakeholder standard and certification program.

CARBON NEUTRALITY
2030 environmental objectives, and objective of carbon neutrality by 2050.

RECYCO TURNS 10Y
Our efficient waste-to-value service provider Recyco expands scope.

SCRAP METAL
Genk facility produces austenitic stainless steels containing over 89% scrap.

€93 MILLION
Third share buyback completed in June.

CHARCOAL POWER
Brazilian furnaces start running completely on charcoal produced from our own forest operations.

SUSTAINABILITY REPORT
Aperam publishes its first annual Sustainability Report.

ETHICS & COMPLIANCE
Launch of our program and local network.

20 YEARS OF ACESITA FOUNDATION

DUPLEX
First big desalination project.

NET RESULT
Aperam turns from negative to positive net result.

EUROPEAN INVESTMENT BANK
A contract with the EIB dedicates €50 million to R&D and facility upgrades.

DIVIDENDS
Aperam resumes its payment of dividends.

GOCORE
Aperam South America introduces a new portfolio of grain and super-oriented steels.

BUSINESS HAS NEVER BEEN SO SIMPLE!
e-aperam, our intuitive, 24/7 online shopping platform, goes live.

'WE ARE PROUD & WE ARE ALL APERAM'
Aperam Services & Solutions launches first internal communication campaign.

RENEWABLE ENERGY
Genk facility installs windmills and Châtelet facility turns to solar energy.

EMPLOYER OF CHOICE
Long recognized in Brazil, Aperam is named a 'Best Employer' in France too.

UPPING OUR ETHICS
New Code of Conduct, whistleblower policy, and Ethics & Compliance Academy launched.

€70 MILLION
Second share buyback completed in July.

IMPHYTEK POWDERS
Our joint venture with Tekna gets clearance from European Commission.

ECOVADIS
The Aperam Group receives Gold rating from the EcoVadis business sustainability assessment.

CDP
The CDP gave Aperam a "B" (or management) level rating for climate change

10 Years KPI

18 MILLION
Shipments of Stainless Steel Products.

72%
Total Shareholder Return.

1.6 BILLION
Total Free Cash Flow after €1.3 billion of CAPEX.

€679 VS 67 MILLION
Net Financial Debt 2011 vs 2020.

€732 MILLION
Leadership Journey® gains.

€-0.56 VS €2.19
Change in EPS 2011 vs 2020.

2019 0.48 TONS PER TON OF SLABS
Aperam achieves the world's lowest carbon footprint in the sector.

aperam

Sustainability Strategy



Colleagues from BioEnergia holding samples of eucalyptus - the future energy of blast furnaces - in their hands.



From the day Aperam was established through the 10 years since, our sustainability vision has always been rooted in our values and practices and strengthened by a constant vigilance about the impacts we have. This is why, during a turbulent year like 2020, we continued with our three-pillar roadmap and our involvement in ResponsibleSteel™. As a result, we were able to maintain our position as one of the leading players in our sector with respect to Sustainability.

> People and their health & safety always come first.

Beyond the constant attention we give to Health & Safety, we also commit to shaping a work environment that encourages our employees to thrive and develop the innovative ideas that will propel our company to the forefront of our sector. We do this by engaging with our employees and working together to find the right personalised training, operating mode and development opportunities. We do this not only to keep them motivated and performing, but also to nurture a sense of being a part of the Aperam family.

> **When it comes to the environment, we know that our sector's responsibility is greater than most.** That's why Aperam is intent on paving the way towards the new sustainable practices that will change the image of steelmaking. These include our 2030 deadline for further reducing our CO₂, energy, water intakes and air emission and achieving carbon neutrality by 2050². With these initiatives, we aim to minimize, if not prevent, our environmental impacts today while also adapting to the many challenges posed by climate change.

> Whether it be in our relations with our stakeholders or our corporate decision-making process, **our governance is guided by our high ethical standards.** We appreciate that all our stakeholders have legitimate expectations, and we aim to address these needs by being a fair, transparent and trustful partner to our customers, lenders and suppliers. As to authorities and local communities, we pledge to act responsibly, proactively address concerns, and contribute to the general good.

² 2030 objectives: -30% in CO₂ emissions intensity, -11% in electricity and natural gas consumption, -40% in water intakes, -70% in dust emissions, all versus 2015 levels.

Sustainability Strategy and Governance in 2020

► **Members of the Board of Directors:** in charge of the overall management of the Company. They decide on the direction taken based on proposals from the Leadership Team (LT, Aperam's Management Committee), a group of eight senior executives headed by our CEO, Mr. Timoteo Di Maulo. The Board of Directors has two committees, the Audit and Risk Management Committee and the Remuneration, Nomination and Corporate Governance Committee.

At the Board level, sustainability topics are covered on a quarterly basis within the Audit & Risk Management Committee, which is responsible for ensuring that all risks are appropriately assessed and addressed.

► **CEO:** responsible for Aperam's sustainability performance and compliance.

► **LT reviews:** quarterly meetings on the environment have been held to ensure that the entire organisation is regularly involved throughout the year.

► **Chief Technical Officer,** Head of Sustainability, Health & Safety, Environment, Industrial Risk & Innovation and Purchasing: responsible for steering the Sustainability Strategy (starting November 2020), in interaction with the other members of the LT, and stakeholders.

Joining ResponsibleSteel™

In 2019, Aperam became the very first stainless steel company to join the newly established ResponsibleSteel™ association. This initiative, which we discussed in detail in last year's report, represents a milestone for sustainability in our industry. It echoes other sectoral initiatives, such as the forestry-specific FSC® label, which uses an external certification process to give (end) customers confidence in a company's commitment to responsible forest management. We are confident that the ResponsibleSteel™ standards will soon be similarly recognized as it deserves to be and, in anticipation of this, we use its framework to better structure our approach to Sustainability.

Joining ResponsibleSteel™ was an opportunity for Aperam to advocate for best practices and tailor them to the specifics of the stainless-making process. It is also a unique chance to ensure these best practices meet the expectations of our customers, suppliers and society in general. Furthermore, being a part of ResponsibleSteel™ is the perfect way to substantiate our commitments to sustainability: ResponsibleSteel's™ external certification is irrefutable evidence that, when it comes to sustainability, Aperam can prove what it says.

In 2019, Aperam actively participated in the creation of the first site-specific standard, an exercise that was done in cooperation with the association's other members, including steel-makers, NGOs specialised in environmental or social topics, suppliers from the extractive industry, and customers. In 2020, Aperam

continued to participate in the building of the product-level standard while also preparing to start the certification process for its first sites in Europe.

Embedding a Sustainability State-of-Mind into All Processes

Incorporating our sustainability roadmap into everyday decisions and ensuring perfect alignment across the organisation requires more than just awareness-raising actions. It also takes prioritisation and incentivization.

Since 2018, company-wide objectives have been cascaded into the individual objectives of all exemptions across the organisation. This starts with our CEO, whose first objective chapter is entitled "Health, Safety and Sustainability" and encompasses such topics as "Health" and "Sustainable Industry with a long term objective of zero impact on the environment". Other CEO objectives cover the topics of "Compliance and Company reputation" and includes business ethics, and "Diversity", which starts with a clear focus on gender.

Since 2019, these objectives have been incorporated into MyHR platform (our Human Resources ERP) and, in 2020, for the 2021 exercise, we decided to categorise all our objectives according to our GRI analysis and subsequent 'material aspects'.

Working and Reporting on the Right Topics

Since 2013, we have used GRI4 standard principles (Global Reporting Initiative's sustainability reporting guidelines) to define our most material sustainability issues and their impact, based on both our business and our stakeholders' views, and have structured our reporting accordingly. The matrix ranking all topics on 6 degrees from minor to most critical is updated annually:

> 2013 and 2014: materiality matrix based on our six major sites.

> 2015: update based on a survey of Aperam's employees.

> 2016: update on a broader scope to cover 11 major sites and 85% of our staff.

> 2017: systematic assessment of all the topics in the existing matrices with local authorities at each of our main sites. This resulted in the addition of a few new topics: "Urban Integration", "Industrial Risk" and "Noise".

> 2018: update on an identical scope and method and integration of key takeaways from our all-Employee Global Climate Survey.

> 2019: update based on the discussions held in the ResponsibleSteel forum, leading to the integration of information on decommissioning and biodiversity, even though these topics are not particularly relevant to our sites.

> **2020:** update on an identical scope and method and integration of the analysis of our new CTO and Head of Sustainability.

For full details on our final 2020 consolidated matrix and its variations, please see our online methodology appendices.

Material Aspect	Sustainable Development Goals	ResponsibleSteel™ Principle	Page
Occupational Health & Safety	3.c (Health and wellbeing)	#3. Occupational Health and Safety	13-16
Industrial Risk & Pollution Prevention	11 (Disaster risk reduction)	#8, 9 and 10	37
Air & Dust Emissions	11.6 / 13 (Atmosphere)	#9 Noise, Emissions, Effluents and Waste	32-33
Legal & Fiscal Compliance	17 (Multi Stakeholders, trade, finance)	#1. Corporate Leadership and #2. Governance Management Systems	47
Waste/Recycling	12.4 / 12.5 (Recycling rate / hazardous)	#9 Noise, Emissions, Effluents and Waste	35-37
Energy footprint	7 (Affordable & reliable energy)	#8 Climate Change and Greenhouse Gas Emissions	31-32
Water Management	6.3 / 6.4 / 11.6 (Water quality, recycling)	#10. Water Stewardship	34
Climate Change, CO ₂ & severe weather	13.1 Climate change	#x. Climate Change and Greenhouse Gas Emissions	30-31, 37
Employee Engagement	8.5 Productive employment	#4. Labour Rights	25, 27
Fair Business Practices	10.5 (Regulations, Global financial market)	#2. Social, Environmental and Governance Management Systems	50
Customer Satisfaction		Not covered	58-59
Competition & free trade	17 (Multi Stakeholders, trade, finance)	#1. Corporate Leadership	50
Social Dialogue		#6. Stakeholder Engagement and Communication	43
Raw Material Consumption	12.2 (Material footprint)	#2. Social, Environmental and Governance Management Systems	36
Cost Leadership & Efficiency		#2. Social, Environmental and Governance Management Systems	41-43
Environmental Awareness	12 Sustainable production patterns	#2. Social, Environmental and Governance Management Systems	40
Innovation and product differentiation		Not covered	54-59
Competencies & Employability	9.2 (Inclusive industrialization)	#4. Labour Rights	21-24
Diversity & Equal Opportunity	5 (Gender equality) / 8.5 / 16.b (Anti-harassment actions)	#4. Labour Rights	17-20
Digitalization, Data Privacy and cyber-criminality		Not covered	46, 49
Responsible Variabilization		Not covered	26, 43
Responsible Purchasing	12.6 /12.7 (Sustainable procurement)	#2. Social, Environmental and Governance Management Systems	44-45
Community Engagement	9.1 / 12.7 / 8.3	Principle 7. Local Communities	39, 51-53
Noise and Smells		#9. Noise, Emissions, Effluents and Waste	33
Cash, Debt & Financing	17 (Multi Stakeholders, trade, finance)	Not covered	5-6
Market Dynamics and new consumption patterns		Not covered	42, 54-59
Employer Branding	10 / 8 (Promote inclusive sustainable growth	#4. Labour Rights	27
Biodiversity	15 5 (Biodiversity)	#11. Biodiversity	39-40
Transport Impact	12.6 / 9.1 (Sustainable Transport)	Not covered	38
New work patterns & Work/Life Balance		Not covered	26
Philanthropy & Social Impact Investing	9.1 / 8.3 / 4 (Training local population)	#7. Local Communities	51-53



Our People

Our top priority is always the health and safety of our people. As a core value, health and safety guides all our actions. It also has the power to stop any operation or decision. So while we continue to work on programmes to improve the safety, health and well-being of our employees, we also dedicate a lot of energy towards employee development and ensuring they are prepared to meet the challenges of today - and tomorrow.

The COVID-19 pandemic and subsequent economic crisis of 2020 both reinforced and accelerated the need for a comprehensive People Transformation strategy. The main challenge was to keep our workforce safe and quickly variabilize fast the costs to ensure the sustainability of the Company - all while not compromising our longer-term Human Resources strategic plan, which aims to retain and develop our unique blend of competencies.

Health & Safety

Occupational Safety

Organisation

Aware of the importance of adopting an organization consistent with its ambitions, Aperam reviewed its Health & Safety organization at the start of 2020 in order to strengthen its operational approach as well as support its sites as closely as possible. 3 new functions have come to strengthen the H&S organization to meet the needs of each of the regions but also to support each of the sites in the new cultural approach initiated. An approach that aims to ensure that Health and Safety is above all a personal value of each employee, whatever the status or function.

The year 2020 was marked by an unseen pandemic crisis, a period in which Aperam was able to show its proactivity and its strong management. Beyond the preventive actions carried out, this new Health & Safety organization has been able to demonstrate its effectiveness both in terms of the strategies and orientations taken but also in the coordination and sharing of experiences of each of the sites. Networking and sharing which made it possible, from the start, to deploy suitable prevention measures very quickly on all sites.

Based on this first experience, the organization has been enriched with the implementation of new Health and Safety rituals throughout Aperam, which has made it possible to strengthen the sharing of experiences but also to maintain

consistent communication (upward and downward). These new rituals will continue to evolve in 2021 depending on the evolution of the health crisis but also and above all the first cultural changes that will occur. Making our employees more active will also give them more possibilities for actions, expressions, sharing and therefore constantly evolving our methods.

2021 will be a further step in the cultural change in Aperam towards a Just Culture where human or organizational factors have the same place as technical or regulatory factors.

Voice

“Our target is to become a best-in-class stainless steel manufacturer in terms of Health and Safety and, ultimately, a fully sustainable and safe company.”

Geert Verbeeck

Chief Technical Officer,
Head of Sustainability, Health & Safety, Environment,
Industrial Risk & Innovation and Purchasing



Bert Lyssens

Chief Human Resources Officer,
Head of IT and Communications



Voices

"Health & Safety are two sides of the same coin but, given our industrial environment, Safety has been the key vector through which we approached H&S. The COVID-19 crisis has taught us to complement this approach with a stronger focus on the physical and mental health of our employees. On top of that, Safety is no longer confined to what happens inside the company, as the pandemic has accelerated the dissolution of the barrier between "my behavior inside Aperam" and that "outside Aperam". By acting in a responsible manner, even during my free time outside of work, I protect the Health of my family members and colleagues at work. Looking at 2021, I expect us, as Aperam Leaders, to further strengthen this type of responsible behaviour and to become more sensitive to, and drive actions to develop, the mental resilience of our employees."



At a glance (GRI 403-2/3/9, 404-1)

Indicator	Unit	2020	2019	2018	2017	2016
Employee		9,381	9,612	9,777	9,599	9,558
Joiners	FTE	393	514	665	793	674
Leavers		583	664	483	538	674
Turnover Rate	%	6.1	6.9	5	5.7	6.7
Women	% staff	12.6	12.3	11.8	11.9	11.9
	% exempts	21.4	20.4	20.0	20.2	20.4
Fatalities - All		0	0	1	0	0
Fatalities - Employees	#	0	0	1	0	0
Fatalities - Contractors		0	0	0	0	0
LTIFR - All		1.5*	1.7*	1.4*	1.4*	1.4*
LTIFR - Employees	/1,000,000 hours	1.6	1.6	1.4	1.3	1.6
LTIFR - Contractors		1.4	1.9	1.6	1.7	1.1
Severity Rate - All	/1,000 hours	0.14*	0.09*	0.08	0.11	n/a
Training Hours - Total	hours/TE	19.6	35.5	34	34	36
Total People Trained	FTE	7,898	8,950	9,391	n/a	n/a
Absenteeism	%	2.9	3.1	2.3	2.2	2.2

* Data highlighted with a star have received external assurance.

3 GOOD HEALTH
AND WELL-BEING



5 GENDER
EQUALITY





Safety Performance (GRI 403-2/3/9, 404-1)

By Geography	Unit	Belgium	Brazil	France	Worldwide
Plants, <u>Division</u>	sites	Châtelet, Genk from <u>Stainless Europe</u>	Timóteo, BioEnergia from <u>Stainless & Electrical Steel South America</u>	Imphy, Amilly, Rescal from <u>Alloys</u> ; Gueugnon, Isbergues, Pont-de-Roide from <u>Stainless Europe</u>	Imhua (PRC), ICS (IN) from <u>Alloys & Specialties</u> Usti (CZ), Rodange (LU) from <u>S&S Tubes</u>
Service Centres		Genk (BeNeLux).	Campinas, Ribeirão Pires, Viracopos, Caxias do Sul	Isbergues	Germany, Italy, Poland, Iberica, USA, Argentina
Main Offices		(Genk)	Belo Horizonte and São Paulo	Saint-Denis	Luxembourg HQ and Sales Offices ⁽¹⁾
Own Staff (EOP)	FTE	1,912	3,579	2,426	1,464
incl Blue Collars		1,249	2,732	1,399	873
LTIFR - All	per 1 million hours	3.4*	0.2*	3.1*	2.2*
LTIFR - Employees	worked	3.4	0.1	2.8	1.9
LTIFR - Contractors	worked	3.3	0.2	4.4	6.6
Severity rate - All	per 1 thousand hours	0.2*	0.1*	0.3*	0.1
Severity - Employees	worked	0.1	0.0	0.3	0.1
Severity - Contractors	worked	0.4	0.2	0.2	0.0
Absenteeism	%	3.31%	1.94%	4.69%	3.68%
Training	hours	25,024	107,425	38,055	13,697

(1) Canada, China, Czech Republic, Dubai, India, Japan, Korea, Mexico, Nordic, Russia, Switzerland, Thailand and the United Kingdom.

Understanding 2020 Performance

> Our overall Health and Safety results for 2020 are improving compared to 2019 with a frequency rate dropping from 1.7 to 1.5. However, they are very heterogeneous between sites and industrial divisions. The sites in the South America region achieved remarkable good results while a few European sites showed slight degradation.

The whole of the accidentology, and in particular the accidents with medical care, continues gradually to decrease (TF" going from 6.4 to 5.7 in 2020³) in particular for our contractor population (- 40% in 2020 compared to 2019). However, the severity rate has deteriorated (mainly with our contractors) with a greater number of days lost.

> The actions deployed on the sites to control the contaminations linked to COVID-19 were very effective and made it possible to greatly limit the number of internal contaminations. Associated with this management of the crisis, the safety results were also impacted in a very positive way during the 1st wave where very few accidents occurred. On the other hand, the 4th quarter was marked by an uprise in accidents which seemed to be closely linked to a fatigue induced by the duration of the COVID crisis

We are convinced that the actions taken in 2020 will significantly contribute to the future improvements of our indicators but also and above all in preventing accidents from occurring.

COVID-19 Response

The COVID-19 pandemic is unlike any crisis we've ever seen and, as such, required a totally new approach.

> First, by creating a pandemic working group composed of safety advisors, medical staff and site managers, we were able to reduce the COVID-19 risks to our employees and their families. Perhaps even more remarkable, we were able to do this in a way that did not impact customer deliveries.



We also quickly began sharing regular updates about the pandemic with all the people working at our sites and implemented strict hygienic measures. Furthermore, we conducted Health Risk Assessments to define new workplace risks and constantly monitored positive cases per site, allowing us to quickly react and avoid the virus' spread at our sites.

> To ensure our communications were easily understood, particularly by the truck drivers arriving to our sites from different countries and often speaking different languages, we created simple drawings that effectively explained the rules.

³ TF" is a combined frequency rate of accidents at work with and without lost time and restricted work.



Because COVID-19 can be contracted anywhere, our safety precautions not only focussed on our employees, but also on their families. Awareness campaigns for families included art contests, COVID-19 awareness cartoons, and fun masks, to name only a few. The Art Contest was particularly popular as it brought employees and their families closer together. The contest was held when lockdown measures were first introduced, this activity served as a means of keeping children occupied at home and everyone focused and motivated.

The Next Steps in our Program

In line with the action plan we kicked off in mid-2019, our Health & Safety program is based on 3 strategic axes:

- > **Prevent and control the risk of fatal and severe accidents:** Each Aperam site has been audited on its compliance with Aperam H&S Standards. Based on this audit, a detailed action plan was implemented and is monitored monthly.
- > **Identify cultural maturity:** Based on an external framework widely used by other companies, the sites' H&S Culture was assessed. Key areas for improvement have been defined and are being worked on together with the concerned sites.

> **Support and coordinate transversal actions within Aperam:** Building on its new organization, the implementation of transversal actions, such as using a single Aperam incident reporting and investigation tool, has started.

In addition to these initiatives, and in preparation for the deployment of the 2021 program, members of the Aperam Leadership Team took part in a preview of the "Safety Leadership Training", which will be deployed to the entire managerial line at each site in 2021. This training is a continuation of the award-winning SAFE program, launched in 2015, and is an important component of our H&S Culture.

Cultural Health and Safety Maturity Assessment

Through the **Cultural Health and Safety Maturity Assessment**, which was conducted between September 2019 and July 2020, we obtained a good overview of the situation at each of the 26 entities in Asia, South America and Europe assessed. Through the feedback of 1,384 individuals, we gained new insight into the level of cultural maturity as to health and safety at the Group level.

Thanks to this knowledge about our strengths and our weaknesses, we have developed concrete and targeted actions, including **specific SAFE Leadership training tailored to Aperam's needs**.

Occupational Health

Health is one of the main pillars of Aperam's policy, which in 2020 was focused on managing the pandemic. Protecting our employees by implementing appropriate and effective measures has been the guiding principle.

During the very beginning of the 1st wave, we unfortunately lost 2 of our Italian colleagues during this unprecedented crisis, which had affected the country. This event strongly marked all Aperam staff and only reinforced our desire to control this new risk!

We constantly have been and are adapting our guidance and measures to keep our employees healthy and safe while working on sites. Regular communications and exchanges within the H&S network, as well as sharing best practices have clearly demonstrated to bring added value in our fight against the virus.

The COVID-19 crisis has an impact on the resilience of our employees. Work methods have changed, physical exchanges between employees are reduced and communication has become more and more online. As Aperam cares about the well-being of its employees, the decision has been made to develop a specific Health Program, covering all employees and trying to give an answer to this important well-being topic. More news to come in 2021!

A Highly Competent and Engaged Workforce

Diversity of Talent

Our Workforce at a Glance

Aperam's workforce is made up of 9,381 full-time equivalent employees (FTE), of which 11% are exempt and 66% blue collar. Almost 99% of our staff are permanent employees, with only 2% being part-time employees, 47% of which are men (as of Dec. 2020, see table below) (GRI 102-8) employees.

Aperam Workforce (1) Aperam consolidated total of Full-Time Equivalent employees, at 31/12/2020 (GRI 102-8)

2020	Gender	Permanent	Fixed-Term	TOTAL	Full-Time	Part-Time
Blue Collars	Female	407	10	417	410	7
	Male	5,738	99	5,837	5,785	52
White Collars	Female	541	10	551	474	77
	Male	1,572	7	1,579	1,548	30
Exempts	Female	210	3	213	190	22
	Male	779	5	784	770	14
TOTAL	All	9,247	134	9,381	9,178	203

Understanding Our 2020 Figures

> Between 2019 and 2020, we saw an overall decrease of 2.4% in FTEs (but +17 women), a decrease that can be found across all divisions. As a result, we report 9,381 FTEs at the end of 2020, with an average workforce of 9,485 FTEs, to which we add up to 319 interim FTEs.

During the year, 393 FTEs joined Aperam, of which 19% were women. However, 583 FTEs left⁴ during the course of the year, giving us a turnover rate at 6.1%, in line with the 2016-2019 average. Compared to 2019, the number of leavers has decreased (from 664 to 583), which is largely due a decrease in the number of retirements and resignations in 2020 (-113).

> In 2020, the average seniority within Aperam was 14 years (stable vs. two preceding years, when one considers years served prior to the creation of Aperam in 2011, e.g. within ArcelorMittal, Arcelor, Arbed or Usinor companies). In terms of age, in 2020, 27% of our staff was over 50 and less than 5% below 25, nearly the same as in 2019. The average age is 42 years old).

More details can be found in the table below.

Aperam Workforce (2) (GRI 401-1)

Indicator	Unit	2020	Average Age	Average Seniority	<25 yo	>50yo	% Women
Total Employees		9,381	42	14	454	2,536	12.6
Blue Collars		6,254	40	13	420	1,293	6.7
Standard White Collars		2,130	46	18	28	804	25.9
Exempt White Collars	FTE	997	47	15	6	438	21.4
Interim		319	n/a	n/a	n/a	n/a	n/a
Joiners		393	32	1	103	22	19.0
Leavers		583	46	17	26	275	10.8
Turnover Rate	%	6.1	n/a	n/a	n/a	n/a	5.3
Average Workforce	FTE	9,485					



Employer's Integration

We launched an "Onboarding e-Learning module", which gathers the key all the relevant information to be shared with a New Joiner with Exempt status. This "Onboarding" set of courses is a great opportunity to learn more about their new environment and find the documentation and training they need to acquire the knowledge, skills, and

behaviors for becoming an effective member of the Aperam team.






This module covers the major topics related to Health & Safety, the Environment, Ethics & Compliance, Information Technology, Career (Performance and Competencies), and Management. It also includes a course dedicated to the basics of the stainless steel process. This learning experience is automatically assigned in the new joiner's learning area as soon as they are recorded within our Global Human Resources Information System. The assignment comes with clear deadlines and links to further documentation, ensuring that our newest employees have ready access to all the cards they need to perform on par with their colleagues.

Embracing Diversity - with a Woman's Touch

Since 2018, we have implemented a program inspired by the United Nations' Women Empowerment Principles. It aims to increase female representation at all levels of the Aperam community and to ensure their work environment allows them to thrive and demonstrate the very best of their talents. The action plan also integrates the take-aways from our latest all-employee climate survey, and is summarized by a specific Gender Equality & Diversity Charter that describes our 5-dimensional action plan.

⁴ This analysis has been adjusted to address limitations in the system's reports.

This global approach, for which you can read our 2020 progress below, is completed by a number of local initiatives.

	Leadership & Commitment: The program has the full support of Management, who regularly reviews the program's development and ensures that Gender Diversity is embedded in all core People Processes (e.g. performance and talent reviews). Indicators related to the program have been included in the 2020 Organisational Goals and in the Top 30's 2020 personal objectives (mostly hiring of Blue Collars).
	Health, Safety and Ergonomics: 2020 saw a drastic extension of telework within Aperam, on top of the previous workstream aimed at ensuring sufficient female restrooms and ergonomics (lifting aids, etc.) - which is good for all genders! In 2020, we added a special focus on Anti-Bullying & Harassment. This initiative is meant to promote working conditions free from violence and intimidation and was supported by a number of communications and awareness-raising sessions. We also defined strict guidelines on how to investigate potential cases of harassment (see page 48).
	Equal Remuneration: Based on our job evaluation, methodology and past actions, we have reduced the salary gap of exempt employees identified in 2017 by over 50%. Yet we continue to be vigilant to ensure the same level of compensation for the same level of responsibilities. Our French sites also continued to report per the local regulation (4 entities), which gives us an overall performance of 89/100 (more details can be found online).
	Equal Career Opportunities: On top of keeping our Global Aperam Talent Management Program (50% women) and monitoring our succession plans for leading positions, we also conducted a detailed analysis of the distribution of promotions and performance ratings, both of which show a very balanced approach to gender.
	Fight Against Stereotypes: We continued with our monthly communications in our Aperam Newsletter. We also took great care to use pictures of both men and women to depict the bully and the victim in our communications about harassment!

Voices



"I'm glad I have participated in the Corporate program. It made me think about how we manage teams and what diversity can bring : gender diversity, for sure - but not only!"



Philippe Riche
Facility Manager,
Châtelet,
and member of the
Corporate Program

When I was a student, then a young professional, there were few women around, and never in production. 35 years later, things have changed... but we need to do more to 'demystify' our industry, invite employment agencies to show what the stations look like in the workshops - and get more women on board!."

Women in 2020 (GRI-405-1)

6.7% of blue collars
+26% vs. 2018!
13% of employees
21% of exempts
11% of LT members
28% of board members



Right (Top): Our Head of R&D in Europe encouraged 13-yo girls to embrace engineering studies, providing information and tips.

Above: Aperam Uruguay celebrating the 2020 International Women's Rights Day (cancelled in many other units due to COVID-19).



Above: Our Anti-Bullying & Harassment campaign does not stereotype workplace violence!

Voices



"In 2020, on top of systematic gender-conscious verifications during our annual salary merit review, we also deployed a specific training for all exempts managing exempts, with the aim of raising everyone's awareness about our general compensation policy and processes, and also to eradicate any unjustified salary gaps."

All managers have the tools to make fully informed decisions and to monitor the salary fairness within their scope...

And I'll keep on checking!"

Laura Rubertelli

Head of Compensation & Benefits,
HR Business Partner Finance



Career: Inge, Head Supply Chain at Genk (BE)

Born and raised in Genk, Inge has a degree in Materials Engineering. Prior to joining Aperam, she worked at a non-profit organisation connected to the research centre of another Belgian-based steel company.

Inge joined Aperam in 2000 as a customer support technician at our Genk facility. After 10 years, she moved to the Quality Department within Production, where she

continued to develop professionally.

"Aperam has always given me the opportunity to find a good balance between my professional and private lives. My first child was born when I started working here. In my first role, in technical customer support, I had to travel a lot, up to 50% of my time. Although this was not easy, I was able to adapt my work schedule so I could work several periods at 80% of the time and have at least one day a week off during the early years of child care. I arranged with my manager to have a flex-day off, meaning I could choose the day depending on my agenda."

For Inge, feeling good at work is very important. *"When you have personal worries, you can't perform well at work either,"* she says. Her recipe for a balanced life? A well-balanced schedule: *"This is something I try to promote within my team,"* she adds. *"It is important to have enough freedom to make the work/life balance work well."*

In 2018, Inge became responsible for the entire Customer Services team, including production planning and logistics. Shortly thereafter, she became Head of Supply Chain, 1st Centre at Aperam Genk, reporting to the Plant Manager and member of the plant's management committee.

Tips to newcomers:

"Be a true team player! Get to know your colleagues, learn how to give constructive feedback, reflect on how your work impacts other departments..."

By understanding what the real added value of your department is and how you influence each other's KPIs, we can work together to achieve the group's ultimate goal."

Diversity in a Broader Sense

Because diversity isn't only about gender!



■ ■ ■ In 2020, Aperam South America and Aperam BioEnergia began an effort to culturally transform the workplace in order to become more diverse and, consequently, more innovative.

To involve employees in this journey, three affinity groups were created with a focus on: people with disabilities; sexual and gender identity; and race and age. 66 professionals volunteered to contribute to

this important initiative. The groups were set up taking into account company time, representation, and the motivations of each volunteer.

The affinity groups are now working to increase knowledge about common stereotypes and areas of discrimination and develop strategies to fight them. A questionnaire was also prepared in order to understand each employee's understanding of the topic. By analysing the data, the groups will then produce short-, medium- and long-term action plans.

Voices

"Regardless of the environment we live in, diversity creates alternatives and warms the human soul... It brings us together and opens our minds to new experiences and points of view."



"From all that I have lived and experienced, also in these Diversity Working Groups, I can say that our differences enrich us and that respect for our diversity unites us."

Many Moreira

HR Timoteo, Project lead for the Project Diversity in 2020



Career: Sergio, Head of S&S Operational Excellence

Joining Aperam in 1990, Sergio has been with the company for more than 30-years. He has a degree in Mechanical Engineering from the Federal University of Uberlândia (Brazil), with a specialisation in predictive maintenance, and an MBA in Business Management from Fundação Dom Cabral. He joined Aperam in 1990.

"Our Timoteo plant in Brazil has always been a state-of-the-art technology and engineering company and has always been regarded as a technical reference in product development - and Aperam has continued this tradition," says Sergio. "My daily motivation is to generate results, foster transformation... being able to transform people, transform Aperam, this brings me personal satisfaction."

Sergio also says that having opportunities for both personal and family growth are important factors in achieving satisfaction at work. *"Aperam has always provided me with ample opportunities for personal and professional growth, and it has always supported me in every challenge or need for learning, and has never failed to guide and provide support,"* he adds.

During the course of his three decades at Aperam, Sergio has taken on some big challenges. For example, from 1993 to 2003, he managed hot rolling production. He then oversaw the plant's continuous improvement and the supply chain management until 2009. Next, Sergio moved to our tubes business, where he was tasked with the challenge of setting up the Sumaré-SP service centre. Later, in 2014, he helped coordinate the ramp-up of the new Campinas Unit in the role of Industrial Director.

In 2017, Corporate invited Sergio to move from Brazil to Paris, France and take on the role of Head of S&S Operational Excellence. *"Moving to a new country and starting a new job was a new challenge, not only for me, but for my entire family,"* he adds. *"But one full of excitement - especially for my daughters!"*

Tips to newcomers:

"Seek challenges! Accept challenges! Try your best to do what can be done best, and always with humility. A successful path is drawn with dedication, effort, and a lot of energy."

Promote the changes you want to see. Respect the company's trajectory and culture, and respect differences and different generations, they bring diversity of experiences and mutual enrichment."



Career: Raquel, Communication Manager in Brazil

Raquel joined Acesita at the age of 24, as a trainee, in the Marketing area of market development in São Paulo. Then, she participated as an employee in several projects in partnership with large companies, and was expatriated twice, firstly to France and Belgium, after 3 years in the company, and later to Luxembourg, becoming Head of Brand Communication and Sustainability at the Aperam Headquarters. In the meantime, back to São Paulo, she was responsible for market development in the oil & gas, capital goods and sugar & alcohol sectors, in the Sales department.

Remembering her first expatriation, Raquel says: *"It was a period of great learning and achievement, too. When I managed to overcome technical and cultural barriers, I felt more and more capable and energized by the proposed challenges."*

Throughout her career, Raquel has always sought learning and knowledge, keeping herself open to the opportunities *"During these first years of Aperam in Luxemburg, we worked to raise awareness and equity to the new Aperam brand and also did a very nice job formulating our position in Sustainability, defining the first goals and the first Aperam Sustainability Reports."*

After three and a half years at the Headquarters, Raquel returned to Brazil with twins under way, firstly to Timoteo, where she also worked on topics such as Ethics & Compliance, and now back in Belo Horizonte as Communication Manager for Aperam South America and Aperam BioEnergia. *"My goal was to change the way of working with communication, modernizing our processes, updating our language and giving voice to employees and customers. I am happy with the results we have achieved so far."*

Raquel remains open to new challenges and opportunities that arise, and proudly accepted to take over the follow-up of the Diversity program in Brazil on top of her existing missions, which she keeps focused on innovation and connectivity.

Tips to newcomers:

"Always keep in mind that no one is better or worse than you. Never compare yourself to anyone, people are different and that's what makes them unique and special. Practice self-knowledge and always try to be your own best version."

Career & Development

People Transformation

The transformation of our business needs go hand-in-hand with the transformation of our people. That is why, in 2018, we launched Aperam's People Transformation Program. The program consists of five axes:

>Competency Management: Includes eight fundamental leadership competencies and a variety of business and technical skills that are vital to the future development of Aperam. Employees typically evaluate themselves and are evaluated by their manager. 99% of our exempts have participated in this process. In addition to this, we also encourage (through the MyHR platform) the use of 180 degree peer feedback that focuses on performance and competencies, is strongly encouraged. More than 43% of our exempts already use this function, and we expect to see these numbers increase further.

>Learning: Learning starts with qualitative feedback from peers, managers and key stakeholders within the company. All Aperam exempts received training on how to provide meaningful feedback. Learning is structured around engaging digital learning and internal coaching, both of which have significantly increased since 2018 through the Aperam Mentorship Program. We also started creating our own content using digital content creation tools.

>Performance Management: Our people learn and develop through the open and honest feedback they receive, not only from hierarchical managers, but also from everybody they work with: peers, internal customers, team members, etc. Performance Management has been redesigned to focus on aligning individual and organisational goals and using (180 degree) participant feedback.

>Job Mobility: Changing jobs is always a learning experience. It's also a way to increase the interconnection of our organisation and its ability to adapt. Our *Career Portal*, on which all open vacancies are published, is a key tool to open up development opportunities.

>Leadership: The key to every transformation is our Leadership Style. Do we inspire the need to transform or do we prefer the comfort of the status quo? Our vision for developing the leadership we need to transform Aperam is summarized by eight key leadership competencies, on which all our exempts are evaluated.

Our HR Digital Transformation is helping us reduce administrative tasks and free-up more time for value-added tasks. The cornerstone of this strategy is the roll-out of the MyHR global HR IT platform. The platform currently includes all Aperam employees, with key functionalities (i.e., performance, competency, learning management) now being expanded to the non-exempt level.

This strategy is further complemented by local digitalization and automation, particularly in those areas with a high level of routine tasks. One of the best examples of this can be seen in the volume of administrative Human Resources-related questions received in France, our second largest country in terms of number of employees. In response to this, in 2019 we launched the first Aperam ChatBot. Called “Steely”, this technology helps employees get instant answers to their (most frequent) questions regarding leave, benefits and payroll. In 2020, it addressed over 10,000 questions from employees.



Management by objectives

We believe in management by objectives and want to ensure that all employees receive clear goals. This is handled through our global IT platform (MyHR) and/or via local processes and tools.

Performance Management via MyHR started with all Aperam exempts in 2018, before being extended to all white collars in Brazil in 2019. In 2020, due to a change in priorities caused by the COVID-19 pandemic, France and Belgium decided to postpone their plan to extend the platform to all white collars until 2021. However, in S&S, all white collar workers started using the platform with their annual goal setting and will have their first evaluation in the first months of 2021.

Capitalizing on the first three years of experience with MyHR, we have initiated a project to improve the Performance Management cycle and its usage by gathering information from our Managers and Leadership team. In addition to making some improvements to the user experience, the main target remains to establish a culture of continuous feedback. To accomplish this, we decided to include the possibility of taking a 360° approach to evaluating the 8 competencies of Aperam’s

Leadership Style. This new feature will be available in MyHR by June 2021 and will be promoted to support the mid-year reviews, which are dedicated to evaluating competencies, establishing development plans and reviewing career aspirations.

2020 Performance and Outlooks

Exempt employees are very much used to communicating through video calls, which is probably why COVID-19 restrictions had little impact on the number of annual interviews, with 99% conducted. The situation was more challenging for white collar non-exempts and blue collars in some countries, leading to an average decrease of 12% in total number of interviews compared to 2019. Suspended contracts and work time reduction due to the economic crisis in H1 made it even more complicated to organize performance reviews (GRI 404-3).

That being said, the pandemic did accelerate our digital transformation, including the use of our MyHR Platform for conducting the annual appraisals of white collar non-exempts. As a result, we saw a 66% increase in 2020, mainly thanks to the progress recorded by our S&S Division.

Exempt employees were also able to use MyHR to get feedback from colleagues other than their hierarchical managers. In 2020, 42% used this feature.

Furthermore, the system allowed us to verify that our performance management is working well, meaning it is monitored by N+1 throughout the year and not only at year-end. 95% of the exempts said they receive feedback from their managers and that they had the opportunity to develop their skills in their current job.

Performance Management in Aperam GRI 404-3

Indicator	unit	2020	2019	2018	2017	2016
Blue Collars		69%	83%	60%	68%	71%
Non-Exempt White Collars	%	67%	80%	67%	84%	90%
Exempts White Collars		99%	97%	98%	99%	95%
Total Aperam		72%	84%	68%	75%	77%
Exempts Reviews in MyHR		1,005	1,002	927	n/a	n/a
<i>incl. 180° Feedback</i>		427	498	432	n/a	n/a
Non-Exempts Reviews in MyHR	#	950	572	0	n/a	n/a
Total Reviews in MyHR		1,955	1,574	927	n/a	n/a
Average Performance Goals		5.8	5.6	7.3	n/a	n/a
Average Development Goals		2.9	2.7	2.8	n/a	n/a

Mentoring & Talent Management

Following several years of very positive experience with mentoring by our LT members, in 2019, we decided to launch a wider-ranging, volunteer-based mentoring program. The idea was to train our internal mentors in-house, supporting them with e-learning courses and by creating a community where mentors could share their experiences with each other throughout the year. Mentees' N+1 are also directly involved in the mentoring process, particularly as to defining objectives of the mentorship per the 8 main competencies of the Aperam Leadership Style.

2020 was a successful year for the program, with 43 mentorships established (exceeding our initial target of 35). The majority of mentors were Top 100 executives of the company. Even though the COVID-19 pandemic forced all mentoring sessions to be held digitally, feedback from both mentees and mentors was excellent. Of particular interest is that many of the mentors noted that the experience allowed them to further develop their leadership skills as well. The program will continue in 2021, with LT members joining and adding their unique points of view in the role of mentors.

Voices



"I have been working in the stainless steel industry for 34 years now, and I was already there when Aperam was created 10 years ago, so I am used to working via the Aperam Way.

That is why I am proud to be part of the Aperam Mentoring Program, which is structured based on our Leadership style and values."

Axel Krüßmann

Head of Europe North East Region
CEO Aperam Services & Solutions Germany

In 2020, Aperam also deployed a suite of assessments aiming at supporting the leadership development of key employees, either short or mid term. Those tools, pointing out key strengths and development points against higher leadership roles, were particularly leveraged in the framework of the new approach of the Talent management that was started in 2019 with 3 groups working on 3 strategic Sustainability topics. This programme aims at accelerating the development of leadership and technical talents through challenging, strategic project assignments.

In total, 23 assessments were launched in the second half of the year, and this number is expected to increase over 2021.

Training

To develop Aperam as a truly learning-oriented organisation, we are using our own Learning Management System, which has been fully embedded within our People Management System since February 2019. This platform can be used to design and manage content, record progress, communicate about opportunities for online training, and support online knowledge sharing. As of the end of 2020, our roll-out is not complete, but below a snapshot of where we stand on Learning.

14 European joiners visiting Gueugnon in Jan. 2020, part of their full industrial introduction tour.



2020 Training Follow-up

Learning in Aperam		2020	2019	2018
Total Training Cost		3,190	4,627	4,152
o/w Total Belgium		1,232	2,801	2,440
o/w Total Brazil		364	506	527
o/w Total France		1,493	1,135	937
Total RoW		100	185	247
Total Training Time (hours)		184,201	341,741	324,051
o/w Total Belgium		25,024	75,149	58,050
o/w Total Brazil		107,425	143,664	126,650
o/w Total France	hours	38,055	79,257	99,978
Total RoW		13,697	43,671	39,373
o/w Digital Learning		29,873	14,767	11,204
o/w MyHR Digital Learning Courses		6,478	4,954	n/a
Digital Courses Completed in MyHR	Nbr	16,450	18,175	n/a
Health & Safety		45.0	54.0	n/a
Technical Skills	% of total	39.0	32.0	n/a
Soft Skills	learning	8.5	8.0	n/a
Languages	hours	3.8	5.0	n/a
Ethics & Compliance		3.7	1.0	n/a
Total Employees Trained		7,898	8,950	9,391
Users of MyHR Digital Learning		3,449	2,518	n/a
Exempt Employees	#	1077	1036	n/a
Non-exempt Employees		2,372	1482	n/a

2020 Performance and Outlook

As was the case for our annual interviews, COVID-19 meant there were very limited opportunities for face-to-face, physical training in 2020. As a consequence, global time spent on training decreased by 46% in 2020 versus 2019. However, we did see a twofold increase in the total number of hours spent using e-learning over 2019. Furthermore, the number of e-learning courses offered via our MyHR platform increased by 31%, while its use by white collar non-exempts jumped by 60%.

H&S training remained the highest priority, representing 45% of the total number of hours (GRI 403-5). Among the most popular initiatives was 20 home-made H&S virtual learning modules used in Brazil with blue collars. This initiative helped limit the decrease of their total number of hours by 25%.

Ethics & Compliance training represented 3.7% of the total number of hours - a fourfold increase over 2019. This is mainly due to two campaigns focused on Data Privacy and Cybersecurity (see page 46).

We also continued to rely on some off-the-shelf course catalogues, which account for 709 unique courses accessed an average of 2.5 times by 2,700 unique learners, for a learner rate of 44% (better than the industry benchmark of 35%).

MyLearning Goes Blue

After giving access to our digital MyHR digital learning platform to all white collars across all countries, a pilot was launched at our Genk plant in 2019 (see last year's report) in anticipation of the platform's rollout to all Genk-based blue collars (and then across all Aperam). This pilot will go live in February 2021. 52 blue collars from the bright annealing and grinding departments will be involved and given access to nine learning paths linked to nine functions, in addition to two H&S focused training sessions.

After this initial pilot, learning paths will be extended to each blue collar function, with strong focus on H&S.

Development of New Content and Academies

In terms of new content, 2020 saw the launch of the Legal Academy and its 'Golden Rules for Reviewing Contracts'. We also released 18 new courses, including several subtitled versions, which, together, generated over 2,200 views.

We also supported the development of the existing Health & Safety Academy within "MyHR" in preparation of launching three key H&S e-learning sessions on Prevention Fatality Standards for Cranes and Lifting, Working at Heights, and Managing Change. The three e-learning courses are one hour each and contain theories, testimonies, documentation and materials, quizzes and final tests. Rollout started in September to Top 100 executives, and then to all exempts. It will continue in 2021, starting with blue collars in Genk, before going to all Aperam blue collars.

■■■ To make sure that our people are also able to share their knowledge in an appropriate manner, the central Learning & Development team prepared a guide called “Train the Training Facilitator Guide”. This guide explains best practices for facilitating a training session and can be used to support presentations or virtual live sessions. The guide covers all aspects of the training, from the design phase (learning objectives, target audience, teaching method and training materials), to preparing and holding the session itself and even the post-training phase.

In France, to fully embrace the opportunities of tailor-made training, the idea was pushed further. A seminar was held for internal trainers and served as an opportunity for them to share experience and receive tips on the many interesting features of our digital training creation tools. The objective remains to design the most efficient learning experiences possible for our different types of audiences.

Voices

“At Aperam, we aim to develop digital learning as much as possible: to capture the knowledge of an expert, to formalize and spread best practices, to quickly onboard joiners

To do so, new skills and competencies need to be developed.

Indeed, digital learning requires specific standards to be attractive for learners.

That’s why we have developed a network of content creators: we teach them how to use our digital tools and share best practices in terms of formats (video, screencast, quiz, slides, etc), sequencing, duration and deployment modes so the learners have the best experience possible.

It gives us a lot of agility to diffuse learning and change!”



Elisabeth Boulery

Aperam Learning & Development Officer

Quality of life at Work

Employee Engagement & Communications

Direct and regular engagement with our teams has always been an important part of Aperam’s Leadership style. It is also something that we check regularly within our routines and surveys, both within MyHR (see page 42), and via our Global All-Employees Climate Survey.

Our last Global Survey occurred in 2018-19, and we’re still actively working on some of its takeaways. However, the new addition, originally planned for 2020, has been postponed to 2021 due to a change in priorities as a result of the COVID-19 pandemic. We decided that required social distancing was already making communications less personal, and we preferred to keep the focus on direct interactions between employees and managers rather than on filling out a form filling.

■■■ Especially in these difficult times, some initiatives deserve highlighting. For example, Brazil organised new routines around the theme of “Inspiration & Learning”. The initiative saw weekly communications being sent to management, along with a newsletter to all employees in the Home Office. The communications included a selection of content to inspire leaders and other audiences in regards to such topics as TeleWork, the pandemic context and crisis management.

Other units set up weekly virtual meetings where anyone could join and learn about the latest news relating to the site’s pandemic response, production and other important topics related to the life of the local Aperam community. Such meetings have had a big success, especially in Isbergues.

Telework

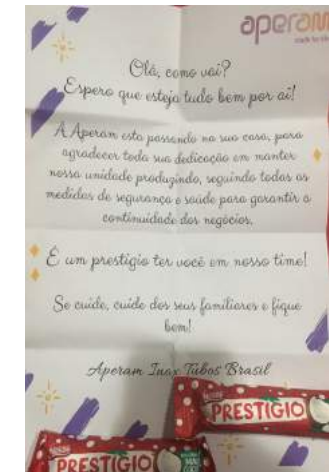
Many of our exempts have been teleworking at a more or less regular pace for some time now. In fact, it has been quite common at both the top level of the organisation and at the normal, white collar level. Typically, telework is a matter of personal convenience and often happens in combination with in office work. Teleconferencing has also become the norm for several years now too. This is particularly beneficial as most of our teams work in a “platform” type of organisation and often across several countries and time zones. Furthermore, Aperam has become increasingly conscious about the impact that business travel has on both CO₂ and costs, and teleconferencing serves as an excellent alternative.

Thanks to our past experience with telework and teleconferencing, Aperam was able to take the pandemic-caused global shift to telework largely in stride. However, there were colleagues who had never experienced it on a regular basis, and many more who discovered that they were not well equipped to telework on a regular basis, either in practical terms (insufficient physical space, access to internet, ergonomics of home office, etc.) or due to the psychological issues of

working from home. Of course on top of these challenges were the COVID-specific challenges of lockdowns, homeschooling, and being able to “disconnect”, not to mention all the anxiety caused by these challenging times.

To help all our employees adapt to our ‘new normal’, the Aperam Group decided to take action. The Learning & Development team selected more than 40 e-Learning modules about the “New Way of Working and Challenges in Times of Crisis”. These courses and videos are linked to both our Aperam Leadership Style and Transversal Competencies

With most of our interactions now happening via a screen, we took specific steps to highlight the continued need to ensure Respect and Human Rights. For example, one campaign highlighted the need to be especially ‘human’ and to make an extra effort to exhibit normal courtesy and signs of respect. Indeed, with masks covering up our facial expressions and video cameras hiding our body language, it can be particularly difficult to interpret jokes, comments, voices, or gestures that were not meant to be offending but that can trigger people already feeling isolated or facing pandemic-related difficulties.



"É um privilégio ter você em nosso time!" (It's a privilege to have you in our team!): Message sent by our Tubes Brazil unit to all employees at home office, with chocolates!



With the resurgence of COVID-19, S&S Ibérica employees from administration areas, as in many other sites, returned to their home office routines. With physical distancing and everyone isolated, the spontaneity of a coffee was totally lost. So why not organize virtual coffee breaks to connect for a while?

As Tomas says: *"It's a good initiative in these times as we are more isolated in our daily work. It's great to see each other's faces and have a good laugh with our colleagues".*

Economical Unemployment and new work patterns

The COVID crisis affected all of us and created a need for new working patterns and special attention to the physical and mental wellbeing of our people. For our employees working in our production plants, it meant taking the right precautionary measures to ensure the safest possible working environment. For our white collars working in our offices, it meant working from home whenever possible.

In the short time frame of 1-2 weeks, we deployed the necessary IT capabilities to enable a fully secured work from home (WFH) system for all white collars in office roles. In line with our core H&S values, we focused our regular communications on the ergonomic aspects of the new home working environment.

According to a survey of our employees in our Luxembourg and Paris offices, many felt that this new way of working offered many opportunities:

- Approx 70% said WFH had increased their overall efficiency
- Approx 85% felt that working from home during the COVID crisis changed their overall perspective on WFH
- Approx 90% indicated that they would like to continue working from home in an occasional/partial basis in the future (only 40 to 50% indicated they would consider working from home on a permanent basis)

Clearly, this experience changed our perspective on working from home. That is one of the reasons why our Luxembourg Headquarters and Paris central office have built upon existing policies and developed WFH programs that allow for 20-40% on a structured basis (depending on one's job).

Especially during the first half of 2020, the COVID crisis severely affected our customer orders and production volumes, which forced us to adjust our labour cost. Rather than resort to restructuring plans, we decided to use, where possible and according to local legislation, Temporary Unemployment Programs. The large majority of employees, blue and white collars, exempts and non-exempts, participated in these programs (see page 43). On top of this, our Brazilian white collar workers participated in a program to reduce working hours, and salary as a way to variabilize our cost in line with the drop in volumes, whilst avoiding collective restructuring.

Looking forward, we now need to strengthen our focus on the crisis' psychological impact. That is why we started to prepare a program focused on mental resilience, which will be rolled out in 2021.

Recognitions

Employee care is a long-term priority for Aperam!

> In Europe, we're happy to report that in 2020, for the fourth year in a row, Aperam was ranked 5th in the category of Heavy Industry and Materials by French Capital Magazine.

In addition, our Czech unit, Aperam Ústí, was recognised as Employer of the Year in the Ústí Region in the category of companies with up to 500 employees. The recognition was based on the company's financial health, selected HR topics, employee benefits, and other activities in the employment field. *"There is an opportunity for us to use the '2020 Employer of the Year Usti Region recognition in our branding activities in order to be more attractive to both potential recruits and existing employees,"* commented Jan Holub, HR in Aperam Services & Solutions Tubes CZ (right).



> 2020 also brought *several* recognitions to our Brazilian units! Firstly, Aperam received an "Excellence of People Management", a recognition based on an extensive survey carried out annually by the Getúlio Vargas Foundation (FGV) on our people management practices and processes. In all, 400 companies competed for the award, and Aperam stood out among the 10 Brazilian companies that most invested in human capital in 2020, coming in at number 7 among the 46 finalists. 2020 also saw Aperam South America and Aperam BioEnergia recognized by the "Incredible Places to Work" awards as being one of the best Brazilian companies, offering the highest levels of satisfaction among employees and guaranteeing the best working environment. The award is in its first edition and is carried out by the Fundação Instituto de Administração (FIA), one of of Brazil's highest rated institutions in national and international education rankings. The award is based on the FIA Employee Experience organizational climate survey. Conducted by the Foundation, the survey looks at organizational climate, people management, leadership, and the CEO popularity index. The survey was completed by about 500 companies, with more than 3,000 Aperam Group employees providing feedback.

In the "Diverse Industries" category, Aperam South America earned a third place rating, and Aperam BioEnergia took first place in the "Agribusiness" category (see also picture page 50).



Aperam president Frederico Ayres Lima made the official announcement to employees in a special video communication.



Voices

"2020 was especially challenging for people management due to many uncertainties caused by the pandemic.



At Aperam, we always seek to broaden the look and listen to employees through our mental health program, bringing together leaders and employees with frequent meetings, in addition to structuring crisis and investment committees in a series on healthcare and security."

Rodrigo Heronville

Head of Human Resources, Communications, Inclusiveness & Diversity
Aperam South America and BioEnergia





Our Planet

Our plants use immense energy, acid and other hazardous substances to transform raw materials into the precise blend of alloys required by our clients. In turn, these alloys are used to make affordable, long-lasting and sustainable products, including energy-efficient buildings and low emission vehicles.

Although Aperam is already an industry leader in sustainability, our new 2030 milestones for energy, CO₂, air and water, show our commitment to minimising the impact our plants have on the environment - and our neighbours. We are proud of our state-of-the-art CO₂ footprint and of our action plan to reduce it further and become carbon neutral globally by 2050.

New Vision and Organisation

> 2020 was a banner year for our environmental roadmap. To start, we strengthened our Environment and Industrial Risk Department by adding a dedicated team to our CO₂ reduction roadmap. We also made CO₂ emission reduction a separate workstream and reallocated two people from the CTO team to oversee such actions, reporting to the Head of Environment.

These moves better align our Environment and Industrial Risk Department with the H&S team and allow us to take an even more proactive approach to our projects. This proved particularly important during the early days of the pandemic, when the Environment and Industrial Risk Department provided crucial support to the H&S team. This new structure also guarantees that our Environment team accumulates and retains long-term expertise and organisational knowledge.

> In addition to building on the initiatives we launched in 2019, such as holding regular Leadership Team meetings and reporting, the Environment team also introduced a list of new priorities:

- **Reporting:** not only did we expand the scope of our KPIs, we also prepared to pilot a new reporting tool based on external software.
- **CO₂ Workstream:** In 2019, we announced our sustainability objective of becoming carbon neutral in our European operations by 2050, while last year we announced our aim to further reduce our carbon emissions by 2030. Knowing that this is a crucial decade for reducing CO₂ emissions, we reviewed our objectives with the aim of finding a faster route towards achieving carbon neutrality at global level. This review included conducting a comprehensive mapping of all our tools by energy sources (electricity,

natural gas, etc.) and units and identifying those with the most promise for reducing our CO₂ workstream. We then created a roadmap outlining the financial impact and timing of our proposals, which received validation from our Board of Directors in December (See pages 29-31).

- **ResponsibleSteel™:** in preparation for ResponsibleSteel™ certification, we conducted a limited pilot programme at our Châtelet plant. All areas identified as being ripe for improvement were subsequently supported by the necessary policy changes, risk analysis, and action plan.

All this while continuing to work towards our other 2030 and long-term objectives and promoting the virtues of the circular economy.

Incentivization for Further Progress

For more efficiency, our company-wide objectives have been split into site-specific objectives and integrated into the individual annual objectives, against which the annual performance of each employee is assessed. Therefore, not meeting these objectives impacts one's overall performance rating, which is then reflected on the "multiplier" applicable to the variable pay component: the "on-target" bonus (see Annual Report 2020, p.83-84). This should efficiently incentivise all our managers.

Last but not least, Aperam is also one of only a few stainless companies to use an internal price for CO₂. This internal price has been applied to all planned investments since 2016, meaning that our profit calculations include the financial impact of our carbon footprint as a bonus or a penalty, with the latest value being €60/ton. This is a powerful incentivization for low-carbon projects, but we also systematically assess other environmental and social aspects.



Master builder, sculptor, designer and artist Jean-Jacques Jakubowicz - Jakos integrates complex elements from unique horizons into his creative works. Everything from jet engines, Jaguar or Lamborghini engines, glass, aluminum, stainless steel, wood and other salvaged objects regularly inspires this artist and his vivid imagination. Beautiful, stylish, harmonious are the adjectives that come up when we contemplate his sculptures, designer furniture and other objects of contemporary decoration. © Jakos

Voices



"It is a pleasure to see the steep rising attention on the environment everywhere in our society.

It rewards better the day-to-day efforts of Aperam's employees to strive for the best-in-class low environmental footprint, producing products with real social value, a long lifespan and a promise for infinite recyclability."

Geert Verbeeck

Chief Technical Officer, Head of Sustainability, Health & Safety, Environment & Industrial Risk, Innovation and Purchasing

Our Environmental Performance GRI 305-1 to4, 305-7, GRI 302-3, 303-3, 303-4, 305-4, 305-7

Indicator	Unit	2030 targets	2020 targets	2020	2019	2015
Energy Consumption: Elec/ Nat. Gas/LPG	GJ/tcs ⁽¹⁾	7.3 ⁽²⁾ (-11% vs 2015)	n/a	7.8*	8.1	8.2
Energy Consumption: All	GJ/tcs ⁽¹⁾	n/a ⁽²⁾	12.2 (-10% vs 2012)	13.4*	13.3*	12.8*
CO ₂ emissions (Scope 1+2)	tCO ₂ /tcs ⁽¹⁾	0.39 (-30% vs 2015)	0.49 (-35% vs 2007)	0.47*	0.50	0.55
Dust emissions (exhaustive assessment)	t	n/a		298*	292*	521*
	g/tcs ⁽¹⁾	70 (-70% vs 2015)	211 (-12% vs 2015)	152*	147*	240*
NOx Emission (Europe)	t	n/a		544	770	917
SOx Emission (Europe)	t	n/a		45	37	83
Recycled Input in Production	%	n/a		25	24	30
Wastes (landfilled)	kt	Long-term objective: Zero Waste for Landfill = 100% Reused/Recycled		88	86	103
Hazardous Wastes				25	41	36
Non-Hazardous Wastes				63	45	67
Reuse Rate				94.0	94.3	93.5
Water Intakes	million m ³	n/a		22.8*	23.2*	22.1*
	m ³ /tcs ⁽¹⁾	5.8 (-40% vs. 2015)	9.5 (-5% vs. 2015)	11.6	11.8	10
Water Recycling	%	n/a		95.3	95.3	95.4
Water Discharge	million m ³	n/a		16.3	15.9	14.7
Suspended Solids in Water	t	n/a		146	377	204
Metal Discharge in Water		n/a		8.5	8.7	6.4

⁽¹⁾ Ton of crude steel. ⁽²⁾ 2030 objective scope limited to electricity, LPG and natural gas only.

*Data highlighted with a star have received external assurance.

Industrial Footprint

CO₂ and Energy

A Key Responsibility



The steel sector is one of the world's biggest greenhouse gases emitters due to its use of heavy industrial equipment such as furnaces that often reach temperatures of over 1600 °C, and the need to add carbon to iron to produce steel.

Despite operating in this heavy industry, Aperam has a best-in-class carbon footprint⁵, the result of three key factors. First, our European electric arc furnaces use scrap metal instead of raw materials. Second, on top of having a very low level of energy consumption, we also use a low-carbon energy mix. Last but not least, and this is really unique in our sector, Aperam can also be considered an agriculture company, operating over 100,000 ha of FSC®-certified forest in Brazil.

We use our forests to produce our own charcoal, which we then use in our steel-making process as a natural and renewable substitute for fossil fuels (coke). This allows us to entirely eradicate the use of extractive coke and makes our steel a leader in terms of CO₂ footprint.

Forests and Carbon Off-set

Our forest is continuously cultivated and maintained and is actually carbon positive, meaning it acts as a carbon sink. However, it should be noted that we have not yet studied carbon offset via CO₂ sequestration in depth (beyond what our forestry naturally does). Our official carbon footprint reported to the CDP is calculated according to the standard enacted by ISO 14404 and supported by our professional organisation (WorldSteel), where the charcoal full life-cycle analysis, from forestry to consumption in a furnace, is considered as carbon neutral.

When our calculations do take into account studies that consider the exact carbon retention of eucalyptus and the specific CO₂ emission of charcoal, we actually improve the carbon footprint of the steel products we make in Brazil by at least 10%.

Furthermore, we must consider that, with our well-managed forests, we stock four times more CO₂ than what we usually emit annually company wide. This is another example of how we participate in the fight against climate change, even if it is not reflected in our figures.

⁵ 0.5tCO₂/tcs, almost half of our sector's average (Source: ISSF) and better than our direct competitors.

European Carbon Markets

In spite of an encouraging convergence around the fight against climate change, in 2020, only our European operations (which represent 64% of our Scope 1 emissions) were subject to CO₂ emission regulations (in the form of allowances or quotas), and there is no sign that a comparable system will be established in Brazil in the near future. Based on current assumptions and ETS rules, we do not anticipate an overall shortage of free allowances before the late-2020s.

2020 Performance in CO₂

✓ over **-35%** intensity reduction in **2020 vs 2007** : target reached!

Leading CO₂ footprint in our industry

Our Revised 2030/2050 Targets and Roadmap

To better position us to meet our 2030/2050 targets, in 2020 Aperam revised and restructured its CO₂ roadmap and financing envelope. This new program, which received board-level validation in 2020, includes regular follow-ups and will be presented for approval to the Science-Based Targets initiative.

Other changes include:

- Establish separate 2030 roadmaps for European and Brazilian operations, with similar -30% objectives (compared to 2015). Based on 7 key projects:
 - Energy Efficiency
 - Carbon-free fuel
 - Change in our raw materials mix
 - Heat recuperation
 - Solar and Wind
 - Green Electrical Energy sourcing
 - Carbon Capture /Utilizations to close the gap for fatal CO₂.
- Include more projects that will be validated during 2021 in our 2021-2025 planning for a first short-term roadmap, especially based on a shift from natural gas to carbon free fuels.

Refining an Already Best-in-Class CO₂ Performance

Since 2017, our CO₂ footprint has been constantly below 0.5 tons of CO₂ per ton of crude steel produced, from 0.55 in 2015. This is a best-in-class performance but it needs constant efforts to keep it there, as changes in the mix or volumes of the production can generate important fluctuations (see the insert on mix on the next page). During the year 2020, good progress has been made, refining our approach to improve further our performance on all product grades.

In particular, our Brazilian unit managed to substantially reduce its Timoteo footprint (-2% YoY) thanks to a new production process modification related to the Electric Steel (Grain-Oriented) products, the increased reuse of Blast Furnace gas and energy loss hunting, amongst others.

As of 2020, Aperam's approach is based on a finer chemical analysis, which is also a more conservative approach to computing the CO₂ emissions from by-products (and other outputs). Two factors are now taken into account: the metallurgical effect of each elements (some have none) and their origin (biomass or not)⁶. The impact of this adjustment is less than 0.3% at the Group level and does not change our -30% 2030 objectives.

Adjusted CO₂ emissions amount to 0.55 t/tcs for 2015 (our new baseline, vs. 0.54 with the previous approach), 0.50 t/tcs for 2019 (vs. 0.48), and **0.47 t/tcs for 2020** (vs. 0.45), **allowing us to outperform our (previous) 2020 objective of 0.49tCO₂/tcs (-35% vs. 2007 performance).**

Overall, in 2020, Aperam is on track to achieve its CO₂ 2030 objective of -30% vs. 2015. With 2020 Scope 1 and Scope 2 emissions of respectively 666,372* and 255,665* kg.CO₂ in absolute value, we reduced our total CO₂ emissions (scope 1+2) by -7% over 2019, which represents a 14% decrease in intensity since 2015. (GRI 302-4).

Scope 3 and total Carbon footprint

Reporting on Scope 1+2 (see above) is one thing, but considering the topic in its entirety and taking into account the CO₂ footprint of an industrial cycle's upstream (production input, mostly raw materials) and downstream (transport, etc.) processes is another. For instance, our Recyco unit acts as a (fantastic) recycled material supplier. However, if it was in fact such an external supplier, its CO₂ emissions would not be counted within our Scope 1+2 footprint. For products like ours, the typical weight of the CO₂ emissions related to upstream processes, particularly those linked to the extraction and refining of primary raw materials, is paramount.

Considering that we rely primarily on recycled stainless steel scrap in Europe (and our own forests for charcoal production in Brazil), **our raw materials-related footprint is much lower than the sector's average, and we estimate⁷ that the total CO₂ emissions per tonne for stainless steel made of extractive raw materials is up to five times higher than ours.**

⁶ For the elements that play a role in the metallurgical phases, the CO₂ is considered as being from biomass origin to the same extent as for the total production input, reflecting the melting of all elements in this phase.

⁷ Aperam estimates & calculation, ISSF data, "Stainless Steel and CO₂: Facts and Scientific Observations", March 2019, CRU.

Energy Mix and 2020 Performance

In 2020, Aperam reports 2.2 MWh/tcs, achieving a 4% reduction in energy use over 2019 for natural gas, LPG, and electricity only, our primary focus.

In total, compared to 2012, we have not reached our -10% reduction objective for 2020 (12.2 GJ/tcs, all energy sources) but we have still reduced our total energy consumption by 5.4% vs. 2015.

This represents a significant improvement in efficiency and thanks to the ongoing efforts (see hereafter), Aperam is on track to achieve its mid-term target, which aims for an 11% reduction in energy use by 2030 (GRI 302-3, 302-4).

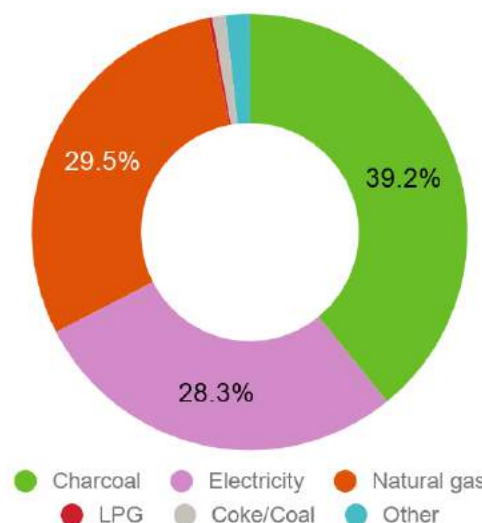
In addition, our energy mix remains a subject of pride, with 39% coming from charcoal biomass (see aside, vs. 36% last year - not taking into account the fact that over 36% of our electricity is from renewable sources at country level).

But even with this success, we refuse to stand still and thus remain committed to pursuing other renewable energy sources, as we highlight below.



Aperam 2020 Energy Split (%)

GRI-302-3



Energy

39% Renewable energy

Natural gas, LPG and electricity -4% vs. 2019

Mix Effect

Our energy intensity depends on the metallurgical blend we produce, as not all metals melt at the same temperature. Furthermore, when we "sophisticate" our products during downstreams operations, such as when we give them a bright surface finish or transform them into wires or tiny precision strips, we use more energy than what is used to produce semi-products. However, the volume of initial crude steel remains unchanged, which impacts ratios and apparent performance displayed in terms of energy intensity...

This means that comparisons are only valid between similar products!



The new solar farm at Isbergues.

■■■ After installing windmills in Genk (2017) and photovoltaic panels in Châtelet (2018), Isbergues and Genk are also moving to solar energy, with separate projects prepared during the course of 2020. As for Isbergues, the site is the first in France to safely implement solar panels on a restricted use surface - a prime example of how safety and security can be combined with sustainability.

In December 2020, 666 panels were installed, with a capacity to produce 250 MWh of solar energy per year for use on the site. Once the first phase of the project proves satisfactory, Isbergues plans to quadruple the area covered, with the goal of achieving 1GWh per year.

■■■ The installation planned in Genk is much bigger and anticipates a yearly energy production of 20,300 MWh. This means that every year, 7,300 tons of CO₂ will no longer be emitted into the air. This is equal to the annual emissions of 5,900 average households and/or what can be absorbed by a 720ha of forest. Once operational, by the end of 2021, it will be the second biggest photovoltaic installation in Belgium, and our Genk plant will consume at least 97% of the generated power. In parallel, more Electric Vehicle charging stations will be deployed for company vehicles as well as for use with our employees' private vehicles, allowing Aperam's fleet to gradually become emission-free.

Air emissions: The Importance of Placement

Although our Timoteo plant succeeded at conducting more frequent monitoring of its dust emissions, some of the measurements taken were erroneous. That's because in order to reduce the risk of carbon monoxide poisoning for the installers, the monitoring devices were improperly placed on only one side of the melt shop's chimneys (as opposed to around the lanterns through which air flows out of the workshop's roof).

Once the issue was identified, the monitors were manually repositioned in a manner that both ensured the safety of the workers and the integrity of the data.

Air Emissions

Local air quality is an important issue for our operations. Our Environmental Policy commits us to a long-term approach to environmental performance and, according to our Stakeholder engagement, dust (particulate matter) is our third most important material issue. However, in addition to dust we also emit volumes of NOx and SOx (reported for Europe page 29) and other air emissions.



Because this issue is so important to the local communities we work in, Aperam has committed to going beyond what is required by current regulations. Diffused dust is measured periodically to evaluate the leakages and identify areas for improvement. Furthermore, dust falls are also a relevant additional indicator of the nuisances caused to local populations.

But this last metric is impacted by external factors such as wind or alternative sources of pollution (agriculture, traffic, etc.), rendering the interpretation subject to debate. As such, we only report ducted dust emissions. With the aim to change mindsets, improve the reliability of our measurements and ensure that progress is continuous, we have set up an action plan with global Aperam targets and we started to conduct more frequent measurements. **As our previous goal had been achieved in 2019 (-12% in 2020, from 2015 benchmark, which is 211 g/tcs), in 2020 we announced a new target of a -70% decrease of our ducted dust emission intensity by 2030 (compared to 2015).** This objective is to be reached while also reducing diffuse (non-ducted) dust.

Ducting and Controlling Dust Emissions

Our dust emission improvement plans (like the ISSF award-winning plan at Genk) focus on either containing, ducting, or collecting the dust (in Europe, the collected dust is sent back to Recyco for recycling). However, considering the size of both the equipment we use and our operations, such improvement plans take time. They also require significant investments and logistics (e.g. coordinating implementation during scheduled maintenance stoppages).

> Nonetheless, significant investments have already been made at our Timoteo, Imphy, and Isbergues plants (over €6M since 2018). Furthermore, most of our sites have clear roadmaps for implementing improvement plans over the course of the next five years. These roadmaps take into account the need for major revamps, investments and increased costs (maintenance, filter bags, etc.).

> As planned in Timoteo, we also implemented more frequent monitoring mechanisms to prioritize our action plans and ensure that our dedusting equipment performs as specified. Unfortunately, due to operational issues (see boxed text to the left), some of our 2020 measurements were not reliable on three important chimneys (out of 46). Of course corrections have since been made and the monitoring is now running flawlessly.

To compensate for the erroneous measurements from the three problem chimneys, we opted to calculate Timoteo's 2020 dust emissions using measurements taken during Q4 2020 (when the monitoring was properly installed) and multiplying it by four. However, the total emissions of the plant in 2020, with all chimneys and measurements taken into account, did not exceed 25% of the total authorized volume, a figure that decreased to 17% after correcting the Q4 values.

> Overall, it is clear that our dust emissions⁸ have been impacted by the abnormal production schedules, including several start/stoppages of our installations caused by the COVID-19 pandemic.

Our total dust emission based on an "exhaustive methodology" indicates a deterioration of 7t and 4% in intensity in 2020 vs. 2019, with total emissions at 299t*. This metric takes into account all the measurements⁹, even those taken in abnormal operating conditions (i.e. 5 measurements per chimney on average, in 2020, in Brazil). This method has been used internally and reported since 2016 with the aim to better monitor our performance and adjust our maintenance scheduling (see previous reports). This "exhaustive" indicator provides a better assessment of our impact over the full year than the total based on the few measurements that *have* to be reported to the authorities as per our permits (ie. two by year in Brazil for almost all chimneys), a figure that shows a total Group "regulatory" emissions of 274t (i.e. 140g/t, compared to 166t last year).

Whatever the method used, **our 2020 performance outperforms our initial 2020 target of 211g of dust emissions per tons of crude steel produced in spite of a deterioration versus the last three years' trend - something that we intend to cancel in 2021 to resume our progress.** GRI-3052-7

> Although this small 4% regress in "exhaustive" dust emissions is unsatisfactory, we did see positive improvements, for instance at our Imphy plant. Thanks to past investments and projects aimed at collecting dust from the induction furnace, the plant reported an 24% improvement over 2019 and a 58% decrease from 2015.

Air emissions

70 g/t emissions target by 2030

Multi-year roadmap

It's highlights like this that convince us we are heading in the right direction: **by continuing with our roadmap, we will see better results in 2021 and beyond.**

⁸ Ducted and partially diffused dust emissions (particulate matters).

⁹ Except the above-mentioned corrections for three chimneys in Brazil.

Noise and Vibrations



Sundown on Châtelet's rails, with the loco in the background.

Some of our sites' installations and operations emit noise, such as the noise of objects falling incidentally or material being unloaded (especially at our scrap yard, etc.), alarms and warning sounds for optimal security of the vehicles in motion, etc.

Of course, the surrounding geometry plays a key role in the spread of noise, as does wind, trees and buildings. Sometimes this noise results in complaints from the surrounding community, even when the sites are operating within the limits defined in their local operating permits.

■■■ This is exactly the case at Châtelet, where most of the Hot Roll Mill's incoming and outgoing flows are handled by rail, causing a few of our neighbours to be occasionally annoyed by the noise from the locomotives.

Even though several studies have confirmed that the reported noise did not exceed the authorized limits in terms of decibels, the site continued to work to reduce the nuisances nevertheless.

Firstly, there is an issue related to the air compressors used for the brake system. Secondly, there is a creaking noise generated by the wheels on parts of the network, especially on curves and, unfortunately, it seems that the replacement of rails realized in 2020 did not resolve the problem. As discussed at a December 2020 meeting with the attending neighbours, an action plan is in place to minimize the nuisances.

As a first step, a revamping of the locomotives is planned. We hope to see improvements as a new generation of compressors require less iterations to "inflate" the braking system. Since it is costly, the unit cannot afford to change all locomotives in one go and the current investment plan aims to replace one per year. A second line of work is linked to the optimization of compressed air programming, which is a computer task to be organized in sequence.

We hope to hear clear improvements soon!

Water



At Aperam, our commitment to clean water is an everyday affair, one that is fully ingrained in how we operate. **For example, with the aim of reducing water consumption by 40% by 2030 (over 2015 rate), we routinely monitor our water intake. We also continue to increase the amount of recycled water we use, which is currently at 95%.**

Even though a planned audit and internal benchmarking of our water practices had to be postponed due to the COVID-19 pandemic, we are still able to report some important results.

Water Consumption Trends

After continuous decreases between 2012 and 2015, our water consumption has since stabilized, a trend once again seen in 2020:

- **Total intakes were down 1.7% over 2019 but this is an increase of 3% over 2015 - this means that we have missed our 2020 objective of -5% reduction compared to that 2015 baseline.**
- Of the 5% of water that we do extract, 83% comes from rivers and 7% from collected rain
- **95.3% of our consumption came from closed circuits (i.e., recycled water), meaning that less than 5% of our water is extracted from the environment**

Although these figures remain well below our expectations, one must keep in mind several contributing factors:

> First, the vast majority of our consumption comes from our Timoteo plant, which accounts for 75% of the Group's total consumption (in absolute value). In 2020, Timoteo saw a 0.5% decrease and an ambitious action plan towards a -40% achievement by 2030 involves a complex water circuit (see picture).

> Second, in Europe, our Châtelet plant's cooling tower was out of operation due to technical issues. As a result, the plant had to increase its water consumption – a trend that will likely continue through 2021 while the tower is being repaired. Our Genk site also saw an increase in consumption, the result of the intense works necessitated for building of two new Cold Rolling lines coming online in 2021.

What these figures don't show are the many efforts happening across our sites to reduce consumption.

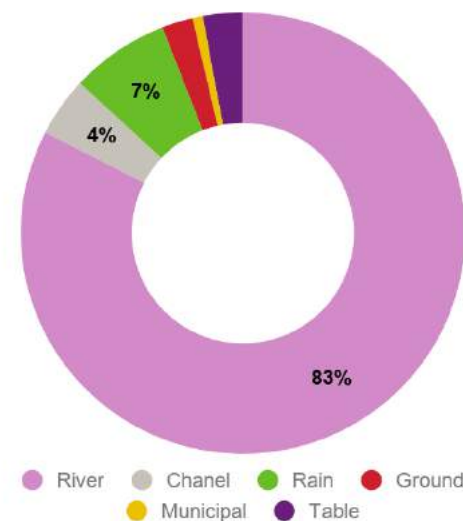
■■■ For example, our Imphy plant saw a 34% reduction in water use (-46% compared to the five-year average). Even though they only account for 2% of the Group's total consumption, this is an important result for the neighbouring environment and communities. Likewise, our Gueugnon plant has implemented a

strategic plan to drastically reduce its use of pumped river water. With a focus on Reduce, Reuse, Recycle, a project team is currently rolling out a pilot programme, with initial results expected in 2021.

> To continue our progress, the Group is preparing a specific policy on water consumption. Once finalised, it will provide best practices in mapping, standardised measurement protocols, and serve as the basis for a rigorous, site-level water management plan.

Water intakes by source (m³ and %) GRI 303-3

22.8* mio m3 consumed in 2020



Water

95.3% Recycling rate
2020

-40% target 2030
Consumption intensity vs.
2015



Water Treatment Station in Timoteo.

2020 Water Disposal Quality

Our water quality reporting demonstrates that the way we treat our effluents and monitor our discharge into rivers complies with our permits in terms of volumes, pH, temperature, particles of suspended solids, and metals in water. Any punctual trespassing is promptly addressed in liaison with the authorities.

In 2020 we reported:

- Total water discharge: 16,347 m3 (+6.8% from 2019)
- Metal discharged: 4.32 g/tslab (-1.9% from 2019)
- Suspended solids: 145.55 g/tslab (-23.3% from 2019)

Eucalyptus and Water

Like all vegetation, eucalyptus requires water and nutrients to grow and survive. However, the forests at our unit in Brazil (BioEnergia) are grown using carefully selected saplings (see the nursery below). Comprised of a variety of eucalyptus species, these saplings require less water and nutrients and are thus particularly well suited to the unique environmental conditions of Vale do Jequitinhonha.

The use of cloned eucalyptus trees is the best choice for us because:

- The selection process deprives them of the so-called pivoting roots that grow deep underground to reach water tables. Instead, our forests rely on superficial layers of water for a fully sustainable use of local resources that does not deplete deep reserves.
- Our trees are more biologically efficient than other agricultural cultivations, producing more mass from less resources. For example, it takes 2,000 L of water to produce 1 kg of potatoes, but only 350 L to produce the same mass of eucalyptus wood.
- They produce more timber from less resources. For example, it requires 1,000 L of water to get 400 g of cerrado wood, whereas that same amount of water will result in almost 2.9 kg of eucalypt wood.
- Whereas 1.7m3 of water is needed to produce one ton of coke, only 0.6m3 of water is needed per ton of eucalyptus-based charcoal (not counting rainwater falling in the forest).



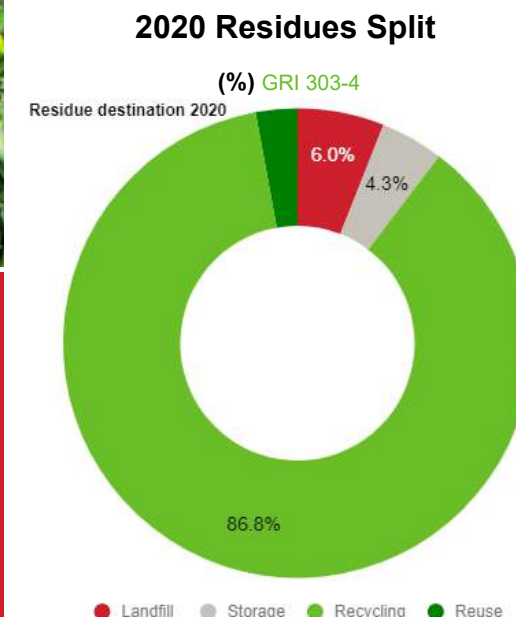
Aperam BioEnergia's nursery.

Waste & Recycling

We see ourselves as a recycling champion. For example, our Recyco unit recovers the metallic content from the melting shop dust. We also produce metals that are endlessly reusable and we use a large amount of recycled materials in our production process. But as we aim to become a zero-waste (for landfill) company, we go above and beyond what is simply required.



Left: Laptop Lax skids in Isbergues in summer 2020, an astonishing depolluting plant (see insert on next page).



Recycling of Metallurgy By-products

In 2020, our production of waste decreased by 4% vs. 2019 due to the slight decrease of our activity, with 6% of our by-products being sent to the landfill, the remainder being reused, recycled or stored for future recycling (see graph, right). Our recycling ratio stands at 94% in line with last year GRI 303-4.

Less than 7% of our total wastes are classified as hazardous. However, in 2020, the share of hazardous wastes decreased from 48% to 28% at group level, due to the reclassification of 20kt of wastes in Timoteo for which we found a recyclage alternative confirmed by accredited laboratories. As a result, while almost 90% of those are already recycled or re-used, some of our by-products, such as acids or specific treatment mud, are waiting for viable technical solutions.

Engineers and, R&D are studying the technical solutions to neutralize such delicate wastes and we hope that market opportunities will emerge with buyers ready to purchase them as a production input. Read the insert on how we test depolluting plants to help us in this regard.

■■■ Another interesting example is linked to the re-use of the wastes generated by Timoteo's Annealing & Pickling line (acid, slag, refractories). These volumes are treated by an external company and sold as an add-in to improve the mineral composition and acidity of the soil. Such 'fertilizers' are also being used by our BioEnergia unit.

■■■ Speaking of BioEnergia, our unit runs a full process from the selection of the eucalyptus species to the carbonization of the tree, via the planting and harvesting according to protocols that are certified by the Forest Stewardship Council®.

Their operating mode includes a biodiversity protection program (see page 39 and 2019 Report) and a biological pest control to avoid the use of pesticides, amongst other responsible practices. Recently, they launched two new projects on the optimisation of the resources and the recycling of residues.

The first one relies on the carbonization heat to dry the wood and facilitate the ignition. The second deals with the tar (pyrolysis oil) that is generated in the wood carbonization process. This by-product is now being tested as a green alternative to replace fossil fuel in some industries' boilers and furnaces. This could be a new good low-CO₂ fuel that the unit could sell to external companies, instead of considering it as a by-product or waste. To be continued...



Metallurgy as a Recycling Channel

In 2020, 25% of all our input material (including nitrogen, fuel, wooden pallets, consumables, etc.) came from recycled sources, GRI 301-2. We usually focus on metal scrap, but many other items also come from recycled sources: electrodes, wooden pallets, acids, etc.

> Specifically in terms of scrap, we collect our own internal process scraps at each of our units and, after careful sorting, send it back to our melt shops, usually via railways. We also purchase important quantities of scrap from external providers, all of which must meet specific qualitative specifications (eg. in terms of nickel or chromium content). The granularity of this scrap is also important as the density of the volume allows us to optimize the loading rate of our own tools within our process. Contrary to what can be imagined, stainless scraps are predominantly composed of end-of-life scrap, although the traceability is complicated due to the blending that takes place at the largest providers to meet the demands by grade and the collection/deliveries that are organised in batches.

Overall, many of Aperam's products contain over 80% metallic scrap. This is especially true for the stainless steel melt at our Genk and Châtelet sites, with our average Genk austenitics reaching over 90% in 2020.

Researching 'Green Ways' to Treat our Hazardous Wastes

Each year, steelmaking operations generate a few thousand tonnes of sludge that is placed in landfills as required by the French Environmental Code. Within Aperam, the sludge contains, on average, 1% Nickel on dry matter, meaning a few tens of tonnes of pure Nickel equivalent sent to landfills every year. In addition to the direct costs associated with landfill management, the recovery of useful alloying elements is also a major challenge in the context of the European Circular Economy action plan - and the purpose of our Recyco business.

Following the 2018 Innovation challenge, our Isbergues R&D Centre decided to launch a study to assess the capacity of specific "depolluting" plants to live/survive in contact with such waste and, secondly, to quantify their Nickel recovery capacity and their impact on the ecotoxic nature of the sludge. This project is part of the European LIFE project, which is led by the University of Lorraine, a major world player in the control and knowledge of hyper-accumulative plants.

In order to manage these hazardous wastes as well as possible, we adopted an agile and pragmatic experimental approach that uses double-walled watertight skips for the sample cultivations arranged on the Isbergues premises. Two different plants were tested on two types of soil. A local circular approach was desired for the soil with, in addition to the incorporation of process sludge, the use of Recyco slag as a draining and stabilising sub-layer.

In 2020, the first encouraging results were obtained after a first year of cultivation (from Nov. 2019). These results showed that the plants survive perfectly in the tested conditions (including the unique climate of the Hauts de France!). They also showed a very encouraging de-pollution effect, with the plants extracting from the soil and fixing on their leaves several percent of Nickel, facilitating the banalisation of the residue. The study is continuing in 2021 to confirm and improve the results.



Top view of the various skips (numbered 1 to 4) before harvesting (summer 2020).

> Since its opening in 2009, our Recyco subsidiary is fully dedicated to the valorisation of most of the wastes generated by our melt shop (dust, several dozens of kilotons per year), hot strip mill (scales) and cold mills (pickling sludges, shot blasting dusts) and we like to promote it as a perfect example of the circular economy (see last year's Report) but other units are developing innovative ideas...

■■■ Last year, we reported that our Châtelet site had been granted the authorization to input used and non-reusable shredded tires into the melt shop furnaces. This is an excellent use of a waste product that is otherwise difficult to valorize in Wallonia, Belgium (due to few other recycling options). First, the crushed tire is used as secondary raw material, via its easily heated carbon content. Second, the steel from the inner frame is collected and sent to the melt shop as normal steel scrap. This resource is cost-efficient without any negative impact on air emissions. Furthermore, Aperam is very well organised to handle all preventive security measures, particularly those related to the risk of fire, with specific water points having been placed nearby and a storage capacity limited to 100 tons on the site (the equivalent of one week of normal production). This initiative, which comes on the heels of its reuse of beverage cans, shows how the Châtelet site keeps on improving its capability to act as a powerful and innovative recycling channel.

Other Initiatives

Industrial Risk

Assessing risks at operating sites

Thanks to the hard work of our local teams, 2020 saw significant progress in the rollout of our industrial risk assessment programme in Europe. Key achievements include:

- Finalised industrial risk assessments for all our main European plants
- Implemented internal REX benchmarking (including one external benchmark)
- Used plant-specific action plans to routinely identify – and eliminate – high risks (safety, environment, property damage)
- Scheduled monthly action plan follow-ups using dedicated dashboard
- Worked on a lean methodology to standardise risk management across the entire organisation
- Launched the climate risk assessment methodology, with a first TCFD-inspired pilot exercise organised at site level.

With plans to launch the programme in South America in 2021, Aperam will soon have a global assessment of its industrial risks.

Emergency exercise at Isbergues.



Remediation and decommissioning

In line with Aperam's commitment to ensuring we have zero long-term impact on our planet, we have to deal with the former Firminy/Unieux plant (France), where metallurgical activity was carried out between 1910 and 2013. Over 2020 we continued our efforts to transform our closed site into a viable future industrial site. Our commitment to work in full transparency with the authorities permitted to elaborate a common solution to move towards the reconversion of the site.

Voice

"Industrial risk management is clearly part of a sustainable business. Whatever the risks, whether they be related to our equipment or linked to climate change, we must avoid, or at least mitigate as much as possible, all possible consequences, including human, environmental and material.



To answer the 'what if...', we have to force ourselves to think 'outside the box'.

In doing so, we will also further secure our factory for our local stakeholders."

Alain Menec

Global Environment and Industrial Risk Coordinator

Transportation Impact

Freight Transportation

> In Europe, in 2020, for the first time, we monitored 100% of our transport and supply chain in Europe and made an exhaustive and precise computation of our CO₂ tons/km for each transport mode. The apparent increase in road transport is due to the fact that the 2020 perimeter includes a change of scope (all Service Centers and most of the Alloys division's transports), not because of a change in practices. On the contrary, we developed the use of recent rail roads to Italy (Calais > Orbassano) and Spain (Calais > Le Boulou) to transfer most of our flows from Isbergues to these countries via rail. We also identified customers accepting train deliveries from Belgium.

We also made our first inquiry on the sustainable development initiatives of carriers, finding that at least 10 carriers set up. However, the year was difficult for trucking companies, many of them suffered financial difficulties and postponed environmental initiatives such as the eco-driving training.

> In Brazil, we observed a significant volume of slabs being exported using rail transport from the plant to the harbour. This exportation increased the volume of steel transported via rail compared to the previous year.

■■■ Thanks to the tests organised in 2019, our Isbergues-based Recyco unit was able to arrange in 2020 a sustainable and competitive logistics offer for the dispatch of the material treated in the Hauts-de-France without any truck being used until the harbour. The ferro-alloys were being loaded in Isbergues, on the canal with a barge heading via riverways to Terneuzen (Netherlands), where it was passed onto a ship for the last phase of the journey to Finland by high sea.



Loading and transportation of Recyco ferro-alloys to the Netherlands by barge (left) and loading of the cargo (right)

Right: Tiny House, Art du Toit couverture © Christophe Rouxel - An atypical project made entirely of Aperam 304 with Mirror Polish: Congratulations to Christophe Rouxel (compagnon du Devoir, best worker of France 2011) for this work of great technicality and for its impeccable implementation.>>

Transportation Impact (estimates, excluding maritime)

Indicator ⁽¹⁾	Unit	2020 Brazil	2020 Europe	2019 Brazil	2019 Europe	2018 (Global)
Rail Traffic	% shipments (except Maritime), incl. Internal transport	16.2	45.2⁽²⁾	5.1	62.3	39.8
Road Traffic		83.8	51.4	94.9	35.6	60.1
River/Other traffic*		0.0	0.4	0	0.3	0.1
Short Sea		0.0	3.0	0	1.8	n/a
Trucks Loading	%	92.8	82.3	95.9	85.8	91.2

(1) Estimation based on major plants and the five largest service centres until 2019

(2) Scope extended in 2020 to all European Service Centers and most of the Alloys division's transports.

Cleaner Mobilities

Last year, we reported on how our Genk facility installed charging stations in the parking area for electric vehicles. In 2020, our Isbergues site followed suit, preparing to install 4 electrical terminals for employees to recharge their vehicle. Beyond passenger vehicles, the site aims to replace its fleet of forklifts with lower emission models (i.e. gas or electric, depending on payloads).





In the Vale do Aço, the Aperam Acesita Foundation's Environmental Education Center - Oikós.

Our Oikos Environmental Education Center in Brazil

the Atlantic forest, which houses numerous springs and species of fauna and flora. It hosts several activities, including visits for scholars. Training courses are also offered to the community, with a focus on the recovery of springs and degraded areas, through a partnership between the Foundation and the National Rural Learning Service - Senar. With a list of courses aimed at professional training and social promotion, this initiative also offers classes for Multipurpose Forest Workers on such topics as the recovery of degraded and altered areas.

More than 60,000 visitors from different age groups have passed through Oikós. "We believe in the potential to form more aware citizens through a visit to Oikós. We want to motivate people to adopt a citizenry, sustainable and integrated with the environment, as well as protect and conserve our springs," says Aperam Acesita Foundation President Venilson Vitorino.

BioDiversity

Last year, we decided to report on biodiversity, in recognition of the requests formulated within the ResponsibleSteel™ framework and by environmental NGOs. We described BioEnergia's Fauna Monitoring Programme, which is scrupulously monitoring local diversity in the Jequitinhonha Valley of Minas Gerais (Brazil), with a special focus on the species classified as endangered (3 species of birds, 7 species of mammals). It is the sole unit operating in protected areas or areas of high biodiversity value [GRI 204-1](#).

To go further down this path, in 2020, we decided to strengthen our commitment to biodiversity conservation. Believing that biodiversity is an issue that should be regarded with the utmost urgency everywhere, we've built a company-wide policy that defines the basis for a minimum, systematic biodiversity monitoring, even in areas where it is not considered a problem. This approach, which was based on the Global Reporting Initiatives framework, will be complemented with a preliminary identification of local or invasive species, their natural habitats, and of the possible disturbances that changes in our operations (artificialisation, lightning at night, etc.) could cause.

The goal of this policy is to protect the local flora and fauna so that we can still enjoy a visit by a deer from time to time (see below)!



May 10 at 2h56: a four-legged intruder was spotted on our Genk site!

■■■ At the local level, our sites continued their proactive approach in liaison with local actors. Last year we mentioned that our forestry hosts beehives and that our Isbergues site experienced a "natural" air quality monitoring while offering employees honey-collecting experiences.

In 2020, three more units launched their own initiatives. At Châtelet, thanks to a partnership with a local professional in the field, the first hives were added along the boundaries of the newly planted slag yard. Analysis of the honey and pollen should provide us a different, more cumulative perspective on the air quality around the plant. In Gueugnon, 6 beehives were installed on the "green hill", thanks to the active support of our own in-house beekeeper, who is also a member of our Motor Maintenance Department. Meanwhile, in Poland, as many as 20 hives were set up in cooperation with a local producer!



Above (left): Gueugnon Beehives being installed ;

Right: Aperam S&S Poland's 20 'Buckfast' hives.

Raising Awareness

Given the realities of the COVID-19 crisis, and in particular social distancing and economic unemployment making it difficult for teams to do anything other than urgent operational topics, Aperam arranged less interactive company-wide World Environment Day celebrations.



We did, however, promote a special e-Learning module from our own platform to raise awareness on “**The Effects of Environmental Change on Business**” and re-assert our new set of environmental targets (including revised CO₂ roadmap) with digital posters to be distributed within the company in 10 languages (see left, in English).

Voices

“Solid KPIs reviewed regularly by top management, combined with our continuous quest for potential non-compliances, serve as the basis for our environmental excellence. While ensuring this base, our environmental culture is also moving towards adopting our safety model, with the belief that ‘every employee can positively influence Aperam’s impact on the environment’ and that ‘active, shared vigilance’ is key.

These coming years are crucial for Aperam to continue its transformation towards becoming a very low carbon intensive company.

Thanks to the workforce we are mobilizing and the tools we are developing, I am convinced that Aperam is on the right track and will remain one of the leading players in the stainless steel and alloys market.”



Laurent Piranda

Head of Environment & Industrial Risk



Interacting with our Stakeholders

We aim to achieve best practices in governance and apply the strongest business ethics. These are the keys to building trust with our customers, our employees and the communities we work in, to protecting our market position and license to operate, and ensuring our ability to thrive.

Our strong customer focus, with innovation and R&D being key pillars, is a testament to the fact that we are good at listening and able to find the right solutions - a pattern we repeat in our social dialogues and stakeholder engagement.

Sustainably Profitable

> 2020 was the most challenging year we have faced since our formation. The global health crisis resulting from the COVID-19 pandemic had a profound impact on the global economy and our daily lives, and had tragic consequences for millions of people across the world. Within this context, we focused all our efforts on providing a safe and healthy working environment for our employees. Thanks to a deeply embedded health and safety culture, we were able to swiftly implement strict sanitary protocols, protect our people and continue to serve our clients with only temporary halts to our operations during the first quarter of 2020.

> While our plants were back to being fully operational in the second quarter of 2020, the prolonged shutdown in several European countries and the temporary closure of key customer industries caused a considerable drop in demand for our products. In response, we quickly aligned our production with this lower level of demand, adapted our cost base, and reduced all non-essential capital expenditure. These actions built on our ongoing efforts to improve our structural cost competitiveness. Our internal operational excellence plan, the “Leadership Journey®”, launched in 2017, continued to progress well, reaching €223 million in accumulated savings by the end of 2020.

> These actions helped mitigate the pandemic's impact on our profitability levels. As a result, EBITDA reached €343 million in 2020, only marginally below the level we achieved in 2019 (2019: €357 million). Our free cash flow generation of €195 million (2019: €281 million) was robust. And the company continues to benefit from a strong balance sheet, with net debt at the end of December 2020 remaining at the low level of €67 million, less than a tenth of the level at the time the Company was created.

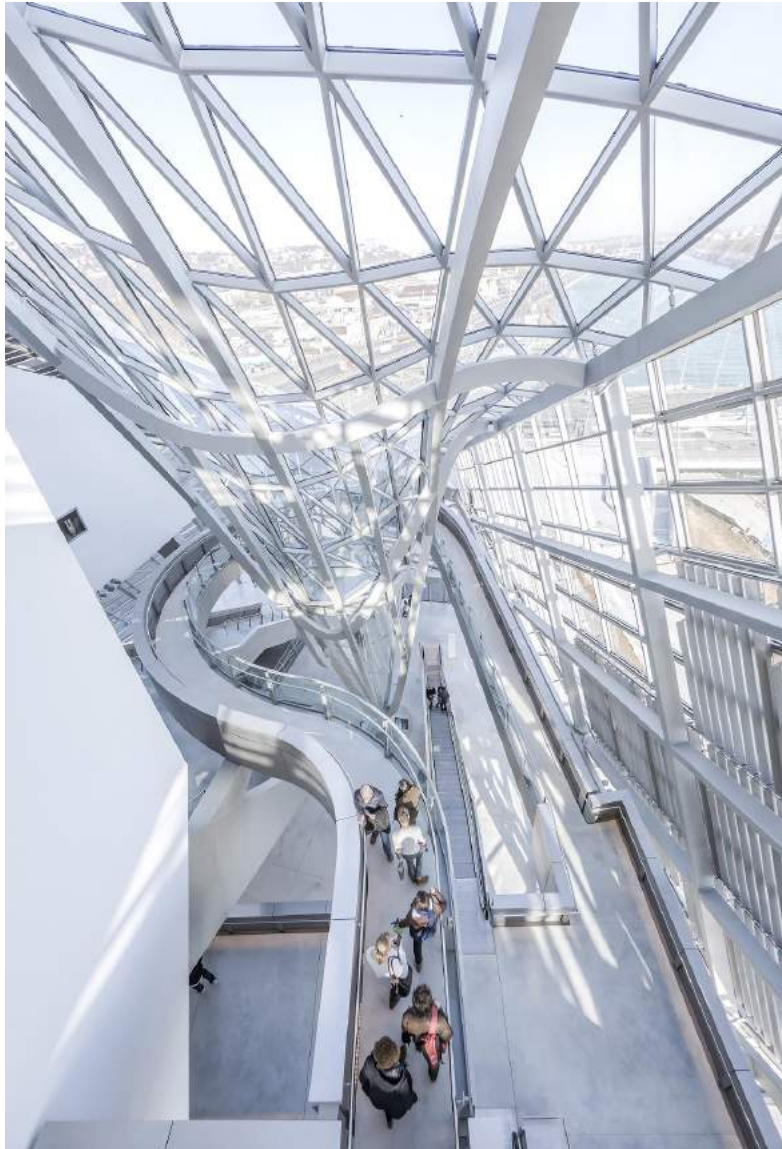
Long-term Strategy

Efficiency as an Employer's Responsibility

> From the very beginning, Aperam has always pursued a strategy designed to reinforce the robustness of our business using self-help measures. We accomplish this by leveraging our in-house internal improvement measures continuously and by relying on our own resources. This has proven to be a successful strategy, one that supports our performance by reducing our reliance on external factors/resources.

> According to all analysts, Aperam achieved an impressive operational and financial turnaround and is now well-positioned to seize the opportunities arising from the long-term growth perspectives of our stainless and specialty-steel markets. This responsible strategy and its efficient delivery explain the many awards we have received from a number of financial and ESG analysts (see next page).

> Overall, in 2020, we channeled €482 million in salaries and €80 million in taxes to local economies, compared to a respective €521 and €37 million last year (GRI 201-1). In some locations, we are a key actor in the local economy and play a key role in local development. Furthermore local purchases at our largest sites represent 51% of total spend (vs. 50% in 2018 and 2019) - all excluding raw materials. (GRI 204-1). In Belgium, Brazil and France, our three most important countries of operations, our impact is significant (and summarized in the table on the next page), which reinforces the need for and our commitment to sustainable purchasing. Moreover, we make our own cultural contributions to our communities (see page 51-53) and positively influence our supply chain (see page 44).



Musée des Confluences, Lyon:
Under a cloud of matte stainless steel
COOP HIMMELB(L)AU © Sergio Pirrone - Aperam 316L grade with Uginox Mat

"Top rated"
by

Rated **"B-"**
(Management level)
by

Rated **"B-"**
(Management level)
by

Rated **Gold**
by

Included in

Rated 79/100
by

At a glance GRI 102, 204-1, GRI 413-11

Indicator	Unit	2020	2019	2018	2017	2016	2015
Customer Satisfaction: Alloys	Rate on 10	n/a	8.8	n/a	8.8	9.3	9.2
Customer Satisfaction: Stainless		8,0(2)	n/a	7.6(2)	7.1(1)	n/a	7.4(1)
Innovation (R&D spent)	€m	16	20	20	18	16	16
Lobbying Expenses - Europe		0.085	0.203	0.382	0.102	n/a	n/a
Lobbying Expenses - Brazil		0.118	0.216	0.172	0.103	n/a	n/a
New Stainless Products ⁽³⁾	% of sales (index base 2015)	82	113	123	121	127	100
New Grain-Oriented Products ⁽⁴⁾		1735	1735	690	157	0	100
New Non Grain-Oriented Products ⁽⁴⁾		0	122	49	22	91	100
New Special Carbon Products		485	386	254	230	153	100
EWC Committees ⁽⁵⁾	#	4	4	4	4	4	4
Fraud Allegations Reported	#	12	12	12	17	7	11
- Forensic Cases Founded		4	1	2	4	2	5
-- Significant Cases ⁽⁶⁾		0	0	0	0	0	0
Ethical Allegations Reported ⁽⁷⁾		4	0	0	0	0	0
- Ethical Cases Founded		4	0	0	0	0	0
-- Significant Cases ⁽⁶⁾		0	0	0	0	0	0
Local Purchase at Main Sites	%	51	50	50	53	53	54
Stakeholder Engagement at Main Sites	%	100	100	64	64	n/a	n/a

(1): Europe, (2): Brazil, (3): European and Brazilian production together. (4): Electrical Steels Grain Oriented and Non Grain Oriented produced in Brazil.
(5): EWC (European Work Council) initiated in April 2013, (6): Following review by the Audit & Risk Management Committee.
(7): Human Rights including Health & Safety, Environment, Data privacy and other topics that can be reported through the whistleblowing hotline after scope extension in 2019-2020.

Social Relations

We believe that our operations are run in a constructive social climate. Our absenteeism rate slightly decreased, to below 3%. And our last Engagement Survey (2018) indicated a workforce aligned with the company's strategy and ready to recommend Aperam as a good employer and that feels empowered to do their part in the production of products they are very proud of.

> We always try to facilitate an open and honest dialogue with the unions.

We already regularly inform and consult with the local works councils and union delegations often organized at site level and with the central works council in France. In addition to this, we are also further developing the dialogue at the European level.

As an international company, our decisions are often taken at a regional or global level. The European Works Council (EWC, initiated in April 2013) allows us to have an initial high-level discussion with employee representatives. Senior Management is very much engaged in this process, participating in discussions and giving a strategic outlook on the evolution of their business.

> In 2020, we held our 4 regular meetings with our EWC (select committee meetings and plenary sessions). The first quarter meeting focused on Aperam's Sustainability strategy, its 3 pillars, and our CO₂ ambitions.

In addition to these regular meetings, we also held 7 extraordinary meetings. These meetings were held to consult on a new Industrial Transformation Program for two of our French sites and to inform our EWC about important organisational changes.

Working under the EWC umbrella, a specific H&S sub-committee, consisting of employee and employer representatives, continued to focus on reviewing and providing recommendations on H&S initiatives.

> No major restructuring, resulting in collective redundancies, took place in 2020. This is because we were able to use Temporary Employment at our French and Belgian industrial sites to variabilize our manpower costs per the challenging economic climate caused by the COVID-19 crisis (see table and page 26).

Indicator	Unit	Belgium		France		Brazil	
		2020	2019	2020	2019	2020	2019
Temporary Unemployment	FTE	227	111	221	45	89	n/a

Voice

"2020 was a challenging year in many respects, and trying to maintain regular dialogues with our social partners at European level was no exception.

We have been able to capitalize on our ability to meet and exchange information at a distance in a frank and direct manner, as it was essential for all of us to ensure continuity in social dialogue during this period of health crisis.

Through several exceptional meetings, the European representatives were able to reflect on the concrete difficulties faced by employees, challenge us, and propose improvements, both in terms of health and safety actions and in terms of communications.

These exchanges allowed for a better collective management of the crisis."



Charlotte Lombart

Employee relations - European Work Council
and Human Resources Saint-Denis



*Above: View of Isbergues' multi-media library - Dominique Coulon © D. Coulon
Executed using grade 304L with Uginox Bright / Top / Mat finishes and K41 Patina.*

Our Employers' Impact GRI 102, 204-1, GRI 413-11

Local Contribution	Unit	Belgium	Brazil	France	Worldwide
Plants/Division	sites	Châtelet, Genk from <u>Stainless Europe</u>	Timóteo, BioEnergia from <u>Stainless & Electrical Steel South America</u>	Imphy, Amilly, Rescal from <u>Alloys</u> ; Gueugnon, Isbergues, Pont-de-Roide from <u>Stainless Europe</u>	Imhua (PRC), ICS (IN) from <u>Alloys & Specialties</u> Usti (CZ), Rodange (LU) from <u>S&S Tubes</u>
Service Centres		Genk (BeNeLux).	Campinas, Ribeirão Pires, Viracopos, Caxias do Sul	Isbergues	Germany, Italy, Poland, Iberica, USA, Argentina;
Main Offices		(Genk)	Belo Horizonte and São Paulo	Saint-Denis	Luxembourg HQ and Sales Offices ⁽¹⁾
Own Staff (End of Period)	FTE	1,912	3,579	2,426	1,464
Incl. Blue Collars		1,249	2,732	1,399	873
Forex rate	€	1	5.90	1	1
Wages & Benefits	EUR million	160	68	180	74
Community Investments		0.0	0.4	0.0	0.0
Payments to Government		6	47	19	8
Economic Value Distributed		1,990	734	3,644	n/a
CAPEX Spent		60.1	23.5	8.3	6.0
Total Tax Contribution ⁽²⁾		49.5	11.2	94.1	n/a
Local spent of main sites ⁽³⁾	%	52.6%	40.2%	63.4%	n/a

(1) Canada, China, Czech Republic, Dubai, India, Japan, Korea, Mexico, Nordic, Russia, Switzerland, Thailand and the United Kingdom.

(2): Sum of all the amounts levied with respect to Corporate tax, other taxes (taxes on assets, environmental tax, etc.), including social contributions (employer and employee share), the latter being also included within Employee Wages & Benefits (GRI-204-1)"

(3): % of Local spent of main sites (Châtelet, Genk, Timoteo, Imphy, Gueugnon, Isbergues, Pont-de-Roide) excluding Raw Materials, with local spent defined as paid to suppliers respectively from Belgium, in Vale do Aço (Minas Gerais), and France. (GRI-201-1)

Responsibility in the value chain

Overall Supply Chain CSR Risk Assessment methodology

In 2020, Aperam updated its Responsible Purchasing Policy to take into account new regulations regarding third-party risks (see § Compliance) and revise it based on best practices. This document reiterates our commitments to ethics, as depicted in our Code of Conduct, as well as our expectations, with a particular focus on the topics of Human Rights, including H&S and Conflicts Minerals. This Policy was communicated to the entire supply chain, together with a letter signed by our CEO. It sets the stage for the implementation of a new overall risk assessment methodology covering Ethics, Compliance and Sustainability. The Policy was launched on the United Nations' Human Rights' Day and was supported by specific training modules assigned to our buyers: one on Conflict Minerals for our Sourcing Department in charge of scraps and raw materials and another one applicable to all buyers, related to Human Rights issues in the supply chain (forced labour, work conditions, freedom of association, etc). At the end of 2020, just three weeks after its implementation, 47% of the buyers had already finished the training.

Risks amongst Suppliers of Raw Materials

> The last bi-annual global assessment campaign on our raw material suppliers was conducted in 2019, with a follow up in 2020. In total, 86 suppliers have been assessed. Similar to previous years, we identified only two suppliers with potential H&S, environmental and ethical risks. These risks are partly due to a lack of required data and/or answers.

> One of these flagged suppliers was already identified the year before. In 2020, one of them collaborated and provided all required documentation to justify its action plan. Based on this, the risk for this supplier has been reduced. The second flagged supplier has been undergoing continuous monitoring by our services, and discussions about a mitigation plan are ongoing.

Risk amongst Transportation Suppliers

> In 2020, aiming to improve our view on forwarders, we assessed 128 suppliers (vs. 86 last year), a much larger scope than in 2019¹⁰. As a result we identified one of them as having labour risks (due to a legal investigation in their country) and two with ethical risks - one of the two was estimated as so after an internal Forensic investigation. Another carrier targeted in the same Forensic investigation has gone bankrupt. This case has led to the design of a new Cargo Securing Protocol, with 9 operating modes covering the full variety of the goods transported.

¹⁰ The figures are presented consolidated with other Non-Raw Materials purchases in the table on the next page.

Supply Chain Risk Assessment

Supply Chain follow-up	Year	Universe covered (#)	Not assessed*	Scope analysed (#)	Risks identified in terms of:			Suppliers presenting risks	
					Health & Safety	Human Rights & Ethics	Environment	Total #	o/w New
Raw Mats	2016*	89	14	75	9	6	7	22	n/a
	2017	94	13	81	3	6	4	13	n/a
	2018*	95	13	82	2	2	4	8	n/a
	2019	96	19	77	2	3	2	7	n/a
	2020*	86	21	65	2	2	2	6	0
Non-Raw Mats (main sites' suppliers, including Transport)	2016*	126	0	126	7	0	4	11	n/a
	2017	92	0	92	8	1	4	13	n/a
	2018*	116	0	116	9	5	8	22	n/a
	2019	194	0	194	13	9	7	29	n/a
	2020	242	0	242	6	21	10	37	2
Total	2016*	215	14	201	16	6	11	33	n/a
	2017	186	13	173	11	6	8	25	n/a
	2018*	211	13	198	11	6	12	29	n/a
	2019	290	19	271	15	13	9	37	n/a
	2020	328	21	307	8	23	12	43	2

Risks within Non-Raw Materials

> In 2020, we further homogenized our definition of critical suppliers. To do this, we used a risk-based approach that encompassed broader Environmental-Social-and Governance- dimensions, on top of Quality and Financial strength. Our list of critical suppliers has been updated accordingly and the sustainability assessment covered such suppliers' sectors as fluxes, chemicals, operating products, maintenance, water treatment, slag handling, and intra-site transport.

> We also changed how we engage with our Category Managers, Cluster Managers, Coordinators and Lead Buyers, who now perform a close follow-up on the answers of our key suppliers.

As a result, 114 suppliers (out of the total of 242 including Transport in the above table) were assessed, which is an increase of 6% over last year. This resulted in a reduced risk profile vs. 2019: 28% risk reduction on Compliance & Sustainability and 33% reduction on Health & Safety. However, the potential risk on Environment

Rail transport safety was also a point of focus for our Châtelet, Isbergues and Genk mills. We collaborated with our rail partner Lineas to improve safety through risk analysis, management changes and innovative technologies.

Voice

"2020 was a challenging year as the pandemic caused major disruptions in the supply chain, both in rail and road transport, with sick drivers, waiting times at borders due to sanitary controls, imprecise volume forecasts and last-minute transport cancellations.

Our priority remained everyone's safety during loading, unloading and driving. To do this, we enforced the new Cargo Securing protocol, which upgraded our transport safety standards to the highest level.



We also communicated our hygiene rules with incoming truck drivers and made hydro alcohol available to them to prevent the spread of COVID-19."

François DECOMPS

Category Manager, Transports and Logistics Europe

¹ Update and follow-up of previous year's assessment for Sourcing.

increased as some of the newly assessed suppliers do not yet have a fully consistent environmental policy implemented. Meetings and action plans between our Procurement department and these suppliers are ongoing, with the aim of reinforcing Aperam's responsible commitments and ensuring our suppliers' commitments are at the same level.

Overall, in 2020, we did not identify any particular deterioration of our risks (13% of the total assessed scope, as last year). On the contrary, we saw more awareness, more improvement in performance, and more examples of suppliers spontaneously informing us of serious environmental or sustainability problems. To continue down this path, a more complete questionnaire will be used in 2021, allowing us to get to more in-depth information about our suppliers, such as key sustainability indicators, targets, as well as corrective and improvement plans. We're confident that this will incite our entire portfolio of partners to join us on this journey.

Risks and Compliance

Risk Monitoring

A Strong Process in Place

As a reminder, our Risk Management process, facilitated by the Global Assurance Risk management function, was recognized in 2016 as being 'best in class' by an external assessment and according to the Standards of International Internal Audit. It is based on a quarterly review of our main risks and their mitigation action plans and combines a bottom up (in Q4) and a top down approach (in Q1-Q3). This process allows to identify, assess, mitigate and monitor all risks and encompasses all possible areas, from taxes to natural disasters, and includes such topics as corruption, electricity prices, economic sanctions and money-laundering. Each risk is assessed in terms of impact and likelihood.

> This mapping is reviewed by the risk owners until the Leadership Team level. All key risks at group level are consolidated into a Global Risk Matrix, which is validated by the Audit and Risk Management Committee and are disclosed in the Aperam Annual Financial Report (GRI 102-15 - p.53-55).

> In 2020, this process was enhanced by adding several categories related to fraud risks, cybersecurity risks and compliance risks, whose probability and impact was to be systematically assessed by all contributors next to more operational hazards. The objective was to raise the awareness of all participants and, in particular, plant managers, of their joint ownership and accountability over such risks, together with the Risk Management & Compliance Functions.

As with the two previous years, 2020 saw 12 allegations relating to fraud referred to the Group's Combined Assurance Department for investigation. At the end of December, eight forensic investigations had been finalised, with four cases founded, none of which had a material impact on Aperam (GRI 205-3). Three cases were closed after preliminary analysis, with an additional case remaining in progress.

> New this year, a result of the extension of our whistleblowing system in late 2019, we can also report the number of allegations related to other topics, such as Human Rights (which cover Health & Safety, Harassment or Discrimination and are reported within "Ethical"), Environment or Cybersecurity/Data Privacy (categorized as "Others") - GRI 102.17.

All cases were shared with the Audit and Risk Management Committee, which reported appropriately to the Board of Directors.

Ethics & Compliance GRI 205-3

Indicator	Unit	2020	2020 Belgium	2020 Brazil	2020 France	2019	2018
Fraud allegations reported		12	1	10	1	12	12
- Forensic cases founded		4	0	3	1	1	2
-- significant cases		0	0	0	0	0	0
Ethical allegations reported⁽¹⁾		4	1	3	0		
- Ethical cases founded	#	4	1	3	0		
-- significant cases		0	0	0	0		
Other allegations⁽²⁾ reported⁽¹⁾		0	0	0	0		
- Other cases founded		0	0	0	0		
-- significant cases		0	0	0	0		
Training Rate (All White Collars)	%	52					

⁽¹⁾ Through the whistleblowing hotline after scope extension in 2020

⁽²⁾ Environment, Cybersecurity/Data privacy

In addition to these investigations, our Global Assurance Department runs an average of 45 audits or advisory services per year. These provide a full review of our small and medium entities, high risk processes or emerging risks. Since 2018, the team has covered sustainability-related topics such as Health & Safety and environmental issues. In 2020, our auditors conducted a special analysis regarding our energy efficiency program, as well as a readiness assessment related to the ResponsibleSteel™ certification in Europe.

Cybersecurity Awareness Campaign

Cybersecurity failures are among the main risks companies face, especially with so many people now working from home. That's why the Digital Transformation Academy assigned a 15-min cybersecurity training to all white collars. The goal of this training, which took place during Q3 and was done with the support of management, was to increase our employees' awareness about the risk of cybersecurity. At the end of 2020, 90% of the targeted population, or 2,860 employees, had completed the training.

Rolling Out our Compliance Framework

Mission and Organisation

> In 2020, our Compliance Framework took our risk mitigation efforts even further, covering such topics as implementing our anti-corruption, anti-money laundering and economic sanction policies, working on procedures, conducting training, and introducing initiatives at strengthening our compliance culture. Thanks to our proper due diligence, we can confirm that, for the year 2020, we did not trade with entities from OFAC sanctioned countries, nor with any of the entities concerned by OFAC targeted sectoral sanctions.

> 2020 also offered an opportunity to review our Compliance organisation. While continuing to report to the CFO, the Compliance function was merged with the Global Assurance Department in charge of Risk Management, Internal Audit and Forensic Services to achieve greater efficiency.

The new Group Compliance Committee is chaired by the CFO, as before, and includes the Chief Global Assurance, Legal Counsel and the Head of Sustainability. It is supported by a Brazilian Compliance Committee, who has been delegated responsibility for local issues, with the Group Compliance officer attending all meetings with the local management and Compliance team. This new structure allows us to combine efficiency, proximity and consistency.

Communications

> To fully embed compliance into our culture and processes, regular awareness-raising initiatives are crucial. Our communication schedule aims to cover all our topics in just a few years time, focusing on a few topics every year. In 2020, two company-wide communication initiatives were organised:

> For the second year in a row, Aperam celebrated International Fraud Awareness Week with the objective of raising awareness about various fraud prevention and compliance topics and ensuring a new, shared vigilance at all levels of the organisation.



For the first time, Aperam was an official supporter of the International Fraud Awareness Week event. Between November 12 and 20, 19 live training sessions in 5 languages were organised with the participation of Aperam sales and commercial teams, who were the target audience of this year's edition. 406 participants in 25 countries followed the live session (83% of Aperam's total commercial/sales employees). A recording in 4 languages (EN, FR, DU, PT) was later made available via our internal e-learning platform. **GRI 205-2.**



Voice

"In line with the actions undertaken in past years, we want to bring Compliance to the forefront.

To do this, we are reinforcing our Compliance commitment, thanks to the support of a strong Compliance community and all concerned stakeholders (Human Resources, Data Protection team, Sustainability team and Legal counsel).

We are also using the synergies offered within the Global Assurance Department to gain in efficiency and coverage."



Amandine Paitreault
Compliance Officer
and Head of Forensic
Services

> The second company-wide initiative, organised under the lead of Sustainability and with the support of the new Compliance team and Human Resources, covered a completely different topic related to our Code of Conduct and Human rights policies: the fight against harassment and bullying.

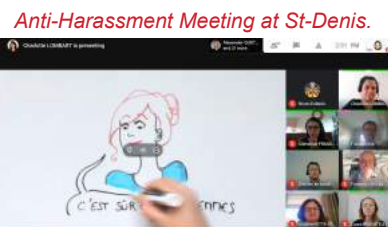
These two documents clearly stipulate that Aperam is committed to providing a respectful workplace for all its employees and that we will not tolerate debasing comments or aggressive behaviour. As part of our observance of the International Human Rights' Day, Aperam launched a specific campaign on Dec. 10th to

highlight these principles and the channels we have in place to report unacceptable behaviour (see insert).

The campaign, available in 10 languages, promoted a 6-minute module (followed by over 570 Aperam employees) and other training materials available from the Ethics & Compliance Academy. We also made sure Human Resources was well aware of the specific guidelines on how to investigate 'Human Rights-related' alerts within Aperam, which had been defined and shared earlier in the year.



Our Anti-Bullying campaign in Dutch.



Principles for investigations of Human Rights allegations

Objectivity, Impartiality and Integrity

Respect of all stakeholders independently of their acts

Respect of confidentiality and protection of reputation of all involved

Protection of the victims

Sanction of misconducts

■■■ Brazil put the spotlight on anti-harassment earlier by holding 4 interactive online sessions on moral and sexual harassment in October, with more than 780 people from our BioEnergia and Timoteo operations and Brazilian main offices participating.

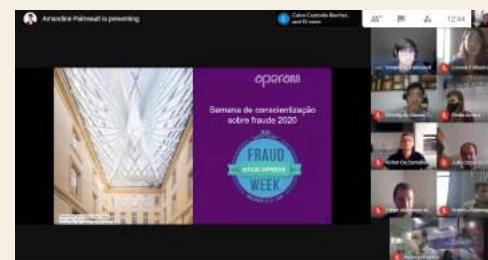
Separate sessions were held for leadership, women, and all other employees. This ensured an atmosphere conducive to a free discussion. Everyone had the opportunity to raise questions with our local Compliance Officer (and Legal Manager), and to an external lawyer who was a specialist on labor law.

Alignment & behaviours

In terms of alignment, we continued with the roll-out of the routines started in 2017, including the yearly "compliance certificate" that summarises the year's actions for key leaders and site managers and the declaration of potential conflicts of interests, for all exempts. Aperam's induction training also ensures that joiners are quickly informed of Aperam's key policies, with repeat learning happening regularly to keep the employees fully aware. For instance, a new Code of Conduct training is expected to be rolled out under a more modern format in 2021.

> In 2020, in Brazil, a specific seminar took place, virtually, this time, to ensure the organisation is fully aware of the Compliance program (see insert). To be even more effective in this alignment strategy, the units of Belo Horizonte, BioEnergia, São Paulo and Timoteo piloted a Compliance maturity level assessment. The methodology used was the same used for Health and Safety maturity level assessment, showing that, like H&S, Compliance is a non-negotiable matter. 113 people actively participated, proposing actions and giving their feedback. The idea now is to expand this methodology to other units within Aperam and use it to adapt the Ethics & Compliance roadmap accordingly.

Aperam's Brazilian Compliance Seminar



In October 2020, Aperam South America held a virtual Compliance Seminar for more than 300 leaders. The seminar was divided in 4 sessions and several topics were covered, including Code of Conduct, local Data privacy regulation, grievance mechanisms, Gifts and entertainment Policy, local

Association with entities Policy, Anti Money Laundering Policy, among others. The 4 hour training is available in our local e-learning platform and will be recommended to new exempt joiners.

Technical Expertise, Audit & Continuous Improvement

Regarding continuous improvement, the year was marked by in-depth works related to the automatization and improvement of our routines that are embedded in our People Management system.

> Firstly, the annual declarations of potential conflicts of interests were filled in using a more structured questionnaire (less free text fields, identification of related internal employees, classification of the situation by type, etc.). This allowed for a quicker and more efficient analysis by the Compliance Team. Secondly, we underwent the first automated refresh of all our Aperam Insiders' personal data.

This allows us to have an “Insider register” that is fully compliant with Luxembourgish regulations. A powerful reporting tool was also designed to extract and easily visualize the completion rates of the mandatory training and routines within MyHR. Lastly, we prepared for the roll-out of our Compliance Certificates and of the Conflict of Interests declarations within MyHR, both of which happened in early 2021.

> Other efforts related to updating our third-party verification procedures, bringing them in line with regulations related to anti-money laundering, economic sanctions and anti-bribery - to name a few. Pilot implementations were started (combined with the ESG analysis of our suppliers partners), with the full rollout of the final procedures and policies expected to happen in 2021.

As part of this, a specific guideline was issued to properly screen the beneficiaries of all Aperam charitable contributions and adequately record the specifics of donations using the same exception registry used for gifts that would exceptionally be accepted, in line with the directions indicated in our official Gift Policy.

Voice

“2020 was the most challenging year we faced since our creation. The global health crisis had a profound impact on the global economy and our daily lives. It also impacted how we manage personal data.

As a data correspondent in Brazil, I focused a lot of my attention on deploying the instructions and guidance on how to deal with private medical data, always keeping in mind the principles of data treatment. For instance, we had to manage temperature data taken on site, spontaneous exchanges of medical information from our employees, and information flows with co-workers in case of contact cases at work.



In addition, the Brazilian data protection law (LGPD) came into force in 2020. Luckily, there are a lot of similarities between the LGPD and the European GDPR, which allowed me to reinforce the Group messages in Brazil while also raising awareness about the new LGPD regulation.”

Renata Milward de Castro,
Legal Counsel and DPO for Aperam South America and
Aperam BioEnergia

Global Data Privacy at Aperam

As an international company with global systems and teams located both in and outside of Europe, Aperam not only enforces the European General Data Protection Regulation (GDPR), we also address dataflows outside the European Union. Aperam’s Data Protection team is supported by local data protection correspondents at the site level. A Data Protection Committee is also in place to review all ongoing actions and exchanges with the data protection authorities.

Aperam also sees compliance with the GDPR as an opportunity to rethink its day-to-day activities and customer relationships, even beyond data protection.



*Hôtel de la Marine, Aperam 304L Mirror polish with Uginox Meca 7D aspect
Agence 2DBM and Hugh Danton Associé/HDA © Nicolas Trouillard*

Relationship with Authorities

In principle, Aperam only engages in policy debates with governments and policymakers on topics that are of concern to its business.

In particular, our Code of Conduct stipulates very clearly that Aperam shall never subsidise any public body, civil servant, member of a political party or union. We also respect best practices in anti-corruption and promote a fair and competitive marketplace without the use of undue influence.



Lobbying expenses

Indicator	Unit	2020	2019	2018	2017
Expenses - Europe	€m	0.085	0.203	0.382	0.102
Expenses - Brazil		0.118	0.216	0.172	0.103

Carbon markets and competition

The EU aims to achieve climate-neutrality by 2050, in line with the EU's commitment to global climate action under the Paris Agreement and the European Green Deal. This political objective will translate into new regulations and incentives to reduce energy consumption and force all industrial players to adapt their processes accordingly. We fully agree and support this EU target.

As an energy-intensive industry, the steel sector will have to make major investments to achieve the EU's decarbonization targets. Therefore, it remains of utmost importance that proper mechanisms are implemented to facilitate this transition and avoid the risk of "carbon-leakage". Such carbon-leakage would occur if the additional costs resulting from the EU's climate policy resulted in a loss of competitiveness for European producers and a substitution of European steel production by imports from third-party countries that do not have equivalent climate policies and ambitions.

What is needed is a worldwide level playing field. As such, when Europe is implementing its climate roadmap, it should at the same time evaluate and take actions to ensure that the European producers can operate on a level playing field with their non-European competitors. If not, due to the resulting cost disadvantage, European companies are exposed to a high risk of being replaced by increasing imports.

Trade Defense Update

For a long time, Aperam has been closely working with steel industry associations and other local trade associations, especially in Europe and South America, to promote the preservation and development of a level playing field for all market participants.

More and more, this work has also been driven by environmental concerns.

This activity has been particularly intense since 2018 and remains so today, due to the prolonged impact of U.S. protectionist measures (Section 232), the need to secure our markets from a growing number of unfair international trade practices (dumping, various forms of government subsidies, circumvention, etc.), and an increasingly difficult economic environment.

> In Europe, these issues have always been addressed within Eurofer, the European trade association, both during the periodic meetings dedicated to the steel industry's trade problems (External Committee) and, more specifically, within the forums dedicated to the subsector (Stainless Steel Working Group).

- Safeguard measures for steel products in the EU27

- Anti-dumping proceedings (against China, Taiwan and Indonesia) concerning imports of certain hot rolled stainless steel sheets and coils

- Anti-dumping proceedings (against China, Taiwan, India and Indonesia) concerning imports of certain cold rolled stainless steel sheets and coils

- A dispute at the World Trade Organization (WTO) against Indonesian export restrictions on raw materials used in stainless steel production, which unfairly restricts international producers' access to raw materials for steel production, particularly nickel.

> In 2020, the main costs borne by Aperam in Brazil are in consulting and trade defense law experts mainly for the "GNO Public Interest Review" & New Anti- Dumping procedure for Stainless.



Stakeholder Relationships

Aperam sites are encouraged to regularly engage with local stakeholders, as doing so is consistent with our values and best practices in management and also very important to our employees. This is why we made stakeholder relations part of our mission, formalized in External Stakeholders Engagement Policy.

> Initially drafted in 2016, and based on a comprehensive impact assessment, this blueprint helped identify gaps in our standards and highlighted the need for specific communication tools, which we have since put into place. Among these, we can mention panels showing key performance indicators at the entrance of our main sites and a contact form available in local languages that can be used to report any question or issues to the site 24/7/365. This is on top of our whistleblowing system.

Used internally as a benchmark since its launch, and complemented by other tools developed in the meantime (internal Social Media, etc.), the policy was refreshed and put under validation in December 2020. This refresh was in response to the growing expectations of civil society (also echoed by ResponsibleSteel™) towards industrialists and to show our commitment to being a transparent and reliable partner. The updated policy was released in early March 2021.

> It is in this same spirit that we decided to integrate elements traditionally included in our “Country Supplements” into our Group report (See tables page 15 and 44). This decision ensures that keys are conveniently available in one place. We will continue to prepare our Country Supplements as these allow us to comment and illustrate our actions and achievements in languages of our local stakeholders.

In Brazil, we have a Foundation that invests heavily in supporting local communities, with particular attention on such topics as health, sustainability and employability (see next page). Called the Aperam Acesita Foundation, the organization is primarily focused on “social impact investing” - a concept that goes well-beyond philanthropy. In Europe, our community actions are less structured, more opportunistic and local. As a result, they are even more prone to crises like the COVID-19 pandemic.

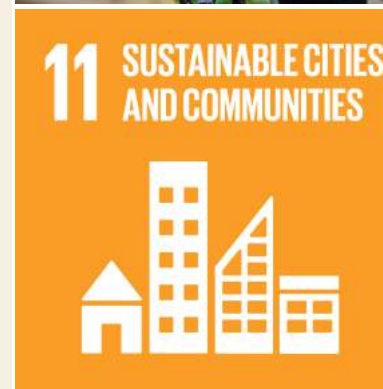
■■■ As a result, most of our usual events were cancelled in 2020 (except those planned in January or February, such as the visit of children from Siemianowice Śląskie, Poland - see picture) and only continued the remote communications, such as Isbergues’s Platform newsletter (see last report) or Genk unit’s new website.

However, many of our sites mobilized in an effort of solidarity to help local communities. For instance, during the first phase of the pandemic, the Gueugnon site donated stocks of masks and hydroalcoholic gel to local health professionals. Timoteo also made a special donation to the local hospital (Hospital e Maternidade Vital Brasil) so it could expand its intensive care unit.

Our Stakeholder Engagement Toolbox

- ✓ Official Stakeholder Engagement policy
- ✓ Group Sustainability report in English
- ✓ Country supplements in local languages
- ✓ Entrance Posters 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) and
- ✓ Human Rights & Biodiversity risk assessments in progress

(All public documentation available at www.aperam.com)



Top: Pre-crisis visit of children to our Polish unit (Jan. 2020).

Above: Due to the COVID-19 pandemic, Hospital e Maternidade Vital Brasil, operated by the Sociedade Beneficente São Camilo, received a special donation from Aperam to operate 10 beds in an intensive care unit. This is on top of the respirators rehabilitated via our Foundation (see next page, using our employees’ mechanical expertise).



Right: Masks donated by our Gueugnon site to Châlons hospital.



Aperam Acesita Foundation

In 2020, Aperam continued investing in social development in Brazil, primarily through our Aperam Acesita Foundation (Foundation). Aligned with the interests of the communities where we operate, the Foundation's initiatives directly benefited more than 40,000 people, with a total financial investment of 2.7 million reais (see table and pie charts).

The COVID-19 pandemic and social distancing requirements required that the majority of our actions be held online.. UsingAperam's pre-existing channels in Brazil, we were able to achieve over 265,000 views. Below we highlight some of our key initiatives:

• Aperam Bem Maior Project

To assist social, health, and welfare institutions respond to the many difficulties caused by the pandemic, this initiative gave people the opportunity to participate and contribute whatever was within their reach. A total of 321 volunteers participated (employees and others) and, together, produced and distributed 50,000 face masks and almost 4,000 hospital gowns to hospitals, health care facilities and to the general public. The initiative also donated more than 10 tons of food, personal hygiene items, and hand sanitiser to socially vulnerable communities. Other important actions made by Aperam's volunteering employees included repairing 19 respirators for the hospitals in the Valley of Steel; donating stainless steel to set up a COVID-19 testing site in Minas Gerais, and producing face shields for healthcare professionals. The project also conducted educational blitzes in various communities, with the aim of alerting everyone about the need for social distancing, how to properly use face masks, and the importance of sanitizing one's hands.

• Continued Training

Training opportunities were offered to educators and students' family members in the Valley of Steel and Jequitinhonha Valley regions. This training was geared towards developing technical and pedagogical skills and competencies, in addition to raising awareness about professional and family responsibilities. A web series of 21 lessons on Social and Emotional Competencies and Digital Culture reached more than 47,000 viewers.

• School supplementation projects:

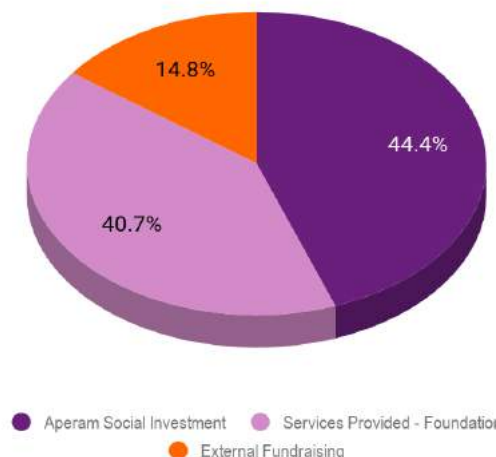
Traffic rules education was carried out in partnership with the military police and local city halls. The training was given to 1,580 students from 35 public grade schools located in the Valley of Steel region. The entire training was done online. The project also oversaw the Drug Resistance Educational Programme (PROERD). Conducted online and in partnership with the Minas Gerais military police , 41 classes from Timóteo public and private schools participated, benefiting 1,094 students.

Aperam Acesita Foundation Activity

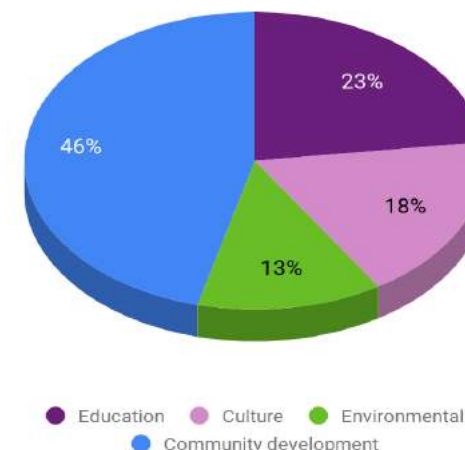
Indicator	Unit	2020	2019	2018
Beneficiaries	#	> 40,000	>65,000	>64,000
Cultural Events		94	89	102
Online Events - Views		>265,000	n/a	n/a
Social Impact Investments (Social Projects only)	BR\$ million	1.9	2.3	2.9
Other Aperam Acesita Foundation Expenses		0.8	0.9	n/a
Total Investments by the Foundation ⁽¹⁾		2.7	3.2	2.9

(1) Including expenses linked to the services provided.

Sources of funds



Expenses by Focus



- **Women's Empowerment - Entrepreneurship**

Through a partnership with Junior Achievement of Minas Gerais, this action was focused on empowering women wanting to be entrepreneurs or who already had a business. The training covered such topics as decision making and taking risks. It also demonstrated how entrepreneurship benefits both the individual businesswomen and the community they live in. The programme provided more than 6,500 hours of training to 89 women from the Valley of Steel and Jequitinhonha Valley.

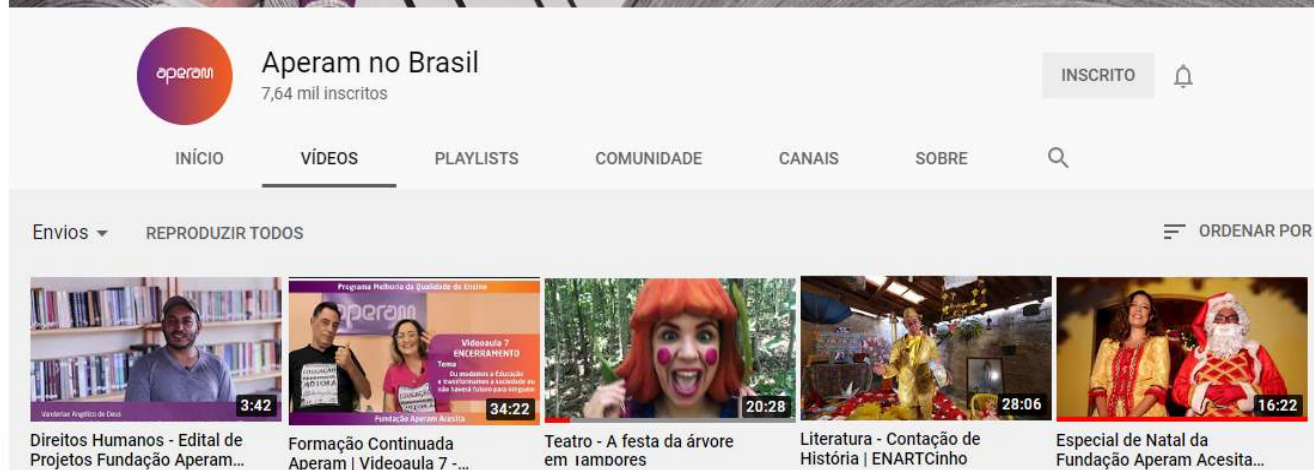
- **Environmental Education**

The Rural Professional Qualification programme, done in partnership with SENAR (National Rural Learning System) and rural trade unions, aims to qualify people for the job market, improve quality of life, and increase civic participation. In 2020, the programme provided 2,780 hours of training and qualified 93 people.

- **Culture**

Actions were carried out to promote the cultural and artistic growth of the community, strengthen and publicize regional groups and artists, interact with other institutions in the sector, and increase access to various cultural opportunities. Adapting to the reality of the pandemic, 124 cultural activities were carried out, directly benefiting 85 artists and providing cultural enrichment to more than 92,000 spectators, all of whom could enjoy the events at home through Aperam's official channels.

The traditional Christmas decorations on the façade of the Aperam Acesita Foundation's headquarters once again enchanted more than 4,500 visitors during the whole month of December. For health and safety reasons, this year's Christmas Cantata was held virtually, but still saw more than 16,000 viewers via social media platforms.



- **Strengthening of Social Organisations**

The Aperam Acesita Foundation also aims to encourage other non-profit organisations to develop their own initiatives. In 2020, the Foundation supported 13 projects that were implemented in the Valley of Steel and Jequitinhonha Valley. These projects empowered and strengthened public schools, community and family associations, cooperatives, and sheltering organisations, while also contributing to local economic growth. A total of 2,232 people benefited from these projects.

For more information (in portuguese), visit:
<https://bit.ly/3vxJACn>



A Focus on Sustainable Growth

Aperam fully intends to continue to support the development of our wide-ranging stainless steel product portfolio. Thanks to our R&D capabilities, we are able to develop innovative, high-margin value-added niche products, such as our alloys and specialties segment.

Sale of New Products by Category

Indicator	Unit	2020	2019	2018	2017	2016	2015
Stainless Steels	Index base 2015	82	113	123	121	127	100
Electrical Steels - GO ⁽¹⁾		1735	1735	690	157	0	100
Electrical Steels - NGO ⁽²⁾		0	122	49	22	91	100
Special Carbon Steels		485	386	254	230	153	100

⁽¹⁾ GO: Grain Oriented - ⁽²⁾ NGO: Non Grain Oriented

Note: after a certain amount of time (e.g., 5 - 7 years), a product can no longer be considered 'new', thus explaining the decrease in 'new' projects seen in 2020.

It also means that we look to expand the use of stainless steel in different markets, such as Brazil, and look for new opportunities to enhance our customer service.

Part of the Solution

Thanks to its recyclability, durability, versatility, ease-of-use, cleanliness and aesthetic appeal, many of the applications that will soon define how we live more sustainably are embracing the benefits of stainless steel and alloys – making it the materials of the future. From renewable energy to hydrogen production and the fuel cells that will drive a new fleet of electric vehicles, Aperam's R&D and Innovation teams are committed to developing solutions to enable the cost effective, sustainable applications that will define tomorrow.

When COVID Called, Aperam Answered



Aperam Alloys Imphy strongly supports the healthcare workers on the frontlines in the fight against the COVID-19 pandemic. For example, when the pandemic struck, we quickly mobilized our supply chain to deliver IMPHY SUPRA 50 strips to life support ventilator manufacturers. The iron-nickel soft magnetic alloy offers maximum saturation induction and high permeability.

The strips are used in the ventilators' motors, helping create the positive expiratory and inspiratory pressure needed to keep a patient's lungs breathing.

R&D by the Numbers

Our team of 128 researchers are committed to developing innovative new applications for stainless steel and alloys. Our three main dedicated R&D centres (Timóteo in Brasil, Isbergues, Imphy in France) design value-added products and solutions in terms of grade, surface aspect, functionality and properties to address the unresolved challenges of our customers.

Aperam's commitment to innovation is reflected in the €16 million that we have invested in R&D. As a result of this ongoing investment, new products continue to account for an increasingly large share of our portfolio.

Take a look at all the factors that go into our plan for achieving sustainable growth!

Disruptive Growth

At the heart of our growth strategy is a focus on developing innovative and sustainable products through our research and development initiatives, while also leveraging our marketing and advertising efforts for wider promotion.

Hydrogen and Stainless Steel

In terms of global crises, 2020 was a year like no other. In addition to the trade tensions and the technological shifts happening worldwide in the automotive and energy sectors, there was also the first ever shutdown of the global economy amid the COVID-19 pandemic.

Yet despite these crises, 2020 was also a year of awareness. Governments worldwide made strong commitments to address such global challenges as health and climate change. In Europe, the European Commission released its Green Deal, a full set of sustainable directives that align with the Paris Agreement on Climate Change's goal to become carbon-neutral by 2050.

Among the most discussed of these directives is the one on the hydrogen ecosystem. To learn more, we turn to **Pierre-Christophe Caille**, Head of Business Development:

What does this directive mean for the stainless steel industry?



PC Caille: “We estimate that the hydrogen market and by-markets could open the door to substantial disruptions and new opportunities. For example, the directive will likely spur the development of new technologies and infrastructures in such key areas as energy (solar, wind, biomass, biofuels, geothermal), transportation (buses, trucks, trains, aviation, cars), chemicals, electrolyzers and other power systems, fueling stations, heating solutions, storage and logistics (pipes used to transport energy, etc.). Many of these areas have a direct impact on some of stainless steels’ core sectors, including industrial and building materials, engineering, and metal goods, not only here in the EU, but around the world too.”

What is Aperam doing to support the development of a hydrogen economy and stainless steel’s position in it?



PC Caille: “As a stainless steel producer, Aperam looks forward to tackling the challenges ahead and to leveraging the many opportunities that the Green Deal creates.

In doing so, we will help usher in a new age of sustainability for all.

We are also a big supporter of Hydrogen Now!, the international organization dedicated to making the hydrogen economy a reality for the world.”

What type of hydrogen applications use stainless steel?

PC Caille: “Hydrogen is positioned to be a key enabler of many of the sustainable solutions that will define our future. Already, stainless steel and alloys are being used in a number of important hydrogen applications, and Aperam is in the process of developing an array of innovative solutions. For example, stainless steel will play an essential role in hydrogen production, especially in such key applications as water electrolyzers, stacks, storage tanks, water purifiers, and pipes.

In addition to developing solutions for transporting and storing hydrogen, such as trailer and storage tanks, ships, and pipelines, we’re also developing various end-user applications, including the fuel cells used by hydrogen powered vehicles.

And this is just the tip of the iceberg, which is why Aperam is excited to be at the vanguard of this new, sustainable, industrial era!”

Driving the E-Mobility Revolution



The electric vehicle revolution is well underway. From components to motors, every part of the vehicle is becoming increasingly electric. Aperam Alloys are at the cutting edge of many of these components, developing innovative solutions that improve efficiency, reduce size, and expand lifespan. Thanks to their superb magnetic properties, IMPHY AFKs (Iron-Cobalt alloys range) are widely used to optimize the performance of electric motors, actuators, and electrical systems.

Growth by substitution

But growth requires more than just innovation, it also requires increased uptake. That's why our growth strategy includes a focus on accelerating the use of stainless in the important Brazilian market.

A Sustainable Alternative to Carbon Steel and Plastic Drums



Developed for the Brazilian packaging sector, Aperam's new stainless steel drums are a sustainable, long-lasting alternative to traditional carbon steel and plastic drums. Made from our 430DDQ grade, these drums are up to 23% lighter, more durable and, due to their excellent corrosion resistance, offer a longer service life. Stainless steel is also a cleaner and safer material for transporting and storing goods – particularly foodstuff.

Unlike their carbon steel and plastic counterparts, stainless steel drums can be reused and endlessly recycled, resulting in less disposed of products, a minimal environmental impact, and contributing to the circular economy.

Building a Better Conveyor Chain



Typically made from carbon steel, the conveyor chains used by the sugar and grain industries suffer from significant wear, tear, and corrosion. As a result, every harvesting season, mills end up spending a lot of money either refurbishing, repairing, or adjusting chains or, in the worst-case scenario, buying a new chain set.

As this equipment is critical to the mill's processes, any failure completely stops all production – which is why many companies are turning towards stainless steel. A new stainless steel conveyor chain made from Aperam's 401D grade went two full seasons without showing any signs of thickness loss or significant corrosion (although designers believe it's possible to extend the lifespan to four seasons). Furthermore, the stainless steel chains reduced maintenance costs by over 25%.

A Cyclone of Stainless Steel



Industrial cyclones which are used to capture, recover, or remove large and high-volume dust from industrial applications, play an indispensable role in keeping emissions under the regulated limits during several stages of an industrial process. However, in the agribusiness industry, the high moisture levels found inside a cyclone's ducts causes significant corrosion.

When corrosion takes these cyclones out of commission for expensive maintenance, there is an increased risk for an environmental incident.

The typical cyclone system, which is made of carbon steel, must undergo critical maintenance every year.

However, by replacing the use of carbon steel with stainless, Aperam aims to achieve at least a fivefold increase in the cyclone's lifespan – making it a competitive alternative to carbon steel solutions.

A More Efficient – and Sustainable – Train Wagon



Supported by a comprehensive rail infrastructure, Brazil has become one of the leading pulp producers in the world. To help increase the safety, decrease the costs, and improve the lifespan of the rail cars used to transport pulp, Aperam teamed up with Greenbrier Maxon to create an all-new stainless steel wagon. Stainless steel offers numerous advantages, including reduced wear and tear, increased load capacity, better corrosion resistance, improved operational safety, and lower maintenance costs.

To put these benefits into perspective, it has been estimated that one of these stainless steel wagons can carry the equivalent of four trucks – meaning fewer accidents, less traffic on the roads, and less pollution in the air. Speaking of pollution, the stainless steel wagon produces 38% less CO₂ than its road equivalent and has the potential of saving over 290 million liters of fuel over the next six years.

High End Growth

The Alloys & Specialties segment focuses on the design, production and transformation of various specialty alloys and certain specific stainless steels. These products are intended for high-end applications or to address very specific customer requirements across a broad range of industries, including renewable energy and additive manufacturing - to name only a few.

The Material of Choice for Solar Power Systems



Aperam's stainless steel and alloy solutions play an essential role in unlocking the power of solar energy.

Whereas stainless steel can be found in solar power systems' structural and fixing elements, the receiver tubes leverage alloys' resistance to heat, corrosion, fatigue and creep to ensure, for example, the flow of molten salt.

From Towers to Power



Aperam provides the wind energy sector with an array of sustainable solutions. For instance, high-performing wind generators depend on our permeable electrical steel, while the magnetic properties of our alloys help wind generators covert and shape an electrical signal from generation to end use. Furthermore, anemometric towers built from stainless steel enjoy an increased lifespan, lower maintenance costs, improved safety, and a simplified manufacturing process.

Redefining Additive Manufacturing



ImphyTek Powders is a new joint venture that combines Aperam's expertise in nickel and specialty alloys with Tekna's unique wire plasma technology. Together, we are developing new, cutting-edge technologies and solutions, including premium quality powders, that will redefine additive manufacturing.

Beyond additive manufacturing, the company also offers a range of innovative applications for laser cladding, metal injection moulding, and hot and cold isostatic pressing. Its key markets include the aviation, space, energy, oil and gas, and automotive sectors.

In 2020, the company was officially authorised by the European Commission and launched a new website: www.imphytekpowders.com

Growth through Service

Our industrial footprint in Europe and South America is perfectly complemented by our global service centres and sales networks, which are part of our Services & Solutions segment. In a volatile market environment, we believe that the provision of better customer services are key to achieving financial and operational excellence.

Customer Service – Digitised



The COVID-19 pandemic forced many aspects of our everyday lives to go online – and customer service was no exception. Thanks to our e-aperam (www.e-aperam.com) service, Aperam was already well ahead of the curve.

e-aperam is our intuitive, 24/7 online shopping platform that customers can use to do everything from place a stainless steel order in just three steps to check the material's mill certificate of quality, invoice, and order-related documents.

This year we launched our new My Quote feature, which lets customers manage, review – even validate – all their quotes in one convenient place. It also comes with a search function that lets users quickly locate all offers associated with a particular article. So, no more wasting time trying to find a quote buried in an inbox – with e-aperam, business has never been so simple!

Inox Talks Webinars

Speaking of digitization, this year also saw the launch of our Inox Talks webinar series. Organised by Aperam South America and geared towards providing technical and commercial information to the Brazilian market, the series brings together opinion leaders, specialists, clients, and Aperam representatives. Together, they take a detailed look at new applications and alloys, including discussing the technical and economic advantages of stainless steel solutions.

The initial series includes 10 webinars, each of which focuses on a different key industry. For example, one webinar focused on an ultralight cement mixer made of Aperam's 410 grade of ferritic stainless steel. The webinar was presented in cooperation with the Brazilian Association of Cement Producers (ABESC), Volkswagen Trucks, Convicta, and Valemix.

“These webinars are a great way to stay close to the market and the customer, which is particularly important during these challenging times” says **Cintia Amaro**, an application engineer from the kg per capita team, who helped organize the cement mixer webinar.

Webserie Aço Verde



Aperam South America, in partnership with customer Tramontina, also held a Green Steel web series. The informative series gave viewers a comprehensive overview of how stainless steel is made and what makes Aperam's stainless steel 'green'.

The series is narrated by a chef – someone who is familiar with transforming raw materials and mixing ingredients together to create something new. He's also someone who regularly uses stainless steel applications in his work.

Together with representatives from Aperam, Tramontina, and BioEnergia, the host takes a deep dive into our unique, sustainable eucalyptus forest – exploring why Aperam has a forest, how it is managed, how coal is created, and why using coal reduces our carbon emissions.

The series proved to be a great way to put the spotlight on how we're the world's only steelmaker producing flat steel using 100% green charcoal!

Customer Satisfaction

Scope	Unit	2020	2019	2018	2017	2016	2015
Alloys	Rate on 10	n/a	8.8	n/a	8.8	9.3	9.2
Stainless		8.0 ⁽²⁾	n/a	7.6 ⁽²⁾	7.1 ⁽¹⁾	n/a	7.4 ⁽¹⁾

(1): Europe , (2): Brazil

Following our last customer survey, Aperam South America has implemented a plan to enhance customer trust in our products and services. With a focus on quality, technical and commercial support, customer service, and logistics, this plan continues to help improve our customer satisfaction rating.

Sustainable Growth

At the end of the day, the customer must be convinced of the value of sustainability. In particular, we see a positive movement led by specific sectors like automotive, white goods, and large accounts.

But unfortunately, many customers do not yet fully recognise the value of more sustainability. And until their own customers begin requesting sustainable, environmentally friendly products, this is unlikely to change.

Voices

“As our customers look to lower their carbon footprints, Aperam already offers a range of products ready to serve as the material of choice for the sustainable solutions of tomorrow.”



Nicolas Changeur
CEO of Aperam Services & Solutions

This is why education is so important. At Aperam, we also do this by constantly highlighting how our material is sustainably made, how our products use recycled scrap material, and how our production processes rely on renewable energies.

We are convinced that change is on the way, and that our European customers see sustainability as a way they can differentiate themselves from their non-European competitors. As we have highlighted above, Aperam has the sustainable solutions that will allow them to do exactly that.

About this Report

This report is based on Aperam figures and inspired by the following initiatives: United Nations Global Compact; Carbon Disclosure Project; ISSF Sustainable Charter; WorldSteel Sustainable Charter, ResponsibleSteel™ principles ; and the Global Reporting Initiative (see Index below). Other GRI-related references are within our Online Supplements at www.aperam.com/sustainability.

GRI Index	Disclosure code, label and reference		Reference
All indicators	103	Disclosure on Management Approach Online Supplement C.	
Economics			
Economic Performance	201-1	Direct economic value generated & distributed - page 5.	
Procurement Practices	204-1	Proportion of spent on local suppliers at main sites - page 44.	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures 46 - 48.	
	205-3	Confirmed incidents of corruption and actions taken 46	
Environmental			
Material	301-2	Recycled input materials used: - page 33,34.	
Energy	302-3	Energy intensity: Present report - page 31.	
	302-4	Reduction in energy consumption: page 29 - 31.	
Water and Effluents	303-3	Water intakes - pages 29, 34	
	303-4	Water discharge - pages 29,34	
	303-5	Water consumption - pages 29, 34	
	306-1	Water discharge by quality and destination - page 29	
Emissions	305-1> 4	GHG emissions - pages 29 - 31	
	305-5	Reduction in greenhouse gas (GHG) emissions - page 29.	
	305-7	NOx, SOx and other significant air emissions - page 29, 33	
Labour			
Occupational Health & Safety	403-1->7	Health and safety management, assessment, consultation, training, prevention - page 13 - 17	
	403-9	Rate and gravity of injury, occupational diseases, lost days, absenteeism, number of work related fatalities, by region and by gender: Present report - page 14-16	
Training & Education	404-1	Average hours of training per year per employee by gender, and by employee category - page 16, 21 -24..	
	404-3	Percentage of employees receiving regular performance reviews, by gender and by employee category - page 22..	
Diversity	405-1	Diversity of ----- employees - page 17-20	
Supplier Assessment for Labour Practices	414-2	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken: Present report - page 44 -45.	
Society			
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes - page 39, 51 - 53.	

General Standard Disclosure		Information or comment (Reference)
Strategy & Organisation		
GRI 102-14	CEO statement	Opening Words. Current report, p. 3.-4
GRI 102-1	Name of organisation	Aperam Cover
GRI 102-2	Primary brands, products, and services	Aperam Annual Report 2020 p.17, Current report p. 6-7
GRI 102-3	Location of headquarters	Back Cover
GRI 102-4	Countries of operation	Production facilities are listed by geography in Aperam Annual Report 2020, p. 13-16
GRI 102-5	Ownership and legal form	Public limited company in Luxembourg.
GRI 102-6	Markets served	Key markets and sales by destination. Current report, p. 5. And Annual Report 2020 p.133.
GRI 102-7	Scale of organisation	Aperam Annual Report 2020 p. 11 and 185.
GRI 102-8	Employees and workforce	Employees: Figures based on FTE as of December 2020, Full time own employees at year-end including Aperam Drosbach Headquarters, Alloys ICS and excluding Haven Genk. A small portion of the workforce at BioEnergia in Brazil is subject to variations due to seasonal factors (growing cycle of the trees: planting, harvesting etc.).
GRI 102-41	Collective bargaining agreements	100% of the Aperam employees are covered by collective bargaining agreements
GRI 102-9	Description of supply chain	Description of supply chain available within our Online Supplement C – p. 1.
GRI 102-10	Changes to organisational profile	None
GRI 102-11	Precautionary approach	See our Risk Management in Current report, p. 46 and Annual Report 2020 p.53-55.
GRI 102-12	External initiatives	We operate in partnership with various organisations, principally with the ResponsibleSteel™ association and Aperam Acesita Foundation in Brazil. p. 52-53.
GRI 102-13	Associations and advocacy organisations	EUROFER, Brazil Steel Institute, ISSF and WorldSteel. Annual Report 2020, p. 60.
Identified materials aspects and Boundaries		
GRI 102-45	Entities consolidated in financial statements	Aperam Annual Report 2020, p. 185.
GRI 102-46	Process for defining report content	In line with the GRI framework. Current report, p. 11, Online Supplement B.
GRI 102-47	List of material aspects	Current report, page 12. Description of our Stakeholders groups, reporting process and materiality analysis to be found within our Online Supplement C – p. 1.
GRI 102-46	Aspect boundaries within/out the organisation	Online Supplement B – p. 3.
GRI 102-46		
GRI 102-48	Restatements	Restatements may result from: Mergers or acquisitions, change or scope of segments), change of base years or periods, nature of business, measurement methods and tools.
Stakeholder Engagement		
GRI 102-49	Changes in scope and boundaries	No significant changes on scope and boundaries
GRI 102-40	Stakeholder groups	
GRI 102-42	Identification and selection of stakeholders	Description of our Stakeholders groups as well as our reporting process and materiality analysis is to be found within our Online Supplement C.
GRI 102-43	Approach to stakeholder engagement	Current report, p.51, and Online Supplement B.
GRI 102-44	Key topics and concerns	
GRI 102-50	Reporting period	
GRI 102-52	Reporting cycle	Calendar year 2020 (Annual) is reported into Made for life Report 2020.
GRI 102-51	Previous report	Previous issue reported on calendar year 2019.
GRI 102-53	Contact point	sustainability@aperam.com or contact@aperam.com
GRI 102-55	Content Index	Reporting to GRI in accordance at Core level. Current report, p. 1.
GRI 102-56	External assurance	Main report, and online supplement bundle. Current report, p. 1.
Governance, Ethics and integrity		
GRI 102-18	Governance structure	Current report, p. 11, , Aperam Annual Report 2020, p.61
GRI 102-16	Values, principles, standards, and norms	Current report p. 7 and Aperam Code of conduct – available on the web in multiple languages: https://www.aperam.com/investors/corporate-governance/corporate-policies/ .



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For all sustainability feedback: sustainability@aperam.com



Sustainable by Design
Made for Life



For more information, please visit our website:
www.aperam.com/sustainability