



# Explanatory Presentation

## LONG TERM INCENTIVE PLAN

**Leadership Team Performance Share Unit Plan  
submitted to shareholder approval**

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*“Aperam at the Core of the Circular Economy”*



Annual General Meeting  
and Extraordinary General Meeting  
of Shareholders

30 April 2024

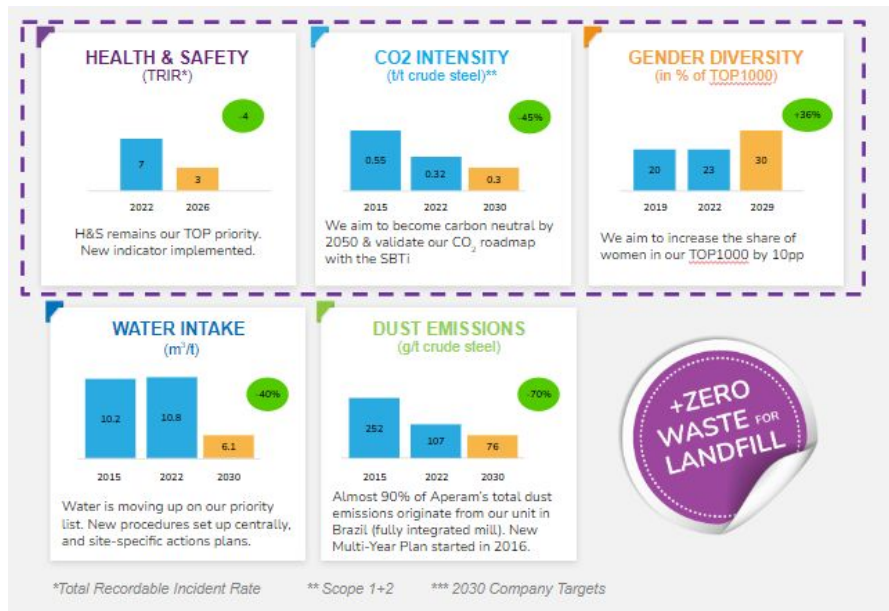
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*“In 2023, Aperam demonstrated resilience amidst an extremely challenging market. Despite Europe's signs of industrial recession, our adjusted EBITDA reached €304 million. Moving forward, we remain committed to innovation, sustainability, and taking a leading market role while demonstrating resilience in the face of challenges. Our robust ESG approach yielded tangible results, including progress towards our emissions reduction goal and prestigious recognitions such as the Ecovadis Platinum rating. The new Recycling and Renewables Segment, integrating our Aperam Recycling, Recyco and BioEnergia businesses, allows us to focus on our ESG targets and proved in 2023 to create a solid stream of value generation for Aperam from the world's transition to a circular economy.”*

### ESG KPI Targets

linked  
to

Management  
Compensation  
in Long Term  
Incentive Plan



## Leadership Team Performance Share Unit Plan

### The Leadership Team Performance Share Unit Plan

- > The Leadership Team Performance Share Unit Plan (the “LT PSU Plan”) is designed to enhance the long-term performance of the Company and align the members of our Leadership Team (“LT”) to the Company’s objectives.
- > The LT PSU Plan complements Aperam’s existing program of annual performance-related bonuses which is the Company’s reward system for short-term performance and achievements. The short term incentives are described in detail in the 2023 Annual Report.
- > The main objective of the LT PSU Plan is to be an effective performance-enhancing scheme for LT members based on the achievement of Aperam’s strategy aimed at creating measurable long-term shareholder value.

### The Remuneration, Nomination and Corporate Governance Committee

- > The allocation of PSUs to eligible Leadership Team members is reviewed by the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors, which is comprised of 100% independent directors, and which makes a recommendation to the Board of Directors. The vesting criteria of the PSUs are also monitored by the Remuneration, Nomination and Corporate Governance Committee.

### Reporting of meeting the vesting criteria

- > The Company is reporting in its Annual Reports on the results of meeting the vesting criteria as well as on the applicable peer group.
- > The results of the plans 2017 to 2020\* are summarized below with greater details available in the Company’s Annual Reports:
  - o Plan 2017: Vesting 150% (plan completed in 2020)
  - o Plan 2018: Vesting 200% (plan completed in 2021)
  - o Plan 2019: Vesting 170.3% (plan completed in 2022)
  - o Plan 2020: Vesting 41.65% (plan completed in 2023)

### Below LT level

- > As part of the resolution submitted to shareholder approval, the shareholders are also requested to adopt any rules or measures to implement the LT PSU Plan and other grants below the level of the LT Members that the Board of Directors may at its discretion consider appropriate, while fully remaining under the global 2024 Cap of 400,000 shares.

*\* For the PSU Plans under the June 8, 2021, May 4, 2022 and May 2 2023 shareholder authorisations no vesting has yet been reached considering that the LT PSU Plans provide for cliff vesting on the third year anniversary of the grant date subject to the fulfilment of cumulative performance criteria over a three-year period, under the condition that the relevant LT member continues to be actively employed by the Aperam group on that date.*

*The key technical highlights of the Leadership Team Performance Share Unit Plan (LT PSU Plan) submitted to shareholder approval on April 30 2024 are described below:*

- ✓ Environment, Social & Governance (ESG) targets as from the 2022 plan onward
- ✓ Key metrics are **relative TSR evolution** considering index and peer and **ROCE** as from the 2024 plan onward
- ✓ **Relative Index performance** to capture Aperam's performance in the most relevant geographical regions from a commercial perspective : France (SBF120 index) and Germany (DAX index)
- ✓ **Peer group constituents** include the direct stainless steel competitors (2 peers) and the most relevant steel players (4 peers)
- ✓ The **long term orientation of the plan** is 3 years in line with best practices
- ✓ The **maximum number of shares allocated to the plan is 400,000** shares
- ✓ Grant based on value represents 100% of the base salary for the CEO and 65% for other Members of the Leadership Team

New as from 2024 onward

New as from 2024 onward

New as from 2024 onward

# Technical Highlights

## Leadership Team Performance Share Unit Plan in detail



### Only PSUs for Leadership Team members based on clear and identifiable performance criteria:

- > **Environment, Social & Governance (ESG):** 20% to focus the attention on the sustainable improvement of our strategic ESG challenges. Specific targets are in the area of Environment and Climate Change, Diversity & Inclusion, and Health & Safety.
- > **Aperam ROCE:** 40% of the criteria to be met is based on Aperam Return on Capital Employed ("ROCE")
- > **TSR vs. Index based:** 20% of the criteria to be met is based on the development of Total Shareholder Return ("TSR") for Aperam compared to two representative indexes (10% weight: SBF 120 index ; 10% weight DAX index) over a three year period
- > **TSR vs. Peer Group based:** 20% of the criteria to be met is based on the development of
  - Total Shareholder Return ("TSR") for 20% compared to a peer group over a three year period

The peer group is composed of 6 companies, with i) 2 representatives of the most direct stainless steel players and ii) 4 representatives of the general steel industry. The TSR developments compared to the peer group are measured separately against the most direct stainless steel players and against the general industry players.

### Grant based on value: (share price at the date of issue)

- > CEO: 100% of base salary ; Other Leadership Team members : 65% of base salary

### Vesting:

- > Cliff vesting after 3 years
- > Vesting criteria:

Weighting		Weighting	KPI	Below Threshold (0% vesting - for the relevant component)	Threshold (50% vesting)	Target (100% vesting)	Overperformance - vesting at 150%	Overperformance - vesting at 200% (capped)
40%	ROCE	40%	Aperam ROCE	ROCE below threshold	ROCE threshold level	ROCE target level	ROCE stretched level	ROCE capping
40%	TSR	20%	TSR evolution based on peer group (6)	below 80% of median	80% of median	median	120% of median	140% of median
		10%	TSR evolution based on SBF 120	below 80% of index performance	80% of index performance	100% of index performance	120% of index performance	140% of index performance
		10%	TSR evolution based on DAX	below 80% of index performance	80% of index performance	100% of index performance	120% of index performance	140% of index performance
20%	ESG	20%	ESG targets (10% Decarb, 5% H&S, 5% Diversity)	below 80% of target	80% of target	target	120% performance vs target	140% performance vs target

### Potential Dilution

- > The current request of 400,000 shares could lead to a potential dilution of 0.55% on a diluted basis and 0.55% of the Company's issued share capital (net of treasury shares) on an outstanding basis.

### Vesting at Retirement:

- > The LT PSU Plan provides for cliff vesting on the third year anniversary of the grant date, under the condition that the relevant LT member continues to be actively employed by the Aperam group on that date. If the LT member is retired on that date or in case of an early retirement by mutual consent, the relevant LT member will not automatically forfeit PSUs and pro rata vesting will be considered at the end of the vesting period at the sole discretion of the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors.

# Definitions and Peer Group

## Leadership Team Performance Share Unit Plan in detail

**Return on Capital Employed (“ ROCE”) is defined as**

- $$\frac{\text{NOPAT (net operating profit after tax)}}{\text{Capital Employed}}$$

**Total Shareholder Return (“ TSR”) is defined as**

- $$\frac{\text{Monthly average Share price end of period} - \text{Monthly average Share price start of period} + \text{Dividends paid}}{\text{Monthly average Share price start of period}}$$

**Peer Group Determination based on industry, size and correlation**

		Market Capitalisation*	Correlation **
Stainless Steel peer group (weight inside peer group 50%)	Acerinox	2,657	0.89
	Outokumpu	2,049	0.73
Carbon Steel peer group (weight inside peer group 50%)	Thyssenkrupp	3,929	0.66
	Salzgitter	1,683	0.57
	ArcelorMittal	21,896	0.84
	Voestalpine	5,099	0.79

\* Source: Bloomberg, on December 31, 2023 in million EUR

\*\* Source Bloomberg, over period : January 1, 2020 to December 31, 2023



# Fictive example<sup>(1)</sup>

## LT PSU Plan submitted to shareholder approval April 30, 2024

### Leadership Team Member:

- > Base salary: EUR 325,000
- > Grant March 2024: Share price EUR 25 <sup>(1)</sup>
- > Value = 65% i.e.  $(325,000 \times 0.65) / 25 = 8,450$  PSUs (Example for a member of the LT ; for the CEO Value = 100%)
- > Vesting will only occur if the LT member is still employed by the Group as follows
  - **40% vesting is linked to Aperam ROCE: 3,380 PSU.**
    - The percentage of PSUs vesting will be 50% for achievement of ROCE threshold level, 100% for ROCE target level, 150% for achieving stretched ROCE level and 200% for achieving ROCE capping.
  - **20% vesting is linked to ESG targets : 1,690 PSU**
    - 5% H&S : Total Recordable Incident Rate (TRIR) reduction
    - 5% Gender Diversity : % of women in Top 1000 increase
    - 10% Environment: CO2 emissions' reduction (Kg CO2/T).
  - **20% vesting is linked to TSR evolution compared to SBF120 index and DAX index over a three year period : 1,690 PSU**
    - 10% of vesting is linked to TSR evolution compared to **SBF120 index** over a three year period: The percentage of PSUs vesting will be 50% for achievement of 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance and 200% for achieving 140% of Index Performance
    - 10% of vesting is linked to TSR evolution compared to **DAX index** over a three year period: The percentage of PSUs vesting will be 50% for achievement 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance and 200% for achieving 140% of Index Performance
  - **20% vesting is linked to TSR evolution compared to a peer group over a three year period : 1,690 PSU**
    - 10% of vesting is linked to TSR evolution compared to the **stainless steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, 200% for achieving 140% of median TSR.
    - 10% of vesting is linked to TSR evolution compared to the **carbon steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, 200% for achieving 140% of median TSR.

#### Notes:

(1) The presented fictive example is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on April 30 2024 will be based on a three year period going forward. In addition, specific targets for a weight of 20% in the area of Environment Change, Diversity & Inclusion, Health & Safety will be decided at the moment of the grant (new as from 2022).

### Leadership Team Member:

- > Base salary: EUR 325,000
- > Grant March 2024: Share price EUR 30<sup>(1)</sup>
- > Value = 65% i.e.  $(325,000 \times 0.65) / 30 = 7,041$  PSUs (Example for a member of the LT ; for the CEO Value = 100%)
- > Vesting will only occur if the LT member is still employed by the Group as follows
  - **40% vesting is linked to Aperam ROCE: 2,816 PSU.**
    - The percentage of PSUs vesting will be 50% for achievement of ROCE threshold level, 100% for ROCE target level, 150% for achieving stretched ROCE level and 200% for achieving ROCE capping.
  - **20% vesting is linked to ESG targets : 1,408 PSU**
    - 5% H&S : Total Recordable Incident Rate (TRIR) reduction
    - 5% Gender Diversity : % of women in Top 1000 increase
    - 10% Environment: CO2 emissions' reduction (Kg CO2/T).
  - **20% vesting is linked to TSR evolution compared to SBF120 index and DAX index over a three year period : 1,408 PSU**
    - 10% of vesting is linked to TSR evolution compared to **SBF120 index** over a three year period: The percentage of PSUs vesting will be 50% for achievement of 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance and 200% for achieving 140% of Index Performance
    - 10% of vesting is linked to TSR evolution compared to **DAX index** over a three year period: The percentage of PSUs vesting will be 50% for achievement 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance and 200% for achieving 140% of Index Performance
  - **20% vesting is linked to TSR evolution compared to a peer group over a three year period : 1,408 PSU**
    - 10% of vesting is linked to TSR evolution compared to the **stainless steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, 200% for achieving 140% of median TSR.
    - 10% of vesting is linked to TSR evolution compared to the **carbon steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, 200% for achieving 140% of median TSR.

#### Notes:

(1) The presented fictive example is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on April 30 2024 will be based on a three year period going forward. In addition, specific targets for a weight of 20% in the area of Environment Change, Diversity & Inclusion, Health & Safety will be decided at the moment of the grant (new as from 2022).