



**SSAB**

**CORPORATE GOVERNANCE REPORT**  

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**TOWARD INDUSTRY-LEADING PROFITABILITY**

**2017**



## CORPORATE GOVERNANCE REPORT

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# CORPORATE GOVERNANCE REPORT 2017

SSAB's organization is characterized by a way of working in which responsibilities and powers are largely delegated to the respective divisions. SSAB's share is listed on Nasdaq Stockholm and has a secondary listing on Nasdaq Helsinki. SSAB is governed by, among others, the Nasdaq Stockholm Rule Book for Issuers and the Swedish Corporate Governance Code (Corporate Code). This corporate governance report complies with the Swedish Annual Reports Act and the Corporate Code, and is not part of the Report of the Board of Directors.

## IMPORTANT EXTERNAL AND INTERNAL RULES AND POLICIES WHICH AFFECT CORPORATE GOVERNANCE:

### Significant internal rules and policies

- Articles of Association
- The Board's rules of procedure, incl. instructions to the CEO and instructions to Board committees
- Accounting manual (Financial Guidelines) and Finance Policy
- Code of Conduct

### Significant external rules

- Swedish Companies Act
- Swedish Accounting Act
- Swedish Annual Reports Act
- Rules of Nasdaq Stockholm and Nasdaq Helsinki, [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)
- Swedish Corporate Governance Code, [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)

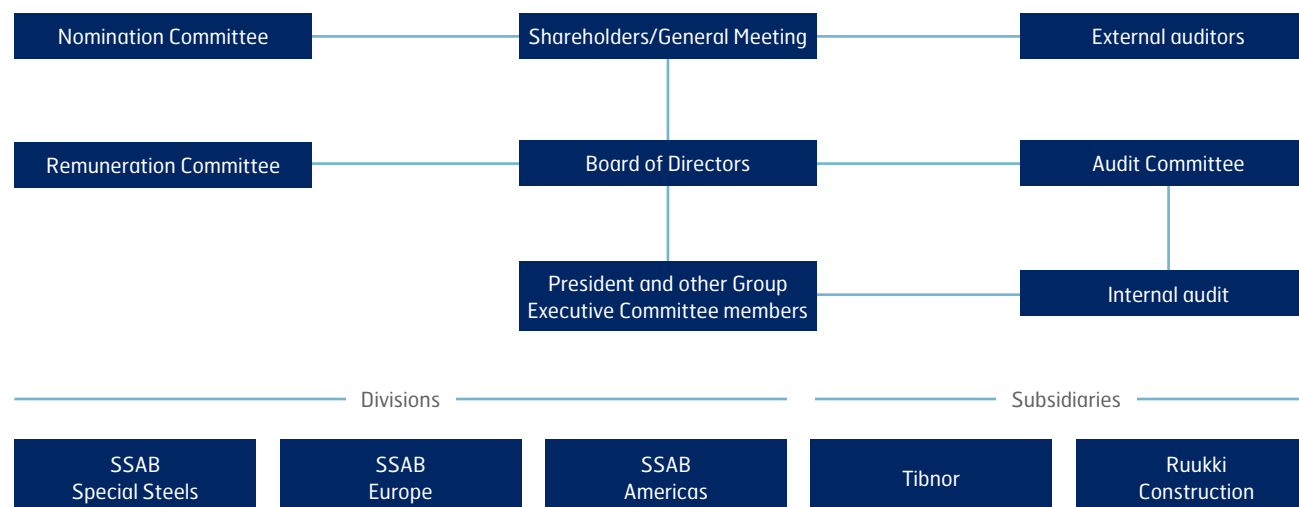
## ORGANIZATION AS AT DECEMBER 31, 2017

SSAB is structured across three divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, as well as two larger wholly-owned subsidiaries: Tibnor and Ruukki Construction. The two latter are run as independent subsidiaries.

The diagram below shows SSAB's corporate governance framework as at December 31, 2017 and how the central bodies operate.

## DEROGATIONS FROM THE CORPORATE CODE

During 2017, the Remuneration Committee comprised Bengt Kjell (chairman), John Tulloch and Matti Lievonon. Under the main rule in Rule 9.2 of the Corporate Code, the members of the Remuneration Committee who are elected by the general meeting must be independent of the Company and of the Company's management. Since John Tulloch is considered to be dependent in relation to the Company, his inclusion in the Remuneration Committee constitutes a derogation from the rules of the Corporate Code. The Company has extensive international operations involving a considerable number of its employees outside Sweden, not least in North America. John Tulloch has long experience derived from



senior managerial positions in the North American steel industry. His knowledge of remuneration principles and structures in, primarily, the North American steel industry constitutes a highly valuable contribution to the Committee's general ability to address international remuneration issues in a purposeful and rational manner. The Company has therefore concluded that the benefit of John Tulloch's inclusion in the Remuneration Committee outweighs any disadvantages arising from him not being independent of the Company. For these reasons, the Company considers the derogation from Rule 9.2 of the Corporate Code to be justified.

## SHAREHOLDERS

SSAB's share capital consists of class A and class B shares, with class A shares carrying one (1) vote and class B shares one-tenth (1/10) of a vote. Both classes of shares carry the same rights to a share in the Company's assets and profits.

As at December 31, 2017, there were a total of 100,141 shareholders. Industrivärden was the largest shareholder in terms of voting rights, followed by Solidium Oy, LKAB, Handelsbanken Funds and Swedbank Robur Funds. Of the shareholders, 60.7% held 1,000 shares or fewer, whereas the ten largest shareholders owned an aggregate of around 41.7% of all the shares in issue. Owners outside Finland and Sweden held 29.2% of the voting rights and 23.0% of the share capital in the Company. See Shares and shareholders for more information about the ownership structure.

## GENERAL MEETING

The general meeting of shareholders is the Company's highest decision-making body and is where owners exercise their shareholder power. At the Annual General Meeting (ordinary general meeting), the shareholders resolve, among other things, the following:

- Adoption of the annual report and consolidated financial statements
- Allocation of the Company's profit/loss
- Discharge from liability for the Board of Directors and the CEO
- Election of the Board of Directors, its chairman and the auditors
- Method of appointment of the Nomination Committee
- Remuneration of the Board of Directors and the auditors
- Guidelines for the remuneration to the CEO and other senior executives

## 2017 Annual General Meeting

The 2017 Annual General Meeting adopted the annual report and consolidated financial statements for 2016 as presented by the Board of Directors and the CEO, decided on the allocation of the Company's profit and granted the directors and CEO discharge from liability.

OWNERS AS OF DECEMBER 31, 2017		
	% of votes	% of share capital
Industrivärden	18.2	11.4
Solidium	11.0	17.1
LKAB	3.6	2.3
Handelsbanken Funds	1.9	3.4
Swedbank Robur Funds	1.9	3.4
Nordea Investment Funds	1.8	1.2
Catella Funds	1.5	0.7
Invesco Funds	1.4	1.3
Folksam	0.8	0.8
Varma Mutual Pension Funds	0.7	0.2
Other shareholders	57.4	58.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>
Whereof foreign registered shareholders*	29.2	23.0

\* Includes shareholders outside Sweden and Finland, Source: Euroclear

In addition, the chairman of the Nomination Committee described the Committee's work during the year and the rationale behind the proposals presented. The general meeting decided on the remuneration to the Board and of the auditors in accordance with the Nomination Committee's proposals. It was further resolved that the Board will comprise nine directors and accordingly Petra Einarsson, Marika Fredriksson, Bengt Kjell (who was elected as chairman), Matti Lievonen, Martin Lindqvist (President and CEO), Annika Lundius, John Tulloch and Lars Westerberg were re-elected as Board members. Pasi Laine was elected as new member of the Board. The general meeting decided that the number of auditors would comprise a registered firm of accountants and, accordingly, PricewaterhouseCoopers was re-elected as auditor for a term of office up to and including the 2018 Annual General Meeting. The general meeting resolved not to pay a dividend for the financial year 2016.

A quorate Board and the principal auditor were present at the Annual General Meeting. The minutes of the Annual General Meeting may be viewed at [www.ssab.com](http://www.ssab.com).

## NOMINATION COMMITTEE

### Duties of the Nomination Committee

The duties of the Nomination Committee include proposing to the Annual General Meeting a chairman of the Board of Directors, directors, auditors, a chairman of the Annual General Meeting, Board fees and auditor fees.

### Procedure for the appointment of the Nomination Committee

The 2012 Annual General Meeting adopted a procedure regarding the appointment of the Nomination Committee. The procedure applies until amended through a resolution adopted at a future Annual General Meeting. According to the procedure, the chairman of the Board is tasked with requesting that no fewer than three and no more than five of the largest shareholders in terms of votes each appoint a member to constitute the Nomination Committee together with the chairman of the Board. There may be no more than six members in total. The chairman of the Nomination Committee is the representative of the largest shareholder. The composition of the Nomination Committee was announced on [www.ssab.com](http://www.ssab.com) on September 26, 2017.

Shareholders were able to submit proposals to the Nomination Committee by, for example, email, until December 31, 2017. The Nomination Committee's proposals will be published no later than in conjunction with the notice of the Annual General Meeting.

In connection with the issuance of the notice of the Annual General Meeting, the Nomination Committee will publish a reasoned statement regarding its proposal for a Board on [www.ssab.com](http://www.ssab.com).

### Work of the Nomination Committee ahead of the 2018 Annual General Meeting

The Nomination Committee has convened four times in 2017 since it was appointed in the fall 2017. Two more meetings are planned before the Annual General Meeting.

The chairman of the Board of Directors has described to the Nomination Committee the process applied in the Company in conjunction with the annual evaluation of the Board and of the CEO, as well as the results of the evaluation.

Further, at the meeting at which the chairman of the Board was not present, the Nomination Committee was informed of the results of the evaluation of the chairman. The annual evaluation of the Board was conducted in conjunction with a Board meeting held during the fall. Prior to the evaluation, the directors individually completed a relatively extensive questionnaire. Thereafter, the replies and

## NOMINATION COMMITTEE AHEAD OF THE 2018 ANNUAL GENERAL MEETING

Appointed by, name	Share (%) of voting capital as at December 31, 2017
AB Industrivärden, Lars Pettersson, Chairman	18.2
Solidium Oy, Annareetta Lumme-Timonen	11.0
Luossavaara-Kiirunavaara AB (LKAB), Jan Moström	3.6
Swedbank Robur Funds, Åsa Nisell	1.9
Handelsbanken Funds, Magnus Strömer	1.9
Bengt Kjell, Chairman of the Board	—

comments of the directors were compiled and formed the basis for the actual evaluation discussion. The Nomination Committee has discussed the composition of the Board and agreed on the main requirements to be imposed on the directors, including the requirement for independent directors.

In its assessment of the Board's evaluation, the Nomination Committee particularly took into account the need for Board diversity and breadth, and the requirements to strive for gender balance on the Board. The Nomination Committee engages in continuous work in identifying and evaluating potential new directors.

In submitting proposals for fees to the Board of Directors and its committees, the Nomination Committee, among other things, conducted an overview of Board fees in similar companies. The Nomination Committee was assisted by the Audit Committee in preparing its proposals regarding the election of auditors and the fees for audit work, whereby the Nomination Committee followed the Audit Committee's recommendation when presenting its proposals to the 2017 Annual General Meeting.

## BOARD OF DIRECTORS

### Responsibilities of the Board

The overall task of the Board of Directors is to manage the Company's affairs in the best interests of both the Company and its shareholders. The Board must regularly assess the Group's financial position and evaluate the operative management. The Board decides, among other things, on matters concerning the Group's strategic focus and organization, and decides on important capital expenditure (exceeding SEK 50 million).

Each year, the Board must prepare proposals for guidelines regarding the determination of salary and other remuneration to the CEO and other members of the Company's senior management for decision at the Annual General Meeting.

### Rules of procedure of the Board

Each year, the Board adopts the rules of procedure, including instructions to the CEO, which, among other things, govern the allocation of work between the Board and the CEO.

The rules of procedure further regulate the frequency of Board meetings and the allocation of work among the Board's committees. The rules of procedure state that there must be a Remuneration Committee and an Audit Committee. Ahead of each Board meeting, the directors receive a written agenda and full documentation to serve as the basis for decisions. Each Board meeting conducts a review of the current state of the business, the Group's results, financial position and prospects. Other issues addressed include competition and the market situation. The Board also regularly monitors health and safety work, including the Group's accident statistics.

### Chairman of the Board

The chairman of the Board of Directors presides over the Board's work, represents the Company on ownership issues and is responsible for the evaluation of the work of the Board. In addition, the chairman of the Board of Directors is responsible for regular contact with the CEO and for ensuring that the Board of Directors performs its duties.

### Composition of the Board

Under the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of ten members elected by the general meeting. The Board is quorate when more than one half of the total number of directors is present. Taking into consideration the Company's operations, phase of development and circumstances in general, the Board must have an appropriate composition which is characterized by diversity and breadth as regards the competence, experience and background of its members. New directors undergo an introduction course to rapidly acquire the knowledge expected in order to best promote the interests of the Company and its shareholders.

### The Board of Directors' diversity policy

SSAB works actively to further diversity within the Company. As a part of this work, the Company, through the Nomination Committee, applies rule 4.1 in the Swedish Corporate Governance Code (the Corporate Code) as its diversity policy. In accordance with rule 4.1 in the Corporate Code the Board

is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The Company is also to strive for gender balance on the Board.

The Nomination Committee shall consider the diversity policy when preparing its proposals for election of Board member. Also, the Board of Directors continuously discusses the question regarding diversity within the organization. The objective of the diversity policy is to cater the importance of sufficient diversity within the Board in order to encourage independent opinions and a critical approach which will contribute to an efficient Board work in the Company.

During the financial year 2017, the Board of Directors' diversity policy has mainly been implemented and applied in connection with the Nomination Committee's work ahead of the 2017 Annual General Meeting and the 2018 Annual General Meeting. This has resulted in a diversified and appropriate Board composition with Board members that possess the qualifications and experience required for SSAB's operations.

### Work of the Board in 2017

In 2017, the Board of Directors held nine meetings at which minutes were taken and at which the Board was quorate at all times. SSAB's General Counsel, who is not a director, served as secretary to the Board.

Safety work has top priority across the Group and at every meeting the Board keeps close track of lost time injury frequency and the corrective actions implemented by the Company. The year 2017 was characterized by a stabilized European demand for steel products resulting in higher volumes and increased margins. During the year, the North American steel market was impacted by certain uncertainties regarding upcoming infrastructure investments as well as additional import restrictions. The Company's improved financial position resulting from the re-financing program, which was completed during 2016, and the strong working capital during 2017 has enabled the Board to spend more focus on strategic challenges.

Moreover, the Board has continued its monitoring and assuring of the Company's cost levels and been engaged in the Company's key operating challenges such as methods and ways of working for continuous improvement in productivity to further improve the Company's growth and profitability. The Board has also addressed matters concerning the environment, sustainability, ethics, digitalization, IT security, control functions, corporate governance, etc.

## BOARD OF DIRECTORS – APPOINTED BY THE ANNUAL GENERAL MEETING



BENGT KJELL (1954)

Chairman since 2015  
MBA, Stockholm School of Economics  
Nationality: Swedish



PETRA EINARSSON (1967)

BSc (Business Administration  
and Economics)  
Nationality: Swedish



MARIKA FREDRIKSSON (1963)

MBA  
Nationality: Swedish

PASI LAINE (1963)<sup>2)</sup>

MSc (Eng.)  
Nationality: Finnish



MATTI LIEVONEN (1958)

BSc (Engineering), eMBA Honorary  
Finnish title of Vuorineuvos DSc  
(Tech.) h.c.  
Nationality: Finnish



MARTIN LINDQVIST (1962)

President and CEO  
BSc (Economics)  
Nationality: Swedish

## ELECTED TO THE BOARD

2015	2014	2016	2017	2014	2011
100,000 B shares	10,000 B shares	-	712 A shares 4,031 B shares	4,315 A shares 25,018 B shares	11,709 A shares 21,023 B shares

SHAREHOLDING<sup>1)</sup>

## CURRENT APPOINTMENTS

Board Chairman: Hemfosa Fastigheter AB Vice Chairman of the Board: Indutrade AB Director: AB Industrivärden, ICA Gruppen AB and Pandox AB et al.	CEO: BillerudKorsnäs AB <sup>3)</sup> Director: Swedish Association of Industrial Employers and Confederation of Swedish Enterprise Member of the Council: Swedish Steel Producers' Association	CFO & Group Executive Vice President: Vestas Wind Systems A/S (since 2013) Director: Sandvik AB	President and CEO of Valmet Oyj (since 2013)	President and CEO: Neste Corporation (since 2008) Vice Board Chairman: Fortum Abp and Nynäs AB Member of the Board: Chemical Industry Federation of Finland Member of the Advisory Board: National Emergency Supply Agency (Finland) Member of the Supervisory Board: the Finnish Fair Corporation, European Business Leaders' Convention and the Finnish Business and Policy Forum EVA	President and CEO: SSAB (employed at SSAB since 1998) Chairman: Swedish Steel Producers Association Director: Svenska Cellulosa Aktiebolaget SCA and Swedish Association of Industrial Employers
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## PREVIOUS APPOINTMENTS

Acting CEO: AB Industrivärden CEO and President: AB Handel och Industri Vice CEO: AB Industrivärden Senior partner: Navet AB Board Chairman: Kungsleden AB and Skånska Byggarvar Holding AB Director: Höganäs AB, Skanska AB and Munters AB	Financial Manager: Sandvik Materials Technology President: Sandvik Materials Technology business area, Sandvik Strip product area and Sandvik Tube product area	Director: ÅF AB CFO: Gambio AB, Autoliv Inc. (Stockholm, Sweden), Volvo Construction Equipment (Brussels, Belgium) and Volvo Construction Equipment International AB	Director: HKScan Oyj and Tamfelt Oyj Several senior positions: Metso group, including President of Pulp, Paper and Power Technology, President of Metso Automation	Chairman of the Supervisory Board: Ilmarinen Mutual Pension Insurance Company Director: Confederation of Finnish Industries, Rautaruukki Corporation, Finnish Oil and Gas Federation and EUROPIA Several senior positions: UPM-Kymmene Deputy Chairman of the Board: Confederation of European Paper Industries	Director: Indutrade AB and Confederation of Swedish Enterprise Head of business area: SSAB EMEA CFO: SSAB AB Chief controller: NCC
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<sup>1)</sup> Shareholdings include shares owned by closely-related persons.

<sup>2)</sup> Pasi Laine was elected to the Board on April 6, 2017.

<sup>3)</sup> As of January 2018

## BOARD OF DIRECTORS – APPOINTED BY THE ANNUAL GENERAL MEETING



ANNIKA LUNDIUS (1951)

LLM  
Nationality: Swedish

### ELECTED TO THE BOARD

2011

### SHAREHOLDING<sup>1)</sup>

13,125 B shares

### CURRENT APPOINTMENTS

Director: AB Industrivärden

### PREVIOUS APPOINTMENTS

Director: AMF Pension and Storebrand ASA  
Executive Vice President: Confederation of Swedish Enterprise  
Legal Director and Financial Counselor: Swedish Ministry of Finance  
CEO: Insurance Sweden and Swedish Insurance Employers' Association



JOHN TULLOCH (1947)

BA (AgrSc), MSc  
Nationality: American

2009

10,000 A shares  
5,000 B shares

Director: Russel Metals Inc.

Executive Vice President, Steel & Chief Commercial Officer: IPSCO  
Executive Vice President: SSAB and President of IPSCO Division



LARS WESTERBERG (1948)

MSc and BSc  
Nationality: Swedish

2006

20,000 B shares

Director: AB Volvo, Sandvik AB and Stena AB

Board Chairman: Husqvarna AB  
Director: Meda AB  
President and CEO: Gränges AB  
President, CEO and Chairman: Autoliv



STURE BERGVALL (1956)

Elected to the Board 2005  
Current appointment  
Electrician,  
SSAB Europe



TOMAS KARLSSON (1962)

Elected to the Board 2015  
Current appointment  
Maintenance mechanic,  
SSAB Europe



PATRICK SJÖHOLM (1965)

Elected to the Board 2011  
Current appointment  
Automation engineer,  
SSAB Special Steels

## ALTERNATES



MIKAEL HENRIKSSON (1961)

Elected to the Board 2017  
Current appointment  
Furnace operator,  
SSAB Special Steels



TOMAS JANSSON (1966)

Elected to the Board 2014  
Current appointment  
Sales Coordinator,  
SSAB Europe



TOMAS WESTMAN (1955)

Elected to the Board 2015  
Current appointment  
RM coordinator,  
SSAB Europe

Jonas Bergstrand, EVP, Legal & Strategy, serves as secretary to the Board of Directors.

<sup>1)</sup> Shareholdings include shares owned by closely-related persons.



## AUDITORS

Under its Articles of Association, SSAB has one or two external auditors, or one or two registered public accounting firms. The 2017 Annual General Meeting re-elected the registered accounting firm PricewaterhouseCoopers for a further year.

Authorized public accountant Magnus Svensson Henryson has been principal auditor since 2012 and also signs off on the auditors of the listed company AB Industrivärden.

The external audit of the financial statements of the parent company and those of the Group, as well as management by the Board of Directors and the CEO, is conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. The Company's principal auditor attends all meetings of the Audit Committee. The auditor attends at least one Board meeting a year, goes through the audit for the year and discusses the audit with the directors without the CEO and other members of the Company's management being present. See Note 2 in Financial reports for information regarding the auditor's fees.

MEMBER OF THE BOARD	Attendance statistics 2017				Independent of	
	Elected to the Board	Board meetings	Remuneration Committee	Audit Committee	The company and its management	The company's largest shareholders
<b>ELECTED BY THE AGM<sup>1)</sup></b>						
Bengt Kjell, Chairman since 2015	2015	9	4	5	Yes	No, Board member of Industrivärden
Petra Einarsson	2014	9	–	–	Yes	Yes
Marika Fredriksson	2016	8	–	5	Yes	Yes
Pasi Laine <sup>2)</sup>	2017	7	–	–	Yes	Yes
Matti Lievonen	2014	8	4	–	Yes	Yes
Martin Lindqvist, President and CEO	2011	9	–	–	No, CEO at the Company	Yes
Annika Lundius	2011	9	–	5	Yes	No, Board member of Industrivärden
John Tulloch	2009	9	4	–	No, former President of IPSCO Division	Yes
Lars Westerberg	2006	9	–	5	Yes	Yes
<b>EMPLOYEE REPRESENTATIVES</b>						
Sture Bergvall	2005	9	–	–		
Tomas Karlsson	2015	9	–	–		
Patrick Sjöholm	2011	9	–	–		
<b>ALTERNATE MEMBERS</b>						
Mikael Henriksson <sup>3)</sup>	2017	8	–	–		
Tomas Jansson	2014	9	–	–		
Tomas Westman	2015	6	–	–		

<sup>1)</sup> For information about fees, see Note 2 in Financial reports.

<sup>2)</sup> Newly elected on April 6, 2017

<sup>3)</sup> Took up the position on April 6, 2017 and replaced Jimmy Gustavsson

## AUDIT COMMITTEE

### Duties

The Audit Committee elects a chairman from among its members. Members of the Audit Committee are elected from Board members who are not employees of the Company. At least one of the members must be competent in accounting or auditing matters.

The duties of the Audit Committee are stated in the Board's rules of procedure. The chairman of the Audit Committee is responsible for ensuring that the entire Board is kept regularly informed about the Committee's work and, where necessary, must submit matters to the Board for decision. The main task of the Audit Committee is to support the Board in its work to ensure the quality of financial reporting. The Audit Committee oversees the Company's internal control and risk management regarding financial reporting. The Audit Committee assists also the Company's Nomination Committee with preparing proposals for a general meeting resolution on the election of auditors. The Committee regularly meets the Company's auditors, evaluates the audit work and establishes guidelines as to which additional services the Company may source from its external auditors. Such additional services, up to a maximum of SEK 100,000 per assignment, must be approved in advance by the Company's Chief Financial Officer. Assignments exceeding SEK 100,000 must be approved in advance by the chairman of the Audit Committee. All additional services must be reported to the Audit Committee each quarter.

The Company has an established risk management process based on production processes and flows. In this process, the Audit Committee reviews and takes into account the risk areas that have been identified (both commercial risks and risks of errors in financial reporting). Based on the outcome of the internal and external risk assessment, the Committee regularly analyzes the focus and scope of the audit with the Company's external and internal auditors.

Each year, the Audit Committee adopts an internal audit plan which, among other things, is based on the risks that have arisen in the risk management process described above. The audit plan is discussed with the external auditors in order to enhance the efficiency and quality of regular audit work. The Audit Committee also analyzes and elucidates significant accounting issues affecting the Group and assists the Nomination Committee in submitting proposals as regards the auditors and their fees.

### Work in 2017

During 2017, the Audit Committee had an increased focus on IT security within the Company including identification and mitigation of risks. The Committee has also adopted an official Company tax policy which has been published on SSAB's website. Moreover, the Audit Committee, together with the external auditors, reviewed and evaluated the risk analysis and audit plan prepared by the auditors as a basis for the statutory audit.

The Audit Committee's members were Marika Fredriksson (chairman), Lars Westerberg, Bengt Kjell and Annika Lundius. In 2017, the Audit Committee held five meetings at which minutes were taken.

## REMUNERATION COMMITTEE

### Duties

In addition to the chairman of the Board of Directors, the Remuneration Committee comprises one or more directors, who must normally be independent both of the Company and of the Company's top management, elected by the general meeting. Members of the Remuneration Committee must possess the required knowledge and experience of remuneration matters relating to senior executives. The CEO attends Committee meetings to report on matters. The Remuneration Committee's duties are stated in the Board's rules of procedure. The Remuneration Committee submits proposals to the Board of Directors regarding the CEO's salary and other employment terms and conditions, sets salaries and employment terms for other members of the Group Executive Committee, and sets limits regarding the salary and employment terms and conditions for other senior executives. The Remuneration Committee's duties otherwise include preparing resolutions for adoption by the Board on issues concerning remuneration principles, preparing the Board's proposal for guidelines to determine the salary and other remuneration of the CEO and other members of the Company's senior management, as well as monitoring and evaluating the application thereof. The Remuneration Committee also monitors and evaluates programs regarding variable remuneration of the Company's senior management.

### Work in 2017

During 2017, the Remuneration Committee held four meetings at which minutes were taken. The Remuneration Committee comprised Bengt Kjell (chairman), John Tulloch and Matti Lievonen. The CEO is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

## GROUP EXECUTIVE COMMITTEE



MARTIN LINDQVIST (1962)

President and CEO  
Nationality: Swedish



OLAVI HUHTALA (1962)

Executive Vice President  
and Head of SSAB Europe  
Nationality: Finnish



CHARLES SCHMITT (1959)

Executive Vice President  
and Head of SSAB Americas  
Nationality: American



PER OLOF STARK (1954)

Executive Vice President  
and Head of SSAB Special Steels  
Nationality: Swedish



JONAS BERGSTRAND (1965)

Executive Vice President,  
Legal & Strategy  
Nationality: Swedish

## MEMBER OF THE GROUP EXECUTIVE COMMITTEE

2001	2014	2011	2014	2006
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SHAREHOLDING<sup>1)</sup>

11,709 A shares 21,023 B shares	17,578 A shares 72,873 B shares	3,000 B shares	2,000 A shares 1,750 B shares	19,125 B shares
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## EDUCATION

BSc (Economics), Uppsala University	BSc (Engineering)	BSc (Business Administration/ Finance). The University of Texas at Arlington, two-year steel fellowship at the American Iron and Steel Institute	MSc, KTH Royal Institute of Technology, Stockholm	LLM, Uppsala University
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## BACKGROUND

Employed at SSAB since 1998. Previously: Head of business area: SSAB EMEA, Head of business area: SSAB Strip Products, CFO: SSAB AB, CFO: SSAB Strip and Chief Controller: NCC	Employed at Rautaruukki/ SSAB since 1987. Previously: EVP: Ruukki Metals, President: Ruukki Fabrication and Marketing and Executive roles in Sales and Production: Rautaruukki Metform	Employed at IPSCO/ SSAB since 1990. Previously: Several positions: US Steel Corporation and VP of the Southern Business Unit: SSAB Americas	Employed at SSAB since 1983. Previously: Head of business unit: SSAB Wear Services. President: wholly owned subsidiary Plannja. Head of Global Marketing, Sales and Product Development: former SSAB Plate Division. Head of business area: SSAB Plate Europe and North America	Employed at SSAB since 2006 Previously: Corporate counsel: ABB, OM Gruppen and Ericsson Radio Systems
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<sup>1)</sup> Shareholdings include shares held by closely-related persons.

## GROUP EXECUTIVE COMMITTEE



HÅKAN FOLIN (1976)

Executive Vice President and CFO  
Nationality: Swedish



MARIA LÅNGBERG (1970)

Executive Vice President and  
Head of Group HR & Sustainability  
Nationality: Swedish



TAINA KYLLÖNEN (1967)

Executive Vice President and  
Head of Group Communications  
Nationality: Finnish



MARTIN PEI (1963)

Executive Vice President and CTO  
Nationality: Swedish

## MEMBER OF THE GROUP EXECUTIVE COMMITTEE

2013	2016	2014	2007
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SHAREHOLDING<sup>1)</sup>

11,000 B shares	3,826 B shares	6,188 A shares 22,098 B shares	300 A shares 700 B shares
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## EDUCATION

MSc, KTH Royal Institute of Technology, Stockholm	BSc (Business Administration), Uppsala University MBA, Stockholm School of Economics	MSc (Economics), Aalto University, Helsinki	PhD, KTH Royal Institute of Technology, Stockholm
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## BACKGROUND

Employed at SSAB since 2006. Previously: CFO: SSAB APAC CFO: Tibnor and Head of Business Development: SSAB	Employed at SSAB since 2013. Previously: President Merox and VP Group Sustainability, SSAB, EVP & Head of Group Communications, SSAB, Senior Consultant, JKL, SVP Group Communications, Gambro	Employed at Rautaruukki/SSAB since 2004. Previously: SVP, Marketing and Communications; SVP, Marketing; VP, Communications and Branding: Rautaruukki Corporation and VP, Investor Relations: Metso Corporation and Rauma Corporation	Employed at SSAB since 2001. Previously: EVP, Head of business area: SSAB APAC, EVP and CTO: SSAB, Manager R&D: SSAB Plate Division and General Manager Slab Production: SSAB Plate Division
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<sup>1)</sup> Shareholdings include shares held by closely-related persons.

## GROUP EXECUTIVE COMMITTEE

### Group Executive Committee's work and responsibilities

The Group Executive Committee is responsible for formulating and implementing the Group's overall strategies and addresses matters such as acquisitions and divestments. These matters, as well as major capital expenditures (in excess of SEK 50 million), are prepared by the Group Executive Committee for decision by the Board of Directors of the parent company.

The CEO is responsible for the day-to-day management of the Company in accordance with the Board of Directors' instructions and guidelines. As at December 31, 2017, the Group Executive Committee comprised, in addition to the CEO, the heads of SSAB Europe, SSAB Americas and SSAB Special Steels, the Chief Financial Officer, the Head of Legal and Strategy, the Head of Group Human Resources and Sustainability, the Head of Technical Development and the Head of Group Communications.

The Group Executive Committee holds monthly meetings to monitor the results and financial position of the Group and the divisions. Other matters addressed at Group Executive Committee meetings include strategy issues and follow-up on budget and forecasts.

The head of each division is responsible for the relevant income statement and balance sheet. Overall operational control of the divisions takes place through quarterly performance reviews. In most cases, the CEO of the parent company is the chairman of the Board of Directors of each of the directly-owned major subsidiaries such as Tibnor and Ruukki Construction, and these boards also include other members of the Group Executive Committee as well as employee representatives. Parallel with the quarterly performance reviews, the boards of the subsidiaries monitor the ongoing operations and adopt their respective strategies and budgets.

## REMUNERATION GUIDELINES

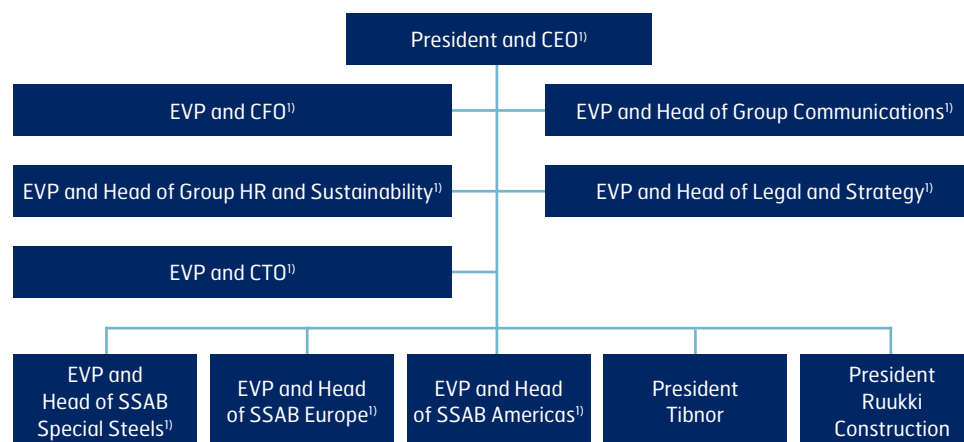
The 2017 Annual General Meeting resolved that the remuneration of the CEO and other members of the Company's senior management comprises fixed salary, variable remuneration, other benefits such as a company car and pension. The total remuneration package must be on market terms and competitive in the employment market in which the executive works. Fixed salary and variable remuneration must be commensurate with the executive's responsibilities and powers. Variable remuneration must be based on results as compared with defined and measurable targets and capped in relation to fixed salary. Variable remuneration is not included in the basis for the computation of pension, except where so provided in the rules of a general pension plan (for example, the Swedish ITP plan). As regards senior executives outside Sweden, all or parts of the variable remuneration may

be included in the basis for pension computation due to legislation or local market practice. Programs for variable remuneration should be formulated so that the Board of Directors, where exceptional circumstances prevail, limit or omit payment of variable remuneration where this is considered reasonable and consistent with the Company's responsibility to its shareholders, employees and other stakeholders. To the extent a director performs work for the Company alongside his or her Board work, a consultation fee at market rates may be paid.

The period of notice of termination of employment for senior executives in Sweden is six months in the event of termination by the executive. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 24 months. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice in the local market. Pension benefits shall be contribution-based with individual retirement ages, in no case earlier than the age of 62. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension.

The Board is entitled to derogate from the guidelines where there are special reasons to do so in an individual case.

## Group operational management structure



<sup>1)</sup> Member of Group Executive Committee

### Incentive program for senior executives

In 2011, a long-term incentive program was introduced for the entire Group. At the time the program covered a maximum of 100 (now 150) key employees, including the CEO and other senior executives. The program runs for rolling three-year periods, is cash based, and linked to the total return on SSAB's share compared to a benchmark group of the Company's competitors and SSAB's financial targets. The program was introduced to promote the Company's ability to recruit and retain key employees. Reference is made to Note 2 for more information about current remuneration. The Company has no share-related incentive programs.

### INTERNAL CONTROL AND RISK MANAGEMENT

The overall objective of internal control is to ensure, to a reasonable degree, that the Company's operational strategies and targets are monitored and that the owners' investments are protected. In addition, internal control ensures, with reasonable certainty, that external financial reporting is reliable and prepared in accordance with generally accepted auditing principles, and that it complies with applicable laws and regulations and the requirements imposed on listed companies.

The Group is tasked with seeking to ensure that risks do not materialize and, through various measures, with mitigating the fallout of any loss that occurs. Risk mapping of the Group's internal and external risks is carried out as an integrated part of the annual strategy process. The result of this work is reported to the Audit Committee and to the Board of Directors. The Group's Risk Management oversees and follows up both work on actively preventing the occurrence of loss at all and work on minimizing the impact of such loss should it occur. Each division and subsidiary is responsible for working proactively to prevent loss. Each division has appointed a coordinating risk manager.

### SUSTAINABILITY RISKS

SSAB is responsible for not only how it runs its own operations and the working conditions of its employees, but also for the overall social impact of its operations. This means assuming responsibility for how all the links in the Company's value chain are managed, from supplier to future use of the Company's products. It is also about companies minimizing their environmental footprint by improving the efficiency of their production processes and working practices, as well as developing products that contribute to reduced emissions and lower environmental impacts.

SSAB has a Head of Group Sustainability who, since 2016, is on the Group Executive Committee and who is tasked with coordinating and driving sustainability issues at the Group level. At the Group

level, the Head of Group Sustainability heads a Sustainability Management Team, whose members create a network of expertise within, for example, HR, the environment, health and safety and business ethics.

### INTERNAL AUDIT

SSAB's internal audit function reports directly to the Audit Committee and is functionally subordinate to the Chief Financial Officer. Internal audit activities are aimed at supporting value creation in the Group by identifying risk areas, carrying out internal audits and thereafter recommending improvements within these areas. The internal auditor participates in Audit Committee meetings.

The internal audit is organized at an overall Group level, with an audit plan drawn up for the entire Group. The Group's audit activities are planned by the head of internal audit and decided by the Audit Committee.

Most of the work is performed by means of audits in accordance with the audit plan. Other work largely consists of specific audits and the monitoring of self-assessments in the Group as regards internal control.

Audits are performed in accordance with a submitted and adopted audit process which is constantly developed in order to optimize the way of working and delivery of reports which generate added value. These reports describe observations, recommendations and improvement areas, with the aim of strengthening and enhancing efficiency in risk management and internal control. In addition, the function also performs audits on instruction from management or as required for other reasons. For a further description of internal audit work in 2017, see the next section "The Board's description of internal control and risk management regarding financial reporting".

During the year, internal audit performed a number of audits of subsidiaries according to the Company's manual to audit the risks of fraud and corruption. Whilst these audits have shown no concrete irregularities, opportunities have been identified to reduce risks from this perspective. These improvement opportunities will be solved in accordance with action plans drawn up.

To further strengthen internal control and risk management, a whistleblower function is in place to enable the reporting of serious improprieties and violations of the Group's Code of Conduct. This function is aimed, among other things, at guaranteeing safety in the workplace, upholding sound

business ethics and curbing economic irregularities within SSAB to the benefit of the Company's employees, customers, suppliers and owners.

## THE BOARD'S DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

Under the Swedish Companies Act and the Swedish Corporate Governance Code, SSAB's Board of Directors is responsible for internal control. This description has been prepared in accordance with the Annual Reports Act.

### Framework for internal control as regards financial reporting

SSAB's model for internal control as regards the financial reporting is based on the internationally established framework, Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

SSAB's internal control process regarding financial reporting is based on five components: control environment, risk assessment, control activities, information and communication and monitoring. SSAB's internal control process is structured to reasonably ensure the quality and accuracy of financial reporting and to ensure that reporting is prepared in compliance with applicable laws and regulations, accounting standards as well as requirements imposed on listed companies in Sweden.

To achieve this, there must be a sound control environment, reliable risk assessments, established control activities, as well as the satisfactory functioning of information and communication and monitoring.

### Control environment

The control environment is characterized by the organizational structure, management's way of working and values, as well as other roles and responsibilities within the organization. The Audit Committee assists the Board of Directors with important accounting matters that the Group applies and monitors internal control with respect to financial reporting. To maintain an efficient control environment and sound internal control, the Board has delegated practical responsibility to the CEO, who in turn has delegated responsibility to other members of the Group Executive Committee and to the CEOs of the subsidiaries.

The quality of financial reporting is ensured through a number of different measures and routines. Work takes place regularly on further developing manuals and policies for the entire Group. Among other things, there is a Group accounting manual (Financial Guidelines), which is regularly updated and communicated across the Group. Apart from the Financial Guidelines, the Group's most important overall control documents are the Finance Policy, Investment Policy, Information Policy, authorization rules and the Code of Conduct.

Work on communicating the Group's Code of Conduct continued during 2017 and by the turn of 2017/2018, over 90% of the employees had completed the Group's internal training module on business ethics.

### Risk assessment

SSAB's organization is exposed to both internal and external risks. To reasonably ensure sound internal control, the risks which may affect financial reporting are identified and weighed up, and measures are taken accordingly. This constitutes an integrated part of the regular reporting to the Group Executive Committee and to the Board of Directors, and also constitutes the basis for assessing the risk of error in financial reporting. SSAB's operations are characterized by processes involving well-established routines and systems. Risk assessment therefore takes place largely within these processes. Only general risk assessments take place at the Group level. The persons responsible identify, monitor and follow up risks. This creates the conditions for well-founded, correct business decisions at all levels. Financial risks, such as currency, re-financing and counterparty, interest rate and credit risks are dealt with primarily by the parent company's treasury function in accordance with the Group's Finance Policy (see Note 28 in Financial reports). For an overview of the Group's commercial risk exposure, see also the section "Internal control and risk management" above and the Report of the Board of Directors.

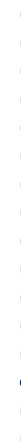
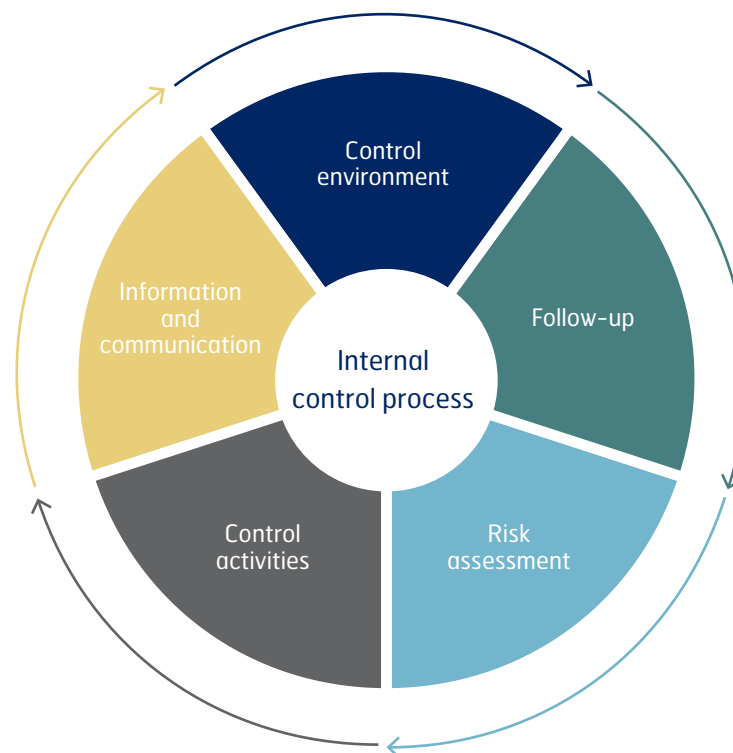
### Control activities

The primary purpose of control activities is to prevent and identify at an early stage significant financial reporting errors so that they can be addressed and rectified. Control activities, both manual and automated, take place both at general and more detailed levels within the Group. Routines and activities have been designed to manage and rectify significant risks associated with financial reporting as identified in the risk analysis. Corrective measures, implementation, documentation and quality assurance take place at a Group, subsidiary or process level, depending on the nature and affiliation of the control activity. As with other processes, the relevant head is responsible for the completeness and accuracy of control activities.

Recent years have seen an in-depth analysis carried out on the processes and control structures in Group companies. This has resulted in a more systematic approach to identifying financial risks and financial reporting risks, as well as documentation of controls as to how such risks are to be prevented and identified. The controls are adapted to each unit's work processes and systems structure, and these are evaluated through self-assessment supplemented with monitoring and review by internal audit. This way of working has been implemented in a system covering the entire Group which is used when verifying the reliability of financial reporting.

Control activities are carried out at all levels across the Group. For example, there are established Controller functions which analyze and follow up deviations and forward reports in the Company. Monitoring by the Group Executive Committee takes place, among other things, through regular meetings with heads of divisions and subsidiaries with regard to operations, their financial position and results, as well as financial and operational key performance indicators. The Board of Directors analyzes, on an ongoing basis, among other things, business reports in which the Group Executive Committee describes the most recent period and comments on the Group's financial position and results. This is how major fluctuations and deviations are followed up to minimize the risk of errors in financial reporting.

Work on closing the accounts and on the annual report involves processes in which additional risks of error in financial reporting arise. This work is less repetitive by nature and contains several elements of an assessment nature. Important control activities include ensuring the existence of a well-functioning reporting structure where the divisions report in accordance with standardized reporting templates and where important income statement and balance sheet items are specified and commented on.





## Information and communication

### EXTERNALLY

SSAB's communications must be correct, open, prompt and available simultaneously to all stakeholders. All communications must take place in compliance with the EU Market Abuse Regulation and the rules of Nasdaq Stockholm and Nasdaq Helsinki and in compliance with other applicable regulations. Financial information must provide the capital and stock markets, as well as existing and potential shareholders, with a comprehensive and clear view of the Company, its operations, strategy and financial performance.

The Board of Directors approves the Group's annual and half-yearly reports and instructs the CEO, in accordance with the Board's rules of procedure, to issue quarterly reports and year-end results. All financial reports and press releases are published on [www.ssab.com](http://www.ssab.com) simultaneously with disclosure via a news distributor and Nasdaq Stockholm and Nasdaq Helsinki, and notification to Finansinspektionen, Sweden's financial supervisory authority.

Financial information about the Group may be provided only by the Chairman of the Board, CEO, CFO, Head of Group Communications and Head of Investor Relations. The divisions may disseminate financial information about their operations only after the Group has published corresponding information.

The Company applies silent periods during which it does not communicate information about the Company's performance. Silent periods are three weeks prior to publication of the results for the year-end, half-yearly and quarterly reports.

In the event of a leakage of inside information or upon the occurrence of special events that may affect the valuation of the Company, Nasdaq Stockholm and Nasdaq Helsinki must be notified according to SSAB's internal routines, after which a press release containing corresponding information will be sent out. Informational activities are governed by the Company's disclosure directive and instruction.

### INTERNALLY

The Company's intranet, where information is constantly published, constitutes an important communication channel within the Company. Additionally, there is an internal webcast for all personnel each quarter as well as All Managers' Meetings (AMMs) for managers, hosted either by the Company's CEO or the heads of divisions. Regular joint accounting meetings are held with divisional chief financial officers. This is how the divisions are updated about the news and changes within, among other things, accounting, routines and internal control with respect to financial reporting. In addition, the parent company regularly communicates changes in joint Group accounting principles and policies, as well as other matters relevant to financial reporting.

### Monitoring

The Board of Directors' monitoring of internal control with respect to financial reporting takes place primarily through the Audit Committee by, among other things, monitoring the work of and reports issued by the internal and external auditors.

During 2017, internal audit conducted regular and independent audits of the Group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The audit plan for 2017 was based on a risk analysis approved by the Group Executive Committee and subsequently adopted by the Audit Committee. The reviews were conducted in accordance with an adopted audit process and formally concluded with a report and planned follow-up. The result has been regularly submitted to divisional heads and the Audit Committee as regards observations, measures taken and implementation status.

Each year, the external auditors monitor selected parts of internal control within the scope of the statutory audit.

The external auditors report the results of their review to the Audit Committee and the Group Executive Committee. Major observations are also reported directly to the Board of Directors.



## OTHER MANDATORY DISCLOSURES PURSUANT TO CHAPTER 6, SECTION 6 OF THE ANNUAL REPORTS ACT

The following information is provided pursuant to the provisions of Chapter 6, Section 6 of the Annual Accounts Act regarding certain specific information that must be disclosed in the corporate governance report:

- Of the Company's shareholders, Industrivärden and Solidium Oy have direct or indirect shareholdings representing at least one-tenth (1/10) of the voting rights carried by all shares in the Company. As at December 31, 2017, Industrivärden's holding account for 18.2% of the total voting rights and 11.4% of the total number of shares. As at December 31, 2017, Solidium's holding accounted for 11.0% of the total voting rights and 17.1% of the total number of shares.
- There are no restrictions on the number of votes that each shareholder may cast at a general meeting.
- The Articles of Association contain no provisions regarding the removal of directors or the amendment of the Articles of Association.
- The general meeting has not granted the Board of Directors authority to decide that the Company may purchase its own shares or issue new shares.

### Further information

Further information about corporate governance at SSAB is available at [www.ssab.com](http://www.ssab.com) and includes the following information:

- Routines regarding the Annual General Meeting:
  - when and where the Annual General Meeting is to be held
  - notice of the Annual General Meeting and how to register
  - the resolutions to be proposed to the Annual General Meeting
- Information from SSAB's previous Annual General Meetings, including for instance notices, minutes, addresses by the CEO and press releases
- Articles of Association
- Corporate governance reports from previous years
- Information about the Nomination Committee

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in SSAB AB (publ), corporate identity number 556016-3429

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2017, on pages 3–18, and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 12 March 2018  
PricewaterhouseCoopers AB

**Magnus Svensson Henrysson**  
Authorized Accountant





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