

BUSINESS REVIEW

3 Introduction

- 3 SSAB in brief
- 5 2016 in brief
- 6 Vision and values
- 7 SSAB in the value chain
- 9 CEO's review

11 Operating context

- 12 SSAB's markets
- 13 Market development in 2016
- 14 Global megatrends and SSAB's response

16 Our strategy

- 17 Taking the Lead!
- 22 Key achievements in 2016
- 23 Financial targets
- 24 Sustainability strategy
- 25 Sustainability targets

26 Our businesses

- 27 SSAB Special Steels
- 31 SSAB Europe
- 35 SSAB Americas
- 38 Tibnor
- 41 Ruukki Construction

44 Sustainable offering

- 45 How we work with customers
- 47 Environmental benefits from special steels
- 52 Sustainable construction solutions
- 53 Corporate identity and brands

55 Sustainable operations

- 56 Production sites
- 57 Sustainable and efficient production
- 62 High-performing organization
- 65 Health and safety

68 Responsible partner

- 69 Responsible business practices
- 73 Responsible sourcing
- 76 SSAB in the community
- 79 Swedish Steel Prize 2017

Net sales SEK 55 billion

3

SSAB IN BRIEF





SSAB SPECIAL STEELS



SSAB EUROPE



SSAB AMERICAS



TIBNOR



RUUKKI CONSTRUCTION

55 15,000

Approximate number of employees



Employees in more than 50 countries

SSAB is a highly-specialized global steel company driven by close customer relationships. SSAB develops high-strength steels and provides services for better performance and sustainability.

The company is a leading producer on the global market for Advanced High-Strength Steels (AHSS) and Quenched & Tempered Steels (Q&T), strip, plate and tubular products, as well as construction solutions. SSAB's steels and services help to make end products lighter and increase their strength and lifespan.

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.

- SSAB Special Steels Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)
- SSAB Europe Leading Nordic-based steel producer of high-quality strip, plate and tube products
- SSAB Americas Market-leading North American producer of quality steel plate and coil
- Tibnor Leading Nordic supplier of steel, other metals and processing services
- Ruukki Construction Sustainable building and construction products and services in Europe

SSAB is listed on Nasdaq OMX Stockholm (Large cap list) and has a secondary listing on Nasdaq OMX Helsinki.

- Headquarters in Stockholm, Sweden
- President & CEO Martin Lindqvist
- SSAB employs approximately 15,000 people in more than 50 countries
- Net sales: SEK 55 billion

WE ARE UNIQUE

- Global leadership in value-added high-strength steels
- Most innovative services and applications
- Home-market leadership in the Nordics and US
- Long-term customer relationships
- Strong end-user focus
- Globally recognized brands

Watch the Hardox video

Watch the Strenx video

PRODUCTION

1940 Norrbottens Järnverk, Luleå

SSAB has a cost-efficient and flexible production system. SSAB's production plants in Sweden, Finland and the US have an annual steel production capacity of 8.8 million tonnes.

The company also has capacity to process and finish various steel products in China, Brazil and many other countries.

1960 Rautaruukki

In Sweden and Finland, production is integrated into a blast furnace process. In the US, electric arc furnaces are used for a scrap-based production process.

1956 IPSCO

MAIN PRODUCTION SITES:

SSAB Europe

- Borlänge, Sweden
- · Hämeenlinna, Finland
- Luleå. Sweden
- Raahe, Finland

SSAB Special Steels

• Oxelösund, Sweden

SSAB Americas

- Mobile, Alabama, USA
- · Montpelier, Iowa, USA

2007 SSAB acquires the North American steel company IPSCO

> 2014 SSAB and Finnish Rautaruukki merge into one company

> > **SSAB**

1913 Oxelösunds Järnverk AB

1978 Domnarvets Järnverk, Oxelösunds Järnverk AB and Norrbottens Järnverk become SSAB

1980 Tibnor becomes

part of SSAB

1976

Tibnor



2016 IN BRIEF

KEY FIGURES	2016	2015
Sales, SEK million	55,354	56,864
Operating profit before depreciation/amortization, EBITDA, SEK million	4,951	3,593
Operating profit/loss, SEK million	1,213	-243
Profit/loss after financial items, SEK million	324	-1,171
Earnings per share, SEK	1.04	-0.66
Operating cash flow, SEK million	3,207	3,874
Dividend per share – 2016 proposal	0.00	0.00
Energy consumption, GWh	8,990	8,381
Carbon dioxide emissions1), thousand tonnes	9,981	9,448
Employees ²⁾	14,980	16,045
Lost time incident frequency (LTIF) $^{3)}$	7.0	6.3

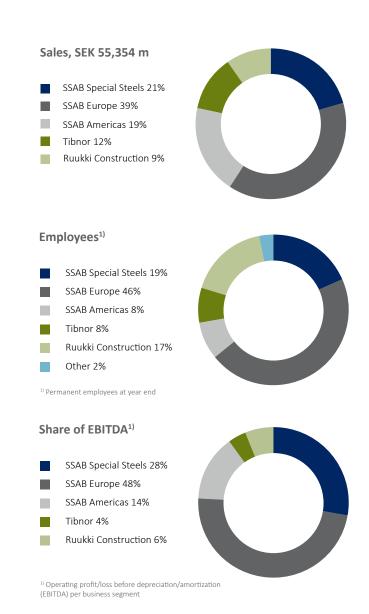


²⁾ Permanent employees at year end

³⁾ Number of accidents resulting in an absence of more than one day per million working hours, including contractors







OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



VISION AND VALUES

OUR VISION

A stronger, lighter and more sustainable world.

Together with our customers, we will go further than anyone else in realizing the full potential of lighter, stronger and more durable steel products.

Watch the Taking the Lead! video

OUR VALUES



CUSTOMER'S BUSINESS IN FOCUS

- We constantly listen to and understand our customers' needs
- We aim to always take an active, long-term interest in our customers' business
- We want to earn our customers' trust
- We want to be our customers' innovation partner



TAKING RESPONSIBILITY

- We build strong, long-lasting relationships by being professional, cooperative and honest
- We keep our promises
- We work safely and responsibly
- We respect people and strive for diversity



EXCEEDING EXPECTATIONS

- We are dedicated, ambitious and proud of what we do
- We are straightforward, results-oriented and quickly take action
- We don't do things that don't create value for our stakeholders
- To achieve top performance, we always challenge ourselves and further enhance our expertise

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



7

SSAB IN THE VALUE CHAIN

SSAB's business model is built on fostering close, long-term customer relationships. Through intense collaboration, SSAB continuously develops new products, applications, services and processes in order to improve our customers' performance in sustainability and overall efficiency. Within SSAB's value chain, most value is created in the use phase, as our customers are able to produce lighter and stronger end products with extended lifespan. SSAB aims to reduce the environmental impact of our steel products in every phase of the lifecycle, from raw material extraction to recycling at the end of a product's life.



CAPITALS

FINANCIAL

- Debt
- Equity

PEOPLE

- 15,000 employees in more than 50 countries
- Subcontractors and service providers

NATURAL

- Iron ore pellets, scrap metal, coal and coke
- · Other raw materials
- Fuels
- Electricity
- Water

INFRASTRUCTURE

- Steel production sites
- Steel Service Centers
- Hardox Wearparts network
- Stocks and distribution network
- Sales offices

EXPERTISE

AND REPUTATION

- Research and development
- · Knowledge in highstrength steels
- · Knowledge of customers' applications
- · Expertise in technical support
- · Brands and brand programs
- Patents

SOCIAL/ **RELATIONSHIP**

- Strong, responsible supplier network
- · Global sales network
- · Joint innovation projects with customers
- Customer training
- · Community engagement
- · Industry and government participation

SOURCING

The raw materials used to make iron and steel account for SSAB's most significant purchases. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management, and suppliers must comply with SSAB's Supplier Sustainability Policy.

RECYCLING

Steel is a unique material that retains its properties no matter how many times it is recycled. Using recycled steel in steel production increases material efficiency and reduces CO₂ emissions.

PRODUCTION

Operational efficiency, flexibility, environmentally-sound technology and safe work environments are the core of SSAB's production.



GUIDING PRINCIPLES



Through the use of SSAB's high-strength

products which use less material, are

reduce costs, thus making customers

and their products more competitive.

stronger, lighter and more durable, and

steels, customers are able to manufacture

global sales network, which enables close collaboration with customers.

TRANSPORTATION

SSAB's business is dependent on efficient transportation throughout all the stages of the value chain. SSAB focuses on minimizing our environmental footprint through timely transportation and minimized fuel consumption.

SALES

SSAB has an extensive

OUTPUTS

Strong, long-term customer relationships

PRODUCTS AND SOLUTIONS

- High-strength and abrasion-resistant steels
- Other high-quality strip and plate products
- Tubular products
- Construction products and solutions

SERVICES

- SSAB Shape steel processing services
- Hardox Wear services
- Technical support
- Innovation support
- Complementary products
- Customer partnership

BY-PRODUCTS

- Residuals for recirculation in own production
- Scrap metal for recycling
- By-products for external use
- Electricity and heat used internally and sold externally

EMISSIONS AND WASTE

- · Emissions into the air
- Effluent discharge into waterways
- Waste

IMPACTS

USE

ECONOMIC VALUE CREATED AND DISTRIBUTED TO STAKEHOLDERS

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



CEO'S REVIEW



I am convinced that we will continue to strengthen our position during 2017.

2016 was a successful year for SSAB. We completed the integration of SSAB and Rautaruukki. Profitability improved from the previous year as a result of the synergy and cost reduction program, and our competitive and innovative offerings. SSAB also strengthened its financial position through a SEK 5 billion rights issue and an extensive refinancing package. With the actions taken, we have created a stronger competitive platform to achieve our "Taking the Lead" strategy, aiming for growth and industry leading profitability.

EUROPEAN MARKET STABLE, SIGNS OF IMPROVEMENT IN NORTH AMERICA

Demand and prices in the North American market were sluggish during the year, impacted by relatively high import volumes. Even though realized prices decreased during the last quarter, market prices started to increase and the demand trend improved. Some support came from the preliminary anti-dumping duties announced in November, as well as from plans to increase infrastructure spending. Demand in Europe was relatively stable and prices were on an increasing trend throughout the year. Provisional import duties on Chinese steel material imposed by the European Commission in early October supported price levels in Europe.

PROFITABILITY IMPROVEMENT AND STRONGER BALANCE SHEET

SSAB posted a full-year operating profit of SEK 1,213 million, up by SEK 1,456 million compared with 2015. Improved earnings were driven primarily by the cost reduction program, including synergies from the acquisition of Rautaruukki. Cost reductions were achieved faster than planned and amount to a full annual run rate of SEK 3 billion. Higher volumes and better capacity utilization also contributed to improved earnings for the year. Our strategic growth initiatives in SSAB Special Steels and the automotive segment resulted in increased volumes and we continued launching new products at a high pace.

SSAB aims to reduce net debt by SEK 10 billion between the start of the first quarter of 2016 and the end of 2017. The rights issue during the second quarter of 2016 raised SEK 4.9 billion net and the net cash flow during the second, third and fourth quarters amounted to approximately SEK 2.2 billion. The remaining amount will be achieved through cash flow generated from operations, a structural reduction in working capital, and through possible divestment of non-core assets.

OBJECTIVE OF ZERO INJURIES

Our important work to improve safety continues. During 2016, we increased our attention toward preventive actions and worked to reduce safety risks in all of our operations. Despite all efforts, regrettably, a fatal accident occurred at SSAB's site in Luleå, where one employee tragically died. In addition to continuous safety management procedures, we have undertaken many additional actions to prevent incidents since the fatal accident in Luleå. In 2016, the number of injuries increased slightly from the previous year, which was not according to our goal. However, our objective of zero injuries is clear, and I am confident that we will see improvements in the coming years.

SUSTAINABLE INNOVATIONS TO REDUCE EMISSIONS

In 2016, we took a number of measures that support our vision and promote sustainable development. Our steelmaking processes are

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



clearly among the most carbon dioxide efficient in the world. However, in order to find a long-term solution to the carbon dioxide problem, we need a technological transformation. That's why we in April, together with LKAB and Vattenfall, launched an industrial development project, HYBRIT, which is working toward developing a breakthrough hydrogenbased, carbon dioxide free iron making process. The project will also mean a major contribution toward creating a fossil-free Sweden.

SSAB's products are our most significant contribution to reducing carbon dioxide emissions. The benefits of upgrading to high-strength steels include reduced weight, improved fuel economy and extended product lifetime. In 2016, we launched the SSAB EcoUpgraded concept to enable our customers to display the benefits of using our high-strength steels to minimize carbon footprint during the use phase of their applications.

HIGH PACE IN PRODUCT LAUNCHES AND NETWORK EXPANSION

In 2016, we continued strengthening our product and service offering. To support our growth strategy in the automotive segment, we introduced several new products, e.g., hot-rolled grades for automotive chassis, Docol HR 800 and 1000, and electrogalvanized ultra-high strength steel for automotive safety parts, Docol 1500 MZE. We also launched five new SSAB product families, developed in response to specific customer needs: SSAB Domex, SSAB Boron, SSAB Form, SSAB Laser Plus and SSAB Weathering, as well as new branded products like Hardox HiTemp and Strenx 1100 MC.

During the year, we strengthened the "Hardox In My Body" and "My Inner Strenx" programs and signed contracts with more than 100 new companies. To further improve our global services, we grew the Hardox Wearparts network, by 90 new partners and increased local presence by establishing new stocks in emerging and established markets.

COMMITMENT TO UN'S SUSTAINABLE **DEVELOPMENT GOALS AND GLOBAL COMPACT**

In 2016, SSAB joined the Swedish Leadership for Sustainable Development network, as part of which we are committed to contributing to the achievement of the UN's goals for sustainable development (SDGs). SSAB has been a signatory to the UN's Global Compact for a number of years. This clarifies our responsibility with regard to the environment, people and communities that are affected by our operations. This report is a part of our communication on how our operations are aligned with Global Compact principles. We will continue to support the principles with regard to the environment, human rights, employee conditions and anti-corruption, and work to further integrate these into our operations, culture and value chain.

STRONGER COMPETITIVE PLATFORM GOING FORWARD

Completion of the integration between SSAB and Rautaruukki, as well as the cost reduction program, have resulted in savings of more than SEK 3 billion and a reduction of more than 2.500 employees. Together with our improved financial position, we have created a platform to continue to execute our "Taking the Lead" strategy with the goal to reach industry-leading profitability. We will do this by continuing to drive efficiency through continuous improvement in all our operations, by driving growth within chosen initiatives and by increased focus on the after-market. Against this background, I am convinced that we will continue to strengthen our position during 2017.

I would like to thank our shareholders for your confidence in our future development by participating in the rights issue, our customers for your trust in our products and close partnership, and all SSAB employees for your contribution during the year and commitment toward reaching our goal of industry-leading profitability.

Martin Lindqvist, President and CEO



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

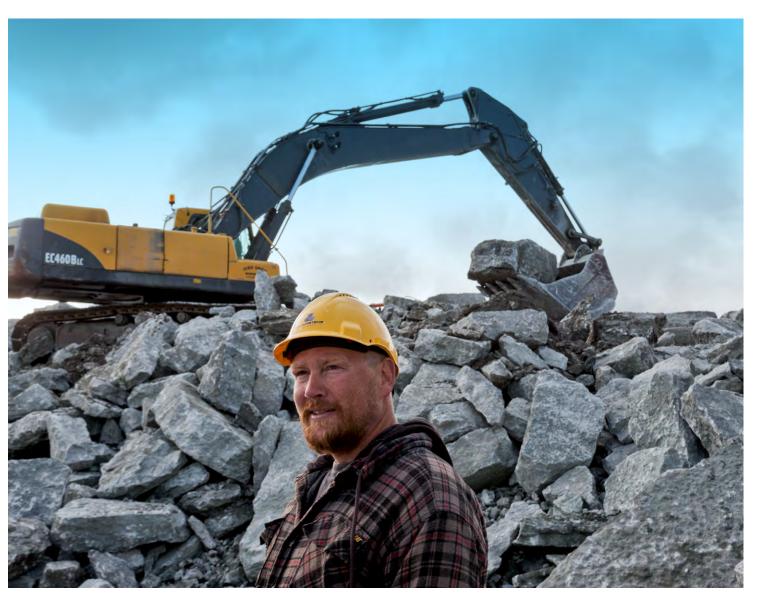
SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



11

OPERATING CONTEXT



Steel represents a challenging market and industry. Complex factors govern SSAB's opportunities and risks both in our home markets and further afield. The company carefully and continuously monitors global economic and social development to shape our strategic decisions.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



12

SSAB'S MARKETS

Steel is produced and traded globally, and the market consists of a number of segments. This leads to a great number of products with separate areas of use, different forces driving demand and large differences in price levels.

The steel market is most prominently comprised of what are known as carbon steels, i.e., steels with a particular carbon content. These steels contain lower percentages of usually occurring alloying materials, which influences the steels' properties. Stainless steel, on the other hand, is an example of high alloy steel containing high concentrations of chrome and nickel. SSAB manufactures only carbon steels, but relative to its industry, has an advanced alloy mix, which along with special production processes provides advanced properties for steels.

The size of the global carbon steel market is approximately 1.5 billion tonnes. China is the largest regional market with a share of ~45%. Europe and NAFTA each account for 10% of global steel demand. Global demand is growing slowly because China is entering into a new, less steel intense phase of growth. Steel trade accounts for one third of global steel demand. China is the largest exporter and the EU is the largest importer.

The carbon steel market can be further divided into long and flat steel products with differing areas of use. Long products are used primarily within the construction industry. for example, beams, reinforcement steel and bars. Flat products are used in a wide range of industries such as automotive, domestic appliances, energy, heavy transportation and construction machinery. In mature markets such as Europe, the proportion of flat steel products is larger than long steel products because high urbanization rates have caused the construction market to reach a more mature phase. SSAB operates mainly in flat carbon products that can be further divided into plate and strip products based on end-product thickness and manufacturing method.

SSAB'S STEEL MARKET POSITION

With annual steel production capacity of approximately 8.8 million tonnes, SSAB is a small player in the global carbon steel market. This is why SSAB specializes and focuses on

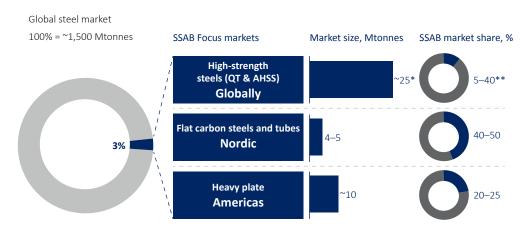
three defined segments within flat carbon steels, where we have strong market positions:

- I High-strength steels, including Quenched & Tempered (Q&T) and Advanced High-Strength Steel (AHSS) products;
- II Nordic flat carbon steel and steel tube market; and
- III North American heavy plate market

These market segments account for about 3% of the global market for carbon steel. In addition to being a steel producer. SSAB is also a steel and non-ferrous metal distributor via our subsidiary Tibnor and offers steel-based construction solutions through our subsidiary Ruukki Construction.

Customer segments served by SSAB include heavy transport, automotive, material handling (including mining), construction machinery (including lifting), energy, construction, as well as applications for protection steel and tool steel. In our home markets, the Nordic region and North America, standard steels are, to a large extent, sold through steel service centers and distributors.

SSAB is market leader in defined areas of the global steel market



^{*} Q&T steels, strip steels ≥ 700MPa

^{**} Higher share in Q&T in some groups/regions

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



MARKET DEVELOPMENT IN 2016

According to the World Steel Association (WSA), global crude steel production in 2016 was 1,604 (1,592) million tonnes, up by 0.7% compared with 2015. Chinese crude steel production was up by just over 1% in 2016 and accounted for 50% of global steel production. In the EU-28, steel production was down by just over 2% (mostly driven by Great Britain), whereas production in North America was unchanged in 2016 compared with 2015.

In North America, demand was weak early on in the fourth quarter, but the decision to impose provisional import duties on heavy plate changed the situation and demand for North American steel producers rose significantly during the second half of the quarter. Demand during the fourth quarter remained stable in Europe and the usual slowdown in demand towards the end of the year was less than normal. In Europe, stock levels at distributors are considered as being in balance, whereas they are thought to be somewhat low in North America.

Taking the year as a whole, demand in the North American market was volatile, with good demand during the first half of the year, followed by very weak demand and then recovery towards the end of the year. High import volumes of heavy plate into North America

continued until the decision in November to introduce provisional import duties. In Europe, demand growth was fairly stable throughout the year, with a certain amount of stock building during the first quarter, followed by a balance between underlying and actual demand.

In North America, market prices for heavy plate fell throughout the third quarter and continued falling during the first half of the fourth quarter. Since then, market prices have increased significantly and leading heavy plate producers have announced several price increases. In Europe, market prices for strip and heavy plate continued to rise during the first half of the fourth quarter, but stalled towards the end of the quarter. In China, market prices for both strip and heavy plate rose during the third quarter and continued to rise also during the fourth quarter.



OUR STRATEGY

OUR BUSINESSES

IMPLICATIONS

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

OPPORTUNITIES AND THREATS

• Growth opportunities in emerging markets

RESPONSIBLE PARTNER



14

GLOBAL MEGATRENDS AND SSAB'S RESPONSE

THE WORLD NEEDS STEEL

• Historically, steel consumption has grown in line with GDP Modern society depends on steel. The strong urbanization trend globally will support the demand growth for steel over the next decades • Steel has a number of unique characteristics, including excellent recyclability, and has few competitive substitutes • In the short- and mid-term, moderate growth is

to slow and at best remain flat

and in certain segments such as transport and construction equipment (required in developing cities)

• Slow growth in mature markets • Better access to scrap as collection rates increase in emerging markets

• Leading global position in high-strength steels, and capturing growth in emerging markets

SSAB'S RESPONSE

- Strong position in segments such as heavy transport and construction machinery – sectors which are activated by urbanization
- Leading position in home markets

CHINESE OVERCAPACITY SHAPES INDUSTRY DYNAMICS

 China has overinvested in new capacity, while 	,
failing to retire older, obsolete production. The	ıis
has led to growing overcapacity as demand fa	Ills

expected since Chinese demand is anticipated

- Standard steel has historically been a regional product – but taking global imbalances into account, trade between regions has increased significantly. European industry associations have advocated fair trade, resulting in import duties on some steel products from certain countries, including China
- · Unfair competition may reduce the competitiveness of the EU steel industry more burdens (taxes, CO, expenses, etc.) when compared to the situation for imported steel

- Price pressure globally: slowing growth in China forces domestic players to export steel at extremely low prices
- Risk of an extended period of low profitability in the industry
- Opportunities to differentiate, in terms of quality, lead times and services
- Leading market positions and differentiation through products, services and brands
- Flexible production setup in the Nordics the ability to increase and decrease crude steel capacity with five blast furnaces in the system
- Leading cost positions in home markets, with high ambitions for continuous improvements

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



producers in terms of sustainability, SSAB is

treated fairly in new regulations

CUSTOMERS NEED STEEL INNOVATIONS

SUSTAINABILITY TRENDS WILL TRANSFORM THE INDUSTRY

IMPLICATIONS OPPORTUNITIES AND THREATS SSAB'S RESPONSE • Speed of innovation - customers need • Need to improve product performance • Constantly improving product performance - special steels like higher yield strength and to constantly improve attributes - constant improvements in qualities • Productivity – constant pressure across the and strengths tougher wear steels value chains • Competition with other materials, • Exerting efforts to help customers in · Global customers e.g. aluminum application development - R&D, technical • Heightened expectations in terms of delivery • Demand to deliver with short lead times, and support, Knowledge Service Centers times, order tracking, control over flows, etc. an increase in demand for tailored products • Developing a unique collaboration model with • Price pressure as customers grow in size customers More sales through SSAB's own stocks and service centers, etc. • Climate change is a fact and urgent measures • As customers respond to pressures both from • Increase the penetration rate of high-strength the operational expense perspective and the steels globally - to enable reduced emissions in are required to mitigate it • To decrease emissions, more efficient use of regulatory sphere, they will need new solutions the product use phase material and energy resources is critical made from recyclable, more durable and • Educate customers on how to use high-strength • As an energy-intensive industry, steel has stronger materials steels in more applications, to benefit the significant environmental impact • Risk of different regulations for different environment regions - more pressure for steel production to • Constantly improve environmental • New regulatory requirements are coming into relocate from Europe to other regions with less performance in production – SSAB is already force regionally and globally • Customers need to reduce their environmental stringent regulations among the most efficient steel producers in footprints • Risk that industry does not keep up with terms of CO₂ emissions external demands on environmental footprints • Make sure that as one of the leading steel

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY OUR BUSINESSES

S SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



16

OUR STRATEGY



ssab's strategy is driving us to become the industry-leading producer of highstrength steels globally, the market leader in our home markets and a provider of leading value-added services.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



TAKING THE LEAD!

SSAB's "Taking the Lead!" strategy, first introduced in 2012, continues to drive the strategic decisions and actions of the company. The strategy has been updated for the coming years with renewed targets and areas of focus to align with the company's future goals and growth potential in each market. SSAB's vision – a stronger, lighter and more sustainable world – paves the way forward.

SSAB's strategy moving forward check the animated film

SSAB'S STRATEGY CENTERS AROUND TWO DIMENSIONS:

1. Where SSAB is heading – core business aspirations

These three elements represent the core business goals for us to be an industry leader in our focus areas in home markets, high-strength steels and value-added services.

2. What makes SSAB stand out – distinguishing capabilities

These elements outline the capabilities we need to focus on in order to differentiate from the competition.



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER









The Nordic and North American home markets remain the foundation for SSAB's business. SSAB aims to strengthen our home market positions in the coming years.

NORDIC REGION

Priority initiatives for SSAB in the Nordic region:

DEVELOPING THE MULTI-CHANNEL SALES STRATEGY

SSAB will further secure our Nordic home-market leadership by developing all channels to market from the steel mills. These include SSAB's own channels, including the metal distribution company Tibnor, the steel construction company Ruukki Construction, and SSAB's downstream tube business, as well as direct customers and external steel distributors with which the company has long-term agreements.

IMPROVING THE PRODUCT MIX **TOWARD PREMIUM PRODUCTS**

SSAB aims to strengthen our position both in the Nordic region and in nearby markets by gradually improving our product mix, shifting sales focus to more profitable products and those in which SSAB has special capabilities, while reducing the tail of less profitable volumes.

AMERICAS

Initiatives for maintaining plate market leadership in the Americas:

INCREASING PRESENCE IN LESS PENETRATED GEOGRAPHIC AREAS AND SEGMENTS

After having debottlenecked the mills and increased overall plate-making capacity, SSAB is geared up to grow in coming years with increased industrial activity. Starting from a leading cost position, and offering superior customer service and lead times, SSAB will target geographic segments with unmet needs in North and Central America, as well as engage with new customer segments like those impacted by new infrastructure spending.

DEVELOPING THE SALES MIX TOWARDS NEW PREMIUM OFFERINGS

In standard plate, SSAB will shift the sales focus toward premium products with higher profitability, for instance through new products and quality standards enabled by recently-installed soft reduction technology.

UTILIZING NORDIC IMPORTS AS A COMPLEMENT TO EXISTING PRODUCT OFFERINGS

The Nordic strip and plate mills complement the US mills in product grades and formats. With an improving domestic market, SSAB can increase sales in the North American market, either directly toward end customers or by utilizing cut-to-length facilities.



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER







SSAB aims for global leadership in Quenched & Tempered Steels (Q&T) and in targeted Advanced High-Strength Steels (AHSS) segments. With leading brands, a unique product offering, expertise and close collaboration with customers in developing new steel applications, SSAB is well positioned to take advantage of opportunities in high-strength steels. The company is well invested in production assets.

SPECIAL STEELS

Market development priorities for achieving growth:

UPGRADING CUSTOMERS AND MARKETS TO HIGH-STRENGTH STEELS

SSAB aims for global leadership and works directly with end customers globally to adopt high-strength steels in their designs. SSAB can accelerate adoption rates by leveraging best practices and case examples from one region to another. Structured sales training and targeted marketing are key elements for success. Fundamental trends in energy efficiency, lightweighting and safety will continue to boost growth of special steels coming years.

CONTINUED INNOVATION AND R&D IN PRODUCTS AND APPLICATIONS

SSAB has historically brought to market innovations in customer applications, products and steel making processes.

Research and development continues to be a high priority for SSAB going forward.

INCREASING PRESENCE AND PENETRATION IN NEW MARKETS

SSAB will focus on emerging markets, where the penetration of high-strength steels is still low and growth potential is high as customers upgrade their steel usage from standard to high-strength steels. These markets include Africa, the Middle East, Latin America and Asia.

GROWING BOTH STRATEGIC HIGH-END PRODUCTS AND MID-MARKET OFFERINGS

SSAB aims to grow the very high-end products, where SSAB is well positioned with a number of unique offerings in the market. Equally important is growing more common mid-market offerings. The latter can be facilitated by use of multiple brands and partner channels.

AUTOMOTIVE AHSS STEELS

Continue to develop as a leader in a growing segment

PRODUCT AND MARKET DEVELOPMENT

SSAB serves the world's leading automotive companies. SSAB will grow with new and existing customers as new markets open up and automotive fleets modernize. Short term, SSAB will expand the product range by developing new products based on existing capabilities. Longer term, SSAB is active in the development of next-generation automotive steels.

GROW IN EXISTING AND NEW APPLICATIONS

SSAB has a leading position in specific safety details related to the automotive sector. This market is expected to grow in the coming years due to continuing trends in safety standards, and in lightweighting, to meet fuel efficiency standards. In addition, SSAB aims to expand sales in new applications outside existing focus areas.



OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER







LEADING VALUE-ADDED SERVICES

Value-added services represent an important area for SSAB's long-term development, as they are an additional way the company can stand out in the competitive steel markets. Value-added services act as additional components to the strategic ambitions outlined above, supporting and enhancing SSAB's activities in our home markets and high-strength steel initiatives.

SERVICES

Develop a new business leg of SSAB

EXPANDING WEAR SERVICES AND THE HARDOX WEARPARTS NETWORK

SSAB Services sells Hardox-branded wear plate to the Hardox Wearparts Network, which comprises around 265 member companies globally. These centers provide replacement parts and services to end customers in mining, recycling, quarrying, cement and agriculture. SSAB aims to have at least 500 companies in the network by the end of 2018.

EXPANDING SSAB SHAPE SERVICES IN SELECTED MARKETS

SSAB holds similar ambitions for SSAB Shape, which offers steel-processing services for

OEMs and their sub-suppliers. As well as representing a step forward for SSAB in our customers' value chain, with potential for joint investments, this initiative also helps to enable the adoption of high-strength steels in selected emerging markets.

DISTRIBUTION

Serve the fragmented market with short lead times

GROWING STOCK SALES

SSAB aims to grow our distribution services business. Unlike many of our competitors, SSAB operates our own global stock network and can serve the end-user market with short lead times. SSAB will grow the share of stock shipments as a way of increasing the value of steel shipments to our customers.

NORDIC DISTRIBUTION

SSAB's fully-owned leading Nordic steel distributor, Tibnor, will expand its presence in all Nordic countries, expand the multi-metal offering, and lead the way in digitalization of the business.



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER







MOST FLEXIBLE OPERATIONS

To outperform peers and achieve industryleading profitability in the coming years, SSAB will continue to focus on efficiency and flexible operations.

HARVEST COMPLETED COST SAVINGS PROGRAMS

Following the 2014 combination of SSAB and Rautaruukki, a number of cost savings programs were launched. The combined effect will have reduced SSAB's total cost level, compared to the time Rautaruukki was acquired, by SEK 3.0 billion on an annual basis, with full effect from 2017 onward. SSAB will harvest the effects of these programs in coming years.

NEW CONTINUOUS IMPROVEMENT AMBITIONS

Going forward, SSAB will protect our leading cost positions in home markets by increasing our focus on continuous improvements. The aim is to achieve substantial productivity gains every year by involving all employees in improvement programs.



HIGH-PERFORMING ORGANIZATION

To achieve its ambitious strategy targets, SSAB will further develop its high-performing organization.

BE THE WORLD'S SAFEST STEEL COMPANY

Fundamental safety work at all sites should result in SSAB becoming the world's safest steel company in all parts of the company. SSAB already has a leading position in our US-based operations.

IMPLEMENT SSAB ONE AS A MANAGEMENT PHILOSOPHY

SSAB is gradually implementing our management system SSAB One to secure focus on business operations, continuous improvements and realization of strategic targets.

STRENGTHEN PERFORMANCE CULTURE AND EMPLOYEE ENGAGEMENT

Employees and leaders at all levels will align their actions and behaviors to the strategic direction.



SUPERIOR CUSTOMER EXPERIENCE

Part of SSAB's strategy is to go further than anyone else to offer customers a superior customer experience.

LEADING CUSTOMER SATISFACTION SURVEYS

SSAB strives for the highest standards on "the basics" in order to protect our position as the preferred supplier, measured through customer surveys. This includes, for instance, responsive sales processes, consistently high product quality, on time delivery reliability and more.

BUILD TRUE PARTNERSHIPS

To remain at the forefront, SSAB will continue to invest in technical support and joint innovation initiatives to help customers to get the best out of SSAB's high-strength steels. Combined with leading brands and customer brand programs like "Hardox In My Body" and "My Inner Strenx," SSAB can further strengthen customer partnerships.

SSAB's three distinguishing capabilities are described in more detail in other sections of this Annual report Business review, under the headings "Sustainable operations," "High-performing organization" and "Sustainable offering."



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





KEY ACHIEVEMENTS IN 2016

CREATING ONE COMPANY

2016 showcased the successful integration of SSAB and Rautaruukki into a unified company, one SSAB. We managed to complete the integration process without losing important customers or market shares.

ACHIEVING COST SAVINGS AND STRENGTHENING THE BALANCE SHEET

Integration was a success also financially. The synergies achieved significantly exceeded the original target of SEK 1.0-1.35 billion and were also realized one year earlier than originally planned. SSAB has now reduced the total cost level (including synergies) by SEK 3.0 billion on an annual basis compared to the cost level at the time of the Rautaruukki acquisition.

SSAB also strengthened its balance sheet through a SEK 5 billion rights issue for existing shareholders and aims for a total reduction of SEK 10 billion in net debt by the end of 2017.

INVESTMENTS TO SUPPORT STRATEGIC GROWTH AREAS

SSAB announced investments worth SEK 500 million at the Hämeenlinna and Luleå sites to support the automotive growth strategy, increased production stability and reduced energy consumption. The projects started in late 2016.

NEW. SUSTAINABLE INNOVATIONS

In April, SSAB, LKAB and Vattenfall jointly announced a long-term breakthrough emissions reduction project (HYBRIT), which is working toward a hydrogen-based steelmaking process that emits water rather than carbon dioxide.

SSAB EcoUpgraded was launched in November. It is helping customers reap the environmental rewards of using high-strength steel. SSAB EcoUpgraded highlights the benefits of upgrading to high-strength steel, which include reduced weight, improved fuel economy and extended product lifetime. SSAB Americas launched the EcoSmart concept to promote the 100% recycled content and sustainability of our steel plates produced in the USA.

During the year, SSAB also finalized an R&D project that explores the concept of SSAB SmartSteel, a digital platform that enables steel to be loaded with digital information.

NEW PRODUCTS LAUNCHED AND PROGRAM MEMBERS APPOINTED

SSAB introduced five new product families with optimized offers based on meeting the specific needs of our customers, tailoring to production processes, and maximizing end-product performance: SSAB Domex, SSAB Boron, SSAB Form, SSAB Laser® Plus

and SSAB Weathering. SSAB also launched Docol automotive and several other new or improved products such as Hardox HiTemp and Duroxite. During the year, we also appointed many new members to our "Hardox In My Body" and "My Inner Strenx" programs.

CLEAR FOCUS ON CONTINUOUS IMPROVEMENTS AND SPECIFIC GROWTH AREAS

Going forward, we will continue to implement our "Taking the Lead!" strategy with the goal to reach industry-leading profitability through growth within certain prioritized strategic initiatives and by driving efficiency through continuous improvement in all our operations.



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



23

FINANCIAL TARGETS

SSAB's strategy aims to secure the company's long-term development to create value for shareholders and other stakeholders. SSAB's main financial objective is to secure industry-leading profitability and to generate solid cash flows, enabling debt reduction and shareholder dividends.

SSAB has three financial targets within three different areas.

AREA	OBJECTIVE
Profitability	SSAB aims for an industry-leading profitability measured as EBITDA margin among comparable peers*.
Capital structure	The Group's operations are cyclical. The objective is a long-term net debt/equity ratio of 30%.
Dividends	Dividends are adapted to the average earnings level over a business cycle and, in the long term, constitute approximately 50% of profit after tax, taking into consideration the net debt/equity ratio. It should also be possible to use dividends to adjust the capital structure.

^{*} AK Steel, Dillinger, Nucor, Salzgitter, Steel Dynamics, Tata Steel Europe, ThyssenKrupp, US Steel



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



.

SUSTAINABILITY STRATEGY

SSAB's sustainability strategy supports the overall SSAB strategy. SSAB's objective is to become one of the world's most sustainable steel companies. Managing business in a sustainable way will increase the possibilities to deliver strong financial and operational results. SSAB summarizes our work in sustainability into three focus areas:

SUSTAINABLE OFFERING

SSAB's sustainable offering is our external value proposition, what we offer our customers and other stakeholders. The core of SSAB's business is to develop and produce advanced high-strength steels and Q&T steels that are stronger than ordinary steels, which in turn helps our customers to produce lighter and stronger products, thus reducing their environmental footprint.

SUSTAINABLE OFFERING



RESPONSIBLE PARTNER

SUSTAINABLE OPERATIONS

SSAB focuses on operational efficiency to ensure our operations are as sustainable as possible. SSAB works for continuous improvements to minimize emissions, aiming for material and energy efficiency, while at the same time providing our employees a safe and secure workplace with opportunities for individual, professional growth.

RESPONSIBLE PARTNER

Contributing to the communities in which SSAB operates is an integral part of the way we do business. Acting as a responsible partner refers to how we manage risks and take responsibility for business ethics and our supply chain.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





25

SUSTAINABILITY TARGETS

At the end of 2019, SSAB will have achieved the following environmental and energy targets*:

A LASTING REDUCTION OF 200,000 TONNES IN CO, EMISSIONS

- Equals 2.1% of SSAB's total CO₂ emissions
- The target corresponds roughly to 100,000 cars each driving 15,000 km
- Reduction efforts focused mainly on ore-based iron and steel production since this accounts for 90% of SSAB's total CO₂ emissions

A LASTING REDUCTION OF 300 GWH IN PURCHASED ENERGY (ELECTRICITY AND FUELS)

- Equals approximately 3.5% of SSAB's total amount of purchased energy
- The target level corresponds roughly to the energy used by 15,000 households for electricity, hot water and heat during one year

A LASTING IMPROVEMENT OF 30,000 TONNES IN RESIDUAL UTILIZATION

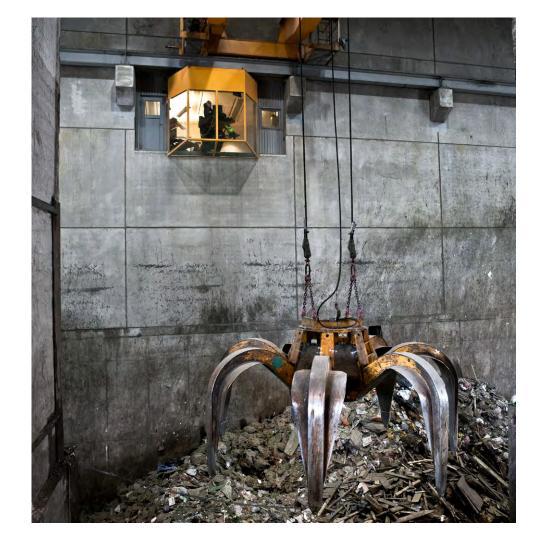
- Equals approximately 12% of the total amount of material currently sent to landfill
- The target roughly corresponds to a normal soccer field filled with 3 meters of residuals
- The target will be achieved through improved internal recirculation of materials to SSAB steel production and external sales of by-products

Annually, SSAB will have achieved the following social responsibility targets:

- Annual performance dialogs between managers and all employees
- Compliance with SSAB's Code of Conduct and behavior in accordance with the company's core values
- Training all employees in business ethics through e-learning by the end of 2016
- Completion of a self-assessment questionnaire regarding their social and environmental conditions for all suppliers registered in SSAB's purchasing system as medium- or high-risk
- Reaching an employee engagement score that exceeds the global average (This is measured every other year, and the next time will be in 2017)

By the end of 2019, SSAB will have achieved the following gender diversity target:

Women holding 30% of the top management positions in the company by the end of 2019 (up from 23% in 2015)





^{*} The base year for monitoring the targets referred to above is 2014

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER

















SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



27

SSAB SPECIAL STEELS

Per Olof Stark (1954), EVP Head of SSAB Special Steels

Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)

2,800 Employees

12,582 MILLION SEK

Sales in 2016

1.0 MILLION TONNES

Steel shipments 2016

21% 28%

Share of SSAB Group's total sales

Share of SSAB Group's total EBITDA

Close collaboration and joint projects with customers



Highlyrespected product brands







1) Excluding items affecting comparability

)

 $^{^{\}rm 2)}$ Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

BUSINESS REVIEW

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





SSAB Special Steels has global responsibility for the marketing and sales of high-strength steels, including all SSAB's Quenched & Tempered Steels (Q&T) and hot-rolled Advanced High-Strength Steels (AHSS) with yield strengths from 700 MPa and above. This steel can be further divided into structural high-strength steels, wear-resistant steels, protection steels and tool steels. All SSAB high-strength steels enable customers to build lighter, stronger and more durable products.

SSAB Special Steels has a broad service offering including local stocks, technical customer support, engineering and processing services.

SSAB Special Steels is responsible for steel production in Oxelösund (Sweden) with an annual production capacity of 1.5 million tonnes, as well as for the sales of the above products made in Mobile, Alabama (USA), Raahe (Finland) and Borlänge (Sweden).



CUSTOMERS AND END-USERS

The division's customers can be found in both the end-user and machine construction sectors in branches such as materials handling, heavy transport and all forms of lifting. A shared goal is to make lighter, stronger and more durable products that create value by higher payloads or a longer service life.

SSAB Special Steels has one of the widest product and service portfolios in the market, combined with deep knowledge of steel properties and performance. Close contact with end-users enables SSAB Special Steels to work together with equipment manufacturers to create added value by the development of new products.

Examples of end applications for special steels:

HIGH-STRENGTH STRUCTURAL STEELS:

- Mobile cranes (booms, chassis and support legs)
- Truck-mounted cranes
- Aerial work platforms
- Chassis for trailers and trucks
- Agricultural machinery
- Offshore (selected components such as jack-up rigs)

WEAR STEELS:

- Dumper bodies for both off-road and on-road use
- Buckets
- Containers
- Stationary mining equipment such as crushers
- Recycling equipment
- Wear parts for all kinds of machinery that manages material flows of some kind

PROTECTION STEELS:

- Vehicles for the safe transportation of people and valuables
- Protection for buildings and counters

TOOL STEELS:

- Molds
- Tool holders
- Axles

SSAB Special Steels' main customer segments and applications

- Heavy transport: Bodies and trailers
- Construction machinery: Dumpers, loaders and cranes
- Material handling: Crushers, buckets and transportation
- Agricultural and forest machines: Cranes, grabs and soil cultivation equipment
- Workshops for the manufacture of spare parts



BUSINESS REVIEW

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



PRODUCTS AND SERVICES

Products:

- Hardox is the leading brand of wear steels. It offers a unique combination of hardness and toughness, which in turn enables lighter, more durable structures for increased payload and longer service life
- Strenx is SSAB's high-strength structural steel product brand. Yield strengths range from 600 MPa to 1300 MPa. Its high strength combined with good impact strength and forming properties enables strong, lighter structures for increased payloads
- Raex is a distributor brand for wear steel designed to meet standard demands on the market
- **Toolox** is a prehardened tool steel available as plate and bars, with very good machinability
- Armox and Ramor are protection plate with properties designed especially for the protection of life and property

Services:

SSAB Services is a business unit set up to increase the focus on service to machine builders and the after-market business. SSAB Services consists of the Hardox Wearparts and SSAB Shape concepts, and is reported as part of SSAB Special Steels.



- Hardox Wearparts is a network of companies for the production of wear parts and provision of services. The network is represented across over 70 countries and consists of approximately 265 companies, 16 of which SSAB has an ownership interest in. Hardox Wearparts provide spare parts and advice to the local aftermarket in, for example, the mining, quarrying, infrastructure, construction and recycling sectors
- **SSAB Shape** combines our premium steel products with engineering and processing services offered through SSAB's own Shape centers and an independent worldwide network of plate processing suppliers
- Stock sales from our own stocks is how SSAB. ensures good availability of plate as required and where it is actually used
- **Technical support** empowers customers to develop their activities and products to become even more competitive.

The provision of broad technical generalists and highly-experienced specialists makes technical support one of the cornerstones of SSAB Special Steels' approach to growing the market for high-strength steel.

GENERAL MARKET CONDITIONS AND DEMAND

SSAB Special Steels has operated in a tough market environment as many industries such as the mining sector and the market for construction machinery have been stagnant or in decline. Heavy transportation has been one of the best developing segments over the past year.

Customer demand for lighter and more sustainable products is driving development toward increased use of high-strength steels. SSAB steels offer the possibility to build lighter products with a longer lifecycle in a way that reduces component wear and lowers fuel consumption, increases lifting performance and enables higher payloads. Market share of high-strength steels is increasing in all markets, although the penetration rate in emerging markets is considerably lower than in mature markets.

MARKET AREAS AND MARKET SHARE

SSAB Special Steels

- Is represented in most of the global market. Market shares vary greatly depending on products and geography. The highest market share is in Q&T steels
- Has a strong market position in main customer segments such as construction machinery, heavy transport and the aftermarket business
- Focuses on growing the total high-strength steel market through continuous work on upgrading
- Has about 50% of sales in Europe and almost 20% in North America
- Considers Latin America, Africa and Asia important regions for future growth



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



30

STRENGTHS

SSAB Special Steels is a leading developer and manufacturer of wear, structural, protection and tool steels.

- World's widest product portfolio
- Close collaboration and joint projects with customers result in more highly paced development and increased competitiveness
- Well-known and highly-respected product brands
- Long-standing customer relations
- Competitive lead-times and service on a global scale
- Steel service centers and own stocks in approximately 160 locations in more than 50 countries worldwide
- A unique combination of expertise regarding the development of steels, design and know-how regarding applications

STRATEGY

SSAB Special Steels aims to be the global leader in wear, structural, protection and tool steels, as well as in related value-added services.

Strategic priorities:

- Focus on safety in all parts of the division
- Maintain position as innovation leader with unique product and service portfolio
- Expand the downstream processing service portfolio with Hardox Wearparts and SSAB Shape
- Work closely with potential and existing customers to upgrade to high-strength steels
- Accelerate growth by upgrading in new segments and new markets

COMPETITORS

International steel product manufacturers such as Dillinger Hütte, NLMK Clabecq, Voestalpine, ArcelorMittal, ThyssenKrupp, Tata Steel Europe, JFE and Nucor.



2016 IN BRIE

- Completed synergy and cost reduction programs and restructured organization to better support customers
- Increased focus on safety through various training initiatives
- Began rolling out new, more efficient order system
- Launched Hardox HiTemp, intended for use in abrasive environments at elevated temperatures
- Launched Strenx 1100 MC to further broaden the Strenx program in the lighter gauge area
- Launched EcoUpgraded concept to enable customers to display the benefits of using high-strength steels to minimize carbon dioxide footprint
- Began project for carbon free internal transportation in Oxelösund
- Grew Hardox Wearparts network, with 90 new companies joining the program
- Strengthened "Hardox In My Body" and "My Inner Strenx" programs and signed contracts with more than 100 new companies
- Increased local presence by establishing new stocks on emerging and established markets

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



31

SSAB EUROPE

Olavi Huhtala (1962), EVP Head of SSAB Europe

Leading Nordic-based steel producer of high-quality strip, plate and tube products

6,900 Employees

25,831 MILLION SEK

Sales in 2016

3.7 MILLION TONNES

Steel shipments 2016

SSAB Europe

39% 48%

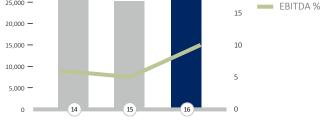
Share of SSAB Group's total sales

Share of SSAB Group's total EBITDA

Growth in automotive segment and in other premium products







1) Excluding items affecting comparability

²⁾ Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



SSAB Europe is a leading producer of high-quality steel strip, plate and tube products. SSAB Europe's processing centers tailor products to customer needs. A focus on working closely with customers and understanding their needs, together with our know-how of high-strength steel production and use, combined with the value-added services our customers need, makes SSAB Europe stand out from other steelmakers.

SSAB Europe's focus is on the home market in the Nordic region, as well as on selective growth areas in continental Europe and internationally. SSAB Europe's main production sites are located in Raahe and Hämeenlinna (Finland), and in Luleå and Borlänge (Sweden). Production is based on integrated blast furnace processes. SSAB Europe's steel mills have an annual production capacity of 4.9 million tonnes.



Other production sites include the color-coating lines in Finspång (Sweden) and Kankaanpää (Finland). The division also has tube production in Hämeenlinna, Lappohja, Oulainen, Pulkkila and Toijala (Finland) and in Virsbo (Sweden), as well as processing sites in the Netherlands, Norway, Russia, Poland, Sweden and the UK.

CUSTOMERS AND END-USERS

SSAB Europe's broad product portfolio allows the division to serve customers in diverse segments and in a wide range of applications.

SSAB Europe sells products both directly to end customers and to service centers and wholesalers. Some of the products for the Nordic and Baltic markets are also supplied via Tibnor.

SSAB Europe's main customer segments:

- Construction & infrastructure
- Automotive
- Industrial applications
- Heavy transportation
- Energy
- Construction machinery
- Service centers

SSAB Europe supplies different steel grades to major OEMs in the heavy and commercial vehicle sector. Like manufacturers of passenger vehicles, these manufacturers are seeking the benefits of lightweighting and more efficient fuel consumption. The division sells its products also to major agricultural machinery makers. Heavy plates are used extensively in the Nordic markets and within Europe in the energy sectors, while color-coated materials are used primarily by manufacturers of steel roofing and rainwater systems, particularly in the Nordic and Eastern European markets.

PRODUCTS AND SERVICES

SSAB Europe has a broad product offering through internationally well-known product brands. Yield strength classes of hot-rolled products reach up to 700 MPa. (Steel grades exceeding this strength level in hot-rolled products come under SSAB Special Steels' product offering.) Cold-rolled and galvanized products are available in tensile strengths ranging from 200 to 1,700 MPa. SSAB Europe's product offering also includes customized products for diverse uses from mild deep drawing steel to ultra-high-strength steel for dual applications. In addition, SSAB Europe can provide leading color-coated products



designed for specific needs based on many different coating systems and various specially developed base steel grades.

The full range of products includes the following:

- Hot-rolled plate products
- Hot-rolled strip products
- Cold-rolled strip products
- Metal-coated strip products
- Color-coated strip products
- Tubes and sections
- Infra products

SSAB Europe's setup enables high availability, short delivery times, advanced logistics services with high delivery accuracy and a high degree of flexibility to meet customer needs, particularly in the Nordic region. Customers can also obtain steels in the formats that best meet their needs. SSAB Europe's service

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



33

offering also includes technical advice and workshop support, training and more.

GENERAL MARKET CONDITIONS **AND DEMAND**

Steel demand in Europe has been at historically weak levels during the past few years, but modest growth is expected in the years to come. The European economy is generally reasonably strong, but uncertainty is high and there are several risks. There are large regional differences and attractive growth potential for SSAB Europe's products and services in a number of geographical areas and segments. Development within the automotive sector in particular presents interesting growth potential.

The European steel industry continues to suffer from excess capacity and also imports from producers in other parts of the world. The European steel industry is characterized generally by tough competition, with a margin squeeze when comparing raw material prices with steel prices on the market. However, the squeeze on prices varies from one product to the next and is also impacted at times by anti-dumping measures.

MARKET AREAS

- In the Nordic region, SSAB Europe is a market leader with a complete portfolio of high-quality steel products
- SSAB Europe has a leading position within selected Advanced High-Strength Steel (AHSS) applications for the automotive industry
- In Russia, a market presence has been built up in recent years
- In color-coated products, SSAB Europe has leading products and a strong product brand - GreenCoat
- SSAB Europe has an extensive portfolio of high-quality tube products developed by the company's own product development team
- Nordic countries account for about 50% of sales, rest of Europe about 40% and rest of the world about 10%

Historically strong in Western Europe, SSAB Europe is now seeing increasing opportunities to develop sales activities in Eastern Europe.

SSAB Europe's many important market segments indicate the extent of the company's customer offering: the automotive industry. heavy transportation, lifting, yellow goods/

construction machinery, offshore, agriculture, the construction industry and energy.

SSAB Europe is the only steel tube manufacturer in the Nordic countries with an extensive selection of tube products and sections to meet the needs of the construction. automotive and manufacturing industries.

STRATEGY

The Nordic region home market is a core part of SSAB Europe's strategy and the ambition is to continue developing the market, including the value-added offering, while maintaining our position as the most reliable supplier and customer's first choice.

Other important strategic focus areas are to continue growing the Advanced High-Strength Steel (AHSS) business for the automotive industry globally, focusing on selected areas of application, and to grow the more unique steel products in a number of different segments.

The merger of SSAB and Rautaruukki has created a more competitive and flexible production system by successfully leveraging major synergies and achieving better utilization of production assets. The combination has also



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



enabled an optimized product portfolio based on the best products from both companies.

Continued improvements in efficiency and productivity are also an important part of SSAB Europe's strategy and are primarily being driven by continuous improvements across the organization.

Throughout Europe, the focus is on supplying value-added material to customers in all markets, pursuing a strategy of selective growth rather than commodity sales.

Strategic priorities:

- Focus on working safely throughout the division
- Secure and develop the Nordic home market
- Grow advanced high-strength steel in the automotive industry
- Grow more unique products in selected categories and markets
- Realize improvements in efficiency and productivity, together with improved quality and delivery accuracy through continuous improvements

STRENGTHS

- Market leader in the Nordic countries
- Close collaboration with customers to create a superior customer experience
- Broad product portfolio with unique and strong product brands
- Strong, growing customer base in Europe
- Leading technology and materials expertise
- Flexible production capacity
- Steel products tailored to customer-specific needs
- Strong partner and distribution network

COMPETITORS

SSAB Europe's main competitors include ArcelorMittal, Dillinger, Salzgitter, ThyssenKrupp, Tata Steel Europe, US Steel and Voestalpine.



2016 IN BRIEF

- Completed synergy and cost reduction program with results that exceeded targets
- Showed positive development in safety performance
- Launched five new SSAB product families, developed in response to specific customer needs
- Introduced several new products, e.g., hot-rolled grades for automotive chassis, Docol HR 800 and 1000, electrogalvanized ultra-high-strength steel for automotive safety parts, Docol 1500 MZE and ultrahigh-strength structural strip steel, Strenx 1100 MC
- Restructured the division to better support strategy execution
- Made decision to invest more than SEK 500 million in Nordic operations in Hämeenlinna and Luleå to support the automotive growth strategy, increase production stability and reduce energy consumption
- Honored by Adient (formerly part of Johnson Controls) with Platinum Award for supplier performance

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



35

SSAB AMERICAS

<u>Charles Schmitt</u> (1959), EVP Head of SSAB Americas

Market-leading North American producer of quality steel plate and coil

1,200 Employees

10,639 MILLION SEK

Sales in 2016

1.9 MILLION TONNES

Steel shipments 2016

19% 14%

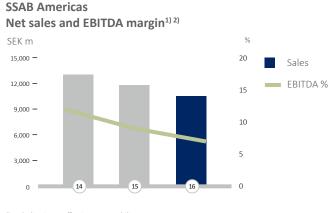
Share of SSAB Group's total sales

Share of SSAB Group's total EBITDA

Strong production base with an industry-leading quality and cost position



Nearly 100% scrap-based production



1) Excluding items affecting comparability

²⁾ Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

BUSINESS REVIEW

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



SSAB Americas is the largest producer and supplier of steel plate in North America, strongly positioned and highly recognized in the region for cost-efficiency and quality.

SSAB Americas' modern steel mills are located in Mobile, Alabama and Montpelier, Iowa and have a combined annual production capacity of 2.4 million tonnes. Both mills utilize a scrap-based, electric arc furnace method to produce steel. The mills are strategically located to cover the industrial heartland in North America, with access to the strategic port systems, intercoastal waterways and major railways provide logistical advantages.

SSAB lowa has a modern, world-class research and development facility adjacent to the steel mill. It contains some of the most cutting-edge testing, simulation and metallographic equipment in the world.

SSAB Alabama has one of the world's most advanced quenching and tempering (Q&T) lines with a capacity to produce 300,000 tonnes of Q&T heavy plate a year.

In addition to the two steel mills, SSAB Americas has three cut-to-length facilities located in Houston, Texas; St. Paul, Minnesota; and Toronto, Ontario (Canada). With the flexibility to handle both SSAB's steel as well as steel from external suppliers, these locations process coils of various widths, gauges and grades to meet customer-specific requirements with an enhanced service model.

CUSTOMERS AND END-USERS

SSAB Americas manufactures a wide range of quality steel products including advanced high-strength steels that are used in various industries. SSAB Americas sells products both directly to end-customers and to steel service centers.

Main customer segments:

- Energy: Gas, oil, offshore structures, transmission towers, wind turbines and petro-chemical tanks
- Heavy transport: Railway transport, ships and offshore, agriculture, forestry and fishing
- Construction: Lifting, yellow goods, construction machinery
- Infrastructure: Water transmission, storage tanks and bridges
- Service centers: Plate and coil
- Mining: Earthmoving equipment

PRODUCTS

- Heavy plate
- Plate coils
- Heat-treated plate
- Normalized plate
- Quenched and Tempered plate
- Other products
- Hot-rolled coil
- Cold-rolled coil
- Metal-coated products
- Pre-painted products

GENERAL MARKET CONDITIONS AND DEMAND

The North American market for plate has been challenging as the strong dollar has been a challenge to US industry, imports from Asia have been high, and low oil prices have decreased investment in the energy sector. The US has experienced a record surge of unfairly traded imports severely impacting market share. The outlook is a modest improvement in line with the overall improvement of the US economy. Recovery within the general construction and civil engineering segments is improving employment in the construction sector and increasing equipment utilization rates.

The automotive market is expected to continue to grow at a high level in the coming years, as



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



will construction, notably infrastructure, as investment dollars are deployed from the passage of the FAST Act. Wind tower and other alternative energy equipment continue to be excellent applications for plate products.

MARKET AREAS AND MARKET SHARE

- SSAB is the largest producer and supplier of heavy plate in North America, with a market share of approximately 20–25%
- SSAB maintains a strong market position in energy and heavy transport customer segments
- US accounts for about 85% of sales, Canada 10% and Latin America 5%

STRENGTHS

- Strong North American production base with an industry-leading quality and cost position
- Two modern production facilities, electric arc furnaces (EAF), which use recycled scrap metal as raw material
- Close partnership with customers to develop unique customized products and solutions

SSAB Americas is also strongly committed to the environment as evidenced by numerous recycling projects:

- Scrap tire recycling program
- Electric arc furnace dust recycling
- Facility recycling/sorting areas
- ISO certifications for quality, environment and safety management (9001, 14001 and 18001)

STRATEGY

SSAB Americas' goal is to maintain the leading position on the heavy plate market and to gradually expand capacity to capture some of the expected market growth. Further investment decisions will be made based on the assessments of long-term supply and demand, and the ability to maintain the leading cost position.

- Focus on working safely throughout the division
- Provide industry-leading customer service levels and e-commerce options
- Strengthen the low-cost leadership position, with continuous improvement processes

COMPETITORS

SSAB Americas' primary competitors are local steel producers, such as Nucor and ArcelorMittal, and imported products.



2016 IN BRIEF

- Earned prestigious supplier awards and certifications from Trinity, John Deere, Komatsu and Caterpillar
- Launched new customer portal, through which customers can access order information, certificates and more through a self-service website, with more than 300 customers already registered
- Launched EcoSmart, a new customer awareness program to demonstrate commitment to environmental sustainability
- Achieved top performance in safety, ending the year well above the industry average in safety performance in terms of both recordables and lost time injuries
- Scored top ratings in quality and e-commerce versus peers based on third-party survey*
- Completed Melt Shop productivity projects at SSAB Alabama to further enhance productivity and efficiency
- Set shipping records in May 2016 at SSAB lowa, surpassing plate and total shipment records previously set in 2008 and 2011

^{*} Source: Jacobson Report

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



38

TIBNOR

Mikael Nyquist (1963), President Head of Tibnor

Leading Nordic supplier of steel, other metals and processing services

1,100 Employees

6,879 MILLION SEK

Sales in 2016

10,000

Approximately 10,000 customers in the Nordics and Baltics

12% 4%

Share of SSAB Group's total sales

Share of SSAB Group's total EBITDA

Logistics expertise and modern customer service solutions



Extensive product range and specialized processing services



1) Excluding items affecting comparability

²⁾ Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

•

BUSINESS REVIEW

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



Tibnor supplies steel and other metals to industry in the Nordics and Baltics. Tibnor offers a complete range of steel, other metals and related processing services in line with different segment and customer needs. Tibnor plays an important role in securing SSAB's leadership on the home market, where distribution channels constitute a major part of the Nordic steel market.

Tibnor has built a strong brand through an extensive product offering and strong focus on value-adding processing services, as well as efficient logistics and customer service solutions. Tibnor's presence and way of working in the Nordics and Baltics is unique and allows more efficient resource balancing between units in different countries.



Tibnor processes the materials - steel and other metals - before delivery to customers. Products delivered to the customer can be used directly without further preparation. Tibnor's machinery and equipment is specialized in different materials, which enables it to meet very complex customer needs. Tibnor has three processing units in Finland, five in Sweden, three in Norway, as well as units in Denmark and Lithuania.

The distribution and processing business accounts for about 85% of sales, with direct mill supplies accounting for the remaining 15%.

CUSTOMERS AND END-USERS

Tibnor's customers are Nordic and Baltic industrial companies, for example manufacturers, OEMs and subcontractors, using steel and other metals in their manufacturing processes and/or end products. Key segments are:

- Subcontracting
- Engineering
- Automotive, including heavy vehicles
- Construction

Tibnor has approximately 10,000 customers in the Nordics and Baltics.



PRODUCTS AND SERVICES

SSAB's product range represents approximately 45% of Tibnor's sales. Other producers' commercial and special steel products distributed by Tibnor include engineering steel and long products, such as beams, merchant bars and hollow sections used for building purposes, as well as rebars for the construction industry. Stainless steel and non-ferrous metals, mainly aluminum and copper, account for approximately 20% of sales.

For the customer, outsourcing non-core competences to a professional, specialized processing partner means an ability to increase overall profitability and competitiveness. Customers save investment capital, improve production efficiency, increase flexibility, cut material wastage and can improve end-product quality.

As a steel distributor, Tibnor is a logistics expert with a well-established distribution system that works with different logistics flows. Logistics solutions range from 24-hour stock deliveries to individual material flows designed to meet customer needs. For customers, this means that materials are delivered at the right time and at the right quality. We can deliver within 24 hours. Delivery reliability is over 95% with just-in-time delivery on the promised day.

Tibnor also offers customers a variety of contact points and supporting service solutions depending on their needs and preferences. Customers can choose between using e-services, EDI, a webshop or personal service. This makes it easy for customers to choose materials, create their own offers, place orders, access documents or work with automated solutions.

GENERAL MARKET CONDITIONS AND DEMAND

Close to 55% of all steel delivered in the Nordic region is supplied through distributors. Value-adding services are of increasing importance for industrial customers, who increasingly seek to focus on their core activities.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





MARKET AREAS AND MARKET SHARE

Tibnor has a strong presence in the Nordic region, with Sweden accounting for about half of the sales, followed by Finland and Norway, both at about 20%, and then Denmark and the Baltics.

Tibnor has a share of around 20% of the Nordic distribution market.

STRATEGY

- Be a meeting point for Nordic and Baltic manufacturers and suppliers where our know-how and expertise and that of our customers and suppliers converge to create smarter solutions
- Be customers' and suppliers' first choice by being a strong partner with a common way of working and running the operations throughout the Nordic countries
- Win market share through the broadest product and service offering in the Nordics
- Continue development of value-added services through an extensive network of highly specialized processing units
- Expand digital services to all countries of operation
- Increase internal efficiency by making full use of competences, assets and buying power on a Nordic level

STRENGTHS

- The best and most extensive network in the Nordic market
- Highly skilled and professional employees with a drive for solving customer needs
- Extensive product range and specialized processing services combined with logistics expertise, strong distribution network and modern customer service solutions
- Good delivery accuracy and short leadtimes with services that help customers to improve their flows
- Strong relationships with material suppliers to enable high-quality customer support regarding choice of material

COMPETITORS

Competitors include BE Group, Stena, Norsk Stål and Kontino, as well as a number of national local companies and niche players.





- Completed synergy and cost reduction program exceeding targets
- Initiated a project to relocate operations from Luleå to Linköping to increase efficiency
- Initiated a project to centralize component production on the Seinäjoki unit in Finland to increase efficiency
- Implemented in Finland the Tibnor
 Direkt concept already used in Sweden
- Celebrated organization's 40th birthday in June
- Began construction on new 5,500-m² center in Seinäjoki, Finland
- Awarded "Supplier of the Year" status by Toyota Material Handling Manufacturing Sweden
- 2016 Silverbalken award received by President Mikael Nyquist
- Launched Tibnor's Safety Day in October

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



41

RUUKKI CONSTRUCTION

Sami Eronen (1971), President Head of Ruukki Construction

Sustainable building and construction products and services in Europe

2,500 **Employees**

5,304 MILLION SEK

Sales in 2016

Operations in 15 countries

9%

Share of SSAB Group's total sales

6%

Share of SSAB Group's total EBITDA

Operates both in the residential and non-residential construction segments



Recognized Ruukki brand





1) Excluding items affecting comparability

²⁾ Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

BUSINESS REVIEW

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





Ruukki Construction's services include the design, manufacture and installation of building frames, envelope structures and roofs. These services are available either on a product-specific basis or optimized as a package from one and the same supplier.

The product portfolio includes steel-based structures such as steel frames and sandwich wall panels, as well as profiled building components such as load-bearing sheets and residential roofing products. Ruukki Construction's aim is to provide products of economically, technically and architecturally high-performance and to promote sustainability at all stages in the lifecycle of our customers' buildings.

Ruukki Construction has operations in 15 countries, with production units in Seinäjoki, Alajärvi, Vimpeli and Ylivieska (Finland); Zyrardow and Oborniki (Poland); Obninsk and Balabanova

(Russia); Gargždai (Lithuania); Tunari (Romania); Anderslöv, Järnforsen and Landsbro (Sweden); Pärnu (Estonia) and Kopylov (Ukraine). Ruukki Construction's major steel supplier is SSAB Europe. External steel suppliers, mainly in CEE and Russia, play a minor role. Competitiveness is secured by market-level pricing from all suppliers.

CUSTOMERS AND END-USERS

Ruukki Construction's customers operate in many activities across many countries. The most important decision-making groups are:

- Architects and structural designers
- Main contractors and installation companies
- Real estate owners and developers
- Residential roofing dealers and tin smiths
- House owners

CORE BUSINESS SEGMENTS

- Non-residential construction
- Residential construction

PRODUCTS AND SERVICES

- Steel roofs, rainwater systems and accessories for residential construction
- Components such as sandwich panels, load-bearing sheets and façade claddings for non-residential construction
- Frame solutions used in non-residential buildings

- Delivery package optimization based on customer needs
- Design and installation

OPERATING ENVIRONMENT AND GENERAL MARKET DRIVERS

Ruukki Construction operates both in the residential and non-residential construction segments.

General market drivers:

- All construction segments from residential to non-residential are facing transformation due to changes in information technology, consumer behavior and new, more sustainable values
- Greener, smarter solutions are increasing in popularity and environmental transparency is becoming a norm
- Investment timespans are shrinking and demand is growing for buildings that can be

- modified to take into account changing needs
- Renovation construction is experiencing market growth
- Construction business is becoming more service driven

MARKET AREAS AND MARKET SHARE

 Operations in the Nordics represent approximately 60%, Baltics 10%, Central Eastern Europe 20% and Russia and CIS 10% of Ruukki Construction's sales

STRATEGY

Residential roofing products:

ENSURE EASY AND RELIABLE ROOFING EXPERIENCE FOR CUSTOMERS

- High service focus to key customers and improve availability of products
- Easy and reliable roofing experience supported with good e-services
- Scale benefits in production, raw material harmonization to improve efficiency

Building components:

FOCUS ON THE WHOLE BUILDING LIFECYCLE

• Differentiate with an energy-efficient, architectural and sustainable portfolio



Building systems:

IMPROVE COST EFFICIENCY EVERY DAY WITHOUT COMPROMISING SAFETY, QUALITY AND CUSTOMER COOPERATION

- Focus on cooperation with customers in chosen markets and prioritized segments
- Focus on cost optimization and efficiency in all project phases and functions benefiting end customer: One project, one team

STRENGTHS

- Recognized brand in core customer segments
- Product and service innovations benefitting from advanced technology
- Quality, sustainable, certified products with extensive warranties
- Wide-ranging know-how covering frame and envelope structure design, consultancy, manufacturing and installation optimized from one and the same supplier
- Production capacity to meet requirements for large projects
- Strong steel construction materials know-how



COMPETITORS

Building components and residential roofing:

- Component suppliers such as Kingspan, Paroc, Trimo, Lindab, Weckman Steel, Metall Profil, Balex Metal and Blachy Pruszynski
- Construction business of global steel companies
- Small, local companies
- Alternative construction materials

Building systems:

- Steel frame manufacturers
- Procurement models based on small part-projects
- Alternative construction materials



- Continued efficiency program to reduce costs
- Began several projects, including the design, production and installation of steel frames in Norway, Sweden and Czechia
- Opened new Ruukki Express sales outlets in Latvia. Poland and Finland
- Celebrated 20 years in Czechia
- Appointed Sami Eronen new head of Ruukki Construction
- Launched "Building your tomorrow," a clear customer value proposition
- Migrated website to new technology platform
- Launched new Ruukki Classic Silence roofing material
- Launched new Ruukki Emotion façade system

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



44

SUSTAINABLE OFFERING



SSAB's sustainable offering is our external value proposition, what we offer our customers and other stakeholders. The core of SSAB's business is to develop and produce Advanced High-Strength Steels (AHSS) and Quenched and Tempered Steels (Q&T) that are stronger than ordinary steels, which in turn helps our customers to produce lighter and stronger products, thus reducing their environmental footprint.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



HOW WE WORK WITH CUSTOMERS

SSAB's business model is built on fostering close, long-term customer relationships. Through intense collaboration, SSAB continuously develops new products, applications, services and processes in order to constantly enhance our market offerings.

Unlike many steel companies who only act via distributors, SSAB works also directly with OEMs, manufacturers and subcontractors through our own sales force. We support our customers in developing better and more competitive products. We help them to increase productivity and thereby to reduce costs.

To remain at the forefront in the industry, SSAB will continue to invest in research and development, technical customer support and joint innovation initiatives to get the most out of SSAB's high-strength and advanced high-strength steels. At the same time, the organization strives toward the highest standards in terms of product quality, shorter lead times and delivery reliability.

DEVELOPMENT IN COLLABORATION WITH CUSTOMERS

As early as possible in the development of a new product – be it a tipper, a dumper or a crane – SSAB's qualified applications engineers work to support the customer in developing solutions

that best utilize the qualities of each steel grade. This is how SSAB enables customers to produce stronger, lighter and more durable end products.

With an extensive network of local service centers, SSAB provides prefabrication and steel processing services so customers can focus on their core business. Our service centers can supply slit coil, cut-to-length plate and other formats according to customer specifications. This is how we help our customers to improve their production efficiency, cut material waste and improve end product quality.

SSAB Shape combines premium steel products with engineering and processing services offered through our own Shape Centers and a worldwide network of processing partners.

- Customized product development and engineering
- Extensive design support and prefabrication services
- Reliable, tailor-made logistics and stock services

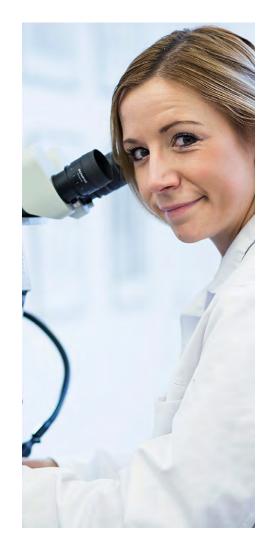
SSAB Tech Support has a high local presence worldwide and can visit customers at short notice to solve acute problems or to initiate longer-term co-development projects.

SSAB Tech Support can answer general customer questions about design, welding, forming and wear, and the team works closely with SSAB's specialist groups at the Knowledge Service Center for questions requiring more specialized expertise. Tech Support is the first contact for customers looking for technical support from SSAB.

RESEARCH AND DEVELOPMENT

SSAB's expertise in high-strength steels is based on continuous and focused research and development. SSAB conducts market-driven research and development with a focus on product development, customer applications and process development. Relevant customer segments are identified through a structured process, where the lighter, stronger and more durable steel applications fill critical functions and add value.

SSAB's research work is governed by the mandate that SSAB's products will be the first choice for customers worldwide and will set the standard for performance in selected market segments.



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



Research and development centers:

- Borlänge and Oxelösund (Sweden)
- Raahe and Hämeenlinna (Finland)
- Montpelier (Iowa, USA)

Nearly a quarter of the employees at these research facilities hold doctorate degrees in technical fields from top universities. This high-end knowledge base ensures cutting-edge research in the industry. In addition to product improvements, research and development teams also focus on ways to enhance production and processing.

SSAB's research and development is focused primarily on advanced high-strength steels and wear steels, with an emphasis on those segments where demands on the steel are particularly critical. Increased environmental awareness has also been an important driving force in development work, as evidenced by high-strength steels that enable more energy-efficient transportation and lower CO₂ emissions. Lastly, knowledge about production processes, material recycling and efficient use of resources is also of great importance to SSAB's research and development.

SSAB key factors for successful research and development:

- Market-driven research and development
- Qualified and skilled employees
- Effective portfolio and project management
- Focus on effective problem-solving
- Work environment that encourages collaboration and innovation
- Strong external networks

BALANCED PROJECT PORTFOLIO

To remain a market leader in high-strength steels, SSAB must maintain a long-term perspective for research and development efforts. SSAB therefore recognizes the necessity of long-term development. Long-term projects can last as long as five to ten years.

Development projects begin with specific customer requirements, changes in the outside world, market analysis or develop around basic research on the steels' core properties. SSAB strives for a good balance between these categories.

AFTERMARKET BUSINESS

The aftermarket has always been an important part of SSAB's business. Much of SSAB's know-how comes from experience gained in the spare parts, repair and maintenance

How we work with customers



business, where new ideas are born and many new products developed.

Hardox Wearparts:

- An international network for customers manufacturing parts made of Hardox wear plate
- Experience and data gained from the network are being used to further develop the offerings, including developing solutions for customers' aftermarket needs

Hardox Wearparts is a one-stop shop for wear parts – servicing customers in the aftermarket, in industries like mining, quarrying, cement and recycling. To serve customers in these segments, SSAB's wear steel portfolio has been broadened to include overlay and other complementary products. As part of the offering, we can even measure and identify abrasion on existing equipment, analyze utilization conditions and needs, and calculate advantages using new and improved tools such as 3D scanning or the WearCalc calculation tool.

Along with the more than 265 companies included in the Hardox Wearparts network, SSAB continues to grow and develop the business worldwide.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





ENVIRONMENTAL BENEFITS FROM SPECIAL STEELS

SSAB offers customers a broad range of high-strength and wearresistant steels that enable better energy and material efficiency, as well as strength and durability for the applications in which they are used. Lighter vehicle weight also means higher payload capacity and improved fuel economy.

In 2016, SSAB launched the SSAB EcoUpgraded concept, which highlights the environmental benefits of upgrading to high-strength steel, including the reduced emissions from lower weight, improved fuel economy and extended product lifetime, but also from SSAB customers using less steel, when upgrading to high-strength steels.

OPTIMIZED WEIGHT AND FUEL CONSUMPTION IN THE TRANSPORTATION SEGMENT

The environmental and financial advantages of using high-strength steels are significant in active construction applications such as trailers, trucks, materials handling and lifting equipment, and construction machinery. Used in these applications, SSAB's high-strength steels reduce the weight of vehicle structures by enabling minimum steel thickness through new structural design.

Structural redesign can also reduce production costs, e.g., through less welding and improved usability. Lower vehicle weight leads to

increased payload capacity and lower fuel consumption and emissions. For example, the weight of trailer bodies made with SSAB's high-strength steels can be reduced by up to 30% compared to using traditional steel grades.

In applications such as lifting equipment, where high load-bearing capacity is required, the use of high-strength steel enables stronger designs. At the same time, structural wall thickness is reduced, resulting in material weight savings which can lead to lower fuel consumption and reduced emissions.

Automotive manufacturers are also calling for lightweight, durable materials with beneficial environmental properties that are manufactured with resource efficiency. SSAB's cold-rolled advanced high-strength steels help to make it possible to develop safer and lighter vehicles with lower emissions.

Our advanced high-strength steels have been especially engineered for safety applications

in cars with stringent requirements for reduced weight and high energy absorption.

PROLONGED SERVICE LIFE OF MACHINERY AND EQUIPMENT

SSAB's wear steels are Quenched and Tempered (Q&T) steels that are used in a range of machinery and equipment in mining, quarrying, recycling and road building segments. All of these applications require the hardness and toughness that are characteristic of Q&T steels.

Use of Q&T steels in buckets, crushers, blades, shredders and tippers provides greater resistance against wear, which in turn improves machinery performance and extends service life. Additionally, lighter weight machinery offers cost benefits to end-users and reduces the environmental impact over the machinery's lifecycle.

IMPROVED ENERGY-EFFICIENCY AND ECO-FRIENDLINESS WITH COATINGS

SSAB develops new functional surface coatings that lower energy consumption and maintenance costs, improve surface durability and extend the lifespan of buildings. There are several coatings that contribute to more environmentally friendly and sustainable construction.

Thermal coatings reflect solar radiation when used on the building's exterior and thermal

radiation when used on the building's interior leading to decreased energy consumption for heating and cooling.

Some coatings are partly based on plant oil instead of traditional fossil oil – a technology that has been patented by SSAB and is unique in the market. The result is an improved coated steel product, with a prolonged service lifetime and reduced environmental footprint.

30%

lighter trailer bodies when using SSAB's high-strength steels compared to using traditional steel grades

SSAB Special Steels

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



48

CASE:

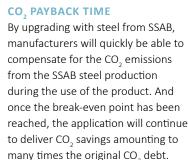
Upgrade and save in CO₂ emissions – SSAB EcoUpgraded concept

The objective of the SSAB EcoUpgraded concept is to find applications with good potential for reducing CO₂ emissions during use. Looking at each specific application, SSAB can compare the potential CO, savings in its use phase to the CO, emitted during production, thereby identifying products that would benefit the most from an upgrade to high-strength steel.

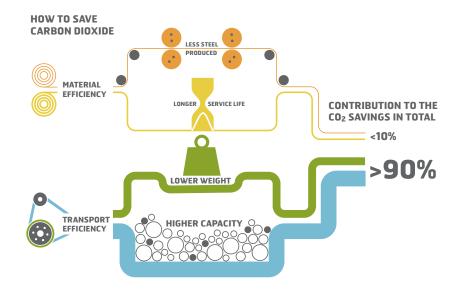
HOW TO SAVE CARBON DIOXIDE

With high-strength steel, the end product can be designed lighter (less steel produced). With wear-resistant high-strength steel, the end product also lasts longer (longer service life). With lower weight, the end product will need less fuel for the same work (lower fuel consumption). Fewer trips for the same load is the result when the reduced own weight leads to increased payload (higher capacity).

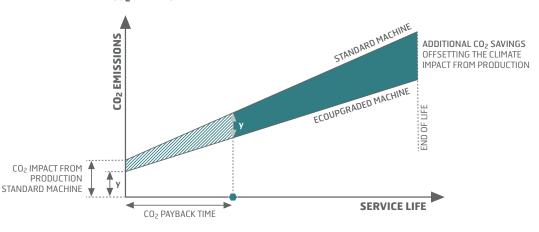
manufacturers will quickly be able to compensate for the CO₂ emissions from the SSAB steel production during the use of the product. And once the break-even point has been reached, the application will continue to deliver CO₂ savings amounting to many times the original CO₂ debt.











OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



49

CASE:

EcoSmart, SSAB Americas' new customer awareness program, launched in 2016

When it comes to sustainability, SSAB Americas is making a world of difference. In April 2016, in honor of Earth Day, the division launched EcoSmart, a new awareness program that lets US customers know about the company's commitment to environmental sustainability. In short, SSAB Americas is making planet-friendly products using a planet-friendly process, and EcoSmart is a way to communicate about it.

The EcoSmart program emphasizes both the key product and process attributes of steel produced by SSAB Americas. Nothing changed about the way the steel is produced in the US or the organization's commitment to sustainability. EcoSmart is simply a way to communicate succinctly to customers and other external audiences about the great work SSAB Americas is already doing to produce environmentally sustainable steel. Benefit messages include steel recyclability, water recycling, waste minimization and increased use of renewable energy.

SSAB Americas' strategic customers began hearing about EcoSmart throughout the year through customer meetings and other communications. Sales team members have taught customers the ways in which all steel made by SSAB Americas is superior in its minimized environmental impact, and why it's their smart choice. Customers in the program received brochures and other materials, and now have EcoSmart labels and tags on all steel they buy from SSAB Americas, as well as paperwork such as invoices and order acknowledgements. This gives them an added sell-through benefit for their own end customers.

SSAB Americas' large OEM customers began receiving the EcoSmart program in 2016. Other customers are set to roll out in 2017.



OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



50

CASE:

"Winds of change – less drag, more load"

ROLL-ON CONTAINERS

These roll-on containers were upgraded from 355 MPa standard steel to Hardox 450, increasing the load capacity by 2,100 kg for the total vehicle with a set of three containers. This allows more payload per trip and also reduces the fuel consumption for the empty vehicle. The removal of stiffeners on the sides also lowers wind drag, which further reduces the fuel consumption.

SSAB EcoUpgraded

Together with our customers, SSAB continually upgrades steel and equipment designs. SSAB EcoUpgraded saves ${\rm CO}_2$ both in steel production and during the full lifetime of the machine.

From the CO₂ payback time and onwards, every extra hour brings additional savings.

SSAB ECOUPGRADED	
Fuel consumption, fully loaded	0.69 l/km
Fuel consumption, unladen	0.35 l/km
Vehicle usage per year	100,000 km/year
Weight critical transports	50%
Service lifetime	12 years
Steel saved by increased wear resistance	0 kg/lifetime
Weight reduction	2,100 kg
Total weight upgraded parts	7,650 kg
Curb weight*	26,700 kg
Total payload*	37,300 kg
Maximum weight*	64,000 kg

^{*} Valid for the whole truck-trailer vehicle.



OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



51

CASE:

Steel can make a difference in electric cars

Interest in electric vehicles is rapidly growing. One "hot potato" in electric cars is the range they can be driven without charging. Whereas one important question, of course, is how to make energy-denser batteries, we can also boost the driving range of electric cars by making them lighter. One cost-efficient solution to this dilemma could be SSAB's cold-formed Advanced High-Strength steels (AHSS). Our Docol AHSS is already used in many parts in electric vehicles.

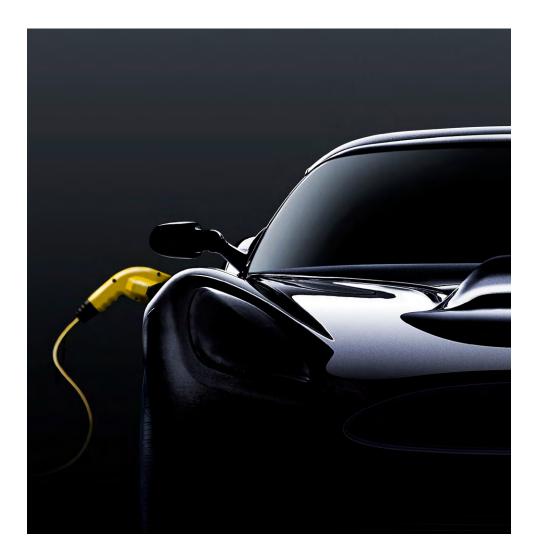
Keeping component weight and costs to a minimum is a main focus as electric cars become increasingly more popular. This means demand for SSAB's cold-formable AHSS will become more important than ever in driving innovation towards a more sustainable future.

Since car weight affects vehicle rolling resistance, the use of strong, lightweight steel solutions will be very important.

Electric car batteries are expensive and need to be protected from road debris or

leaking hazardous material in the event of a collision. Battery protectors made from Docol AHSS can help to ensure the strongest protection with the lowest possible weight – and cost-efficiently.

Together, cold-formable AHSS and electric vehicles make a good combination to reduce global emissions and improve vehicle performance, thus providing car manufacturers with a competitive advantage.



OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



SUSTAINABLE CONSTRUCTION SOLUTIONS

Ruukki Construction's services include the design, manufacture and installation of building frames, envelope structures and roofs. These services are available either on a product-specific basis or optimized as a package from one and the same supplier.

The product portfolio includes steelbased structures such as steel frames and sandwich wall panels, as well as profiled building components such as load-bearing sheets and residential roofing products. We aim to provide products of economically, technically and architecturally high-performance and to promote sustainability at all stages in the lifecycle of our customers' buildings. Despite a challenging economic climate, customers are greatly interested in energy efficiency and green values.

MORE SUSTAINABLE BUILDINGS

Energy-efficient solutions, material-efficient products and active innovation are the key initiatives in Ruukki Construction's sustainability strategy.

Ruukki energy panel has been on the market for a few years and has established a sound position in Ruukki's product portfolio. Use of Ruukki energy panels, which provide good insulation and airtightness properties, can cut annual energy consumption by up to 20% compared with traditional panels or façade solutions.

Ruukki life panel utilizes recycled materials, thus reducing the global warming potential of the manufacturing of these products by as much as 20%. Ruukki life panels have proven to be exceptionally popular, especially in the Nordic countries. Today, a

significant share of panels produced in the Nordic countries are of the life type.

Ruukki Construction's solar energy solutions for roofing and façades enable solar energy to be used for the heating of domestic hot water and living spaces, as well as for the production of electricity. The Solar product family was rolled out in 2014. Interest in these new solutions has risen slowly but steadily. To make it easy for the consumer to purchase these systems, Solar product packages are also available.

Because a physical building always has a functional impact and helps to shape its immediate surroundings, Ruukki Construction offers our customers the best possible range of ways to promote sustainability using architectural means. Frame solutions enable the premises to be modified and efficient use of the building also long term. Ruukki Construction's façade products provide extensive opportunities to make a building fit in with its immediate surroundings. Liberta Solar, Ruukki on-wall solar and Ruukki emotion are examples of new possibilities of how the cladding of a building can be used to highlight sustainability.

OFFERING CUSTOMER VALUE IN SUSTAINABLE CONSTRUCTION

Over the past couple of years, Ruukki Construction has developed its sustainable customer value offering to include not only products, but business concepts that make the values more accessible to end users. Ruukki Construction was involved in a project to build a near zero-energy hall on the campus of HAMK University of Applied Sciences in Hämeenlinna, Finland. Construction of this near zero-energy hall was completed in 2015. The pilot business concept developed for the project ensures profitable investments for property owners of highly energy-efficient buildings.

The building project was successful at keeping additional investments at a very low level. An analysis of the building solution shows estimated energy consumption values to be as much as 20% lower than the extremely energy-efficient solution used in the investment calculations. The next steps will be to verify the energy savings during the first year of the pilot project and to apply the business model to other customer projects.

The completed building showcases several of Ruukki Construction's innovative energy solutions: energy panels, solar energy solutions, energy piles and other modern ways of producing energy to meet the hall's energy requirements. Investors have shown wide interest in the building and the sustainability values it represents.

20%

savings in annual energy consumption when using Ruukki Construction's energy panels instead of traditional panels

CORPORATE IDENTITY AND BRANDS

SSAB counts the company's reputation and brands among our most valuable assets. All company brands share the same parent brand: SSAB.

SSAB stands for sustainability and performance. We work together with our customers to develop new and better solutions in all parts of the value chain. Our ultimate goal is to improve the sustainability and performance of our customers' products and processes.

SSAB works with multiple brands and channels, with a comprehensive offering in high-strength and wear steels from high-end branded products to more commercial grades.

PRODUCT BRANDS

SSAB has a strong end-user focus and a product brand strategy that allows customers to benefit from strong product brands.

SSAB has two power brands: Hardox and Strenx, which both have a unique global market position.

- Hardox is a global leading brand of wear steels designed for maximum payload and longer service life
- Strenx is a brand covering structural steel products designed for sustainable and lightweight solutions

Hardox In My Body:

This logo on a product verifies that it's been manufactured using Hardox wear steel and not an inferior imitation.

My Inner Strenx:

My Inner Strenx represents a quality certification for applications that use Strenx steels.

SSAB also has a wear steel brand, Raex, which is sold through distributors.

SSAB's targeted product brands include: Docol, Toolox, Armox and GreenCoat.

Additionally, five product groups have SSAB in their name:

- SSAB Domex
- SSAB Form
- SSAB Weathering
- SSAB Boron
- SSAB Laser Plus

For more information about the product brands:

www.ssab.com



OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



54

SSAB's two subsidiaries have their own corporate brands:

- Tibnor is the leading Nordic supplier of steel, other metals and processing services
- Ruukki Construction has retained the Ruukki brand and logo after the merger in 2014 between SSAB and Finnish company Rautaruukki, which used the marketing name Ruukki

BRAND MANAGEMENT STRUCTURE

ROLE OF THE BRAND	LOGOTYPE	PRIMARY TARGET GROUPS
SSAB Corporate Brand	SSAB	The primary target group for SSAB consists of customers (distributors, fabricators, OEMs) and equity investors as well as current and future employees.
Power brands: Global product brands with unique market position	STRENX HARDOX WEAR PLATE Watch the video Watch the video	Customers (fabricators, OEMs), end-users
Targeted product brands	TOOLOX® ARMOX® GREENCOAT® FROTECTION PLATE Watch the video Watch the video Watch the video Watch the video	Customers (fabricators, OEMs, distributors), end-users
SSAB branded products	SSAB Domex SSAB Laser®Plus SSAB Form SSAB Weathering SSAB Boron	Customers (distributors, fabricators, OEMs)

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

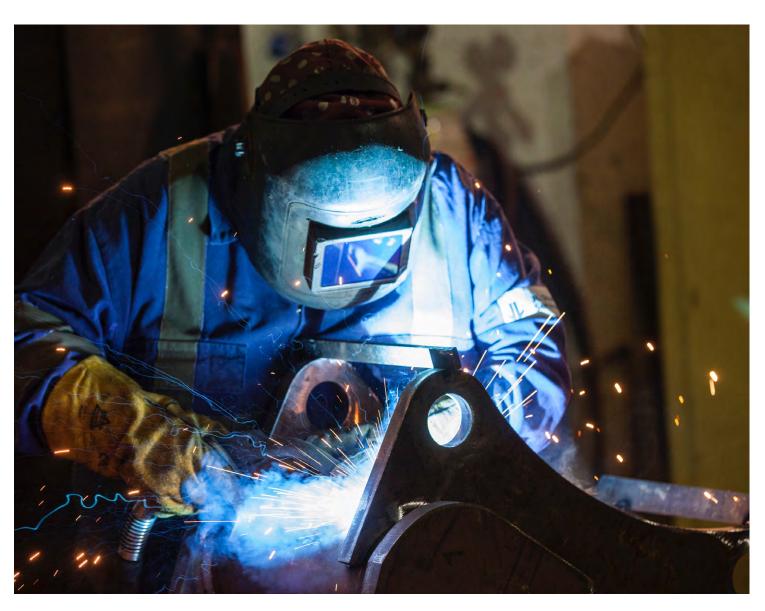
SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



55

SUSTAINABLE OPERATIONS



efficiency to ensure our operations are as sustainable as possible. SSAB works for continuous improvements to minimize emissions, aiming for material and energy efficiency, while at the same time providing our employees a safe and secure workplace with opportunities for individual, professional growth.

SSAB 2016 BUSINESS REVIEW CORPORATE GOVERNANCE REPORT GRI REPORT FINANCIAL REPORTS 2016

INTRODUCTION

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

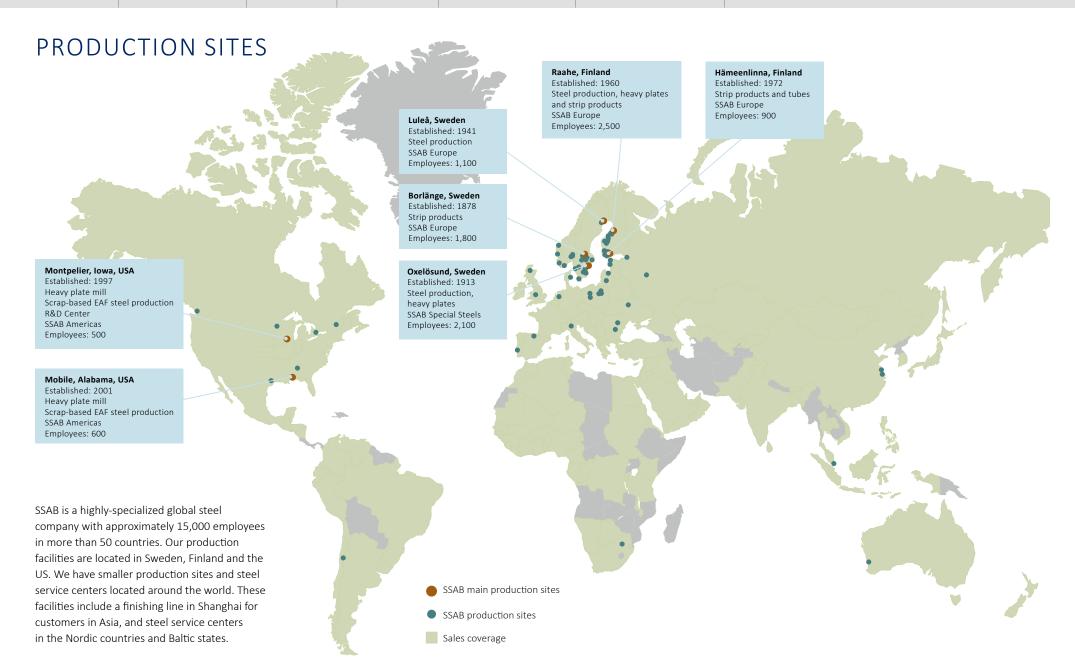
SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER

4 b b

56



57

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



SUSTAINABLE AND EFFICIENT PRODUCTION

SSAB has a cost-efficient and flexible production system. SSAB's production plants in Sweden, Finland and the US have an annual steel production capacity of 8.8 million tonnes. To outperform peers and achieve industry-leading profitability, SSAB has both reduced fixed costs and increased structural flexibility in the production processes. Going forward, SSAB will work toward achieving substantial productivity gains every year by involving all employees in continuous improvement programs. SSAB is also committed to continuous environmental work to minimize any adverse environmental impacts from our operations.

FLEXIBILITY AND IMPROVED COST EFFICIENCY

The merger of SSAB and Rautaruukki in 2014 created a more competitive and flexible steel production system in the Nordics. SSAB has five blast furnaces: one in Luleå, two in Raahe and two in Oxelösund, for a total capacity of around 6.4 million tonnes. SSAB can operate with three, four or five blast furnaces depending on market demand at any given time.

In recent years, SSAB has invested heavily in its production system. SSAB's blast furnace in Luleå was fully modernized in 2015. The blast furnaces in Raahe, Finland were modernized in 2011 and those in Oxelösund in 2010. A pulverized coal injection system has replaced

an earlier heavy fuel oil injection system in the blast furnaces in Raahe. This has resulted in more cost-effective steel production and lower raw material costs. A new hot stove for Oxelösund's largest blast furnace has also improved production efficiency as of 2015.

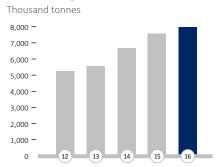
Upcoming larger investments include modernization of the first section of the pickling line at the Hämeenlinna Works in Finland and a new blower for hot metal production in Luleå, Sweden. These investments will support SSAB's automotive growth strategy, increase production stability and reduce energy consumption. Work started on the projects toward the end of 2016.

Following the combination of SSAB and Rautaruukki, a number of cost reduction programs and projects to capture synergies were launched. The combined effect will have reduced SSAB's total cost level, compared to the time Rautaruukki was acquired, by SEK 3.0 billion on an annual basis, with full effect from 2017 onwards. Most of the synergies are derived from a more flexible operational setup, structural changes, production efficiency and raw material optimization.

SSAB wants to be the "best in basics,"i.e., be the best in lead times and delivery performance. Since the merger, extensive work has been done to increase production efficiency, streamline shipments to customers and reduce the complexity in the production system.

The merger with Rautaruukki has presented an opportunity to leverage the equipment and expertise at various locations with our broad product offering. This has resulted in improved product quality and optimization of mill capacity. Two examples include the relocation of metal-coated products production from Borlänge to Hämeenlinna and the consolidation of color-coated product production from four lines to three.

Crude steel production



Another aspect of production efficiency is more robust harmonization and standardization of operating procedures. In the new setup, the same steel quality can be offered by multiple production systems. This allows SSAB to switch production between our sites depending on market demand and customer location.

Processes and internal productivity are also continuously developed through training and implementation of SSAB's management philosophy SSAB One, which is based on "lean principles".

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





58

Continued focus on maintaining a leading cost position in the Americas

SSAB continues its strategy of maintaining a leading cost position in the Americas.

SSAB runs two modern steel mills in the US with an annual production capacity of 2.4 million tonnes. Located in Alabama and Iowa, both mills utilize an electric arc furnace method to produce steel, with nearly 100% of the raw material used in the process being scrap metal.

The mills are strategically located in the southern and central regions of the US, covering the industrial heartland of North America, with access to the strategic southern port system to provide a logistical advantage. SSAB Americas also has three cut-to-length (CTL) facilities in Houston, Texas; St. Paul, Minnesota; and Toronto, Canada. CTL facilities have the flexibility to process internally-produced steel as well as steel from external suppliers. Together, SSAB Americas' five facilities provide a flexible network of facilities that produces, processes and delivers steel efficiently to customers across North America, and adapts to market conditions faster than any competitor.

SSAB Alabama has one of the world's most advanced quenching and tempering (Q&T) lines with a capacity to produce 300,000 tonnes of Q&T heavy plate a year, and SSAB Iowa boasts

one of the world's most advanced research and development centers. These facilities allow for the in-house development of technology, continuous improvement and advanced product offerings, as well as service to customers.

SSAB Americas also has established solid raw material and energy optimization strategies to maintain costs in its operations.

Minimizing environmental impacts from steel production

SSAB's most significant environmental impacts occur at our main production sites in Luleå, Borlänge, Oxelösund, Raahe, Hämeenlinna, Mobile and Montpelier.

The process of producing steel from iron ore is carbon-intensive and raw materials used in production, such as coke and coal, are the main sources of carbon dioxide (CO₂) emissions. Energy usage also contributes to the generation of CO₂ emissions. The steelmaking process has continuously advanced and improved to become extremely efficient. As a result, SSAB's blast furnaces in Europe are among the most efficient in the world in terms of minimizing emissions from steel production. There are several reasons for this: the use of high-grade raw materials in the form of iron-ore pellets, high-quality coke and efficient, uninterrupted processes in which the blast

furnaces operate. A large number of usable residuals, such as heating, gas, slag and dust, are recovered to minimize consumption of purchased energy and generation of waste.

Using recycled steel and scrap metal in steel production saves natural resources and increases material efficiency, which leads to lower CO₂ emissions. In scrapbased production in the US, carbon dioxide emissions are substantially lower than those generated in conjunction with iron ore-based steel production. SSAB uses approximately 20% scrap metal for steel production in the Nordics and nearly 100% in the US.

The continuous development of environmental performance is ensured by monitoring our performance against environmental targets and the environmental management system. SSAB's environmental management is based on the Group's Environmental Policy and the international environmental and energy management system ISO 14 001 and ISO 50 001 standards. All SSAB's manufacturing sites have third-party certification for the ISO 14 001 standard.

Industry-wide cooperation is important for identifying new technical solutions that can further decrease the environmental impacts of the steelmaking processes.



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



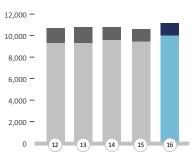
Energy consumption



¹⁾ Includes natural gas (NG), liquefied petrolium gas (LPG), oil and biogas. Coal and coke excluded

Carbon dioxide emissions

Thousand tonnes



Direct emissions from production (Scope 1)
 Indirect emissions from the generation of purchased electricity, heat and steam

SSAB participates in various national and international joint projects with research institutions and industry associations to continue to research and identify new technologies.

Material and energy efficiency in production

Emissions from steel production are controlled and can be further reduced by continuously improving material and energy efficiency in the processes. Material efficiency means making more out of less material, resulting in increased efficiency in the use of natural resources. The production of iron and steel gives rise to a range of residuals. Recirculating material back into the steelmaking process reduces the need for virgin, raw materials which reduces CO₂ emissions and waste. Material that cannot be recirculated internally can be processed into by-products and sold externally, creating new revenue streams as well as reducing CO₂ emissions by substituting natural resources in other industries.

SSAB's production processes are energy-intensive. Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at certain steel mills, ensure efficient use of energy and lower emissions. Process gases like blast furnace gas, coke oven gas and converter gas are generated in the iron- and steelmaking processes. Steam and

hot water are also produced. These energy flows are recovered to generate electricity and heat, thereby saving additional fossil fuel resources. The energy-rich gases which cannot be used in steel production are used in local power plants to supply SSAB with approximately 45 (43) % of the electricity

needs of steel production in Sweden and Finland. Heat is generated in converters, where iron is made into steel. Since the 1980s, recovered heat has been used to produce district heating in Luleå, Raahe and Oxelösund. The recovered heat meets about 90% of local district heating needs.



2016 IN BRIEF

- Following the combination of SSAB and Rautaruukki, a number of cost reduction programs and projects to capture synergies were launched. The combined effect will have reduced SSAB's total cost level, compared to the time Rautaruukki was acquired, by SEK 3.0 billion on an annual basis, with full effect from 2017 onwards. Most of the synergies are derived from a more flexible operational setup, structural changes, production efficiency and raw material optimization
- Going forward, SSAB will work with continuous improvements aimed at achieving substantial productivity gains

- every year by involving all employees in improvement programs
- In April 2016, SSAB, LKAB and Vattenfall jointly announced a long-term breakthrough emissions reduction project (HYBRIT), which is working toward a hydrogen-based steelmaking process
- Crude steel production was 7,988 (7,593) thousand tonnes
- Total energy consumption was 8,990 (8,381) GWh. The use of purchased energy was 7,795 (7,267) GWh
- 1,195 (1,114) GWh of electricity was produced from recovered energy
- Direct carbon dioxide (CO₂) emissions were 9,981 (9,448) thousand tonnes



CASE:

Carbon-dioxide-free ironmaking

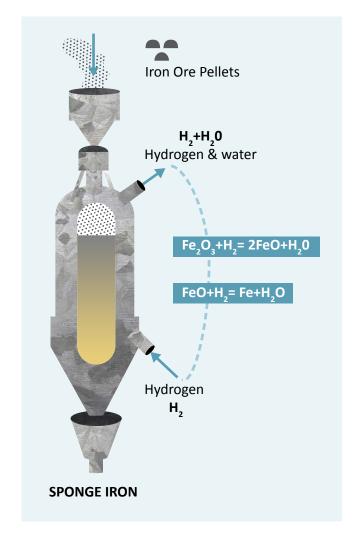
In 2016, SSAB, LKAB and Vattenfall jointly announced a long-term breakthrough emissions reduction project – HYBRIT. This is a way of replacing coal with hydrogen in the steelmaking process. HYBRIT stands for Hydrogen Breakthrough Ironmaking Technology.

SSAB's existing production system is already one of the world's most efficient in terms of carbon dioxide emissions. Nevertheless, existing steelmaking technology using coke plants and blast furnaces means SSAB is Sweden's largest single source of carbon dioxide emissions. Together, the companies involved in the HYBRIT project, have initiated work to develop a steel production process that emits water instead of carbon dioxide.

The initiative is split into three phases beginning with a pre-feasibility study, which will analyze all the conditions and which will continue until

the end of 2017. This will be followed by a more concrete research and development program in a pilot study, which will last until 2024 before finally progressing to demonstration plant trials, which will continue until 2035. The Swedish Energy Agency will contribute SEK 6.7 million to support the pre-feasibility study.

The project will also mean a major contribution toward a fossil-free Sweden. Implementation of the project will also require national contributions from the state, research institutions and universities over the next 20–25 years.



CASE:

SSAB invests in carbon-dioxide-free internal transportation

SSAB in Oxelösund, Sweden, TFK Transport Research Institute and Kalmar, a part of Cargotec, will initiate a unique project to develop and test carbon-dioxide-free internal transportation powered by hydrogen and fuel cells.

SSAB relies on a significant number of internal transportation activities in and around our facilities. These modes of transportation predominantly run on fossil fuels. A total of some 50 different vehicles are in use in internal transportation in Oxelösund.

During 2017 and 2018, SSAB in Oxelösund, together with Kalmar and TFK Transport Research Institute, will implement a demonstration project where a heavy 14-tonne forklift truck will be fitted with fuel cells and run using hydrogen. This means that the truck will emit water. The forklift truck will be in normal use in internal transportation and operation at SSAB in Oxelösund and will be tested around the clock for a period of 5–8 months. The effects of using fuel cells will

be analyzed and assessed from the aspects of, among other things, energy efficiency, environmental impacts and operating costs.

"This is a very good project for SSAB in Oxelösund, where we can study the possibilities to reduce our fossil dependence. In addition to completely changing the fuel, we also get a better machine," says Jacob Sandberg, site manager at SSAB in Oxelösund.

The project will be carried out in close collaboration between SSAB, Kalmar and TFK Transport Research Institute. The project has a budget of more than SEK 10 million, with the Swedish Energy Agency, SSAB and Kalmar providing most of the funding.



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



HIGH-PERFORMING ORGANIZATION

A high-performing organization is one of the key elements in SSAB's strategy and an essential enabler for achieving the company's ambitious strategy targets.

SSAB and Rautaruukki merged in 2014. Since then, the organization has changed shape and been simplified so that SSAB is better equipped to meet market demand. At the end of 2016, the headcount had decreased by over 2,500 compared to the time of the merger.

A high-performing organization provides a structure that helps to align actions, behavior and skills with strategic direction and the competences needed by the business.

There are four main priorities toward achieving a high-performing organization:

- Improve safety with the focus to be the safest steel company in the world
- Enhance productivity by continuous improvements
- Strengthen the performance culture
- Develop leadership and employee engagement

ENHANCE PRODUCTIVITY BY CONTINUOUS IMPROVEMENTS

SSAB One – our shared management philosophySSAB One is our common management
philosophy. It encompasses SSAB's vision, values

and principles, which together give a direction and framework for the company. Use of the word "management," does not mean the philosophy is exclusive to managers, but that it is relevant to each and every SSAB employee. Only when all of our employees have a good understanding of our management philosophy can we successfully involve everyone in SSAB's development efforts. SSAB One provides us with a common framework and language between the different parts of our company.

SSAB One serves as a common denominator for our improvement structure at SSAB. We will succeed by ensuring we have an understanding of SSAB One and the company's vision as our common purpose, living the values as standards for our convictions and behavior, and using our principles as the rationale to achieve our fundamental goals.

SSAB One has two objectives:

- Improve our flows based on customer demand
- Involve and engage all employees in continuous improvement



Principles:

- Normal state: We can only improve if we have defined and visualized the normal state. This makes it easy for everyone to see how safety, quality and efficiency reflect how we work. Any deviations can easily be recognized and immediately acted upon
- Right from me: Each of us ensures that we get things right the first time round. Errors are prevented from progressing in the production flow. We have a systematic way of dealing with deviations and errors and learning from them

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





- Learn and improve: Development is part of everyone's daily work. Managers coach their teams and give all employees the opportunity to contribute with their knowledge and commitment
- Customer demand driven: We understand customer needs and focus on improving all the activities that create customer value

STRENGTHEN THE PERFORMANCE CULTURE

Engaging SSAB employees for performance toward goals

Aligning individual performance with SSAB's strategic direction is a central element in being a high-performing organization. Clarity concerning objectives and performance expectations, as well as feedback, are key enablers to effectively manage our change journey and to achieve results.

In annual performance dialogs, all employees and managers follow up on results, provide mutual feedback, discuss the workplace atmosphere and plan future performance and individual development. SSAB continuously reviews and aligns reward structures to ensure performance management processes are effectively supported.

Our employee and manager criteria are important elements to exemplify good

performance. Matching potential candidates with development opportunities at different levels in the organization is important for developing a high-performing organization.

Diversity provides oppportunity

SSAB is a knowledge company. Our success depends heavily on the competence and engagement of our employees. SSAB operates globally, and has approximately 15.000 employees from diverse demographic backgrounds in more than 50 countries. Leveraging this diversity is a prerequisite to providing a superior customer experience. However, working with diversity in terms of having a diverse workforce will not automatically improve our employee engagement or financial performance. SSAB strives for an inclusive leadership and corporate culture, meaning that employees feel a sense of belonging and have equal opportunities to contribute and succeed.

The steel industry is traditionally male-dominated, and with 19% of our employees being women, SSAB is no exception. We believe that improving gender balance will positively contribute to our performance culture and be more responsive to customer needs. In order to increase the number of women in top management, SSAB launched

a diversity target in 2015, aiming to have women in 30% of the top management positions in the company by the end of 2019.

SSAB has a long-term goal of increasing the presence of female employees across the company. Women in top management positions serve as role models for others, which drives further development. To further accelerate this process, in 2016, we initiated a high-level in-house mentoring program, which proved successful and will be re-launched during 2017. The process is a mutual learning experience for both mentors and mentees, through challenging each other, exchanging experiences, broadening perspectives and building networks across the organization.

SSAB has a number of initiatives and tools to raise awareness and promote diversity and inclusion in the company:

- Internal workshops and sessions focusing on diversity and inclusion with high-level managers
- Global management planning
- Global employee survey
- Consortium programs for management and leadership development
- Networks and internal mentoring programs
- Our management philosophy, SSAB One is an important tool for how we can incorporate

- and work with inclusion in our everyday work
- Collaboration with other companies and authorities: In several locations across Sweden, SSAB partners with local municipalities to create internships for people with diverse backgrounds, including those from outside the country. This provides participants an opportunity to be part of a workplace, to learn another language and learn about the labor market in Sweden
- To ensure that the various initiatives in this area are carried out as planned, SSAB has appointed a coordinator for the diversity work at Group level

DEVELOP LEADERSHIP AND EMPLOYEE ENGAGEMENT

A global process for management planning

A strong managerial pipeline is not only a requirement for a high-performing organization, but also a strategic choice for SSAB. Leaders are instrumental in delivering results, establishing an inclusive culture and managing change. The company applies a global process for management planning and annual review to ensure we retain a firm grip on and understanding of our leadership capability.

SSAB works to ensure that internal leadership talents are identified and systematically developed. The objective is to have suitable

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



64

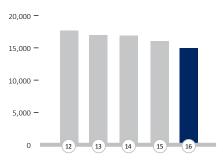
internal candidates for managerial positions. In the process, all SSAB managers are assessed against the company's manager criteria, and succession plans are established. The results of management planning are used actively in divisions and at the Group level throughout the year for targeted activities involving competence development, appointments, and as support in organizational development.

Employee engagement

SSAB conducts employee engagement surveys to give employees an opportunity to voice their views on a number of important topics. The surveys help analyze the drivers of employee engagement and capture improvement opportunities which contribute to leadership, high performance and engagement. The survey results are utilized at all organizational levels, starting with the Group Executive Committee. During 2016, we utilized the survey results to improve the annual performance process.

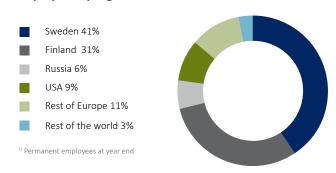
Many production teams have improved how they discuss and manage intra-team conflict based on their own results and continually challenge the way we work. Each manager is responsible for improvement planning, executing and following up with his or her team based on the results of the survey.

Employees1)

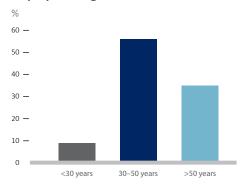


1) Permanent employees at year end

Employees by region¹⁾

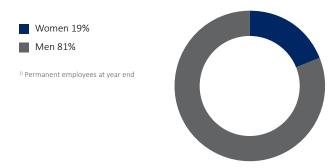


Employees - Age distribution1)



1) Permanent employees at year end

Employees – Gender distribution¹⁾





OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



65

HEALTH AND SAFETY

SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. Ensuring a safe and secure environment for our employees, contractors and visitors is our highest priority.

SAFETY IN FOCUS

Every SSAB employee has a personal responsibility to work safely every day; it is a fundamental requirement for working at SSAB. Occupational safety is an important part of how we operate, and it is integrated into our management system. In addition to safety, SSAB focuses on preventive health care and wellness to promote the overall well-being of employees. In order to achieve our objective of zero accidents, injuries and work-related illnesses, SSAB will do the following:

- Ensure safety is an integral part of all activities and decisions throughout the company
- Cooperate to prevent accidents and workrelated illness by identifying, evaluating and removing risks
- Systematically identify and eliminate the root causes of accidents and near misses which have occurred, with the aim of preventing them from happening
- Ensure that management and the line

- organizations are responsible for occupational safety, assisted by occupational safety specialists. All SSAB employees are responsible for their own safety and for that of others in their own working environment. Employees must interrupt and instruct colleagues and contractors when they take a risk or fail to comply with established safety rules. All work which is not performed safely must be discontinued
- Ensure that all managers lead by example.
 They are responsible for the work
 environment and must serve as good role
 models
- Ensure that all employees are provided with all necessary instructions, as well as the training and equipment necessary for facilitation of safe work methods
- Comply with or exceed all applicable laws, regulations and SSAB requirements
- Establish clear objectives and carry out regular monitoring to ensure that these objectives are fulfilled



OUR STRATEGY

10 -

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



SAFETY MANAGEMENT IN SSAB

To improve safety performance, SSAB has a company-wide safety expert group and safety management team. The safety management team consists of senior management of operations from all SSAB divisions, as well as subsidiaries Tibnor and Ruukki Construction. The safety management team is the decisionmaking body on safety issues relevant for the whole company. The team is also responsible for promoting a positive safety culture within the company. The chairman of the team for 2016 was Sakari Kallo. Vice President of Operations in SSAB Europe.

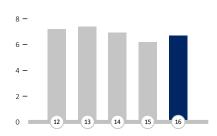
The main objective of the safety expert group is to share information on divisional safety programs, achieved results, best practices, information on serious incidents, and recommendations on preventive actions. The group also prepares company-wide safety initiatives to be decided in the safety management team. SSAB's safety management system fulfills the requirements of international standard OHSAS 18001.

CONTRACTOR SAFETY

Every year, hundreds of employees from external companies work at SSAB, particularly in the areas of maintenance and repairs.

Contractor companies are screened for strong safety practices, and partner companies work together with SSAB to ensure the safety of anyone working at an SSAB facility. SSAB also provides contractors with safety training sessions and discussion forums, in order to increase their safety awareness.

Lost time injury frequency (LTIF)*, own employees



* Number of accidents resulting in an absence of more than one day per million working hours

- SSAB's own employees' lost time injury frequency (LTIF) was 6.7 (6.2). Including also contractors LTIF was 7.0 (6.3)
- A total of 173 (166) injuries occurred for SSAB's employees and 36 (31) for contractors
- SSAB Europe and SSAB Americas improved their safety performance, while in the other business areas the progress was the opposite
- In Luleå, a fatal accident occurred on April 27, 2016. One SSAB employee tragically died when two SSAB employees were carrying out regular safety checks on a crane for slab handling in the cooling bay area of the continuous casters
- In addition to continuous safety management procedures, many additional activities have been launched to prevent serious and fatal incidents since the fatal accident in Luleå. These activities include inspection and revision of maintenance and functional testing procedures at all sites and further improved shop floor safety management to speed up the implementation of risk mitigation plans and targets. In addition, in Luleå, a safety culture assessment with corrective actions was carried out

OPERATING CONTEXT

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



67

CASE:

SSAB Americas team gives new meaning to housekeeping

In SSAB Americas, safety and environmental teams join forces for a unique program that gets everyone involved in safety.

As the Director of Safety for SSAB Americas, Shawn Crites understands the importance of maintaining a safe work environment. That's why one of his main priorities is overseeing the organization's housekeeping program, in partnership with the environmental team.

So what exactly is the housekeeping program? It's a way to proactively recognize potential hazards and compliance issues related to environmental, health and safety practices and workplace conditions. In other words, it ensures the workplace "home" is safe and clean.

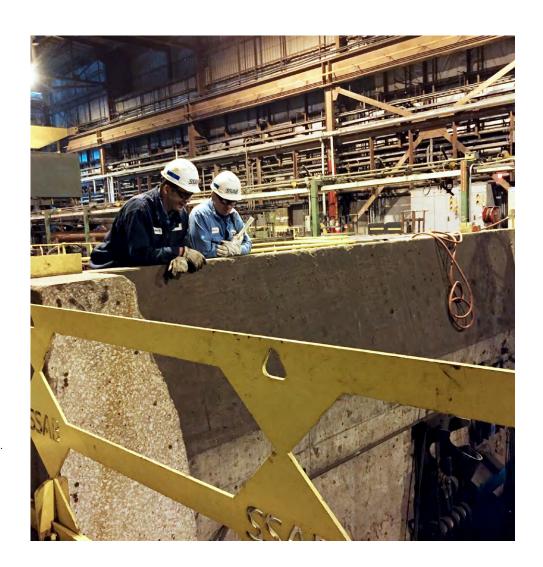
"The purpose of the program is to ensure SSAB provides a safe, clean and environmentally-friendly place to work," says Shawn. "It's designed to reduce the potential for incidents by identifying and correcting hazards."

Cross-functional teams of 4–10 employees at every location go on a monthly tour of an assigned site or area of the mill. During

the tour, teams look for potential safety and environmental issues and score their assigned areas accordingly, noting anything from dirty cups lying around to exposed wiring. Based on the team's findings, departments receive an overall score.

Since tour groups are composed of some employees from outside of their own department, the program gets everyone at all levels involved in ensuring a safe work environment for all, and it gives them an opportunity to interact with different people and learn different operational processes.

Most importantly, when tour groups identify issues, departments can act quickly to improve or correct those issues. Over the years, tours have led to drastic safety improvements such as signage and barricades. Solutions applied to recognized hazards are shared throughout the respective facility and other SSAB Americas locations.





OPERATING CONTEXT

OUR STRATEGY OU

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



68

RESPONSIBLE PARTNER



Contributing to the communities in which SSAB operates is an integral part of the way we do business. Acting as a responsible partner refers to how we manage risks and take responsibility for business ethics and our supply chain.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



69

RESPONSIBLE BUSINESS PRACTICES

POLICIES AND GUIDELINES

SSAB's values define who we are and what we stand for, and serve as a compass for our actions and behavior. Our values guide us daily in making the right choices and doing the right thing. Our values are complemented by our policies and guidelines.

The Code of Conduct, the Environmental Policy and the Safety Policy are our most important company polices. SSAB also has local policies and guidelines that complement the Code of Conduct and correspond to the challenges the company faces in different geographies. All of our policies and guidelines are regularly reviewed and updated.

Code of Conduct

SSAB's Code of Conduct (Code) applies to everyone in the company worldwide, regardless of function, grade or standing, and is communicated to employees through e-learning. The Code is SSAB's ethical compass and outlines guidelines for SSAB's behavior vis-à-vis stakeholders and the market. The Code helps us to translate values into action and forms the basis for our environmental and social responsibility commitments. The Code requires compliance with legislation and regulatory requirements. The provisions of the Code take precedence over all other policies

in a division or at a subsidiary level and, in certain cases, may be more far-reaching than national laws and regulations. The Code is based on international standards including the UN Declaration of Human Rights and UN Global Compact Principles. The Code covers areas such as environment, health and safety, employee relations, personal integrity and business ethics.

SSAB has also published a guide that summarizes SSAB's Code and relevant policies to guide employees on how to handle business relationships and how to approach ethically challenging situations which may occur in our daily work.

Safety Policy

SSAB is committed to creating value for our stakeholders and to building relationships based upon respect, responsibility and excellence with our employees, customers, shareholders and other business partners – and to do so in a socially and environmentally responsible manner.

SSAB is determined to be the safest steel. company in the world, with the objective of achieving zero accidents, work-related injuries and illnesses. The provision of a safe and secure work environment for our employees, contractors and visitors who spend



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





WE SUPPORT

GLOBAL COMPACT

SSAB is a signatory to the UN's Global Compact and we continually enhance our efforts to protect and respect its 10 principles and promote its spirit within the areas of human rights, labor standards, the environment and anti-corruption.

In line with our sustainability targets, SSAB acts in compliance with our Code of Conduct and behave in accordance with our values. As part of this, SSAB held face-to-face training in anti-corruption and business ethics for the sales organization during the year. Training is based on SSAB's policies and values, and includes real-life examples and dilemma discussions.

time at our sites is the highest priority. Every employee who works for SSAB has the personal responsibility to work in a safe manner every day. Working safely is a fundamental condition of employment at SSAB. Occupational safety is part of the integrated management system.

Environmental Policy

Our Environmental Policy establishes the most important ambitions for SSAB's environmental work and covers those environmental aspects which play a key role in the sustainable development of SSAB's business. The Environmental Policy supports the day-to-day work across the organization and essentially entails the following:

- SSAB will continue to develop products and services in collaboration with customers, so as to actively contribute to environmentally sound and profitable business
- SSAB believes in the efficient use of raw materials and energy, while minimizing waste

Risk awareness and systematic risk management

Management systems and action plans ensure SSAB systematically carries out our work on critical sustainability issues. Several different management systems and tools, both developed in-house and third-party certified, are used to effectively control operations in accordance with SSAB's Code of Conduct, Safety Policy and Environmental Policy.

Safety management systems for systematic health and safety work, including OHSAS 18001, have been implemented at all production sites. Environmental and climate work takes place primarily within the scope of the ISO 14001 environmental management standard and via local energy management systems. Work environment-related risks and environmental risks are also covered by SSAB's internal risk controls and internal audits. Our systems ensure that targets are set, performance is measured and progress is followed up on.

BUSINESS ETHICS

SSAB continues to strive to ensure that the company maintains a global culture of respect, honesty and integrity. By providing a framework for business ethics and compliance, SSAB continues to focus on creating a mature organizational culture that encourages ethical conduct. This framework provides the required support and tools to meet SSAB's expectation that each and every

employee acts with honesty, integrity and responsibility while performing their work.

Global business requires good management of business ethics

Business ethics are an important part of SSAB's sustainability and corporate social responsibility work. The need for training in business ethics increases as our business becomes more global and complex, and as tougher legislation has been enacted in several countries in recent years.

Ethics and Compliance function

A new Ethics and Compliance function was set up during the year in order to further increase our focus on business ethics. The role includes strategic responsibility for work with business ethics, anti-corruption and human rights, and for implementing new legislation and international guidelines in this area. The function is organized as part of the Legal function.

More information about risks and risk management can be found in Financial Statements.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER







Anti-Corruption Policy

SSAB's Anti-Corruption Policy defines SSAB's zero tolerance approach to bribery and corruption and sets out guidance for our daily operations. The policy provides employees with information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to our suppliers, customers and other business partners.

Ethics Line

Everyone working at SSAB must feel a sense of responsibility to react when improprieties are suspected or uncovered. In 2016, SSAB updated its reporting system through which employees can raise concerns and implemented an improved reporting tool known as the Ethics Line. The Ethics Line allows employees to report anonymously serious issues and violations of SSAB's various policies and local laws. Employees can file a report online or via phone by calling a call center. The Ethics Line will be available in 15 countries. Awareness of the Ethics Line program has been promoted through employee communications.

E-learning in business ethics

All employees are expected to comply with SSAB's Code of Conduct, Anti-Corruption Policy and to have knowledge of how to report non-compliance in accordance with the Ethics

Line. Shared ethical guidelines are fundamental in a global company such as SSAB. Training is organized through a global e-learning module to reach out to all employees in order to provide basic training in business ethics and implement anti-corruption efforts.

Face-to-face training in business ethics

Internal training in business ethics takes place on a regular basis. The training is mainly provided to employees in management, sales and procurement, and is based on SSAB's values, policies and guidelines. During the course of the training, participants are taught what is meant by corruption and bribery, and how SSAB's anti-corruption program is structured. This is followed by a discussion focused on practical, real-life examples and dilemma discussions. Experience has shown that business ethics training builds trust and provides for more personal discussions with employees. In 2016, training was mainly provided to employees in the sales organization.

Training in SSAB Americas

As a supplement to the company's global compliance training, within SSAB Americas, employees receive compliance training in the form of webinars, in-person seminars, lunch events, toolbox talks, intranet publications,

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



email advisories and desktop manuals on a variety of topics including business ethics, the US Foreign Corrupt Practices Act and related anti-corruption laws, anti-trust rules, conflict minerals and harassment prevention training.

Review of business partners

In some situations, SSAB reviews the integrity of our business partners more closely. SSAB has an instruction for business ethics reviews that mainly cover agents, certain distributors and consultants who represent SSAB in dealings with any third party. In most cases, there is no need to review the integrity of a business partner more closely, but the instruction means that SSAB may not enter into or renew agreements with business partners that are within the typical risk areas for corruption, before an initial assessment showing that such partners respect our

fundamental rules of business ethics. There should be a written agreement between SSAB and the business partner specifying the duties to be performed, adequate and reasonable compensation and the business partner must be competent and qualified to perform the work for which they are being hired. An anti-corruption clause is also implemented in these agreements.

Anti-corruption manual

SSAB has an anti-corruption manual to audit fraud and corruption risks and carried out four audits in subsidiaries during 2016 based on this manual. These audits have not revealed any specific irregularities, but have identified potential to further reduce risks from this perspective. Defined risk mitigation measures are implemented according to agreed action plans.



- SSAB updated its reporting system through which employees can raise concerns and implemented an improved reporting tool known as the Ethics Line, where employees can file a report online or via phone. The Ethics Line will be implemented in 15 countries
- Face-to-face training in anticorruption and business ethics was held for the sales organization. Training is based on SSAB's policies and values, and includes real-life examples and dilemma discussions
- One of SSAB's sustainability targets refers to web-based training for all employees in business ethics. SSAB's e-learning module in business ethics is available in six languages. The objective was to train all employees by the end of 2016 and 90% of this objective was achieved

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



RESPONSIBLE SOURCING

SSAB has thousands of suppliers all over the world. The input materials used to make iron and steel account for SSAB's most significant purchases. Suppliers must comply both with SSAB's own policies and with international social and environmental guidelines.

EFFICIENT AND RESPONSIBLE SOURCING OF GOODS AND SERVICES

SSAB has an extensive supply chain including around 20,000 active suppliers in more than 60 countries. However, measured by supplier spend, more than half of our purchases come from Finland, Sweden and North America. SSAB buys input materials, products and services in most of the countries in which we operate. These materials and services range from input goods like scrap, iron ore, coal and alloys to gas, refractories, zinc, paint, maintenance services and spare parts.

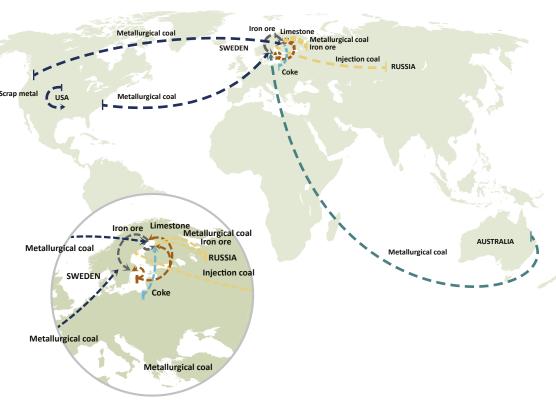
SSAB contracts only the most competitive suppliers and the strategies for this depend on the products or services purchased. Since the supply chain is global, it is important to evaluate supplier risks and suppliers' ability to address social and environmental issues. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management.

Stringent quality requirements and long-term business relationships provide the sourcing organization with a good insight into conditions at suppliers. We assess suppliers on the basis of quality, delivery reliability, cost and sustainability.

COST SAVINGS THROUGH MORE EFFICIENT SOURCING PRACTICES

During 2016, we explored new opportunities to reduce SSAB's total sourcing costs, i.e., total cost of ownership. Here are some examples of how we are trying to take cost reduction initiatives to the next level:

 The supply market for gaseous fuels is characterized by limited competition, hence unfavorable prices have been applied to our disadvantage. In order to enable competition, we eliminated the logistical hurdles and also planned some minor technical changes that enable us to switch fuels. The latter makes it possible to



	PUT MATERIALS

WHERE 33AD 300 REES 113 INFOT MATERIALS		
Iron ore pellets	Mainly Sweden, also Russia	
Metallurgical coal	Australia, North America, smaller share from Russia	
Injection coal	Russia	
Scrap	US, Sweden, Finland	
Limestone	Sweden	
Alloys	Around 40 different suppliers	

OUR STRATEGY

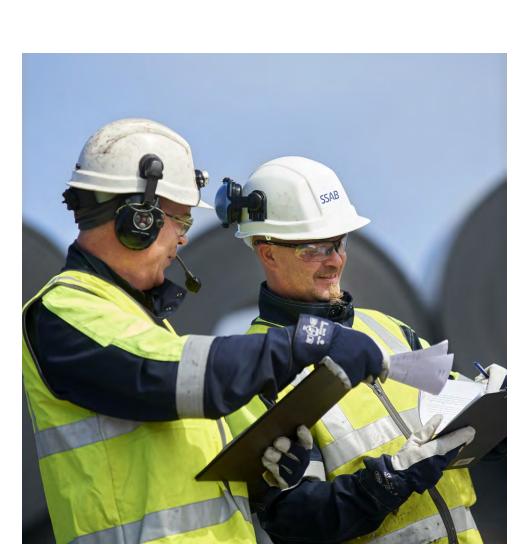
OUR BUSINESSES

S SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER





- apply a multiple fuel strategy. Moreover, storage capacity at the supplier has made it possible to benefit from seasonal price changes
- The market for manganese alloys has been dominated by a few players with limited competition. By introducing new suppliers and by adopting a holistic approach with all different manganese alloys across the production sites, increased competition has been enabled. Increased competition enables reduced product costs, lead times and transportation costs, and increased robustness in the supply chain
- In the previous setup, combined shipments of coking coal were applied for the Swedish coke plants at Luleå and Oxelösund. The Raahe coke plant was supplied with exclusive shipments to Raahe. With the new setup, combined shipments are applied for Luleå and Raahe, whereas the coke plant at Oxelösund is supplied with its own shipments. At Raahe, shipments of coking coal are lightered at sea, i.e., no port call, and the ship is then routed on to Luleå, where it is fully unloaded. The new setup results in two port calls instead of three. It has also enabled payload optimization of the ships and improved material handling, hence less risk for demurrage
- Our operational procurement is largely based locally on the sites. By applying local site knowledge to the local supplier market for maintenance and services, we have successfully decreased the tail spend. This change has been made by challenging our own specifications, by challenging established service providers and also by adopting more lean oriented ways of providing services

INCORPORATING SUSTAINABILITY CRITERIA IN SOURCING

SSAB is a signatory to the UN's Global Compact initiative and the principles of the compact are applied in our work with suppliers. During the year, SSAB implemented a Supplier Sustainability Policy based on the UN's Global Compact principles. The purpose of the policy is to ensure that SSAB collaborates with suppliers who share our sustainability values. Contracts with suppliers refer to the Supplier Sustainability Policy. SSAB also reserves the right to conduct reviews of our suppliers or onsite audits to ensure compliance with the Supplier Sustainability Policy.

SSAB's Group Procurement Policy addresses quality, delivery reliability and cost issues, as well as the principles of the Global

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



Sourcing by country



- Sweden 27%
 Finland 16%
- Russia 4%
- USA 27%
- Rest of Europe 17%
- Rest of the world 9%

Compact and how to take them into account when evaluating suppliers.

SSAB also has an Anti-Corruption Policy, which provides employees with information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners.

INCREASED FOCUS ON IDENTIFICATION AND EVALUATION OF SUPPLIER RISKS

SSAB systematically identifies the risks related to our suppliers. We do this by placing suppliers in various risk categories depending on the countries in which they operate. Classification is based on Maplecroft's Human Rights Risk Index and Transparency International's Corruption Perceptions Index. Classification in this way illustrates the risks in areas such as human rights, labor conditions and corruption. Suppliers who are placed in the medium- or high-risk group are required to complete a self-assessment questionnaire containing questions about, for example, their social conditions and environmental credentials. Unsatisfactory answers are investigated.

SSAB also conducts regular visits to major suppliers of input materials around the world, including high-risk suppliers. On these visits, purchasers and quality managers visit production sites and conduct quality inspections. SSAB updated its on-site protocols during 2016 and the monitoring of social conditions and environmental performance at our suppliers will be subject to greater focus during future visits. The procurement organization was also trained during the year to evaluate information about the supplier's social and environmental performance gathered during site visits.

NO CONFLICT MINERALS IN SSAB'S STEEL

SSAB does not use conflict minerals (including gold, tin, tungsten and tantalum) and, upon request, provides customers with certification affirming this.¹⁾

"Conflict minerals" is a term used for minerals derived from areas characterized by large-scale internal strife, where the mining of minerals risks contributing to, or financing, continued conflict and violation of human rights.



2016 IN BRIEF

- SSAB sourced products, materials and services worth an estimated SEK 40.8 (44.3) billion
- SSAB has 20,000 active suppliers in more than 60 countries
- In total, 222 self-assessments related to sustainability were registered in SSAB's purchasing system



OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



SSAB IN THE COMMUNITY

In locations where SSAB operates, the company plays a significant role in the local and regional community as an employer, tax payer, buyer of regional goods and services, and charitable benefactor. Contributing to the communities in which we operate is an integral part of the way the company does business.

ACTIVE ENGAGEMENT IN LOCAL COMMUNITIES

SSAB strives to develop and maintain good relations with various stakeholders in our society and actively engages with the communities in which we operate. The way we work with each local community is defined at the site level. In addition our own employees, SSAB engages with politicians, regulators, media and the general public, and people living close to the production sites.

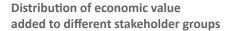
SSAB is also an important partner for local educational institutions and research. We also extensively offer internships and thesis projects to college students.

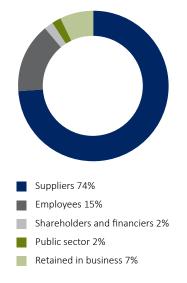
SSAB also works together with local environmental regulators on site-specific issues. Besides ongoing collaboration with local authorities, SSAB also works together with cities and associations to monitor environmental conditions such as air quality and waterways.

Every year, SSAB hosts important visitors from the community, such as school children, students, customers, subcontractors, various inspectors and regulators.

SUPPORTING LOCAL ACTIVITIES IN SWEDEN AND FINLAND

In the communities in which SSAB operates in Sweden and Finland, we contribute to creating a wide range of recreational activities in which SSAB's employees, their families and also the local community can participate. Examples include sponsorships of local sports organizations and exchange of knowledge with schools. SSAB also supports associations in which employees are involved, primarily within sports and culture.





SSAB creates economic value that is distributed to various stakeholders in society, such as our shareholders, financiers, suppliers, personnel, public sector through taxes and communities through local community projects, sponsorship and donations. The economic value retained is reinvested in the company in strategic and maintenance investments, R&D and other investments to develop our ability to create value.

OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



77

STRONG COMMUNITY **INVOLVEMENT IN SSAB AMERICAS**

SSAB Americas has a long tradition of community involvement. This takes place not only in the form of financial contributions, but also through participation in various initiatives or support projects.

One of the largest organizations supported by SSAB is United Way, a charitable organization which supports the needy through donations, education and volunteer work. Employees' contributions are matched by the company.

Another example is SSAB's Foundation for Education, a charity program through which we donate funding of at least USD 100,000 each year to local schools in Alabama, money that is raised through the recycling of scrap tires for use as a raw material in steel production in Mobile. Employees and local partners in Mobile also come together every year for the Fill the Bus program, to collect donations of school supplies for local children in need.

In Montpelier, Iowa, SSAB's employees sponsor and support The Make-a-Wish Foundation, an organization which aims to realize the dreams of sick children. Support from the company in Montpelier also goes to The Community Foundation of Greater Muscatine, which supports smaller organizations and charitable projects in the region.

DONATIONS TO SOS CHILDREN'S VILLAGES ORGANIZATION

Since 2012, SSAB has been working with the SOS Children's Villages organization to support different charity projects. This appreciated initiative continues and, during the year, SSAB made a donation that was also SSAB's Christmas gift to our employees in Europe. The donation supports the running of a family center in Brovary outside Kiev. In the center, support is adapted to the needs of each family, and the aim is for children to grow up in a safe and loving environment.



CASE:

SSAB course at the Hämeenlinna Works for high school students in the creative entrepreneurship program

The creative entrepreneurship program for students at Hämeenlinna lyseo high school has for a number of years already included a course realized in partnership with SSAB's Hämeenlinna Works. According to the course teacher, Anne-Mari Keränen, SSAB's course has grown in popularity each year, as reflected in the number of students participating. The course is compulsory for students in the entrepreneurship program.

Students have been split into small groups, each focusing on its own theme such as products, product development, occupational safety, workplace wellbeing, economics, communications and marketing, etc. Each group has a contact person at SSAB to provide them with more information about the subject. The course kicks off with a meeting, where students are told about SSAB, introduced to the contact persons for their own respective group and go on a tour of the site.

At the end of the course, each small group makes and presents a report about its own topic. The report conveys, among other things, what image the students had of the steel industry and SSAB before the course, and how this image changed during the course. This enables SSAB to find out how young people view our corporate image. At the same time, students learn about the company and see how a large company can offer all kinds of jobs on both the production side and the office side.





OUR STRATEGY

OUR BUSINESSES

SUSTAINABLE OFFERING

SUSTAINABLE OPERATIONS

RESPONSIBLE PARTNER



7

SWEDISH STEEL PRIZE 2017

The Swedish Steel Prize is the only international award for engineers in the steel industry. It attracts competitors from all over the world.

For nearly 20 years, the Swedish Steel Prize has recognized and rewarded small and large companies, as well as institutions and individuals, who have developed a product, process or method that includes high-strength steel, wear-resistant, tool or protection steel that has changed the industry in one way or another.

The jury is looking for applications that stand out and inspire in the way they have used the material. The independent professional jury assesses the entries by their applicability, profitability, environmental benefits, performance, innovation and creativity.

The announcement of the winning entry is a major highlight at the Steel Prize awards

gala in Stockholm, but there's a lot more to it than that. The Swedish Steel Prize is a two-day event packed with knowledge, inspiration and opportunities to meet people working with steel in all types of fields.

Besides the media exposure that comes with a win or nomination, the winner will receive a statuette designed by Jörg Jeschke and SEK 100,000. Swedish Steel Prize 2017 takes place in Stockholm on May 10–11.

Twitt

Instagran

YouTube



SSAB AB

Box 70

SE-101 21 Stockholm, Sweden

Tel. +46 8 454 5700

Fax. +46 8 454 5725

Visitors:

Klarabergsviadukten 70, De

www.ssab.com

SSAB