

# Corporate governance report 2008

Application and deviations	page 104
Shareholders	page 104
General Meeting	page 105
Annual General Meeting 2008	page 105
Extraordinary General Meeting 2008	page 105
Nomination Committee	page 105
Board of Directors	page 106
Auditors	page 107
Compensation Committee	page 109
Audit Committee	page 109
Group Executive Committee	page 109
Compensation guidelines	page 110
Internal control and risk management	page 111
Internal audit	page 111
The Board's description of internal control and risk management with respect to financial reporting	page 111

# Corporate governance report 2008

SSAB Svenskt Stål AB was formed in 1978 and, through a successful and deliberate niche focus, has developed into one of the world's most profitable steel companies.

## Application and deviations

SSAB's organization is characterized by a decentralized work method in which responsibilities and powers are, to a large degree, delegated to the respective divisions and subsidiaries. The Group's steel operations consist of the three divisions, SSAB Strip Products, SSAB Plate and SSAB North America, while trading and processing operations consist of the subsidiaries Tibnor and Plannja.

SSAB is listed on Nasdaq OMX Stockholm and complies with its rules and regulations and thereby applies the Swedish Code on Corporate Governance (the "Corporate Code"). SSAB has no deviations from the Corporate Code to report with respect to 2008.

The corporate governance report for 2008 does not constitute a part of the formal annual report documents

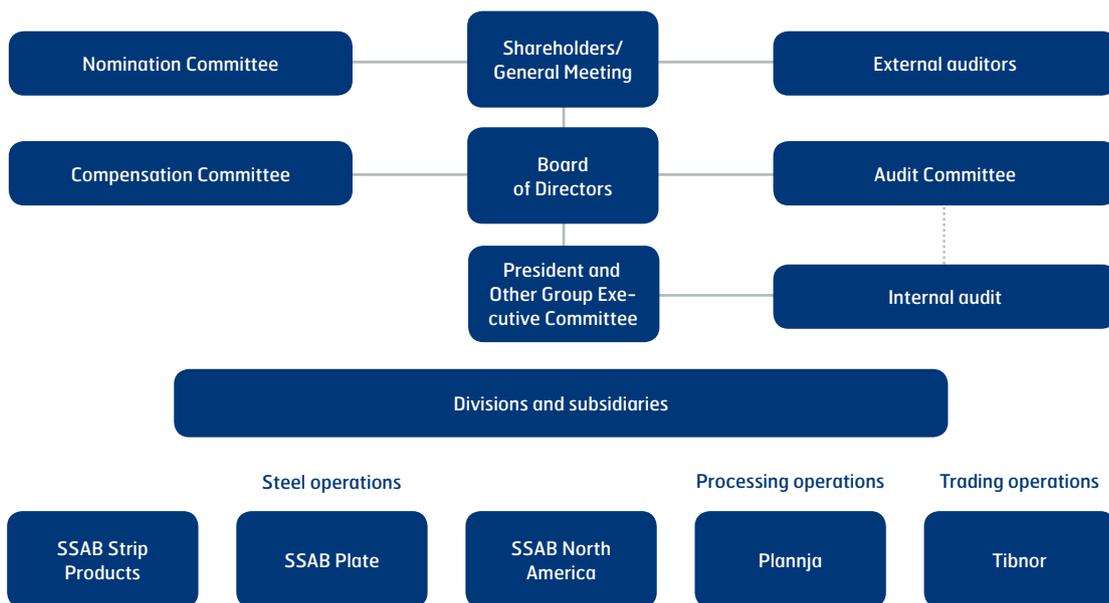
and has not been reviewed by the Company's auditors.

The picture below illustrates SSAB's corporate governance model and how the central bodies operate.

## Shareholders

A trading unit consists of 100 shares. SSAB's share capital consists of class A and class B shares, with class A shares carrying one vote and class B shares one-tenth of one vote. Both classes of shares carry the same rights to participate in the Company's assets and profits.

On December 31, 2008 there were 62,463 shareholders. In terms of votes, Industrivärden was the largest shareholder, followed by Swedbank Robur Fonder, AMF Pension and LKAB. 68 percent of the shareholders held 1,000 shares or fewer, while the ten largest institutional owners together owned just



## Important external and internal regulations and policies that affect corporate governance.

### Important internal regulations and policies

- By-laws
- The Rules of Procedure for the Board of Directors with instructions for the President
- Instructions for Board committees
- Financial Guidelines (including finance policy)
- Code of Business Ethics

### Significant external rules and regulations

- Swedish Companies Act
- Swedish Accounting Act
- Swedish Annual Reports Act
- Nasdaq OMX Stockholm's Rules and Regulations
- Swedish Code on Corporate Governance

over 38 percent of the total share capital. Foreign owners accounted for 21 (31) percent of shareholdings. For further information regarding the ownership structure, see page 47.

#### Owners as per December 31, 2008

Owner	% of votes	% of shares	Number of shares
Industrivärden	21.2	16.3	52,911,440
Swedbank Robur Fonder	6.3	4.9	9,240,153
AMF Pension	4.2	5.4	13,472,434
LKAB	3.8	5.0	12,344,064
SEB Investment Management	1.6	1.4	5,284,413
Handelsbanken fonder incl. XACT	1.3	1.5	4,252,775
Folksam - KPA - Förenade Liv	1.3	1.4	4,046,793
Andra AP-fonden	1.2	1.4	3,999,357
Other shareholders	64.0	57.8	218,383,346
Total	100.0	100.0	323,934,775

Source: VPC

#### General Meeting

The General Meeting is the Company's highest decision-making body, where shareholder's influence in the Company is exercised. At the Annual General Meeting (Ordinary General Meeting), the shareholders decide, among other things, on the following:

- Adoption of the Annual Report and consolidated financial statements
- Allocation of the Company's profit
- Discharge from liability for the Board of Directors and the President
- Election of the Board and its Chairman and, where appropriate, auditors
- Method of appointment of the Nomination Committee
- Compensation to the Board and the auditors
- Guidelines for compensation to the President and other senior executives

#### 2008 Annual General Meeting

The 2008 Annual General Meeting adopted the Annual Report and consolidated financial statements for 2007 presented by the Board and the President, decided on the allocation of the Company's profit, and granted the directors and the President discharge from liability.

In addition, the Chairman of the Nomination Committee described the work during the year and described the reasons for the presented proposals. The General Meeting decided on compensation to the Board and auditors in

accordance with the Nomination Committee's proposals. Carl Bennet, Anders G Carlberg, Olof Faxander (President and CEO), Sverker Martin-Löf (Chairman), Marianne Nivert, Anders Nyrén, Matti Sundberg and Lars Westerberg were re-elected as directors.

The General Meeting decided that the dividend would be SEK 5.00 per share. All directors and the auditor-in-charge were present at the Annual General Meeting. See the minutes of the General Meeting on [www.ssab.com](http://www.ssab.com)

#### Extraordinary General Meeting 2008

In September 2008, the Board of SSAB gave the shareholders notice to attend an Extraordinary General Meeting to be held on October 22 to resolve upon authorization for the Board to decide on a buy-back of the Company's shares.

The background to the proposal was that SSAB's balance sheet had been restored to a sound level following the sale in 2008 of the North American tubular business, IPSCO Tubulars, and the strong operating cash flow following the acquisition in 2007 of the North American steel company, IPSCO Inc (currently SSAB North America). However, the dramatic development on the global financial markets after the proposal had been announced led to a significant increase in instability and uncertainty on the money and credit markets. In light thereof, on October 19 the Board decided to postpone the proposal and thus cancelled the Extraordinary General Meeting.

#### Nomination Committee

##### THE NOMINATION COMMITTEE'S DUTIES

The Nomination Committee's duties include presenting proposals to the Annual General Meeting regarding:

- Chairman of the Board
- Directors
- Auditors, where appropriate
- Chairman of the Annual General Meeting
- Fees to the Board
- Fees to the auditors

##### COMPOSITION OF THE NOMINATION COMMITTEE

The 2008 Annual General Meeting adopted a procedure which primarily entailed that the Chairman of the Board was charged with requesting not less than three and not more than five of the major shareholders in terms of votes to each appoint one member to form a Nomination Committee together with the Chairman of the Board. The total number of members shall not exceed six. The Chairman of the Nomination Committee shall be the representative of the largest shareholder.

The composition of the Nomination Committee was announced on September 24, 2008.

<b>Nomination Committee for the 2009 Annual General Meeting</b>	
Appointed by, name	Share in % of voting capital
Industrivärden, represented by Carl-Olof By, Chairman	21.2
AMF Pension, represented by Peder Hasslev	5.4
Swedbank Robur Fonder, represented by Mats Lagerqvist	4.9
LKAB, represented by Ola Johnsson	5.0
Sverker Martin-Löf, Chairman of the Board	

Until December 31, 2008 shareholders were able to submit proposals to the Nomination Committee, among other things by e-mail to the address: valberedningen@ssab.com. The Nomination Committee's proposals are published not later than in connection with the notice to attend the Annual General Meeting. In connection with issuance of the notice to attend the Annual General Meeting, the Nomination Committee will provide a detailed statement regarding its proposal for a Board, on [www.ssab.com](http://www.ssab.com).

#### THE NOMINATION COMMITTEE'S WORK PENDING THE 2009 ANNUAL GENERAL MEETING

Since being appointed in the autumn of 2008, the Nomination Committee has held four meetings at which all members were present, apart from the absence of one member from one meeting.

The Chairman of the Board has described to the Nomination Committee the process applied in the Company in conjunction with the annual evaluation of the Board of Directors and the President as well as the result of the evaluation. In addition, the Chairman of the Nomination Committee has informed the Nomination Committee of the result of the evaluation of the Chairman of the Board. At one of its meetings, the Nomination Committee also met the Company's President, who informed the members about the Company's operations and strategy.

The Nomination Committee has discussed the composition of the Board and agreed on the main demands which should be imposed on the directors, including the demand for independent directors. The Nomination Committee has also had access to an external consultant in the work of identifying and evaluating potential new directors.

The Nomination Committee has produced proposals for fees for the Board and its committees, among other things taking into consideration levels of Board fees in similar companies. In the production of a proposal regarding fees for audit work, the Nomination Committee has been assisted by the Audit Committee.

## The Board of Directors

### THE BOARD'S RESPONSIBILITIES

The overall task of the Board of Directors is to manage the Company's affairs on behalf of the shareholders in the best possible manner. The Board of Directors shall regularly assess the Group's financial position and evaluate the operational management. The Board of Directors decides, among other things, on questions concerning the Group's strategic focus and organization, and decides on important capital expenditures (exceeding SEK 50 million) and undertakings.

Each year, the Board shall prepare proposals for guidelines regarding determination of salary and other compensation for the President and other members of the Company's management, to be decided upon at the Annual General Meeting.

### THE BOARD'S RULES OF PROCEDURE

Each year, the Board adopts rules of procedure including instructions to the President which, among other things, govern the allocation of work between the Board and the President. The rules of procedure also regulate the manner in which Board work is allocated among the directors, the frequency of Board meetings and the allocation of work among various Board committees. According to the rules of procedure an Audit Committee and a Compensation Committee shall be established. Prior to each Board meeting, the directors receive a written agenda and full documentation to serve as a basis for decisions. At each Board meeting, a review is conducted regarding the current state of the business, the Group's results and financial position, and prospects for the remainder of the year. Other issues addressed include competition and the market situation.

### CHAIRMAN OF THE BOARD

The Chairman of the Board of Directors presides over the Board's work, represents the Company on ownership issues and is responsible for the evaluation of the work of the Board. In addition, the Chairman is responsible for regular contacts with the President and for ensuring that the Board of Directors performs its obligations.

### COMPOSITION OF THE BOARD

According to the by-laws, the Board shall consist of no fewer than five and not more than ten directors elected by the general meeting. The Board is quorate when more than half of the directors elected by the general meeting are present. Taking into consideration the Company's operations, phase of development and circumstances in general, the Board must have an appropriate composition which is characterized by diversity and breadth as regards the expertise, experience and background of its members. New directors undergo an introduction course to rapidly acquire the knowledge which is expected in order to best promote the interests of the Company and its shareholders.

**THE BOARD'S WORK IN 2008**

In 2008, 14 meetings were held at which minutes were taken and the Board has at all times been quorate. SSAB's General Counsel, who is not a director, serves as secretary to the Board. During the year, the Board of SSAB has worked on the Company's strategy and organization. The Board has also fostered the integration work following the acquisition of the North American steel company, IPSCO Inc (SSAB North America), in 2007.

The Board also decided to sell the North American tubular business which was included in the acquisition of IPSCO Inc. The sale was completed in June. In other respects, the Board has given great consideration to the severe downturn in the economy in the autumn and decided also to implement an extensive cost savings program as a consequence of the downturn in the economy.

Each year, the Board visits plants at some of the localities within the steel operations and, in 2008 visited both of the Company's steel mills in the United States. In conjunction with the visits, the Board met with the divisional management for SSAB North America and plant management at the steel works in Mobile and Montpelier.

**Auditors**

According to the by-laws, SSAB shall have one or two external auditors. At the 2007 Annual General Meeting, PricewaterhouseCoopers was re-elected as auditor for an additional four-year term. Authorized public accountant Claes Dahlén has been the auditor-in-charge since 2005; he is also the auditor-in-charge of the listed company, Medivir. PricewaterhouseCoopers is the chosen auditor of a total of 24 of the 63 companies in the "Large cap" segment, and 100 out of a total of 270 companies on Nasdaq OMX Stockholm.

The external audit of the financial statements of the parent company and the Group, as well as management by the Board of Directors and President, is conducted in accordance with Generally Accepted Auditing Standards in Sweden. The company's auditor-in-charge participates at all meetings of the Audit Committee. The auditor attends at least one Board meeting per year at which he goes through the audit for the year and discusses the audit with the directors, without the President being present. For information regarding fees to the auditors, see Note 2.

PricewaterhouseCoopers AB

Elected at the 2007 Annual General Meeting for a term up to and including the 2011 Annual General Meeting. Auditor-in-charge: Claes Dahlén, authorized public accountant.

Name of Director	Attendance statistics 2008				Independence		
	Elected to the Board	Total annual fee, SEK	Board meetings	Compensation Committee	Audit Committee	In relation to the Company and Company management	In relation to the Company's major shareholders
Elected by the General Meeting							
Sverker Martin-Löf, Chairman of the Board (1943)	2003, Chairman since 2003.	1,350,000	14	7	6	Yes	No, deputy chairman of Industri-värden.
Carl Bennet (1951)	2004	400,000	14			Yes	Yes
Anders G Carlberg (1943)	1986	500,000	14		6	Yes	Yes
Olof Faxander, President and CEO (1970)	2006	-	14			No, CEO of the Company	Yes
Marianne Nivert (1940)	2002	475,000	14		5	Yes	Yes
Anders Nyren (1954)	2003	475,000	12	7		Yes	No, President and CEO of Industri-värden.
Matti Sundberg (1942)	2004	400,000	13			Yes	Yes
Lars Westerberg (1948)	2006	400,000	13			Yes	Yes
Employee representatives:							
Sture Bergwall (1956)	2005	-	14	-	-	-	-
Bo Jerräng (1947)	2004	-	14	-	-	-	-
Bert Johansson (1952)	1998	-	14	-	-	-	-
Alternates: :							
Owe Jansson (1945)	1990	-	14	-	-	-	-
Ola Parten (1953)	2003	-	14	-	-	-	-
Uno Granbom (1952)	2008	-	10	-	-	-	-

Honorary Chairman: Björn Wahlström has been Honorary Chairman of the Company since 1991.

**Appointed by the Annual General Meeting**

Member	Elected to the Board	Shareholding*	Experience and current appointments
Sverker Martin-Löf, Chairman of the Board (1943)	2003, Chairman since 2003	21,563 shares	Licentiate of Technology, DRHC. Board Chairman: SCA and Skanska. Deputy-Chairman: Ericsson, Industrivärden and Svenskt Näringsliv. (Confederation of Swedish Enterprise). Director: Handelsbanken. Previously President and CEO of SCA.
Carl Bennet (1951)	2004	43,375 shares	MSc. in Economics, Tech DRHC Board Chairman: Elanders, Getinge, University of Gothenburg and Lifco. Deputy Board Chairman: Boliden. Member of the Government's Research Committee. Previously President and CEO of Getinge.
Anders G Carlberg (1943)	1986	6,000 shares	MSc. in Economics Director: Axel Johnson AB, Mekonomen, Beijer Alma, Sapa and Säkl. Previously President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International as well as Vice President of SSAB.
Olof Faxander, President and CEO (1970)	2006	8,000 shares	MSc. (Materials Science) and BSc. (Business Administration). Chairman of the Council of the Swedish Steel Producers' Association. Employed at SSAB since 2006. Previously Vice President of Outokumpu Oy.
Marianne Nivert (1940)	2002	10,000 shares	BA Board Chairman: Posten. Director: Beijer Alma, Systembolaget and Wallenstam. Previously President and CEO of Telia.
Anders Nyrén (1954)	2003	2,812 shares	MSc. in Economics, MBA. President and CEO of Industrivärden. Deputy Board Chairman: Handelsbanken and Sandvik. Director: Ericsson, Ernströmgruppen, Industrivärden, SCA and Skanska. Chairman of the Board of the Association of Exchange Listed Companies and the Association for Generally Accepted Principles in the Securities Market. Previously Vice President of Skanska.
Matti Sundberg (1942)	2004	10,000 shares	Mining Counselor, MSc. in Business and Economics, econ DRHC. Chairman: Chempolis Oy. Director: Boliden and Skanska. Previously President and CEO of Valmet/Metso and Ovako Steel.
Lars Westerberg (1948)	2006	10,000 shares	Civil Engineer and MBA Board Chairman: Autoliv, Husqvarna and Vattenfall Director: Plastal and Volvo. Previously President and CEO of Autoliv and Gränges.

\*Shareholdings include shares owned by closely-related persons.

**Appointed by the employees**

Sture Bergvall (1956)	2005	Electrician, SSAB Strip Products.
Bo Jerräng (1947)	2004	Personnel, SSAB Plate.
Bert Johansson (1952)	1998	Electrician, SSAB Strip Products.
Alternates:		
Owe Jansson (1945)	1990	Steel worker, SSAB Plate.
Ola Parten (1953)	2003	Engineer, SSAB Strip Products.
Uno Granbom (1952)	2008	Technician, SSAB Strip Products.

## Compensation Committee

### DUTIES

The Compensation Committee presents proposals to the Board of Directors regarding the President's salary and other employment terms, establishes salaries and employment terms for other members of the Group Executive Committee and establishes salary limits and employment terms for other senior executives. The Compensation Committee assists the Board in its task of drawing up proposals for guidelines for determination of salary and other compensation for the President and other members of the Company's management, to be decided upon at the Annual General Meeting.

### WORK IN 2008

In 2008, the Compensation Committee held 7 meetings at which minutes were taken, at which all members were present. The Compensation Committee comprises Sverker Martin-Löf (Chairman) and Anders Nyrén. The President is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms.

## Audit Committee

### DUTIES

The Audit Committee complies with established rules of procedure which are adopted annually by the Board of Directors. The Chairman of the Audit Committee is responsible for ensuring that the entire Board is kept regularly informed as to the work of the Committee and, where necessary, shall submit matters to the Board for a decision. The main duties of the Audit Committee are to support the Board in the work of ensuring the quality of the financial reporting. The Committee regularly meets the Company's auditors, evaluates the audit work and grants approval as to which additional services the Company may procure from the external auditors.

There is an established risk management process in the Company which is structured on processes and flows in production. In this process, the Audit Committee reviews and takes into account the risks that have arisen (both commercial risks and risks of errors in the financial reporting). Based on the result of the internal and external risk assessment, the Committee regularly discusses the focus and scope of the audit with the Company's internal and external auditors.

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

### WORK IN 2008

In 2008, the Audit Committee developed and improved the presentation of the external financial reporting. The Audit Committee has, together with the external auditors, reviewed and discussed the risk analysis and audit plan prepared by the auditors as a basis for the statutory audit.

The Committee's members were Anders G Carlberg (Chairman), Sverker Martin-Löf and Marianne Nivert. In 2008, the Audit Committee held six meetings at which minutes were taken.

## Group Executive Committee

### THE GROUP EXECUTIVE COMMITTEE'S WORK AND RESPONSIBILITIES

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

The President is responsible for the day-to-day management of the Company in accordance with the Board of Directors' instructions and guidelines. The Group Executive Committee consists, in addition to the President, of the Executive Vice Presidents of SSAB Strip Products, SSAB Plate and SSAB North America, the Chief Financial Officer, the General Counsel, the Executive Vice President, Human Resources, the Executive Vice President, Technical Development and the Executive Vice President, Communications.

The Group Executive Committee holds monthly meetings in order to discuss the results and financial position of the Group as well as divisions/subsidiaries. Other issues addressed at Group Executive Committee meetings include strategic issues and follow-up on budget and forecasts.

The head of each division and subsidiary is responsible for the respective income statement and balance sheet. Overall operational control of the divisions takes place through quarterly performance reviews and, in Tibnor and Plannja, through each board of directors. The President of the parent company is in most cases the Chairman of the Board of each of the directly-owned major subsidiaries and these boards also include other members from the Group Executive Committee as well as employee representatives. The boards of the subsidiaries monitor the ongoing operations and determine strategies and budgets.

### Compensation Guidelines

The 2008 Annual General Meeting decided that compensation to the President and other members of the Company's management shall comprise fixed salary, possible variable compensation, other benefits and pension. The total compensation package shall be on market terms and competitive for the employment market in which the executive works. Fixed salary and variable compensation shall be related to the executive's responsibilities and powers. The variable compensation shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling in relation to the fixed salary. Variable compensation

shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensation may be included in the basis for pension computation due to legislation or competitive practice on the local market. The Board shall be entitled to deviate from the guidelines where special reasons exist in an individual case. For more detailed information regarding current compensation, reference is made to Note 2.

The Company currently has no share or share-price related incentive program.

Name	Member of Group Executive Committee	Shareholding*	Education and experience
Olof Faxander, President and CEO (1970)	2006	8,000 shares	MSc. (Materials Science) and BSc. (Business Administration). Employed at SSAB since 2006. Previously Vice President of Outokumpu Oy.
Jonas Bergstrand, General Counsel and Executive Vice President, Legal (1965)	2006	4,242 shares	Master of Law. Employed at SSAB since 2006. Previously corporate counsel at ABB, OM Gruppen and Ericsson Radio Systems.
Martin Lindqvist, Chief Financial Officer up to July 31 2008 and Executive Vice President SSAB Strip Products since August 1, 2008 (1962)	2001	17,109 shares	Bachelor of Science in Economics. Employed at SSAB since 1998. Previously CFO at SSAB, CFO at SSAB Strip Products and Chief Controller at NCC.
Martin Pei, Executive Vice President, Technical Development (1963)	2007	1,000 shares	Ph. D (Technology). Employed at SSAB since 2001. Previously General Manager, Slab Production, SSAB Plate.
Karl-Gustav Ramström, Executive Vice President, SSAB Plate (1954)	2007	1,000 shares	Master of Engineering, MBA. Employed at SSAB since 2007. Previously Head of Division, Svenska ABB.
Helena Stålnert, Executive Vice President, Communications (1951)	2007	500 shares	Master program in Journalism, Stockholm. Employed at SSAB since 2007. Previously Senior Vice President, Communications, at Saab, Head of the News at Swedish Television.
Anna Vikström Persson, Executive Vice President, Human Resources (1970)	2006	500 shares	Master of Law. Employed at SSAB since 2006. Previously Head of Human Resources at Ericsson's Swedish Division.
Marco Wirén, Chief Financial Officer and Executive Vice President, Finance, since November 2008 (1966)	2008	4,850 shares	Master in Economics. Employed at SSAB since 2007. Previously Chief Controller at SSAB and CFO at Eltel Networks AB and Vice President, Strategic Planning at NCC AB.
David Britten, Executive Vice President, SSAB North America, since June 13, 2008 (1960)	2008	5,000 shares	MSc. (Engineering). Employed at SSAB since 2007. Previously Senior Vice President, IPSCO.

\* Shareholdings include shares owned by closely-related persons.

### Internal control and risk management

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

Since 2007, SSAB has had a Risk Committee charged with the task of developing and implementing a uniform risk management model for the Group. The Risk Committee will function as a preparatory body for the Group Executive Committee with the primary tasks of identifying and evaluating the Group's risks and compiling and updating SSAB's risk structure and risk model. The work also includes assessing the preventative measures to be taken in the internal control to reduce and prevent the Group's risks. The Committee also has the tasks of ensuring that the Group holds appropriate insurance cover and preparing documentation as a basis for decisions to be taken by the Group Executive Committee concerning changes in, among other things, policy, guidelines, and insurance cover. In order to cover SSAB's risks as fully as possible, the Committee consists of heads of the divisions, Group personnel and the head of the internal audit. In 2008, the Committee held two meetings at which minutes were kept, at which all members were present. In the autumn of 2008, it was decided to replace the Risk Committee with a Risk Manager, who shall assume the Risk Committee's duties and report directly to the Company's General Counsel.

For a description of the organization of the internal control with respect to financial reporting, see below.

### Internal audit

SSAB has an established internal audit function reporting directly to the Audit Committee but functionally subordinate to the Chief Financial Officer.

During 2008, the internal audit has activated and reported audits in accordance with an audit plan adopted by the Audit Committee. These audits were carried out in accordance with a developed and adopted audit process which is regularly developed in order to optimize the work method and delivery of reports which generate added value.

For a further description of the work of the internal audit in 2008, see the section entitled "The Board's description of the internal control and risk management regarding financial reporting".

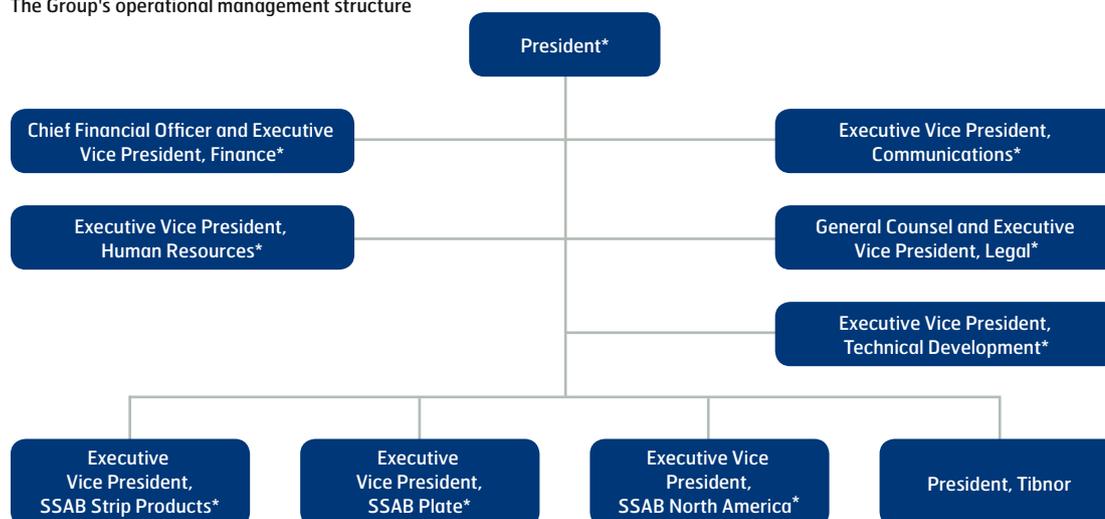
### The Board's description of the internal control and risk management regarding financial reporting

In accordance with the Swedish Companies Act and the Swedish Code on Corporate Governance, the Board of Directors of SSAB is responsible for the internal control. This description has been prepared in accordance with section 10.5 of the Swedish Code on Corporate Governance. This description does not constitute a part of the formal annual report documents and has not been reviewed by the Company's auditors.

#### FRAMEWORK FOR INTERNAL CONTROL

SSAB complies with the internationally established framework, Internal Control – Integrated Framework, which is issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In accordance with COSO, SSAB's internal control process is based on five components: control environment, risk assessment, control activities, information and communications, as well as follow-up.

### The Group's operational management structure



\* Member of the Group Executive Committee

SSAB's internal control process is structured in order to ensure, to a reasonable degree, the quality and accuracy of the financial reporting. In addition, the process shall ensure that the reporting is prepared in accordance with applicable laws and regulations, reporting standards, as well as requirements imposed on listed companies in Sweden. Prerequisites for this being achieved are that a sound control environment is in place, that reliable risk assessments are carried out, that established control activities are in place and that information and communication as well as follow-up function in a satisfactory manner.

**CONTROL ENVIRONMENT**

The control environment is characterized by the organization structure, management's work methods and philosophy as well as other roles and responsibilities within the organization. The Audit Committee assists the Board with respect to important accounting issues which the Group applies and monitors the internal control with respect to financial reporting. In order to maintain an efficient control environment and sound internal control, the Board of Directors has delegated the practical responsibility to the President who, in turn, has delegated responsibility to other members of the Group Executive Committee and heads of divisions/subsidiaries.

A number of projects aimed at achieving improvements in work methods, routines and documentation are regularly conducted with the aim of ensuring that the Group's internal controls meet the requirements imposed by various interested parties. In order to ensure the quality of the financial reporting, regular work takes place on further developing joint Group policies and manuals; among other things, an accounting manual (Financial Guidelines) for the Group has been produced and communicated throughout the Group. The finance policy is included in the Financial Guidelines. In addition to the Financial Guidelines, the most important overall control documents and policies for the Group are the information policy and ethics policy. In addition to these

joint Group policies, there are local control documents and policies, e.g. credit policy and policy for dissemination of financial information.

All divisions and subsidiaries have adopted guidelines with respect to ethical issues. The work on clarifying the Group's Code of Business Ethics continued during 2008. This represents a stage in further strengthening the communication of the Group's values and philosophy.

**RISK ASSESSMENT**

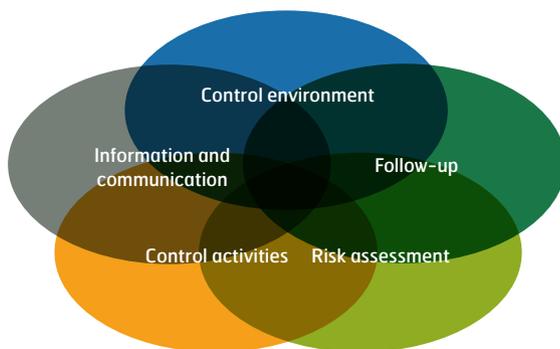
SSAB is an organization which is exposed to various risks, both internally and externally. In order to appropriately ensure a sound internal control, the risks which may affect the financial reporting are identified, gauged and measures are taken. The Group's system for identifying, reporting and taking measures as regards risks is integrated in the regular reporting to Group Executive Committee and the Board of Directors and also constitutes the basis for the assessment of risks of error in the financial reporting. SSAB's operations are characterized by processes involving well-established routines and systems. The risk assessment thus takes place largely within these processes and only general risk assessments take place on a Group level. Responsible persons in the Group identify, monitor and follow-up risks. This creates conditions for well-founded and correct commercial decisions at all levels. Financial risks such as currency, financing and liquidity risks, as well as interest rate and credit risks, are handled primarily by the parent company's treasury function in accordance with the Group's finance policy (see Note 27). See also the section entitled "Internal control and risk management." and the report of the Directors page 24 for a survey of the Group's business risk exposure.

**CONTROL ACTIVITIES**

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

In 2007, the Group commenced work on implementing a joint Group consolidation system. This work has continued in 2008 and all companies in the Group submitted reports at the end of 2008. A joint Group system will lead to an improved internal control over the financial reporting. Work has also continued in the Group concerning automation of

**Internal control process**



more controls and processes, and limitations on authority in accordance with relevant powers.

Control activities are carried out on all levels in the Group. For example, there are established Controller functions which analyze and follow-up deviations and forward reports in the Company. Monitoring by Group Executive Committee takes place, among other things, through regular meetings with heads of divisions and subsidiaries with regard to the operations, their financial position and results, as well as financial and operational key ratios. The Board of Directors analyzes, among other things, monthly business reports in which the Group Executive Committee describes the period that has elapsed and comments on the Group's financial position and results. In these ways, important fluctuations and deviations are followed up, a factor which minimizes the risks of errors in the financial reporting.

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

#### INFORMATION AND COMMUNICATION

##### Externally

SSAB's communications must be correct, open, and prompt and provided simultaneously to all interested groups. All communications must take place in accordance with Nasdaq OMX Stockholm's Rules and Regulations and in accordance with other regulations. The financial information must provide the capital market and stock market, as well as current and future shareholders, with a comprehensive and clear view of the Company, its operations, strategy and financial development.

The Board of Directors approves the Group's annual report and press releases regarding results and instructs the CEO to submit interim reports in accordance with the Board's rules of procedure. All financial reports and press releases are published on the website ([www.ssab.com](http://www.ssab.com)) simultaneously with publication via Nasdaq OMX Stockholm, and are also notified to the Swedish Financial Supervisory Authority.

Financial information regarding the Group may be provided only by the CEO and CFO, as well as by the Executive Vice President, Communications and Head of Investor Relations. The divisions/subsidiaries disseminate financial information regarding their business only after the Group has published corresponding information.

The Company applies silent periods during which the Company does not communicate information regarding the

Company's development. Silent periods are three weeks prior to publication of full-year or interim reports.

In the event of a leakage of price-sensitive information or upon the occurrence of special events which may affect the valuation of the Company, Nasdaq OMX Stockholm will be notified, after which a press release containing the same information will be distributed. Informational activities are governed by an information policy

##### Internally

Each division and subsidiary has a chief financial officer who is responsible for maintaining high quality and precision of delivery with respect to the financial reporting.

The local intranets constitute important communication channels in the Company on which information is published regularly. In 2008, SSAB introduced a new joint Group intranet. Regular joint Group accounting meetings are held with the chief financial officers of the divisions/subsidiaries. In this way, the divisions/subsidiaries are updated regarding news and changes within, among other things, the accounting area as well as routines and internal controls with respect to the financial reporting. In addition, the parent company regularly communicates changes in the joint Group accounting principles and policies as well as other issues relating to the financial reporting.

#### FOLLOW-UP

The Board's follow-up of the internal control with respect to financial reporting takes place primarily through the Audit Committee, among other things through follow-up of the work and reports of the internal and external auditors.

The internal audit department has carried out independent and objective reviews in accordance with an established audit plan. The reviews are carried out in accordance with an adopted audit process which commences with an annual risk analysis in order to create an audit plan which, following completion of the audit, is formally concluded with regular reporting back to the Audit Committee of observations and measures taken by the Company. The audits are carried out as process audits focusing on SSAB's compliance with its rules and regulations and the existence of efficient and suitable processes for risk management, business management and internal controls.

The external auditors review each year selected parts of the internal control within the scope of the statutory audit. The external auditors report the results of their review to the Audit Committee and Group Executive Committee. Important observations are also reported directly to the Board of Directors. In 2008, the external auditors reviewed the internal control in selected key processes and reported thereon to the Audit Committee and Group Executive Committee.

Further information regarding corporate governance in SSAB is available on [www.ssab.com](http://www.ssab.com), including the following information:

- Routines regarding the Annual General Meeting (when the Annual General Meeting is to be held, notice to attend, registration procedure, as well as which important decisions are to be taken at the Annual General Meeting)
- Information from SSAB's previous Annual General Meetings (commencing 2005), including notices, minutes, addresses by the President and communiqués
- The by-laws
- Corporate governance reports from previous years
- Information regarding the Nomination Committee