

A red SSAB truck is driving on a road through a mountainous landscape. The truck is a large, heavy-duty vehicle with a long trailer. The background features steep, rocky mountains with sparse vegetation under a clear blue sky. The truck is positioned in the lower right quadrant of the image, moving towards the left.

SSAB

CORPORATE GOVERNANCE REPORT 2019

Toward industry-leading profitability

CORPORATE GOVERNANCE REPORT

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Corporate Governance Report 2019

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

Organization as at December 31, 2019

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

The diagram below shows SSAB’s corporate governance framework as at December 31, 2019, and how the central bodies operate.

Derogations from the Corporate Code

There are no derogations to report from the Corporate Code for 2019.

Shareholders

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

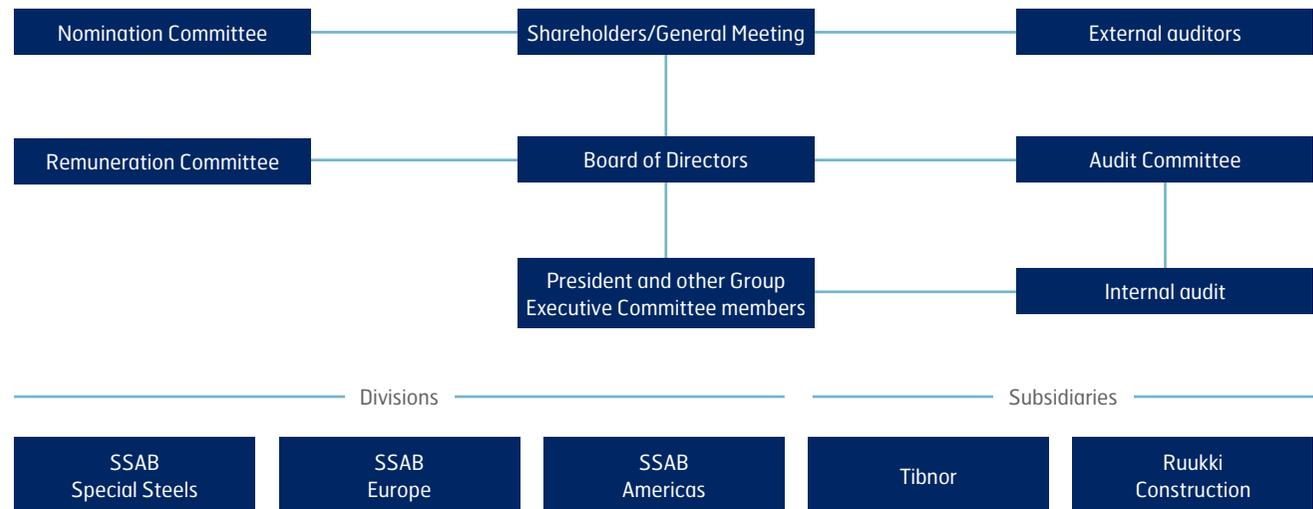
Important external and internal rules and policies which affect corporate governance:

Significant internal rules and policies

- Articles of Association
- The Board’s rules of procedure, incl. instructions to the CEO and instructions to Board committees
- Code of Conduct

Significant external rules

- Swedish Companies Act
- Swedish Book-keeping Act
- Swedish Annual Accounts Act
- Rules of NASDAQ Stockholm and NASDAQ Helsinki, www.nasdaqomxnordic.com
- Swedish Corporate Governance Code, www.corporategovernanceboard.se



As at December 31, 2019, there were a total of 117,058 shareholders. Industrivärden was the largest shareholder in terms of voting rights, followed by Solidium Oy, LKAB, Lannebo Funds, Vanguard, Norges Bank, Swedbank Robur and Invesco. The ten largest identified owners together owned approximately 36.9% of the votes and 31.7% of the capital at the end of December 2019. Owners outside Sweden and Finland accounted for 32.7% of votes and 25.0% of the capital. See Shares and shareholders for more information about the ownership structure.

General meeting

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

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

2019 Annual General Meeting

The 2019 Annual General Meeting adopted the annual report and consolidated financial statements for 2018 released by the Board of Directors and the CEO, decided on the allocation of the company's profit and granted the directors and CEO discharge from liability. In addition, the Chairman of the Nomination Committee presented the Committee's work during the year and the rationale behind the proposals presented. The general meeting decided on the remuneration to the Board and the auditors in accordance with the Nomination Committee's proposals. It was further resolved that the Board will comprise eight directors and accordingly Petra Einarsson, Marika Fredriksson, Bengt Kjell (who was elected Chairman of the Board), Pasi Laine, Matti Lievonon, Martin Lindqvist (President and CEO), were re-elected as Board members. Bo Annvik and Marie Grönborg were elected new Board members. Annika Lundius and Lars Westerberg had declined re-election to the Board. The general meeting decided that the number of auditors would comprise a registered firm of accountants and, accordingly, Ernst & Young AB was elected as new auditor for a term of office up to and including the 2020 Annual General

Owners as of December 31, 2019

	% of votes	% of capital
Industrivärden	11.8	4.3
Solidium	9.8	12.6
LKAB ¹⁾	3.6	2.3
Lannebo Funds	2.8	1.0
Vanguard	2.3	2.3
Norges Bank	1.8	2.2
Swedbank Robur	1.8	3.5
Invesco	1.1	1.3
Folksam	1.1	1.1
BlackRock	0.9	1.0
Other shareholders	63.1	68.3
Total	100.0	100.0
Whereof foreign-registered shareholders ²⁾	32.7	25.0

¹⁾ On December 23, 2019, LKAB informed that they increased their shareholding to 5.1% of the voting and share capital in SSAB, but the increase was not registered in Euroclear at year-end 2019

²⁾ Includes shareholders outside Sweden and Finland

Source: Monitor by Modular Finance. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority

Meeting. The general meeting resolved on a dividend of SEK 1.50 per share for the financial year 2018. Finally, the General Meeting resolved to authorize the Board of Directors to, at one or several occasions up to the next Annual General Meeting, resolve on new issues of shares of series B, with or without the disapplication of the shareholders' preferential rights to subscribe for shares. The total number of shares that may be issued by exercise of the authorization shall be within the limits of the Articles of Association and not exceed ten (10) percent of the total number of shares in the company.

A quorate Board and the principal auditor were present at the Annual General Meeting. The minutes of the Annual General Meeting may be viewed at www.ssab.com.

Nomination committee

Duties of the Nomination Committee

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

Procedure for the appointment of the Nomination Committee

The 2012 Annual General Meeting adopted a procedure regarding the appointment of the Nomination Committee. The procedure applies until amended through a resolution adopted at a future Annual General Meeting. The procedure was adopted with some minor adjustments by the Annual General Meeting held on April 10, 2018. According to the procedure, the Chairman of the Board is tasked with requesting that no fewer than three and no more than five of the largest shareholders in terms of votes each appoint a member to constitute the Nomination Committee together with the Chairman of the Board.

There may be no more than six members in total. The Chairman of the Nomination Committee is the representative of the largest shareholder. The composition of the Nomination Committee was announced on www.ssab.com on August 14, 2019.

Shareholders were able to submit proposals to the Nomination Committee by, for example, email, until December 31, 2019. The Nomination Committee's proposals will be published no later than in conjunction with the notice of the Annual General Meeting.

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

Work of the Nomination Committee ahead of the 2020 Annual General Meeting

The Nomination Committee has convened four times in 2019 since it was appointed in August 2019. One more meeting is planned before the Annual General Meeting.

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

Nomination committee ahead of the 2020 Annual General Meeting

Appointed by, name	Share (%) of votes at 31 december 2019
Lars Pettersson, Industrivärden (Chairman of the Nomination Committee)	11.8
Petter Söderström, Solidium Oy	9.8
Peter Hansson, LKAB	3.6
Åsa Nisell, Swedbank Robur	1.8
Bengt Kjell (Chairman of the Board of Directors)	-

Further, the outcome of the evaluation of the Chairman of the Board has been reported to the Nomination Committee. The annual evaluation of the Board was conducted in conjunction with a Board meeting held during the fall. Prior to the evaluation, the directors individually completed a relatively extensive questionnaire. Thereafter, the replies and comments of the directors were compiled and formed the basis for the actual evaluation discussion. The Nomination Committee has discussed the composition of the Board and agreed on the main requirements to be imposed on the directors, including the requirement for independent directors.

In its assessment of the Board's evaluation, the Nomination Committee particularly took into account the need for Board diversity and breadth, and the requirements to strive for gender balance on the Board.

The Nomination Committee engages in continuous work in identifying and evaluating potential new directors. In submitting proposals for fees to the Board of Directors and its committees, the Nomination Committee, among other things, conducted an overview of Board fees in similar companies. Prior to the election of an auditor at the Annual General Meeting 2020, the Audit Committee has conducted an evaluation of the audit performance presented to the Nomination Committee on its December meeting. At the same meeting, the committee's recommendation regarding both election of auditors and fees was presented. The Nomination Committee followed the Audit Committee's recommendation when presenting its proposals to the 2020 Annual General Meeting.

Board of directors

Responsibilities of the Board

The overall task of the Board of Directors is to manage the company's affairs in the best interests of both the company and its shareholders. The Board must regularly assess the group's financial position and evaluate the operative management. The Board decides, among other things, on matters concerning the group's strategic focus and organization, and decides on important capital expenditure (exceeding SEK 100 million).

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

Rules of procedure of the Board

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

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

Chairman of the Board

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

Composition of the Board

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

The Board of Directors' diversity policy

SSAB works actively to further diversity within the company. As a part of this work, the company, through the Nomination Committee, applies rule 4.1 in the Swedish Corporate Governance Code (the Corporate Code) as its diversity policy. In accordance with rule 4.1 in the Corporate Code, the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is also to strive for gender balance on the Board.

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

During the financial year 2019, the Board of Directors' diversity policy has mainly been implemented and applied in connection with the Nomination Committee's work ahead of the 2019 Annual General Meeting and the 2020 Annual General Meeting. This has resulted in a diversified and appropriate Board composition with Board members that possess the qualifications and experience required for SSAB's operations.

Work of the Board in 2019

In 2019, the Board of Directors held nine meetings at which minutes were taken and at which the Board was quorate at all times. SSAB's General Counsel, who is not a director, served as secretary to the Board.

Safety work has top priority across the group and at every meeting the Board keeps close track of lost time injury frequency and the corrective actions implemented by the company. The Board also follows the company's sustainability performances with regular follow-ups of achievements of the targets set out. The first half of 2019 was characterized by a continued strong global demand for steel products, despite a slowdown in the automotive segment. The margins were negatively affected already in the end of the first half of 2019, due to a sharp rise in price on iron ore. Steel volumes and prices were squeezed during the second half of 2019 due to deterioration in the economic climate. Beside the work with monitoring the company's strategic considerations, the Board has during the year put considerable time and efforts to monitor the measures taken by the company to adapt the operational activities to the current economic climate.

The Board monitors the company's cost levels and engages in the company's key operating challenges such as methods and ways of working for continuous improvement in productivity to ensure the company's growth and profitability. In addition to this, the Board has also addressed matters concerning digitalization, IT security, R&D, control functions, corporate governance, etc.

Board of Directors – appointed by the annual general meeting

					
BENGT KJELL (1954)	BO ANNVIK (1965)	PETRA EINARSSON (1967)	MARIKA FREDRIKSSON (1963)	MARIE GRÖNBORG (1970)	PASI LAINE (1963)
Chairman since 2015 MBA, Stockholm School of Economics Nationality: Swedish	MSc (Eng.) Business Administration. Nationality: Swedish	BSc (Business Administration and Economics) Nationality: Swedish	MBA Nationality: Swedish	MSc (Eng.) Chemical Engineering Nationality: Swedish	MSc (Eng.) Nationality: Finnish
Elected to the board					
2015	2019	2014	2016	2019	2017
Shareholding¹⁾					
40,000 B shares	0	10,000 B shares	1,000 A shares	0	712 A shares, 4,931 B shares
Current appointments					
Board Chairman: Hemfosa Fastigheter AB Vice Chairman of the Board: Indutrade AB and Pandox AB Director: AB Industrivärden and Amasten Fastighets AB	President and CEO: Indutrade AB	Director: Confederation of Swedish Enterprise	CFO & Group Executive Vice President: Vestas Wind Systems A/S (since 2013) Director: Sandvik AB	President and CEO: Purac AB	President and CEO of Valmet Oyj (since 2013) Director: Ilmarinen Mutual Pension Insurance Company
Previous appointments					
Acting President: AB Industrivärden CEO: AB Handel och Industri Vice President: AB Industrivärden Senior partner: Navet AB Board Chairman: Kungsleden AB, Skånska Byggarvaror Holding AB and Nyfosa AB Director: Höganäs AB, Skanska AB, Munters AB and ICA Gruppen AB	President and CEO: Haldex AB Senior positions: Volvo Cars, SKF and Outokumpu	CEO: BillerudKorsnäs AB Business Area Manager: Sandvik Materials Technology Product Area Manager Tube: Sandvik Materials Technology Product Area Manager Strip: Sandvik Materials Technology CFO: Sandvik Materials Technology Director: Swedish Association of Industrial Employers Member of the Council: Swedish Steel Producers' Association	Director: ÅF AB CFO: Gambro AB, Autoliv Inc. (Stockholm, Sweden), Volvo Construction Equipment (Brussels, Belgium) and Volvo Construction Equipment International AB	EVP: Perstorp Group, Business Area Specialties & Solutions Senior positions: Perstorp Group och Formox AB	Director: HKScan Oyj and Tamfelt Oyj Several senior positions: Metso group, including President of Pulp, Paper and Power Technology, President of Metso Automation

¹⁾ Shareholdings include shares owned by closely-related persons

Board of Directors – appointed by the annual general meeting



MATTI LIEVONEN (1958)

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

Elected to the board

2014

Shareholding¹⁾

4,315 A shares, 25,018 B shares

Current appointments

CEO: Oiltanking GmbH
Board Chairman: Fortum Abp
Board member: Solvay SA and
Wintershall Dea GmbH



MARTIN LINDQVIST (1962)

President and CEO
BSc (Economics)
Nationality: Swedish

2011

President and CEO: SSAB AB
(employed at SSAB since 1998)
Chairman: Swedish Steel
Producers Association
Director: Svenska Cellulosa
Aktiebolaget SCA, Swedish
Association of Industrial
Employers AB and Confederation
of Swedish Enterprise

Previous appointments

President and CEO: Neste Corporation
Chairman of the Supervisory Board:
Ilmarinen Mutual Pension Insurance
Company
Board Chairman: Nynas AB
Deputy Chairman of the Board:
Confederation of European Paper Industries
Director: Confederation of Finnish
Industries, Rautaruukki Corporation, Finnish
Oil and Gas Federation, EUROPIA and
Chemical Industry Federation of Finland

Director: Intratrade Aktiebolag
Head of business area: SSAB
EMEA
CFO: SSAB AB
Chief controller: NCC

¹⁾ Shareholdings include
shares owned by
closely-related persons

Board of Directors – appointed by the employees



STURE BERGVALL (1956)

Elected to the Board

2005

Current appointments

Electrician, SSAB Europe



MIKAEL HENRIKSSON (1961)

Elected to the Board

2017

Furnace operator, SSAB Special
Steels



TOMAS WESTMAN (1955)

Elected to the Board

2015

RM-coordinator, SSAB Europe

Alternates



TOMAS JANSSON (1966)

Elected to the Board

2014

Current appointments

Sales Coordinator, SSAB Europe



TOMAS KARLSSON (1962)

Elected to the Board

2015

Maintenance mechanic, SSAB
Europe



PATRICK SJÖHOLM (1965)

Elected to the Board

2011

Automation engineer, SSAB Special
Steels

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

Auditors

SSAB must have one or two external auditors, or one or two registered public accounting firms, under its Articles of Association. On the Annual General Meeting 2019 the registered accounting firm Ernst & Young AB was elected new auditor for the company until the Annual General Meeting in 2020. The authorized public accountant Rickard Andersson was appointed principal auditor.

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

See [Note 2](#) in Financial reports for information regarding the auditor's fees.

Audit committee

Duties

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

The duties of the Audit Committee are stated in the Board's rules of procedure. The Chairman of the Audit Committee is responsible for ensuring that the entire Board is kept regularly informed about the Committee's work and, where necessary, must submit matters to the Board for decision. The main task of the Audit Committee is to support the Board in its work to ensure the quality of financial reporting.

Member of the board	Elected to the board	Attendance statistics 2019			Independent of	
		Board meetings	Remuneration Committee	Audit Committee	The company and its management	The company's largest shareholders
Elected by the AGM¹⁾						
Bengt Kjell, Chairman since 2015	2015	9	4	7	Yes	No, Board member of Industrivärden
Bo Annvik ²⁾	2019	7	-	3	Yes	Yes
Petra Einarsson	2014	9	4	-	Yes	Yes
Marika Fredriksson	2016	9	-	7	Yes	Yes
Marie Grönborg ²⁾	2019	6	-	3	Yes	Yes
Pasi Laine	2017	9	-	-	Yes	Yes
Matti Lievonen	2014	7	4	-	Yes	Yes
Martin Lindqvist, President and CEO	2011	9	-	-	No, CEO at the company	Yes
Employee representatives						
Sture Bergvall	2005	9	-	-	-	-
Mikael Henriksson	2017	9	-	-	-	-
Tomas Westman	2015	9	-	-	-	-
Alternate members						
Tomas Jansson	2014	8	-	-	-	-
Tomas Karlsson	2015	9	-	-	-	-
Patrick Sjöholm	2011	9	-	-	-	-

¹⁾ Information about fees, see [Note 2](#) in Financial reports

²⁾ Elected new board member on the Annual General Meeting on the 8th of April 2019

The Audit Committee oversees the company's internal control and risk management regarding financial reporting. The Audit Committee also assists the company's Nomination Committee with preparing proposals for a general meeting resolution on the election of auditors.

The Committee regularly meets the company's auditors, evaluates the audit work and establishes guidelines as to which additional services the company may source from its external auditors. Such additional services, up to a maximum of SEK 100,000 per assignment, must be approved in advance by the company's Chief Financial Officer. Assignments exceeding SEK 100,000 must be approved in advance by the chairman of the Audit Committee. All additional services must be reported to the Audit Committee each quarter.

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

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

Work in 2019

A new external auditor was elected on the Annual General Meeting in April 2019. The Audit Committee has discussed the new auditor's proposals regarding risk analysis and audit plan, which formed the basis of the statutory audit. The Audit Committee has closely discussed the new auditor's proposals regarding changes in working practices and processes. IT-security, the company's financing and tax position, including the ongoing tax audit in Sweden, are other matters in which the Committee has had strong focus during the year.

The Audit Committee's members were since the Annual General Meeting Marika Fredriksson (Chairman), Bo Annvik, Marie Grönborg and Bengt Kjell. In 2019, the Audit Committee held seven meetings at which minutes were taken.

Remuneration committee

Duties

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

Work in 2019

During 2019, the Remuneration Committee held three meetings at which minutes were taken. The Remuneration Committee comprised Bengt Kjell (Chairman), Petra Einarsson and Matti Lievonen. The CEO is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

Group Executive Committee



MARTIN LINDQVIST (1962)

President and CEO
Nationality: Swedish

Member of the group executive committee

2001



OLAVI HUHTALA (1962)

Executive Vice President and Head of SSAB Europe
Nationality: Finnish

2014



CHARLES SCHMITT (1959)

Executive Vice President and Head of SSAB Americas
Nationality: American

2011



JOHNNY SJÖSTRÖM (1974)

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

2019



JONAS BERGSTRAND (1965)

Executive Vice President, Legal, M&A and Procurement
Nationality: Swedish

2006



HÅKAN FOLIN (1976)

Executive Vice President and CFO
Nationality: Swedish

2013

Shareholding¹⁾

11,709 A shares
21,023 B shares

17,578 A shares
72,873 B shares

3,000 B shares

0

24,125 B shares

15,000 B shares

Education

BSc (Economics), Uppsala University

BSc (Engineering)

BSc (Business Administration/ Finance). The University of Texas at Arlington, two-year steel fellowship at the American Iron and Steel Institute

Master's degree in Physics, PhD in Materials Technologies, Karlstad University, Associate Professor, Luleå Technical University and EMBA Stockholm School of Economics

LLM, Uppsala University

MSc, KTH Royal Institute of Technology, Stockholm

Background

Employed at SSAB since 1998.

Employed at Rautaruukki/SSAB since 1987.

Employed at IPSCO/SSAB since 1990.

Employed at SSAB between 2012–2014 and since 2019.

Employed at SSAB since 2006.

Employed at SSAB since 2006.

Previously:

Head of business area: SSAB EMEA
Head of business area: SSAB Strip Products
CFO: SSAB AB,
CFO: SSAB Strip
Chief Controller: NCC

Previously:

EVP: Ruukki Metals, President: Ruukki Fabrication Executive roles in Sales and Production: Rautaruukki Metform

Previously:

Several positions: US Steel Corporation and VP of the Southern Business Unit: SSAB Americas

Previously:

President Uddeholms AB, President Scana Leshan (China), VP Technology and responsible for market development SSAB APAC, VP Product manager Outokumpu, Technology and Quality manager Outokumpu

Previously:

Corporate counsel: ABB, OM Gruppen and Ericsson Radio Systems

Previously:

CFO: SSAB APAC
CFO: Tibnor
Head of Business Development: SSAB

¹⁾ Shareholdings include shares held by closely-related persons

Group Executive Committee



MARIA LÅNGBERG (1970)

Executive Vice President and Head of People, Culture and Communication
Nationality: Swedish



MARTIN PEI (1963)

Executive Vice President and CTO
Nationality: Swedish



CHRISTINA FRIBORG (1969)

Executive Vice President and Head of Sustainability, Ethics & Compliance and Health & Safety
Nationality: Swedish



EVA PETURSSON (1968)

Executive Vice President and Head of Research and Innovation
Nationality: Swedish



VIKTOR STRÖMBERG (1973)

Executive Vice President and Head of Strategy, IT and Digitalization
Nationality: Swedish

Member of the group executive committee

2016

2007

2018

2018

2018

Shareholding¹⁾

7,000 B shares

300 A shares
700 B shares

4,500 B shares

165 A shares
500 B shares

4,000 B shares

Education

BSc (Business Administration), Uppsala University
MBA, Stockholm School of Economics

PhD, KTH Royal Institute of Technology, Stockholm

LLM, Uppsala University

Civil engineer and PhD in Steel Structures, Luleå University of technology

MBA, INSEAD, France and MSc in Industrial Engineering & Management, Linköping University

Background

Employed at SSAB since 2013.

Employed at SSAB since 2001.

Employed at SSAB since 2018.

Employed at SSAB since 2005.

Employed at SSAB since 2011.

Previously:

President Merox and VP Group Sustainability, SSAB, EVP & Head of Group Communications, SSAB, Senior Consultant, JKL, SVP Group Communications, Gambro

Previously:

EVP, Head of business area: SSAB APAC, EVP, Technical Director: SSAB, Manager R&D: SSAB Plate Division and General Manager Slab Production: SSAB Plate Division

Previously:

Head of Sustainable Business at Sandvik, founder and partner at Ethos International and various positions at Sida, UNHCR and OSCE.

Previously:

Design specialist and research leader at SSAB Knowledge Service Center, Head of Strategic R&D at SSAB. Assistant professor in Steel Structures at Luleå University of Technology.

Previously:

VP and Head of Strategy at SSAB AB. Associate Partner at McKinsey & Company, product manager at SAP and consultant at IBM.

¹⁾ Shareholdings include shares held by closely-related persons

Group Executive Committee

Group Executive Committee's work and responsibilities

The Group Executive Committee is responsible for formulating and implementing the group's overall strategies and addresses matters such as acquisitions and divestments. These matters, as well as major capital expenditures (in excess of SEK 100 million), are prepared by the Group Executive Committee for decision by the Board of Directors of the parent company.

The CEO is responsible for the day-to-day management of the company in accordance with the Board of Directors' instructions and guidelines. As at December 31, 2019, the Group Executive Committee comprised, in addition to the CEO, the heads of SSAB Europe, SSAB Americas and SSAB Special Steels, the Chief Financial Officer, the Head of Legal, M&A and Procurement, the Chief Technical Officer, the Head of People, Culture and Communication, the Head of Research and Innovation, the Head of Strategy and Digitalization and the Head of Sustainability.

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

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

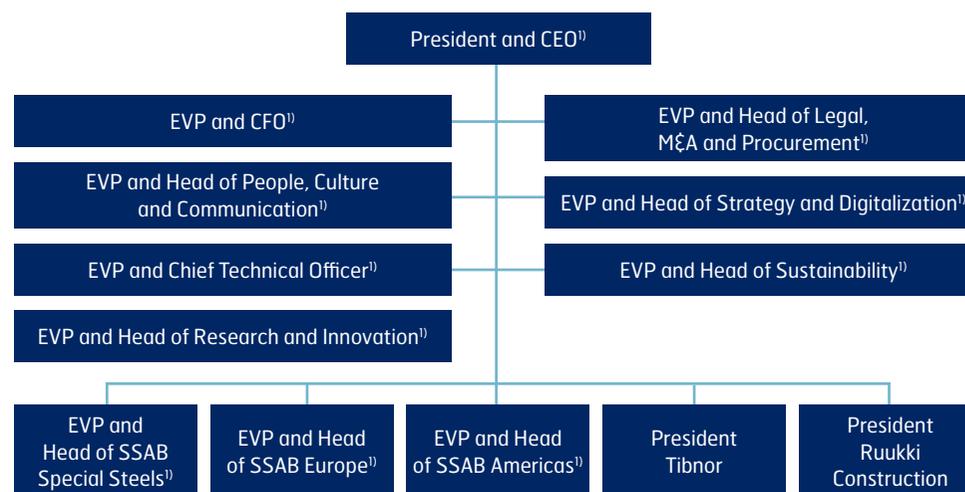
Remuneration guidelines

Guidelines for remuneration to the CEO and other senior executives were decided on the 2019 Annual General Meeting. For information of the content of the decided guidelines, see [Note 2](#) in Financial reports.

Incentive program for senior executives

In 2011, a long-term incentive program was introduced for the entire Group. At the time the program covered a maximum of 100 (now 150) key employees, including the CEO and other senior executives. The program runs for rolling three-year periods, is cash based, and linked to the total return on SSAB's share compared to a benchmark

Group operational management structure



¹⁾ Member of Group Executive Committee

group of the company's competitors and SSAB's financial targets. The program was introduced to promote the company's ability to recruit and retain key employees. Reference is made to [Note 2](#) in Financial reports for more information about current remuneration. The company has no share-related incentive programs.

Internal control

The overall objective of internal control is to ensure, to a reasonable degree, that the company's operational strategies and targets are monitored and that the owners' investments are protected. Internal control ensures, with reasonable certainty, that the internal and external reporting is reliable. It also ensures that the operation is carried out in accordance with applicable laws, regulations and the requirements imposed on listed companies. Internal control is the term collectively referring to the organization and its systems, processes and procedures contributing to the maintenance of control in these areas.

Risk management

The group is tasked with seeking to ensure that risks do not materialize and, through various measures, with mitigating the fallout of any loss that occurs. Risk mapping of the group's internal and external risks is carried out as an integrated part of the annual strategy process. The result of this work is reported to the Audit Committee and to the Board of Directors. The group's Risk Management oversees and follows up both work on actively preventing the occurrence of loss at all and work on minimizing the impact of such loss should it occur. Each division and subsidiary is responsible for working proactively to prevent loss and each division has appointed risk managers participating in this work. For information on the group's work and management of sustainability and sustainability risks, see the [Sustainability report](#).

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

Under the Swedish Companies Act and the Swedish Corporate Governance Code, SSAB's Board of Directors is responsible for internal control. The description of internal control and risk management regarding financial reporting has been prepared in accordance with the Annual Accounts Act.

Framework for internal control as regards financial reporting

SSAB's internal control is based on COSO, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The framework is based on five components: control environment, risk assessment, control activities, information and communication and monitoring.

Control environment

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

The control environment for the financial reporting is ensured through different governing documents, such as directives and instructions. These include among others a group accounting directive. Other significant governing documents are the directives regarding financial risks and investments and authorization rules and the Code of Conduct. The governing documents are updated on a regular basis upon changes in legislation and in standards.

Work on communicating the group's Code of Conduct continued during 2019 and by the turn of 2019/2020, over 91% of the employees had completed the group's internal training module on business ethics.

Risk assessment

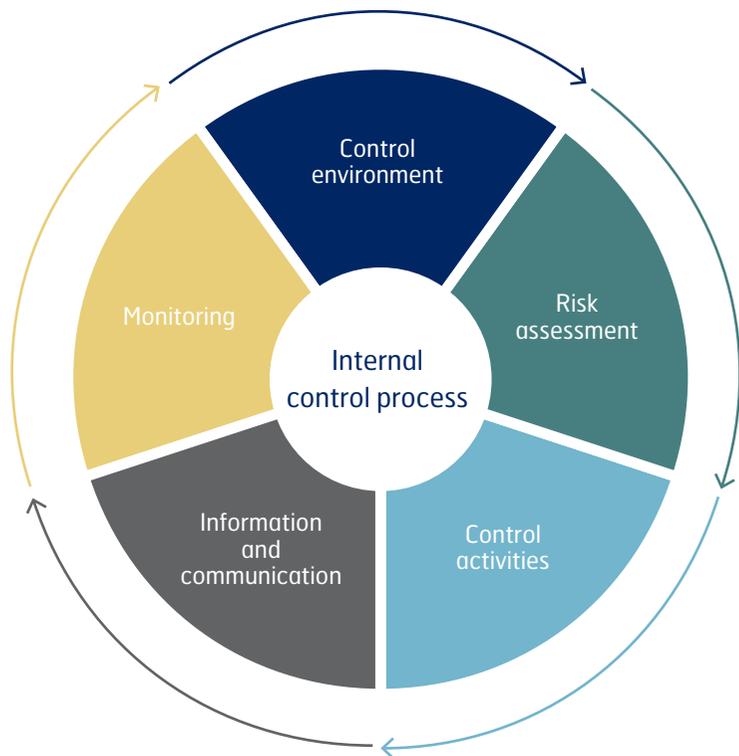
Risks associated with the financial reporting mainly concern accounting errors at the valuation of assets and liabilities, income and expenses and derogations from disclosure obligations. Fraud, loss/misappropriation of assets and deficiencies in business ethics are further risks assessed and managed, to, by reasonable means, ensure sound internal control of the financial reporting. SSAB's operation is characterized by processes involving well-established procedures and systems.

The overall risk assessments on group level constitutes an integrated part of the ongoing reporting to the Group Executive Committee and the Board of Directors, and it constitutes the basis of the assessment of risks for errors in the financial reporting. Financial risks, such as exchange risks, refinancing risks, counterparty risks, interest risks and credit risks are mainly managed by the parent company's treasury function, in accordance with the group's Finance Policy (see [Note 29](#) in the [Financial reports](#)).

Control activities

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

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



Control activities are carried out at all levels across the group. For example, there are in every division Controller functions which analyze and follow up deviations and forward reports in the company. Monitoring by the Group Executive Committee takes place, among other things, through regular meetings with heads of divisions and subsidiaries with regard to operations, their financial position and results, as well as financial and operational

key performance indicators. The Board of Directors analyzes, on an ongoing basis, among other things, business reports in which the Group Executive Committee describes the most recent period and comments on the group's financial position and results. This is how major fluctuations and deviations are followed up to minimize the risk of errors in financial reporting.

Information and communication

SSAB has well-established information and communication procedures to support the completeness and accuracy of the financial reporting. The parent company regularly communicates updates in financial directives and instructions to all personnel concerned. In addition to this are regular group finance meetings held where the central finance functions, together with the finance managers of the divisions, processes information regarding news and changes in accounting principles, information requirements and updates within internal control. The company's intranet constitutes another important information channel within the company, where information is updated continuously and it ensures that the latest directives and instructions are always available.

The subsidiaries and the divisions regularly submits reports with analysis and comments on the financial result and risks to the Board.

The company's "whistleblower" function is another important channel of communication where accounting and internal control infringements may be reported.

Financial information regarding the group may only be disclosed by the Chairman of the Board, CEO, CFO, Head of Group Communications and Head of Investor Relations. The divisions may disseminate financial information regarding their operations only after equivalent information has been published by the group.

Monitoring

The Board of Directors' monitoring of internal control with respect to financial reporting takes place primarily through the Audit Committee. The company's process for internal control include self-assessments and systematic follow-ups on risk analysis and control activities. In addition, the company's internal audit carry out yearly assessments of internal control. The monitoring of internal control also takes place within the framework of the statutory external audit. The Audit Committee monitors the financial reporting and takes part of reports from the internal and external auditors.

Internal audit

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

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

The major part of the work is carried out through audits in accordance with the audit plan. Other work largely consists of specific audits and of monitoring of self-assessments in the group regarding internal control.

The audits are performed in accordance with an established and adopted audit process which is constantly developed in order to optimize the way of working and delivery of reports with generated added value. These reports describe observations, recommendations and improvement areas, with the aim of strengthening and enhancing efficiency in risk management and internal control. The function also carries out reviews on behalf of the Board or as required for other reasons.

During 2019, internal audit conducted regular, independent and objective audits of the group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The reviews were conducted in accordance with an adopted audit process and formally completed with a report and a planned follow-up. The result has been regularly submitted to divisional heads and the Audit Committee as regards observations, measures taken and implementation status.

During the year, internal audit also conducted a number of audits on subsidiaries where the company's manual for audits of risks concerning fraud and corruption was a part of the audit scope. The audits did not reveal any concrete irregularities; however, possibilities to reduce risks were identified. The identified improvement possibilities are implemented in accordance with established action plans.

Other mandatory disclosures pursuant to chapter 6, section 6 of the Annual Accounts Act

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

- Of the company's shareholders, Industrivärden has direct or indirect shareholdings representing at least one-tenth (1/10) of the voting rights carried by all shares in the company. As at December 31, 2019, Industrivärden's holding account for 11.8% of the total voting rights and 4.3% of the total number of shares.
- There are no restrictions on the number of votes that each shareholder may cast at a general meeting.
- The Articles of Association contain no provisions regarding the removal of directors or the amendment of the Articles of Association.
- The general meeting has not granted the Board of Directors authority to decide that the company may purchase its own shares.

Further information

Further information about corporate governance at SSAB is available at www.ssab.com and includes the following information:

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

Auditor's report on the corporate governance statement

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

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2019, on pages [108–122](#), and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm, 3 March 2020

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Authorized Accountant



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