

# Corporate Governance statement 2016

outokumpu

working towards a world that lasts forever



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# Corporate Governance in 2016

## Regulatory and structural framework

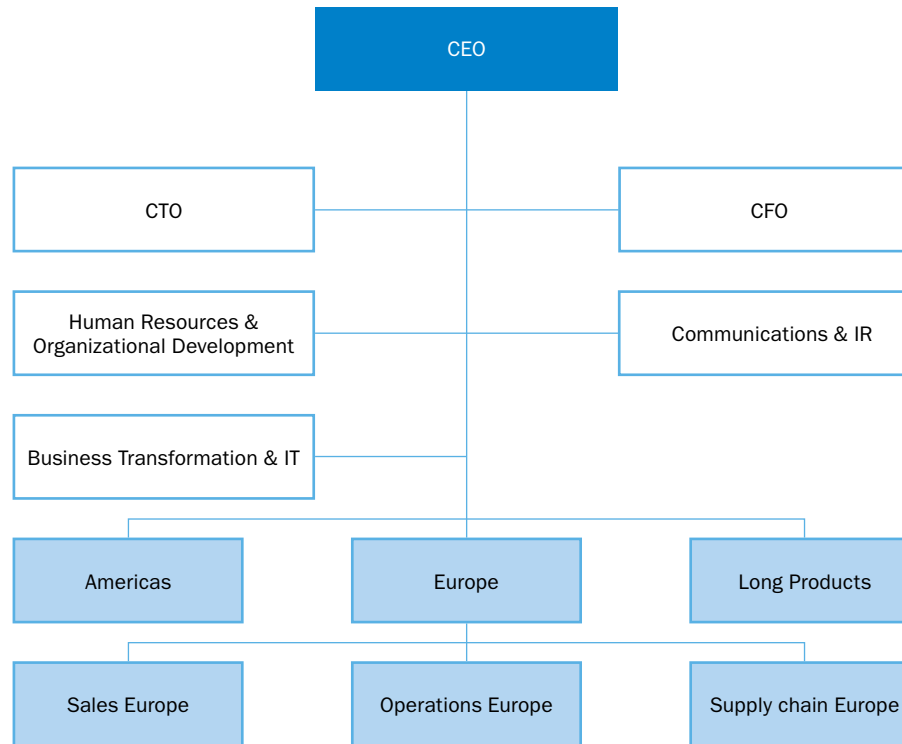
Outokumpu Oyj, the Group's parent company, is a public limited liability company, listed on the Helsinki Stock Exchange (Nasdaq) and incorporated and domiciled in Finland. In its corporate governance and management, Outokumpu Oyj complies with the laws and regulations applicable to Finnish public companies, the company's Articles of Association and the Corporate Governance Policy approved by the company's Board of Directors.

Outokumpu Oyj follows the [Finnish Corporate Governance Code](#) effective as of January 1, 2016. The Finnish Corporate Governance Code is issued by the Securities Market Association and adopted by Nasdaq Helsinki Ltd.

The governing bodies of the parent company Outokumpu Oyj, i.e. the General Meeting of Shareholders, the Board of Directors and the President and Chief Executive Officer (CEO), have the ultimate responsibility for the organization of the Group's management and operations. The Outokumpu Leadership Team members report to the CEO and support and assist the CEO in the efficient management of the Group's operations. Outokumpu's primary corporate governance information source is the Group's [Corporate Governance website](#). Please visit the website for the latest Corporate Governance Statement and the latest corporate governance information.

The General Meeting of Shareholders convenes at least once a year. Under the Finnish Companies Act, certain important decisions, such as the approval of financial statements, decisions on dividends and increases or reductions in share capital, amendments to the Articles of Association, and election of the Board of Directors and auditors, fall within the exclusive domain of the General Meeting of Shareholders.

Organization on December 31, 2016



## Composition and Operations of the Board of Directors on December 31, 2016

### Chairman of the Board of Directors



#### Jorma Ollila

b. 1950, Finnish citizen  
 M.Sc. (Pol.) (University of Helsinki 1976)  
 M.Sc. (Econ.) (London School of Economics 1978)  
 M.Sc. (Eng.) (Helsinki University of Technology 1981)  
 Outokumpu Board member 2013–  
 Chairman of the Board 2013–  
 Chairman of the Remuneration Committee

#### Work experience

Chairman of the Board: Nokia Corporation 2006–2012  
 Chairman and Chief Executive Officer: Nokia Corporation 1999–2006  
 President and Chief Executive Officer: Nokia Corporation 1992–1999  
 President: Nokia Mobile Phones 1990–1992  
 Senior Vice President, Finance: Nokia 1986–1989  
 Various managerial positions within corporate banking: Citibank 1978–1985

#### Positions of trust

Chairman of the Board; Xinova Management Company LLC 2016–  
 Chairman of the Board: Miltton Oy 2015–  
 Chairman of the Boards of Directors and the Supervisory Boards: The Research Institute of the Finnish Economy ETLA and Finnish Business and Policy Forum EVA 2005–  
 Vice Chairman of the Board: Otava Ltd 1996–  
 Board member: TBG AG 2016–  
 Board member: Tetra Laval Group 2013–  
 Board member: University of Helsinki 2009–  
 Advisory Partner: Perella Weinberg Partners 2014–  
 Chairman of the Board: Royal Dutch Shell Plc 2006–2015

Independent of the company and its significant shareholders.

### Vice Chairman of the Board of Directors



#### Olli Vaartimo

b. 1950, Finnish citizen  
 M.Sc. (Econ.)  
 Outokumpu Board member 2010–  
 Vice Chairman of the Board 2011–  
 Chairman of the Audit Committee

#### Work experience

CFO: Metso Oyj 2003–2010  
 Executive Vice President, Deputy to the President and CEO: Metso Oyj 2003–2010  
 Member of the Executive Team 1999–2010 and Vice Chairman of the Executive Team 2004–2010: Metso Oyj  
 President and CEO (acting): Metso Oyj 2003–2004  
 President and CEO: Metso Minerals Oy 1999–2003  
 President and CEO: Nordberg Group, Rauma Oyj 1993–1999  
 Executive Vice President: Rauma Oyj 1991–1998

#### Positions of trust

Chairman of the Board: Kuusakoski Group Oy 2016–  
 Vice Chairman of the Board: Kuusakoski Oy 2016–  
 Vice Chairman of the Board: BMH Technology Oy 2016–  
 Board member: Sampo-Rosenlew Oy 2016–  
 Board member: Black Bruin Oy 2016– (earlier Sampo-Hydraulics Oy)  
 Board member: Valmet Automotive Oy 2014–  
 Chairman of the Board: Valmet Automotive Oy 2003–2014  
 Board member: Kuusakoski Oy 2008–2016  
 Board member: Kuusakoski Group Oy 2008–2016  
 Board member: Alteams Oy 2008–2014  
 Board member: Northland Resources SA 2013–2014

Independent of the company and its significant shareholders.

### Members of the Board of Directors



#### Markus Akermann

b. 1947, Swiss citizen  
 M.Econ. (University of St.Gallen, Switzerland)  
 Outokumpu Board member 2013–  
 Member of the Audit Committee

#### Work experience

Chief Executive Officer: Holcim Group 2002–2012  
 Chairman of the Board: Holcim Group Support Ltd 2002–2012  
 Member of the Board: Holcim Ltd 2002–2013  
 Member of the Group Executive Committee with responsibility for Latin America, international trading activities and Corporate Human Resources and Training: Holcim Group 1993–2001  
 Member of the Board and Managing Director: Holcim Apasco SA de CV, Mexico 1993–2012  
 Area Manager Central America, Andean Countries and international trading activities: Holcim Group 1986–1993

#### Positions of trust

Member of the Board: Votorantim Cimentos S.A. 2013–  
 Member of the Board: ACC Mumbai, India 2005–2012  
 Member of the Board: Ambuja Cements Ltd Mumbai, India 2006–2012  
 Member of the Executive Board: World Business Council for Sustainable Development (WBCSD) 2008–2011

Independent of the company and its significant shareholders.



### Roberto Gualdoni

b. 1956, German citizen  
MBA, M.Sc. (Eng.)  
Outokumpu Board member 2014–  
Member of the Audit Committee

#### Work experience

Chief Executive Officer: Styrolution Group 2011–2014  
President, Styrenics: BASF SE 2010–2011  
Senior Vice President, Global Procurement Raw Materials: BASF SE 2007–2010  
Senior Vice President, Global Procurement Basic Products: BASF SE 2006–2007  
Group Vice President, Business Unit Engineering Plastics Europe: BASF SE 2001–2005  
Group Vice President, Business Unit Foam Products Europe: BASF SE 1998–2001  
Chief Controller, Regional Division Central Europe: BASF SE 1996–1998  
Controlling, Sales Division Germany: BASF SE 1994–1996  
European Market Coordinator – Specialty Chemicals: BASF SE 1991–1994  
Market Coordinator North Europe/Germany – Specialty Chemicals: BASF SE 1991  
Product manager, Superabsorbers and Dispersing Agents: BASF SE 1990–1991  
Marketing Manager, Textile, Leather, Paper and Specialty Chemicals: BASF Argentina S.A. 1988–1989  
Assistant to the General Manager: BASF Argentina S.A. 1987–1989  
Commercial Coordinator: Tenaris 1983–1986

#### Positions of trust

Board member: American Aerogel Corp. 2016–  
Chairman of the Supervisory Board: Styrolution Europe and Styrolution Americas 2012–2014  
Chairman of the Board: BGS 2001–2005  
Member of the Steering Board: PlasticsEurope 2012–2014  
Board member: FIW 1998–2001  
Board member: BASF Intertrade AG 2006–2007  
Vice President: EXIBA 1998–2001

Independent of the company and its significant shareholders.



### Stig Gustavson

b. 1945, Finnish citizen  
M.Sc. (Eng.)  
Dr.Tech. (hon.) Tampere University of Technology  
Dr.Tech. (hon.) Aalto University Helsinki  
Finnish Honorary title Vuorineuvos  
Outokumpu Board member 2014–  
Member of the Remuneration Committee

#### Work experience

President and CEO: Konecranes Plc 1994–2005  
President: KONE Oy/KONE Cranes 1988–1994  
President: KONE Oy/KONE Wood 1985–1988  
Director: KONE Oy/KONE Roxon 1982–1985  
Various executive positions within leading Finnish and Swedish companies, 1970–1982

#### Positions of trust

Board memberships and Chairmanships in over 20 major Finnish and Scandinavian companies and over 10 Finnish, Scandinavian and European organizations, trusts and charities, including present positions.  
Chairman of the Board: Suomi Gas Distribution Oy 2015–  
Chairman of the Finance Committee: Technology Academy (Finland) 2015–  
Vice Chairman of the Board: Konecranes Plc 2016–  
Vice Chairman of the Supervisory Board: Tampere Technical University 2013–  
Supervisory Board Member: Varma Mutual Pension Insurance Company 2000–  
Senior Advisor: IK Investment Partners 1997–  
Board Member: IK Investment Partners Funds 2014–  
Chairman of the Board: Konecranes Plc 2005–2016  
Chairman of the Board and Executive Committee: Technology Academy (Finland) 2007–2015

Independent of the company and its significant shareholders.



### Kati ter Horst

b. 1968, Finnish citizen  
M.Sc. (Marketing), MBA (International Business)  
Outokumpu Board member 2016–  
Member of the Audit Committee

#### Work experience

Executive Vice President, Head of Stora Enso Paper 2014–  
Senior Vice President, Paper Sales, Printing and Living: Stora Enso 2013–2014  
Senior Vice President, Office Paper Sales, Printing and Reading: Stora Enso 2012–2013  
Director, Customer Service Centre West, Publication Paper: Stora Enso 2010–2012  
Several managerial positions in the paper business, 1996–2010  
Business analyst, Jaakko Pöyry Consulting, Singapore 1994–1996

#### Positions of trust

Board member: Finnish Forest Industries Federation 2015–  
  
Independent of the company and its significant shareholders.



### Heikki Malinen

b. 1962, Finnish citizen  
M.Sc. (Econ.), MBA (Harvard)  
Outokumpu Board member 2012–  
Member of the Remuneration Committee

#### Work experience

President and CEO: Posti Group Corporation (formerly Itella Corporation) 2012–  
President and CEO: Pöyry PLC 2008–2012  
Executive Vice President, Strategy, member of the UPM Executive Team:  
UPMKymmene Corporation, Helsinki, Finland 2006–2008  
President: UPM North America, Chicago, USA 2004–2005  
President of Sales: UPM North America, Chicago, USA 2002–2003  
Managing Partner: Jaakko Pöyry Consulting, New York, USA 2000–2001  
Engagement Manager: McKinsey & Co, Atlanta, USA 1997–1999  
Director, Business Development UPM Paper Divisions, Helsinki, Finland  
1994–1996

#### Positions of trust

Vice Chairman: Service Sector Employers PALTA 2016–  
Board member: East Office of Finnish Industries 2012–  
Supervisory Board member: Finnish Fair Corporation 2014–  
Chairman: American Chamber of Commerce (AmCham Finland) 2009–2014  
Board member: Ilmarinen Mutual Pension Insurance Company 2014–2016  
Board member: Federation of Finnish Technology Industries 2011–2012  
Board member: Botnia Oy 2006–2008  
Supervisory Board member: Ilmarinen Mutual Pension Insurance  
Company 2013

Independent of the company and its significant shareholders.



### Salla Miettinen-Lähde

b. 1962, Finnish citizen  
M.Sc. (Eng.)  
Outokumpu Board member 2015–  
Member of the Audit Committee

#### Work experience

Chief Financial Officer: F-Secure Corporation 2015–  
Deputy CEO 2012–2014 and CFO 2005–2015: Talvivaara Mining Company Plc  
Founding Partner: SIDOS Partners Oy 2004–2005  
Director: Carnegie Investment Bank 2000–2004  
Vice President Business Development: Orion Oyj 2000  
Director: The Finnish Innovation Fund Sitra: 1998–1999  
Various managerial positions: Leiras Oy 1993–1998

#### Positions of trust

Member of the Board: LeaseGreen Group Oy 2015–  
Chairman of the Board: Valuecode Oy 2014–2015 and member of the Board  
2008–2014  
Member of the Board: Rautaruukki Oyj 2012–2014  
Member of the Board: Biohit Oyj 2011–2013  
Member of the Board: Talvivaara Mining Company Plc 2007–2012

Independent of the company and its significant shareholders.



### Elisabeth Nilsson

b. 1953, Swedish citizen  
M.Sc. (Tech.)  
Hon. Doctor, Luleå Technical University  
Outokumpu Board member 2011–  
Member of the Remuneration Committee

#### Work experience

Governor: Östergötlands län 2010–  
President: Jernkontoret (Swedish Steel Producers' Association) 2005–2010  
General Manager, Metallurgy Division: SSAB Oxelösund 2003–2005  
Managing Director: SSAB Merox 2001–2003  
Manager, Department for Environment, Health and Safety: SSAB 1996–2001  
Manager, Continuous Casting Department: SSAB Oxelösund 1991–1996

#### Positions of trust

Chairman of the Board: Göta Kanalbolaget 2011–  
Chairman of the Board: Risbergiska donationsfonden 2010–  
Chairman of the Board: Tåkerfonden 2010–  
Chairman of the Board: Övralidsstiftelsen 2010–  
Member: Royal Swedish Academy of Engineering Science IVA 2007–  
Member: Skandia Council 2014–  
Board member: EKN Exportkreditnämnden 2016–  
Board Member: Boliden 2015–  
Chairman: Foundation Mefos 2005–2010  
Chairman: Svenska Bergsmannaföreningen 2007–2009  
Board member: Northland Resources SA 2013–2014  
Board member: Sveaskog AB 2010–2012  
Board member: 4:e AP-fonden 2010–2011  
Board member: Swerea AB 2008–2011  
Board member: Euromaint AB 2004–2007  
Board member: Swedish Maritime Administration 1996–2006

Independent of the company and its significant shareholders.

The Board assesses the independence of the Board members and records the outcome in the Board minutes. All of the members of the Board of Directors on December 31, 2016 were independent of the company and its significant shareholders.

The updated biographical details are found on the [company's website](#).

Outokumpu shares and share-based rights (parents or subsidiaries) owned by each director and his/her controlled corporations on December 31, 2016

Jorma Ollila	54,248
Olli Vaartimo	29,202
Markus Akermann	23,248
Roberto Gualdoni	32,936
Sitg Gustavson	14,936
Kati ter Horst	6,488
Heikki Malinen	25,936
Saila Miettinen-Lähde	10,918
Elisabeth Nilsson	17,545
<b>Total</b>	<b>215,475</b>

## Operations and appointment of the Board of Directors

The general objective of the Board of Directors is to direct Outokumpu's business and strategies in a manner that secures a significant and sustained increase in the value of the company for its shareholders. To this end the members of the Board are expected to act as a resource and to offer their expertise and experience for the benefit of the company. The tasks and responsibilities of the company's Board of Directors are determined on the basis of the Finnish Companies Act as well as other applicable legislation.

The Board of Directors has general authority to decide and act in all matters not reserved for other corporate governance bodies by law or under the provisions of the company's Articles of Association. The general task of the Board of Directors is to organize and oversee the company's management and operations and it has the duty at all times to act in the best interest of the company.

The Board of Directors has established rules of procedure which define its tasks and operating principles in the [Charter of the Board of Directors](#). The main duties of the Board of Directors are as follows:

### With respect to directing the company's business and strategies:

- To decide on Outokumpu's basic strategy and long-term targets and monitor their implementation.
- To decide on annual business plans.
- To decide on annual limits for the Group's capital expenditure, monitor related implementation, review performance and decide on changes.
- To decide on major and strategically significant investments.
- To decide on major and strategically important business acquisitions and divestments.
- To decide on any significant financing arrangements.
- To decide on any other commitments by any of the Group companies that are out of the ordinary either in terms of value or nature, taking into account the size, structure and field of the Group's operations.

### With respect to organizing the company's management and operations:

- To nominate and dismiss the CEO and his/her deputy, if any, monitor his/her performance and to decide on the CEO's terms of service, including incentive schemes, on the basis of a proposal made by the Board's Remuneration Committee.
- To nominate and dismiss the members of the Outokumpu Leadership Team and to define their areas of responsibility based on a proposal by the Board's Remuneration Committee.
- To monitor the adequacy and allocation of the Group's top management resources.
- To decide on any significant changes to the Group's business organization.
- To decide on the Group's ethical values and modes of activity.
- To ensure that policies outlining the principles of corporate governance are in place.
- To ensure that policies outlining the principles of managing the company's insider issues are being observed.
- To ensure that the company has guidelines for any other matters that the Board deems necessary and that fall within the scope of the Board's duties and authority.

### With respect to the preparation of matters to be resolved by the General Meetings of Shareholders:

- To establish a dividend policy and issue a proposal on dividend distribution.
- To make a proposal to the Annual General Meeting concerning the election of an external auditor and auditing fees
- To make other proposals to General Meetings of Shareholders.

### With respect to financial control and risk management:

- To discuss and approve interim reports, statements and annual accounts.
- To monitor significant risks related to the Group's operations and the management of such risks.
- To ensure that adequate policies for risk management are in place.
- To monitor financial position, liquidity and debt maturity structure
- To monitor the Group's control environment.

The Board of Directors also assesses its own activities on a regular basis.

The Board of Directors shall have a quorum when more than half of its members are present. A decision by the Board of Directors shall be the opinion supported by more than half of the members present at a meeting. In the event of a tie, the Chairman shall have the casting vote.

The Annual General Meeting elects the Chairman, the Vice Chairman and the other members of the Board of Directors for a term expiring at the close of the following Annual General Meeting. The entire Board of Directors is therefore elected at each Annual General Meeting. A Board member may be removed from office at any time by a resolution passed by a General Meeting of Shareholders. Proposals to the Annual General Meeting concerning the election of Board members that have been made known to the Board of Directors prior to the Annual General Meeting will be made public if such a proposal is supported by shareholders holding a minimum of 10% of all the company's shares and voting rights and the person being proposed has consented to such nomination.

Under the company's Articles of Association, the Board shall have a minimum of five and a maximum of twelve members. A Board consisting of nine members was elected at the 2016 Annual General Meeting. The Board of Directors meets at least five times each year. In 2016, the Board of Directors had 13 meetings, and the average attendance rate was 97%.

### Breakdown of individual attendance at Board meetings

13 meetings in 2016

	Attendance
Jorma Ollila	13/13
Olli Vaartimo	13/13
Markus Akermann	13/13
Roberto Gualdoni	13/13
Stig Gustavson	11/13
Kati ter Horst (from April 6, 2016)	8/9
Heikki Malinen	13/13
Saila Miettinen-Lähde	13/13
Elisabeth Nilsson	13/13

### Diversity Principles of the Board of Directors

Diversity of the Board of Directors supports the vision and the long-term objectives of the Group. Outokumpu recognizes the importance of a diverse Board, including but not limited to age, educational and international background, professional expertise and experience from relevant industrial sectors as well as a representation of both genders.

The Company strives for a Board structure where both genders are represented in a well-balanced manner. The Shareholders' Nomination Board shall take the Diversity Principles into account when preparing its proposals to the Annual General Meeting and an account of the progress in achieving set objectives shall be disclosed annually. The objective of a well-balanced Board structure in terms of gender representation was achieved in 2016.

The review by the Board of Directors is found on p. 2 in the Financial statements.

### Composition and operations of the Board committees

The Board of Directors has set up two permanent committees consisting of Board members and has confirmed rules of procedure for these committees. Both committees report to the Board of Directors.

### Audit Committee

The Audit Committee consists of a minimum of three Board members. The rules of procedure for and responsibilities of the Audit Committee have been established in the [Charter of the Audit Committee](#) approved by the Board of Directors. The task of the Audit Committee is, in greater detail than is possible for the Board as a whole, to deal with matters relating to financial reports and statements, the company's financial position, auditing work, fees paid to auditors, internal controls and compliance matters, the scope of internal and external audits, the Group's tax position, the Group's financial policies and other procedures for managing Group risks. In addition, the Audit Committee prepares a recommendation to the Board of Directors concerning the election of an external auditor and auditing fees at a General Meeting. The Audit Committee met five times during 2016, and the average attendance rate was 96%.

### Breakdown of individual attendance at Audit Committee meetings

5 meetings in 2016

	Attendance
Olli Vaartimo	5/5
Markus Akermann	5/5
Roberto Gualdoni (from April 6, 2016)	4/4
Kati ter Horst (from April 6, 2016)	3/4
Heikki Malinen (until April 6, 2016)	1/1
Saila Miettinen-Lähde	5/5

### Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board and a minimum of two additional Board members. The rules of procedure for and responsibilities of the Remuneration Committee have been established in the [Remuneration Committee Charter](#) approved by the Board of Directors. The task of the Remuneration Committee is to prepare proposals to the Board of Directors concerning the appointment of the company's top management and principles relating to the compensation they receive. The Board of Directors has authorized the Remuneration Committee to determine the terms of service and benefits enjoyed by the Outokumpu Leadership Team members other than the company's CEO. The Remuneration Committee met five times during 2016, and the average attendance rate was 95%.

### Breakdown of individual attendance at Remuneration Committee meetings

5 meetings in 2016

	Attendance
Jorma Ollila	5/5
Roberto Gualdoni (until April 6, 2016)	2/2
Stig Gustavson	4/5
Heikki Malinen (from April 6, 2016)	3/3
Elisabeth Nilsson	5/5

### Temporary Working groups

To handle specific tasks, the Board of Directors can also set up temporary working groups consisting of Board members. These working groups report to the Board of Directors. No temporary working groups were set up in 2016.

### Shareholders' Nomination Board

Outokumpu's Annual General Meeting in 2012 resolved to establish a Shareholders' Nomination Board to annually prepare proposals to the Annual General Meeting for the election, composition and remuneration of the members of the Board of Directors.

In addition, the Annual General Meeting adopted a [Charter of the Shareholders' Nomination Board](#), which regulates the nomination and composition, and defines the tasks and duties of the Nomination Board.

According to the Charter, the Nomination Board consists of the representatives of Outokumpu's four largest shareholders, registered in the Finnish book-entry securities system on October 1, who accept the assignment and the Chairman of the Board should act as an expert member of the Nomination Board. Accordingly, to be eligible for membership in the Nomination Board, any nominee-registered shareholder needs to register the holding directly in the Finnish book-entry system for at least the said date.

Holdings by a shareholder who, under the Finnish Securities Markets Act has an obligation to disclose changes in shareholdings (flagging obligation) that are divided into several funds or registers will be added together when calculating the share of all the voting rights, provided that the shareholder presents a written request to that effect to the Chairman of the Company's Board of Directors no later than September 30 preceding the Annual General Meeting. Should a shareholder not wish to use its



nomination right, the right transfers to the next largest shareholder who would otherwise not have a nomination right.

Shareholders with the right to appoint representatives to the Nomination Board in 2016 were Solidium Oy, Varma Mutual Pension Insurance Company, Ilmarinen Mutual Pension Insurance Company and the Social Insurance Institution of Finland. These shareholders chose the following individuals as their representatives on the Nomination Board: Kari Järvinen, Managing Director of Solidium Oy; Pekka Pajamo, CFO of Varma Mutual Pension Insurance Company; Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company and Tuula Korhonen, Investment Director of the Finnish Social Insurance Institution. Kari Järvinen was elected Chairman of the Nomination Board, and Jorma Ollila, Chairman of the Outokumpu Board of Directors, served as an expert member. The Nomination Board convened 3 times in total, and the attendance rate was 100%. The Nomination Board has submitted its proposals regarding the Board composition and director remuneration to Outokumpu's Board of Directors, and the Board has incorporated these proposals into the notice convening the Outokumpu 2017 Annual General Meeting of Shareholders.

## Executive Management

### Biographical details of the CEO and the Leadership Team on December 31, 2016



#### Roeland Baan

b. 1957, Dutch citizen

M.Sc. (Econ.)

President and Chief Executive Officer 2016–

Chairman of the Outokumpu Leadership Team 2016–

Responsibility areas: Group management, Europe business area, legal, corporate affairs and compliance, safety, health and environment, and internal audit

Employed by the Outokumpu Group since 2016



#### Christoph de la Camp

b. 1963, German citizen

MBA, B.Sc. (Eng.)

Chief Financial Officer 2016–

Member of the Outokumpu Leadership Team 2016–

Responsibility areas: Financial and business controlling, taxation, treasury, metal and risk management, business analysis

Employed by the Outokumpu Group since 2016

#### Work experience

Executive Vice President and CEO: Aleris Europe and Asia 2013–2015

Executive Vice President and CEO, Global Rolled and Extruded Products: Aleris 2011–2013

Executive Vice President and CEO, Europe and Asia: Aleris 2008–2011

Executive Vice President, Global Pipes and Tubes Division and the South African carbon steel operations: Arcelor Mittal Group 2006–2007

Chief Executive Officer: Mittal Steel Europe 2004–2006

Senior Vice President, Operations, SHV Energy BV: SHV NV 2001–2004

Chief Executive Officer, Thyssen Sonnenberg Recycling GmbH & Co. KG: SHV NV 1998–2001

Senior Vice President, Business Development and Asia Operations: SHV NV 1996–1998

Various positions: Shell International Petroleum Co. 1980–1996

#### Positions of trust

Chairman of the Board: International Stainless Steel Forum 2016–

Board member: World Steel Association 2016–

Board member: Eurofer 2015–

Board member: Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. 2012–, member of the Audit Committee 2012–, Chairman of the Corporate Governance Committee 2013– and member of the Risk Committee 2013–

Vice Chairman: European Aluminium Association 2014–2015

#### Work experience

Chief Financial Officer: INEOS Styrolution Holding GmbH 2011–2016

Chief Financial Officer: INEOS Nova LLC (INEOS Stynerics LLC) 2007–2011

Finance Director: NOVA Innovene International SA 2005–2007

Various commercial, project management and financial positions: BP Plc 1994–2005



#### Kari Tuutti

b. 1970, Finnish citizen

M.Sc. (Econ.)

President – Long Products 2014–

Member of the Outokumpu Leadership Team 2012–

Responsibility area: Long Products business area

Employed by the Outokumpu Group since 2011

#### Work experience

Executive Vice President – Marketing, Communications and Sustainability: Outokumpu Oyj 2012–2014

Senior Vice President – Marketing, Communications and IR: Outokumpu Oyj 2011–2012

Communications, marketing, investor relations and treasury positions: Nokia 1995–2011

Treasury Manager, Nokia Finance (Geneva, Switzerland) 1997–1998

Analyst, Treasury: Merita Bank 1994–1995

#### Positions of trust

Chairman of the Board: Fagersta Stainless AB 2014–2015, 2016–

Chairman of the Board: Euro Inox 2013–2015

Board member: Fagersta Stainless AB 2015–2016



### Michael S. Williams

b. 1960, US citizen  
 B.Sc. (Information science)  
 President – Americas 2015–  
 Member of the Outokumpu Leadership Team 2015–  
 Responsibility area: Americas business area  
 Employed by the Outokumpu Group since 2015

#### Work experience

Senior Vice President, Strategic Planning & Business Development: United States Steel Corporation 2013–2015 and other positions 2006–2013 and 1992–1999  
 Vice President, Commercial Products: Special Metals Corporation 2006  
 Various executive, operations and sales positions: Ormet Corporation 1999–2006

#### Positions of Trust:

Board Member: Specialty Steel Industry of North America 2015–  
 Board member: Mobile Area Chamber of Commerce 2017



### Liam Bates

b. 1971, UK citizen  
 B.Sc. hons (Econ.), MBA  
 Executive Vice President – Supply Chain, Europe 2016–  
 Member of the Outokumpu Leadership Team 2015–  
 Responsibility area: Supply chain in the Europe business area  
 Employed by the Outokumpu Group since 1993

#### Work experience

President – Quarto Plate: Outokumpu Oyj 2015–2016  
 Senior Vice President – Quarto Plate Europe: Outokumpu Stainless AB 2014–2015  
 Vice President – Mergers & Acquisitions: Outokumpu Oyj 2012–2014  
 Various positions in Outokumpu since 1993



### Maciej Gwozdz

b. 1975, Polish citizen  
 Executive MBA, M. Sc. (Econ.)  
 Executive Vice President – Operations, Europe 2016–  
 Member of the Outokumpu Leadership Team 2016–  
 Responsibility area: Operations in the Europe business area  
 Employed by the Outokumpu Group since 2016

#### Work experience

Senior Vice President, Steering Europe: ZF Friedrichshafen AG 2016  
 Vice President, Steering Europe: TRW Automotive/ZF Group 2013–2016  
 Various positions in operations and HR: TRW Automotive 2001–2013  
 Various HR positions: South African Breweries International 1998–2001



### Olli-Matti Saksi

b. 1967, Finnish citizen  
 M.Sc. (Eng.)  
 Executive Vice President – Sales, Europe 2016–  
 Member of the Outokumpu Leadership Team 2014–  
 Responsibility area: Sales in the Europe business area  
 Employed by Outokumpu Group since 2013

#### Work experience

President – EMEA: Outokumpu 2014–2016  
 Senior Vice President – Head of Sales EMEA: Outokumpu 2013–2014  
 SVP and General Manager, Division Rolled Products: Aleris 2011–2013  
 VP, Sales and Marketing: Aleris 2008–2011  
 VP, Sales and Marketing: ArcelorMittal 2004–2008  
 VP, Sales: Rautaruukki 2000–2004

#### Positions of trust

Chairman: International Stainless Steel Forum's Market Development Committee 2014–



### Pekka Erkkilä

b. 1958, Finnish citizen  
 M.Sc. (Eng.)  
 Executive Vice President, Chief Technology Officer 2013–  
 Member of the Outokumpu Leadership Team 2013–  
 Responsibility areas: Technology, R&D and strategic investments  
 Employed by the Outokumpu Group since 2013 (and in 1983–2000 and 2004–2010)

#### Work experience

President, Ferrous Solutions business area: Outotec Oyj 2010–2013  
 Executive Vice President, General Stainless and Production Operations: Outokumpu Oyj 2004–2010  
 Executive Vice President, later President: AvestaPolarit Oyj 2001–2004  
 President: Outokumpu Chrome Oy 1996–2000  
 Various management positions: Outokumpu Tornio Works 1983–1995

#### Positions of trust

Vice Chairman of the Board: Fennovoima Oy 2016–  
 Board member: East Office of Finnish Industries Oy 2016–  
 Board member: Metallurgiska Forskningsbolaget i Luleå AB 2015–  
 Chairman of the Board: Manga LNG Oy 2013–2015  
 Board member: Association of Finnish Steel and Metal Producers 2016

Board member: Voimaosakeyhtiö SF 2014–2016

Board member: University of Oulu 2009–2015



### Jan Hofmann

b. 1979, German citizen

M.Sc. (Econ.)

Executive Vice President – Business Transformation & IT 2016–

Member of the Outokumpu Leadership Team 2015–

Responsibility areas: Business Transformation and IT

Employed by the Outokumpu Group since 2012

### Work experience

President – APAC: Outokumpu 2015–2016

Chief Financial Officer – APAC: Outokumpu Oyj 2015

Senior Vice President – Group Strategy and Business Excellence:

Outokumpu Oyj 2012–2014

Vice President – Business Development: Inoxum GmbH 2011–2012

Head of Business Development: ThyssenKrupp Stainless AG 2009–2011

Various positions: ThyssenKrupp 2005–2009

### Positions of trust

Vice Chairman of the Board: Shanghai Krupp Stainless Co. Ltd, 2015–

Board member: ThyssenKrupp VDM GmbH 2011–2012



### Johann Steiner

b. 1966, German citizen

M.Sc. (Econ.)

Executive Vice President – Human Resources and Organization

Development 2016–

Member of the Outokumpu Leadership Team 2013–

Responsibility areas: Human resources and organization development

Employed by the Outokumpu Group since 2013

### Work experience

Executive Vice President – Human Resources, IT, Health and Safety: Outokumpu 2013–2016

Group HR Director: SAG Group GmbH 2012

Operating Partner: Humatica AG 2010–2012

Group HR Director: Clariant International AG 2002–2008

VP Executive Policies: EADS (former DaimlerChrysler Aerospace AG)

1999–2002

Senior Consultant: Towers Perrin 1993–1998



### Saara Tahvanainen

b. 1974, Finnish citizen

M.Sc. (Soc.)

Executive Vice President – Communications and Investor Relations 2016–

Member of the Outokumpu Leadership Team 2014–

Responsibility areas: Communications, investor relations and marketing

Employed by the Outokumpu Group since 2012

### Work experience

Executive Vice President – Communications & Marketing: Outokumpu Oyj 2014–2016

Vice President – Communications: Outokumpu Oyj 2013–2014

Director – External Communications: Outokumpu Oyj 2012

Senior Communications Manager and Communications Manager: Nokia 2006–2012

Communications Manager: Fazer 2004–2006

Project Manager, change and leadership communications: Ericsson 2001–2004

The updated biographical details are found on the [company's website](#).

Outokumpu shares and share-based rights (parents or subsidiaries) owned by Leadership Team members and his/her controlled corporations on December 31, 2016

Roeland Baan	583,692
Christoph de la Camp	132,950
Liam Bates	60,059
Pekka Erkkilä	93,207
Maciej Gwozdz	74,137
Jan Hofmann	56,471
Olli-Matti Saksi	103,161
Johann Steiner	57,609
Saara Tahvanainen	1,959
Kari Tuutti	64,070
Michael S. Williams	121,253
<b>Total</b>	<b>1,348,568</b>

More information on remuneration can be found on p. 23–24 in the Corporate governance section of Outokumpu Annual report 2016 and in the separate Remuneration statement.

## CEO and deputy to the CEO

The President and Chief Executive Officer (CEO) is responsible for the company's operational management, in which the objective is to secure significant and sustainable growth in the value of the company for its shareholders.

The CEO prepares decisions and other matters for the meetings of the Board of Directors, develops the Group's operations in line with the

targets agreed with the Board of Directors, and ensures the proper implementation of Board decisions. The CEO is also responsible for ensuring that existing legislation and applicable regulations are observed throughout the Group.

The CEO chairs the meetings of the Outokumpu Leadership Team. The deputy to the CEO is responsible for attending to the CEO's duties in the event that the CEO is prevented from doing so. Since 2011, the Group's Chief Financial Officer has acted as deputy to the CEO.

### Leadership Team

The Outokumpu Leadership Team assists the CEO in the overall management of Outokumpu's business. The members of the team have extensive authorities in their individual areas of responsibility, and their duty is to develop the Group's operations in line with the targets set by the Board of Directors and the CEO. At the end of 2016, the members of the Outokumpu Leadership Team held the following positions:

- President and Chief Executive Officer (Group management, Europe business area, legal, corporate affairs and compliance, safety, health and environment, and internal audit)
- Executive Vice President – Chief Financial Officer (Financial and business controlling, taxation, treasury, metal and risk management, business analysis)
- Executive Vice President – Operations Europe (Operations in the Europe business area)
- Executive Vice President – Sales, Europe (Sales in the Europe business area)
- Executive Vice President – Supply Chain, Europe (Supply chain in the Europe business area)
- President – Americas (Americas business area)
- President – Long Products (Long Products business area)
- Executive Vice President – Chief Technology Officer (Technology, R&D and strategic investments)
- Executive Vice President – Business Transformation and IT (Business Transformation and IT)
- Executive Vice President – Communications and Investor Relations (Communications, investor relations and marketing)
- Executive Vice President – Human Resources and Organizational Development (Human resources and organization development)


The Leadership Team typically meets at least once a month.

## Internal control procedures and the main features of risk management systems

### Internal control

According to the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code, the Board of Directors is responsible for ensuring that the company's internal controls are properly organized. The purpose of this section is to provide shareholders and other parties with a description of how internal control and risk management of financial reporting is organized in Outokumpu. As a listed company, the Group has to comply with a variety of regulations. To ensure that all the stated requirements are met, Outokumpu has introduced principles for financial reporting and internal control and distributed them throughout the company's organization.

### Control environment

The foundation of Outokumpu's control environment is the business culture established within the Group and its associated methods of operation. The basis for the company's compliance and control routines is provided by Group policies and principles, which define the way in which Outokumpu's organization operates. These policies and principles include, for example, the Group's Corporate Responsibility Policy and Ethical Principles. The Outokumpu Code of Conduct describes the Group's basic values and offers standardized, practical guidelines for managers and employees to follow. Outokumpu's compliance program is described at our [website](#) .

The Outokumpu performance management process is a key management activity and an important factor in enabling an efficient control environment. In all sections of the Group's operations, planning activities and the setting of both operational and financial targets are executed in accordance with Outokumpu's overall business targets. Management follow-up of related achievements is carried out through monthly management reporting routines and in performance review meetings.

Outokumpu operates in accordance with the risk management policy approved by the Group's Board of Directors, and the Audit Committee regularly monitors the Group's risk map. The policy defines the objectives of risk management activities, the approaches to be taken and areas of responsibility. As well as supporting the Outokumpu strategy, risk management activities help in defining a balanced risk profile from the perspective of shareholders and other stakeholders, such as customers,

suppliers, personnel and lenders. More information on risk management within Outokumpu can be found in the Risk management section on p. 16 in the Corporate Governance section of Outokumpu Annual report 2016.

Outokumpu's control process for financial reporting is based on Group policies, principles and instructions relating to financial reporting, as well as on the responsibility and authorization structure within the Group. Policies relating to financial reporting are usually owned and approved by the CEO and the CFO. Financial reporting in Outokumpu is carried out in a harmonized way using a common chart of accounts.

Financial reporting is prepared in accordance with International Financial Reporting Standards (IFRS). The Outokumpu Accounting Principles (OAP) are Outokumpu's application guidance as regards IFRS. The aim of the OAP and other financial reporting policies and instructions included in the Outokumpu Controller's Manual is to ensure that uniform financial processes and reporting practices are used throughout the Group. Policies and instructions for financial reporting are reviewed on a regular basis and revised when necessary. During the 2016 financial year, Outokumpu has evaluated the implications of the new and revised IFRS standards to enter into force in the near future and implemented the changes required in the ESMA guidelines on Alternative Performance Measures. In 2015, the key changes included the review of the useful lives of its property, plant and equipment. In 2017, Outokumpu will prepare for the implementation of the new IFRS 15 and IFRS 9 standards as of the beginning of 2018 and IFRS 16 standard as of the beginning of 2019 and continue to follow other changes in IFRS standards closely. No major impact on the financial reporting due to the implementation of new standards is expected in 2017.

Financial statements by the parent company and stand-alone Finnish subsidiaries are prepared in accordance with generally accepted accounting principles in Finland, while foreign subsidiaries follow local accounting principles. Outokumpu also complies with regulations regarding financial reporting published by the Financial Supervisory Authority (FIN-FSA) Nasdaq Helsinki and the European Securities and Markets Authority (ESMA).

### Identification and assessment of risks related to financial reporting

Risk management processes connected with the Group's financial reporting are coordinated by Outokumpu's Treasury and Risk Management function. Related risks are classified as operational risks and can arise as a consequence of inadequate or failed internal processes, employee actions, systems or other events such as misconduct or crime. The aim of

the Outokumpu risk management process is to identify, evaluate, control and mitigate such risks.

Major risks are reported to and evaluated by the Audit Committee on a regular basis. Outokumpu's risk management process includes arranging workshops on the identification of key risks, including operational risks, for business areas and Group functions. Deliverables include risk maps, risk identification plans and a financial assessment of the Group's ability to bear risk.

### Control activities

In addition to the Board of Directors and Audit Committee, operational management teams in Outokumpu are responsible for ensuring that internal controls relating to financial reporting are in place at all Outokumpu units. The aim of control activities is to discover, prevent and correct potential errors and deviations in financial reporting. Control activities also aim to ensure that authorization structures are designed and implemented in such a way that conflicting divisions of work do not exist (i.e. one person performing an activity and also being responsible for controlling that activity). Control activities consist of different kinds of measures and include reviews of financial reports by Group management and in business area management teams, the reconciliation of accounts, analyses of the logic behind reported figures, forecasts compared to actual reported figures, and analyses of the Group's financial reporting processes, among others. A key component is the monitoring of monthly performance against financial and operational targets. These control activities take place at different levels of the organization. The most important accounting items in Outokumpu are the valuation and reporting of inventories and other items of working capital. Also, in difficult market situations, asset impairment calculations and related sensitivity analyses are increasingly important. These items are carefully monitored and controlled, both within business areas and at Group level, on a regular basis.

Information technology and solutions play an important role in guaranteeing that the Group's internal controls have a solid foundation. The Group's consolidation system has been renewed in 2015 to ensure timely and uniform financial and management reporting from the Group entities and an effective closing process within the whole Group. Outokumpu is also running a business transformation program to develop and improve business capabilities. This will be achieved mainly by harmonizing and improving the Group's core business processes and implementing supporting IT systems (e.g. ERP) that will be common to the whole Group.

As part of this program, internal controls based on systems and processes will also be enhanced and evaluated.

### Information and communication

Group-wide policies and principles are available to all Outokumpu employees. Instructions relating to financial reporting are communicated to all the parties involved. The main communication channels employed are Outokumpu's intranet and other easily accessible databases. Face-to-face controller meetings are also organized. Senior controller meetings are organized on a quarterly basis or more frequently when this is considered necessary to share information and discuss issues of topical interest to the Group.

Outokumpu has established different networks and communities in which financial reporting and internal control issues and related instructions are discussed and reviewed. These networks usually consist of personnel from the business areas and Group functions. The aim of these networks, communities and common instructions is to ensure that unified financial processes and reporting practices are used throughout the Group. The networks and communities play an important role in establishing the effectiveness of internal controls relating to financial reporting and in developing Outokumpu policies, instructions and processes.

### Follow-up

Both management in all Outokumpu companies and personnel in the accounting and controlling functions are responsible for the follow-up and monitoring of internal controls connected with financial reporting. Through its activities, the Internal Audit function monitors as well as ensures a proper control environment across the group. The Risk Management function and external auditors are also engaged in follow-up and control activities. The findings of the follow-up procedures are reported to the Audit Committee and the Outokumpu Leadership Team on a regular basis.

## Risk management

Outokumpu operates in accordance with the risk management policy approved by the company's Board of Directors. This defines the objectives, approaches and areas of responsibility in the Group's risk management activities. As well as supporting Outokumpu's strategy, the aim of risk management is identifying, evaluating and mitigating risks from the perspective of shareholders, customers, suppliers, personnel, creditors and other stakeholders.

## Risk management organization

The Board of Directors carries ultimate responsibility for risk management within Outokumpu. The CEO and members of the Leadership Team are responsible for defining and implementing risk management procedures, and for ensuring that risks are both properly addressed and taken into account in strategic and business planning.

Outokumpu's Risk Management Steering Group, led by the CFO, is a governing body for risk management in Outokumpu. Business Areas and Group functions are responsible for managing risks connected with their own operations. Auditors and Internal Audit monitor risk management processes, and the Risk Management Steering Group, the Board's Audit Committee and the Board of Directors review both key risks and actions taken to manage these risks on a regular basis. Treasury and Risk Management function supports implementation of Outokumpu's risk management policy, facilitates and coordinates risk management activities, and prepares quarterly risk reports for management, Board's Audit Committee and Auditors.

## Risk management process

Outokumpu has defined risk as anything that could have an adverse impact on achieving the Group's objectives. Risks can therefore be threats, uncertainties or lost opportunities connected with current or future operations. Outokumpu's appetite for risk and risk tolerance are defined in relation to earnings, cash flows and capital structure. The risk management process is an integral part of the overall management processes and it is divided into four stages: risk identification, evaluation/prioritization, mitigation and reporting. Risk management process in Outokumpu is two-fold, including a top-down approach to manage the Group's key risks and a bottom-up approach focusing on the operational level.

Within Outokumpu, the risk management process is monitored and controlled at different organizational levels in a systematic manner. Regular risk updates are carried out to capture relevant information and to ensure that the process is operating in an uninterrupted manner. The monitoring and analysis of results and risk updates also ensure that accurate information is provided both internally – to Business Area management teams and members of the Leadership Team – and externally to parties such as shareholders and other stakeholders.

### Focus areas 2016

The focus in risk management was to secure the business plan by robust risk management activities, including actions in safety, securing liquidity, reducing costs and improving the efficiency and controls of Outokumpu's operations. Outokumpu continued its systematic fire safety and loss prevention audit programs, which also focused on machinery breakdown loss prevention during 2016. In total, more than twenty fire safety and machinery breakdown loss prevention audits were carried out in 2016 using in-house expertise in co-operation with external advisors. In the first quarter of 2016, Outokumpu completed negotiations with its insurance companies regarding the settlement of the machinery breakdown incident at its Calvert mill in the US back in 2014. No material operational risks realized during 2016.

Outokumpu obtained a rating from Moody's in the first quarter of 2016. Rating was supported by improvement in profitability and free cash flow.

In the second quarter, Outokumpu issued a EUR 250 million senior secured bond, to extend the maturity profile while also addressing the refinancing of 2017 debt maturities.

### Compliance

Outokumpu is strongly committed to the highest ethical standards and observes the laws and other regulations of the countries in which it

operates, and it complies with agreements and commitments it has made. Outokumpu's Code of Conduct sets out these ethical standards and provides guidelines for a common way of working with the aim of ensuring that all Outokumpu employees live up to Outokumpu's ethical standards. Outokumpu's Legal, Corporate Affairs and Compliance function is responsible for managing and continuously developing Outokumpu's compliance program. Outokumpu's compliance program is described in more detail as part of [Outokumpu & society](#). The Legal, Corporate Affairs and Compliance function reports to the CEO and also reports to the Outokumpu Leadership Team and directly to the Board Audit Committee on compliance-related matters.

### Internal audit

Internal Audit is an independent and objective assurance, control, and consulting function designated to add value, to improve operations, and to monitor and support the organization in the achievement of its objectives. Through a systematic, disciplined approach, Internal Audit determines whether governance processes, the internal control system, and the risk management system, as designed and represented by the Board of Directors and the Leadership Team, are effective and efficient.

With a strong commitment to integrity and accountability, Internal Audit provides value to governing bodies and senior management as an objective and direct source of correct, reliable information and

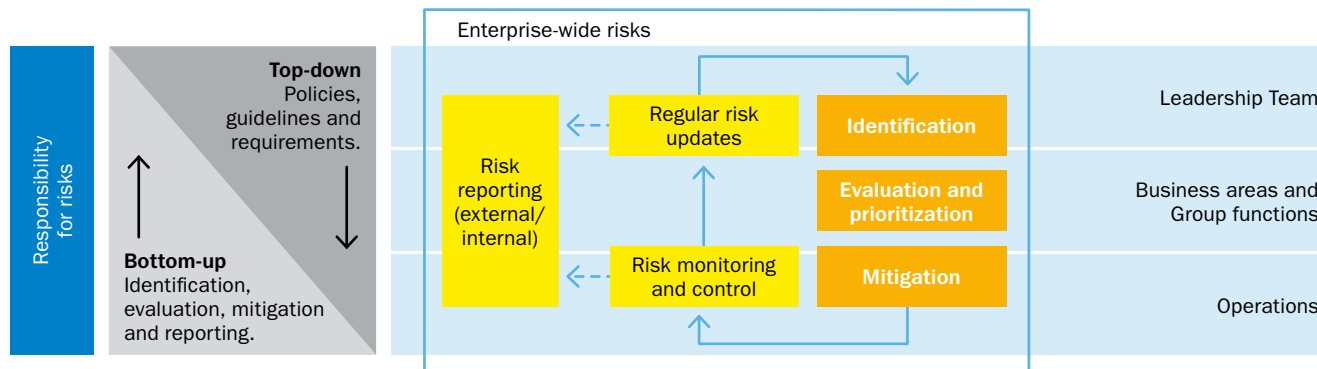
independent advice. Internal Audit also monitors adherence to Group principles, policies and procedures, and investigates fraudulent and non-compliant behaviors and activities. Internal Audit performs its function on behalf of and directly reports to the Audit Committee and to the Leadership Team, but is functionally assigned to the CEO. The annual internal audit plan is approved by the Audit Committee.

In 2016, Internal Audit performed 20 scheduled operational audits, including an extended compliance audit in the Nordic region, an evaluation and consulting on delivery performance in the Americas, and audits of various sales offices around the world. The results of all the audits carried out, including their risk appraisals are reported and distributed in writing. In view of the Outokumpu Code of Conduct and the Corporate Responsibility Policy, a previously identified potential risk in the context of sales intermediary agreements has been resolved successfully. The key risk areas to be focused on 2017 are master data management, process controls, and data protection.

The confidential whistleblowing hotline ("Helpline") available on the company intranet and via the internet is set up to anonymously inform Internal Audit and the Audit Committee of suspicions of financial misconduct or unethical behavior. No cases were reported via the Helpline in 2016.

Of 6 unscheduled investigations of potential misconduct recognized through other channels, no incidents of discrimination or human rights violations were noted. Internal Audit observed cases of unfair behavior and incurred or alleged theft, among them stealing material out of a closed-down melt shop; however, none of these cases was financially material. Various noted attempts of misconduct via faked emails resulted in no harm to the company.

### Risk management process in Outokumpu



## Insider management

The company's Insider Rules and the insider laws and regulations, including the Finnish Securities Act, the Guidelines for Insiders issued by Nasdaq Helsinki Ltd and the Market Abuse Regulation (EU), constitute the primary legal framework for the insider issues relevant to the Group and its employees.

Additionally, the Regulation on Energy Market Integrity and Transparency (EU) sets forth similar requirements as the Market Abuse Regulation on dealing with inside information relating to wholesale energy products. As the company is a participant in the wholesale energy market, the company's Insider Rules apply to such energy-related inside information, as applicable.

The persons discharging managerial responsibilities in Outokumpu, in the meaning of the Market Abuse Regulation, include members of the company's Board of Directors, the CEO and other members of the Outokumpu Leadership Team ("the Management"). The Management together with the persons or companies closely associated with a member of the Management constitutes the so called "Notifying Persons". Outokumpu maintains a non-public list of the Notifying Persons.

Outokumpu applies a restricted period of thirty (30) calendar days before the announcement, as well the day of the announcement, of an interim financial report, interim financial statement and a year-end report (the "Closed Window"). During this period, the Management, the persons subject to trading restrictions and any legally incompetent persons under their custody shall not conduct any transactions, on its own account

or for the account of a third party, directly or indirectly, relating to the company's shares or debt instruments, or derivatives or other financial instruments linked thereto. Separate, non-public, project-specific insider registers are maintained for insider projects. Persons defined as project-specific insiders are those who, in the course of their duties in connection with a project, receive information concerning the Group which, if or when realized, is likely to have a significant effect on the value of the company's publicly traded securities.

The company has the obligation to inform the public as soon as possible of inside information which directly concerns the Company, unless the company has decided that the publication of the inside information shall be delayed, in accordance with the applicable insider regulations. The publication of inside information shall be made in accordance with the company's Disclosure Policy.

Outokumpu's Head of Legal, Corporate Affairs and Compliance is responsible for the coordination and supervision of insider topics.

## Auditors

Under its Articles of Association, the company shall have a minimum of one and a maximum of two auditors who are qualified auditors or firms of public accountants authorized by the Central Chamber of Commerce of Finland and independent of the company.

The Annual General Meeting elects the auditors for a term of office ending at the close of the next Annual General Meeting. A proposal to the Annual General Meeting on the election of auditors that has been made known to

the Board of Directors prior to the Annual General Meeting will be made public if it is supported by shareholders holding a minimum of 10% of all the company's shares and voting rights and the person or company proposed has consented to such nomination. Additionally, the Board of Directors has the duty to make a proposal to the Annual General Meeting as to the election and fees of the auditor.

The company's auditors submit the statutory auditor's report to the company's shareholders in connection with the company's financial statements. The auditors also report their findings to the Board Audit Committee on a regular basis and at least once a year to the full Board of Directors. The parent company, Outokumpu Oyj, is audited by KPMG Oy Ab, and the responsible auditor is Virpi Halonen, Authorized Public Accountant. KPMG Oy Ab is also responsible for overseeing and coordinating the auditing of all Group companies. KPMG has been the Group Auditor since fiscal year 2006 and Virpi Halonen has been the Auditor in Charge since 2012. Both Outokumpu and KPMG Oy Ab emphasize the requirement that the auditor be independent of the company being audited. In its global independence policy, KPMG has stated its commitment to observing and complying with the Code of Ethics of the International Federation of Accountants (IFAC). An audit tendering process was held in 2016 and the Board of Directors' proposal of company auditor will be given to the Annual General Meeting convening on March 21, 2017.

Outokumpu's Board Audit Committee continuously monitored non-audit services purchased by the Group from KPMG Oy Ab at a global level. In 2016, auditors were paid fees totaling EUR 1.9 million, of which non-auditing services accounted for EUR 0.1 million.

# Working towards a world that lasts forever.

Outokumpu is a global leader in stainless steel. We create advanced materials that are efficient, long lasting and recyclable – thus building a world that lasts forever.

Stainless steel, invented a century ago, is an ideal material to create lasting solutions in demanding applications from cutlery to bridges, energy and medical equipment: it is 100% recyclable, corrosion-resistant, maintenance-free, durable and hygienic.

Outokumpu employs some 10,000 professionals in more than 30 countries, with headquarters in Helsinki, Finland and shares listed in Nasdaq Helsinki.

outokumpu

working towards a world that lasts forever



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