

Corporate Governance

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Corporate Governance Statement

Ruukki Group Plc (“Ruukki”, the “Company” or the “Group”) is a Finnish public limited company listed on the NASDAQ OMX Helsinki Stock Exchange (RUG1V) and the Main Market of the London Stock Exchange (RKKI).

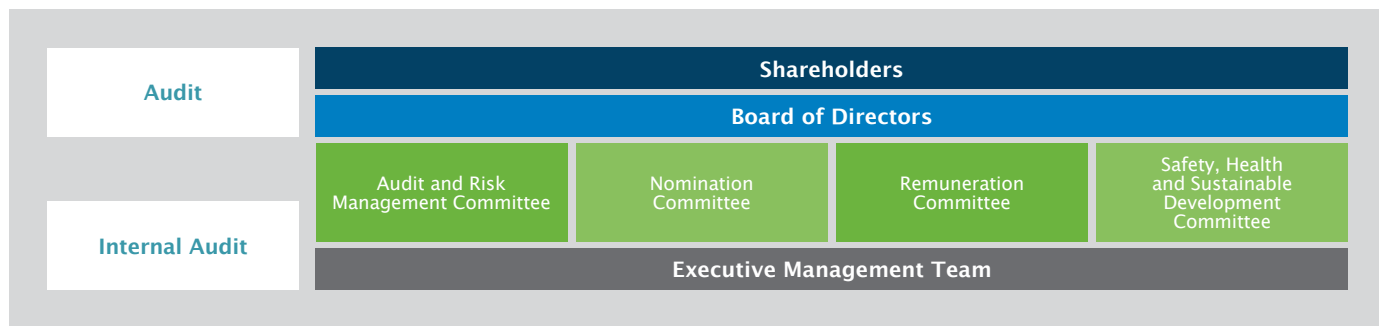
Ruukki’s corporate governance is based on and complies with the laws of Finland, the Articles of Association of the Company, the Finnish Corporate Governance Code and the regulations of the Finnish Financial Supervisory Authority, the NASDAQ OMX Helsinki Stock Exchange and the London Stock Exchange. Ruukki’s foreign subsidiaries operate under the local laws and regulations of the countries in which they are located, including but not limited to local accounting and tax legislation as well as exchange controls.

This Corporate Governance Statement for the financial period 1 January to 31 December 2011 is issued as a separate report to the Board of Directors’ Report and is available on the Group’s website at www.ruukkigroup.com. It has been prepared pursuant to the Finnish Corporate Governance Code 2010 and the guideline of the Securities Market Association dated 1 December 2010. Ruukki complies with the Finnish Corporate Governance Code which can be found on the Securities Market Association’s website at www.cgfinland.fi.

Governance Bodies and the General Meeting of Shareholders

Governance Structure

The management and control of Ruukki Group Plc and its subsidiaries (“Group”) is divided between the shareholders, the Board of Directors (“Board”), supported by the Board’s audit and risk management, nomination, remuneration and safety, health and sustainable development committees and the Chief Executive Officer.



General Meeting

Ruukki’s ultimate decision-making body is the shareholders’ General Meeting which usually convenes once a year and is held within six months of the end of the financial year. Pursuant to the Company’s Articles of Association, the convening notice for a General Meeting will be published on the Group’s website and in a stock exchange release no earlier than two months, and no later than 21 days, prior to the General Meeting or nine days prior to the record date of the General Meeting.

The notice of a General Meeting, the proposals for resolutions, and the documents to be submitted to the General Meeting, such as the financial statements, the annual report and the auditor’s report, will be available on the Group’s website and at the Group’s headquarters in Helsinki at least three weeks before the meeting. The resolutions passed by the General Meeting will be published as a stock exchange release without undue delay and will be available on the Group’s website, along with the minutes of the General Meeting, no later than two weeks after the meeting.

An Extraordinary General Meeting can be convened if the Board of Directors deems it necessary or if the auditor of the Company or the shareholders owning at least 10 percent of the shares demand one in writing in order to deal with a specific matter, or if it is required by law.

The most significant items on the Annual General Meeting's agenda include:

- Approving the year's financial statements;
- Confirming the financial year's profit or loss, the dividend distribution or other distribution, such as capital redemption;
- Determining the number of directors on the Board of Directors, their remuneration and electing those directors to the Board; and
- Electing the auditor or auditors and approving their fees.

In addition certain significant matters (such as amending the Articles of Association or deciding on a capital increase) require a resolution by the shareholders in a General Meeting.

General Meetings are organised in a manner that permits shareholders to exercise their ownership rights effectively. A shareholder wishing to exercise his/her ownership rights shall register for a General Meeting in the manner stated in the notice of meeting. All the shareholders who have been registered in the Company's shareholder register, maintained by Euroclear Finland Ltd, on the record date of the meeting have the right to attend a General Meeting, provided they have delivered a proper notice to attend the meeting. Holders of nominee registered shares may be registered temporarily on the shareholder register, and they are advised to request further instructions from their custodian bank regarding the temporary registration and issuing of a proxy document.

Resolutions by a General Meeting usually require a simple majority. Certain resolutions, however, such as amending the Articles of Association and directed share issues require a qualified majority represented by shares, and the votes conferred by the shares, at the General Meeting.

The majority of the Board members, if not all, attend General Meetings together with the CEO and the auditor. In addition, if a person is proposed for election as a director for the first time, he or she will also attend the General Meeting.

General Meetings in 2011

The General Meeting was held on 11 May 2011 and an Extraordinary General Meeting was held on 16 June 2011, both at the Hotel Haven in Helsinki, Finland. All the resolutions of these General Meetings can be found at: www.ruukkigroup.com/en/investors/shareholder-meetings/2011.

The Board of Directors

Tasks and Responsibilities

The Board of Directors is composed of between three and nine members who are elected by the General Meeting of shareholders, which also approves their remuneration. The tenure of each Board member is for one year and expires at the end of the next Annual General Meeting immediately following their election. The Board elects a chairman from among its members.

The duties of a Board member are specified in the Finnish Companies Act. The Ruukki Board also has a written charter governing its functions.

The Board of Directors oversees the administration of the Group and is responsible for the internal control of its assets, finances and accounts on behalf of shareholders. Its specific responsibilities include:

- Formulating the Group's business strategy and overseeing its implementation;
- Deciding on the Group's capital structure;
- Making decisions on significant investments, divestments, credits and collaterals, guarantees and other commitments;
- Approving the quarterly interim reports, the Board of Directors Report, the annual financial results and future forecasts and/or outlook;
- Deciding on the Group's organisational structure;

- Appointing the CEO and approving his or her service agreement and remuneration; and
- Convening and submitting proposals to the shareholders' General Meeting.

Key elements of the Board's charter and modus operandi are:

- It convenes on prearranged dates, with a view to meeting approximately once a month, or more often if necessary. Meetings can be arranged as conference calls;
- Matters to be dealt with by the Board are presented by the Chairman, the CEO or another person who has participated directly in assessing and preparing the issue for consideration;
- It aims to make unanimous decisions;
- It prepares an annual plan for its operation; and
- It acts at all times in the interest of the Company and all of its shareholders.

The Board oversees all communications and other requirements stipulated by the rules of the relevant stock exchanges and financial supervision authorities and conducts regular self-assessments to ensure these requirements continue to be fulfilled. The Group has established specific targets for the development of its administrative functions and processes, and continues to implement these.

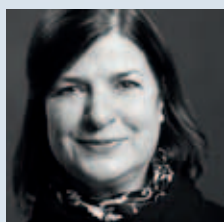
The Board also evaluates and decides on acquisitions and disposals of subsidiaries and associated companies.

Board Members

The 2011 General Meeting elected eight members to the Board: Dr Jelena Manojlovic, Philip Baum, Paul Everard, Markku Kankaala, Dr Danko Koncar, Dr Chris Pointon and Barry Rourke were re-elected, and Thomas Hoyer, the Group's CEO, was re-elected following previous membership of the Board between 2008 and 2010.



Board of Directors



Jelena Manojlovic Chairman, Dependent Non-Executive Director

Ph.D. (Medicine), Clin. D. (Psychology), MA (Psychotherapy)

Born 1950

Jelena Manojlovic has been a member of the Board since 11 July 2008 and Chairman of the Board since 16 June 2009. She is also a member of the Remuneration and Nomination Committees. An established university lecturer and organisational consultant, Dr Manojlovic has over 35 years' experience in the human resources field and 20 years' in management positions across a diverse range of organisations and universities, including the UK's National Health Service and Kermas (a major shareholder in the Company), where she was Human Resources Director. Dr. Manojlovic is independent of the Company but through a controlled entity of her husband, Dr Danko Koncar, she is dependent on a major shareholder of the Company.



Chris Pointon Deputy Chairman, Independent Non-Executive Director

BSc (Earth Sciences and Chemistry), PhD (Geology)

Born 1948

Chris Pointon was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also Deputy Chairman of the Board, the Chairman of the Nomination Committee and a member of the Audit and Risk Management and Safety, Health and Sustainable Development Committees. He has 40 years of experience in the mining and minerals industry including exploration, development, operations and general management in Asia, Australia, South America, South Africa and Europe. He joined the Royal Dutch/Shell Group in 1970 in its Metals Division, subsequently Gencor, Billiton and BHP Billiton. From 1997 until his retirement in 2006 he was President of BHP Billiton's Stainless Steel Materials Division.

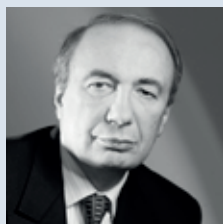


Thomas Hoyer Chief Executive Officer, Dependent Executive Director

M.Sc (Economics)

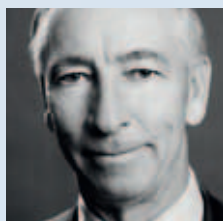
Born 1974

Thomas Hoyer was a member of the Board between 7 October 2008 and 21 April 2010 and was re-elected at the Annual General Meeting on 11 May 2011. He joined Ruukki in 2009 as CEO of the now divested wood processing division. During his tenure he was responsible for turning around the division and for the successful sale of five subsidiaries, valued at over EUR 100 million. In October 2010 he was promoted to Group CFO and in April 2011 to Group Chief Executive Officer and joined the Board. Prior to joining Ruukki, he held a number of senior management positions in portfolio management, private equity and finance at Allianz, Bank am Bellevue, Invision and Aldata Solution. He is dependent on the Company based on his position as CEO.



Dr Danko Koncar Enterprise Director, Dependent Executive Director,
Diploma (Engineering), M.Sc. (Engineering), Ph.D. (Engineering)
Born 1942

Danko Koncar was a member of the Board between 31 March 2008 and 11 July 2008 and was re-elected at the Extraordinary General Meeting on 11 August 2010, with special responsibility for strategy and new business development. He has extensive experience in minerals processing and trading, including 20 years in ferrochrome processing with six years experience in the application of direct current technology to ferrochrome processing. He has served as Chairman of Samancor Chrome, General Director of RCS Ltd and is General Director of Kermas. He was Acting Managing Director of the Company between October 2010 and April 2011. Dr Koncar is dependent on the Company based on his position as Enterprise Director and dependent on a major shareholder of the Company through his controlled entity Kermas Ltd.



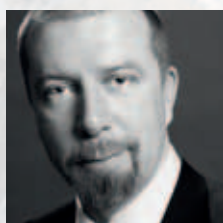
Philip Baum Independent Non-Executive Director
B.Com (Accountancy), LL.B (Law), Higher Diploma (Tax Law)
Born 1954

Philip Baum was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also the Chairman of the Remuneration Committee and a member of the Nomination and Safety, Health and Sustainable Development Committees. He has had a 32 year career mostly with Anglo American Plc, with extensive international experience in Africa, Europe, North and South America and Australasia in mining, minerals and heavy industry. He retired from Anglo American Plc in 2009 as Chief Executive Officer of its Ferrous Metals Division and a member of its Executive Committee. Currently, he is also chairman of Nord Gold.



Paul Everard Independent Non-Executive Director
B.A. (Mechanical Sciences), M.A. (Mechanical Sciences), MBA
Born 1940

Paul Everard was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also the Chairman of the Safety, Health and Sustainable Development Committee and a member of the Audit and Risk Management Committee. He has had a career of over 40 years with natural resource companies involved in the extraction and processing of oil, metals and minerals including Shell, Billiton and BHP Billiton. In 1983 he was appointed Executive Director of Billiton responsible for the Aluminium Business. He retired from BHP Billiton as Deputy President Aluminium in 2005.



Markku Kankaala Independent Non-Executive Director
B.Sc. (Eng.)
Born 1963

Markku Kankaala has been a member of the Board since 30 June 2003. He is also a member of the Remuneration Committee. He was also the CEO of the Group from 2003 to 2004 and worked as a Branch Director in Ruukki Group Plc until 31 August 2006. Previously he worked for 10 years as an entrepreneur in the wood products industry and before that in different positions at Ahlstrom and Rautaruukki.



Barry Rourke Independent Non-Executive Director
FCA
Born 1950

Barry Rourke was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee. He was an Audit Partner at PricewaterhouseCoopers for 17 years from 1984 to 2001, where he specialised in the Oil and Gas and Mining sectors. He currently holds a number of non-executive directorships and positions on the audit committees in other listed companies.

Board Independence

The Finnish Corporate Governance Code requires that the majority of the directors are independent of the Company. In addition, at least two of the directors representing this majority must be independent of the significant shareholders of the Company. The Company believes that Philip Baum, Paul Everard, Markku Kankaala, Dr Chris Pointon and Barry Rourke are independent. The Board has named Barry Rourke as the senior independent non-executive director.

	Current Position	Appointed to the Board	Status	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee	Health, Safety and Sustainable Development Committee
Jelena Manojlovic	Chairman	11 July 2008	Dependent	–	Member	Member	–
Philip Baum	NED	21 April 2010	Independent	–	Member	Chair	Member
Paul Everard	NED	21 April 2010	Independent	Member	–	–	Chair
Thomas Hoyer	CEO	5 May 2011	Executive	–	–	–	–
Markku Kankaala	NED	30 June 2003	Independent	–	–	Member	–
Danko Koncar	Executive	11 August 2010	Executive	–	–	–	–
Chris Pointon	NED	21 April 2010	Independent	Member	Chair	–	Member
Barry Rourke	NED	21 April 2010	Independent	Chair	–	Member	–

Board Committees

The Board establishes its committees and appoints the committee members for a term of office that continues until the end of the following annual General Meeting.

Audit and Risk Management Committee

The Audit and Risk Management Committee currently has three members: Barry Rourke (committee chairman), Paul Everard and Dr Chris Pointon.

The Board has defined the committee's duties in accordance with the recommendations of the Finnish Corporate Governance Code. The Audit and Risk Management Committee surveys the auditors' work and monitors the Group's financial position and the appropriateness of its financial reporting. The committee evaluates internal audit and risk management, maintaining contact with auditors and evaluating their reports. The committee reports regularly to the Board.

In 2011, the Audit and Risk Management Committee evaluated and monitored the development of internal controls and risk management policies. The Group had no permanent internal auditor during the year, although operational management commissioned local specialists to conduct internal audit reviews within several business units as part of their local assurance process. The Board has received assurance from a number of sources, including a Board review of the Group's overall strategy and management processes and a strong head office function, which has exercised substantial supervision over the local operations, involving frequent visits to the operations. The integration of the Chromex assets into the FerroAlloy segment has led to the South African office being further strengthened, particularly in the areas of mining, geology and finance.

All significant Group companies are audited by the Company's auditor in order to ensure a consistent approach and to facilitate communication between the auditors and the Committee.

The Committee has focused on improving management information flow to the Board and on the identification and management of the main risks facing the Group. The risks are discussed in the Board of Directors' Report. These priorities continued to form the core of the committee's business during 2011, along with the regular scrutiny of the Group's compliance with laws, regulations and best practice.

Nomination Committee

The Nomination Committee currently has three members: Dr Chris Pointon (committee chairman), Dr Jelena Manojlovic and Philip Baum.

The Committee leads the process for making appointments to the Board and the executive management and submits recommendations to the Board in this regard.

In 2011, the Committee proposed the appointment of Thomas Hoyer as the Group's CEO, following a detailed executive search assisted by an external head hunter and the interviewing of a number of candidates.

Remuneration Committee

The Remuneration Committee currently has four members: Philip Baum (committee chairman), Dr Jelena Manojlovic, Markku Kankaala and Barry Rourke.

The Remuneration Committee leads the process relating to the remuneration of the executive management and the Board, and makes recommendations to the Board and to the General Meeting in relation to the Board's remuneration.

The Committee has most recently been focused on creating a management incentive plan that is more closely aligned with the Group's long and short-term growth and profitability targets in order to bring to shareholders an incentive plan designed to further improve the return on their investment.

Safety, Health and Sustainable Development Committee

The Safety, Health and Sustainable Development Committee currently has three members: Paul Everard (committee chairman), Philip Baum and Dr Chris Pointon.

Its main function is to oversee and review all relevant matters in order to advise and guide the Board on the safety, health and sustainability of the Group's operations.

The Committee has recently been working on improving the tracking of safety and health-related statistics throughout the Group. An independently performed environmental study into potential legacy liabilities relating to Mogale Alloys was also conducted.

Board and Committee meetings

During 2011 the Board held 15 meetings. The Audit and Risk Management Committee met on nine occasions, the Remuneration Committee on five occasions, the Nomination Committee on two occasions and the Health, Safety and Sustainable Development Committee on three occasions. The attendance record of the Directors during the period is shown in the table below. The average attendance percentage of the members of the Board was 97%.

	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee	Health, Safety and Sustainable Development Committee
Philip Baum	14		1	5	2
Paul Everard	14	9			3
Thomas Hoyer	9				
Markku Kankaala	15			5	
Danko Koncar	14				
Jelena Manojlovic	15		2	5	
Chris Pointon	14	8	2		2
Barry Rourke	15	9		5	

Remuneration

The Annual General Meeting held on 11 May 2011 approved the remuneration for the members of the Board as follows: Chairman EUR 7,500 and each non-executive director EUR 6,500 per month. During the financial year 2011, the Board members received a total of EUR 469,300 (416,250) in Board membership fees. In addition, the Board members received fees for committee meetings totaling EUR 30,100 (27,400).

In addition to the membership and meeting fees, the 2011 Annual General Meeting of the Company authorised the Board of Directors to decide on an issue of a maximum of 460,000 new shares or shares from the Company's treasury shares by a directed free issue to the members of the Board of Directors. The Board may decide to issue 80,000 shares each to the Deputy Chairman of the Board of Directors and the Chairman of the Audit Committee and 60,000 shares to each of the other non-executive Board members. This authorisation was not used during 2011.

Chief Executive Officer and Executive Management Team

Chief Executive Officer

The Board appoints the Chief Executive Officer (CEO), who leads the executive management of the Group in accordance with the Board's instructions. It is the responsibility of the CEO to lead and steer the Group and to act as the spokesperson for the Group both internally and externally. The CEO manages, develops, guides and supervises the Group's activities. In these duties, the CEO is assisted by the Executive Management Team and the personnel at the Group's headquarters. The CEO reports to the Board of Directors and prepares presentations and documentation for the Board. The focus of the CEO role is on major strategic activities, where his or her direct involvement and commitment are essential, whether concerning acquisitions, capitalisation, listing or other special projects.

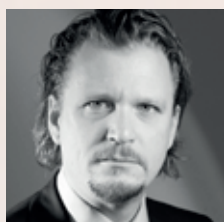
The CEO's ongoing responsibilities include the following:

- Providing leadership to the Group and determining its priorities and operating practices;
- Preparing and developing the Group's strategy for the Board's approval;
- Implementing the Group's strategy and delivering performance in line with targets;
- Planning and managing the organisational structure, capital structure, investments, mergers and acquisitions, de-mergers, credits, guarantees and other substantial commitments for the Board's approval;
- Organising the Group's finance, bookkeeping and internal control matters; and
- Coordinating communications to shareholders, the investment community and the media.

Thomas Hoyer was appointed Group CEO in May 2011. Dr Danko Koncar, previously Acting Managing Director, was appointed Enterprise Director and was also re-elected to the Board.

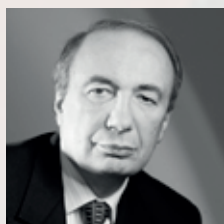
Executive Management Team

The Group's Executive Management Team ("EMT") assists the Group CEO in effectively accomplishing his duties. The EMT is an advisory body which was set up by the Board of Directors in November 2009. It has neither authority, based on laws or the Articles of Association, nor any independent decision-making rights. Decisions on matters discussed by the EMT are taken by the CEO, the EMT member responsible for the matter in question or the Group's Board of Directors, as appropriate.



Thomas Hoyer, Chief Executive Officer
M.Sc (Economics)

Thomas Hoyer was non-executive director of Ruukki Board between October 2008 and April 2010 and was re-elected at the Annual General Meeting on 11 May 2011. He joined Ruukki in 2009 as CEO of the now divested wood processing division. During his tenure he was responsible for turning around the division and for the successful sale of five subsidiaries, valued at over EUR 100 million. In October 2010 he was promoted to Group CFO and in May 2011 to Group Chief Executive Officer and joined the Board. Prior to joining Ruukki, he held a number of senior management positions in portfolio management, private equity and finance at Allianz, Bank am Bellevue, Invision and Aldata Solution.



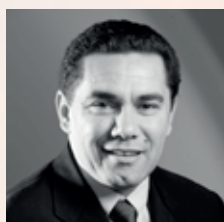
Dr Danko Koncar, Enterprise Director
Diploma (Engineering), M.Sc. (Engineering), Ph.D. (Engineering)

Danko Koncar was a member of the Board between March 2008 and July 2008 and was re-elected at the Extraordinary General Meeting on 11 August 2010, with special responsibility for strategy and new business development. He has extensive experience in minerals processing and trading, including 20 years in ferrochrome processing with six years experience in the application of direct current technology to ferrochrome processing. He has served as Chairman of Samancor Chrome, General Director of RCS Ltd and is General Director of Kermas. He was Acting Managing Director of the Company between October 2010 and May 2011.



Stefano Bonati, Chief Commercial Officer
B.Sc (Chemistry, specialising in Inorganic Chemistry and Metallurgy)

Stefano Bonati joined Ruukki in 2008, as part of the transaction which acquired RCS Ltd, the Company's sales and marketing arm. He was European Head of the Minerals Business, which is now the Speciality Alloys division, until his promotion to Chief Commercial Officer in May 2011. He is now responsible for both the Speciality Alloy division and RCS. Prior to joining Ruukki, he held various senior management positions, including CEO of RCS Ltd between 2006 to 2008, Head of a BASF operational division in Italy and Executive Vice President of Dirox, part of a private Italian conglomerate and one of the market leaders in the chrome chemicals business.



Dr Alistair Ruiters, Executive Chairman, Ruukki South Africa
BA (Economic History), Ph.D. (Sociology)

Alistair Ruiters joined Ruukki in November 2009 as Ruukki South Africa's Managing Director. Prior to joining Ruukki, he was Chief Executive Officer of the black empowerment company, The Sediko Group, a diversified investment holdings company. Before transferring to the private sector in 2005, Dr Ruiters served as a public servant in the new South African democratic government from 1994 to 2005. He held numerous senior positions including the Commissioner of the Competition Commission and the Director General of the Department of Trade and Industry. He serves on the boards of Umcebo Mining, Accor Services South Africa and Sediko Holdings. He was also a De Beers Scholar.



Markus Kivimäki, General Manager: Corporate Affairs and Company Secretary
LL.M (Master of Laws)

Markus Kivimäki joined Ruukki as Head of wood processing business and Business Development of the now divested wood division in March 2010. He was promoted to General Manager: Corporate Affairs and Company Secretary in October 2010. Prior to joining Ruukki, he held various senior management positions including Senior Vice President and General Counsel of Elcoteq SE and Vice President of Legal Affairs with Aldata Solution Oyj.



Kalle Lehtonen, General Manager: Finance
M.Sc Economics

Kalle Lehtonen joined Ruukki in 2008 as Vice President Mergers & Acquisitions of the now divested wood processing business before being promoted to CFO of the wood division in 2009. He was promoted to General Manager: Finance in October 2010. Prior to joining Ruukki, he held a number of senior management positions including Group Controller of Aldata Solution Oyj and Vice President of Finance for Seven Networks Ltd.

Internal Control

The principles of internal control are confirmed by the Board. The Group's EMT members are in charge of the day-to-day business management and administrative control in their respective responsibility areas.

Main Principles of Risk Management and Internal Control

The purpose of risk management is to identify, evaluate and mitigate the potential risks that could impact the Group's business and the implementation of its strategy, and to ensure that risks are proportional to the Group's risk-bearing capacity.

The Group's risk management policy is approved by the Board of Directors and defines the objectives, approaches and areas of responsibility of risk management activities. The Group's key risks are reviewed and assessed by the Board on a regular basis. The Group's business segments, and the business units within those segments, are primarily responsible for managing their risks, their financial performance and their compliance with the Group's risk management policies and internal control procedures. Each segment assesses and reports its risk position to the EMT on a monthly basis.

The Board of Directors is responsible for organising and maintaining adequate and effective internal control performed by the senior and executive management as well as other Ruukki personnel, and assisted by third-party experts when appropriate.

The Board of Directors decides on the Group's management system and the corporate and organisational structure required by each business unit with a view to providing solid foundations for effective internal control. Internal control and risk management related to financial reporting at the Group level are performed in a coordinated way by a function independent of the business areas. Each subsidiary's executive management is responsible for the implementation of internal control and risk management to the agreed Group principles and guidelines.

The system of internal control provides reasonable rather than absolute assurance that Ruukki's business objectives will be achieved within the risk tolerance levels defined by the Board.

Internal control refers to elements of financial and operational management which are designed to ensure:

- Achievement of defined performance targets;
- Efficient use of resources and protection of assets;
- Effective management of risks;
- Accurate, timely and continuous delivery of financial and operational information;
- Full compliance with laws and regulations as well as internal policies; and
- Business continuity through secure systems and stable operating procedures.

The Structure of Internal Control Systems

The main structural elements of the Group's internal control system are:

- The risk management and internal control policies and principles defined by the Board;
- Implementation of the policies and principles under the supervision of Group management;
- Supervision of the efficiency and functionality of the business operations by Group management;
- Supervision of the quality and compliance of the financial reporting by the Group finance department;
- An effective control environment within all organisational levels and business units, including tailored controls for each business process; and
- Internal audits conducted as and when needed.

The Internal Control of the Financial Reporting Process

The Group's financial organisation is structured so that each business unit has its own finance function, but overall financial management including accounting, taxation and financing is centralised within the Group's parent company.

The Group finance department is responsible for ensuring the compliance, quality and timeliness of the Group's external and internal financial reporting. The internal control mechanisms are based on the policies, procedures and authorisations established and approved by the Board. In addition to control mechanisms, training and sharing of knowledge are also significant tools of internal control.

Each business unit has its own finance function which reports to the Group finance department. The business unit's finance function is responsible for the unit's accounting and daily financial operations and internal reporting. The finance function and administration is overseen by the unit's management team and reports to the head of the business unit's segment.

The tasks of the Group's finance department consist, among other things, of monthly consolidation of the Group's accounts, preparation of the quarterly interim reports and consolidated financial statements, financing of the Group, and tax planning.

Consolidated financial statements are prepared by using consolidation software. The accounting of the Company's subsidiaries is carried out by accounting systems and the accountants within each subsidiary enter the accounting information directly into the consolidation system, or in some cases send the information in a predefined format to the Group's financial administration to be consolidated.

Roles and Responsibilities Regarding Risk Management and Internal Control

Board of Directors

The Board of Directors is ultimately responsible for the administration and the proper organisation of the Group's operations and approves all internal control, risk management and corporate governance policies. The Board establishes the risk-taking level and risk-bearing capacity of the Group and reassesses them on a regular basis as part of the Group's strategy and goal-setting process. The Board reports to the shareholders of the Company.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for the following internal control related activities:

- Monitoring the reporting process of the financial statements;
- Supervising the financial reporting process;
- Monitoring the efficiency of the Group's internal control, internal audit and risk management systems; and
- Monitoring the statutory audit of the financial statements and consolidated financial statements.

Group Management

The Group's management is in charge of the day-to-day management of the Group in accordance with the instructions and orders given by the Board. It sets the framework of the internal control environment and is in charge of the Group's risk management process and its continuous development. This includes allocation of resources to the work and continuous review of the risk management policies, as well as defining the principles of operation and overall processes.

The General Manager, Finance ensures that the Group's accounting and financial reporting practices comply with the law, and that all financial matters are handled effectively. The General Manager, Corporate Affairs ensures that the Group's corporate governance practices comply with the law and that all legal matters of the Group are handled appropriately.

External Audit

According to the Articles of Association, the annual General Meeting of shareholders elects the Company's auditor, which must be a firm authorised by the Finnish Central Chamber of Commerce; otherwise the Company will have one main auditor and one deputy auditor. The auditor's term is for one year and finishes at the end of the first General Meeting following election.

On 11 May 2011 Ruukki's General Meeting elected Authorised Public Accountant Ernst & Young Oy as auditor, with Authorised Public Accountant Tomi Englund having the principal responsibility. Ernst & Young is also the local auditor of all of the Group companies.

In 2011 the Group paid EUR 781,000 for audit fees (691,000) and EUR 289,000 for non-audit services (3,850,000) to Ernst & Young.

Insider Administration

The Company complies with the Guidelines for Insiders issued by the NASDAQ OMX Helsinki Stock Exchange.

Public Insider Register

The Company's permanent public insiders comprise the Board members, the CEO, the Executive Management Team and the auditors. All permanent public insiders and the statutory information about them, their related parties and the entities controlled by them or in which they exercise influence, have been entered into the Company's public insider register which is published on the Group's website.

Ruukki imposes a restriction on trading for insiders which forbids trading in the Company's shares for 30 days before the publication of financial reports. Prior to the announcement of annual results the closed period is 60 days or, if shorter, the period from the end of the relevant financial year up to and including the time of the announcement.

Compliance with the insider regulations is monitored by taking samples at certain intervals of trading by insiders in the Company's shares.

Company-specific Insider Register

In addition to the public insider register, the Company holds a company-specific insider register of persons who regularly receive information that can have material impact on the value of its securities. These persons include all Ruukki employees and third-party service providers who regularly obtain insider information.

Project-specific Insider Register

When necessary, the Company sets up a separate project-specific insider register. Project-specific insiders are those who, in connection with the insider project, obtain information about the Group that might have material impact on the value of the Company's shares if it were published. The establishment of a project is decided by the Board or the CEO.

Shareholdings of the Public Insiders at 31 December 2011

Members of the Board		Shares	Options
Jelena Manojlovic	Chairman	150 000	0
Philip Baum	Non-executive Director	150 000	0
Paul Everard	Non-executive Director	150 000	0
Thomas Hoyer	Executive Director, Chief Executive Officer	52 083	0
Markku Kankaala	Non-executive Director	7 066 116	0
Danko Koncar	Executive Director, Enterprise Director	70 766 500	70 194 518
Chris Pointon	Non-executive Director	190 000	0
Barry Rourke	Non-executive Director	150 000	0
Auditors			
Tomi Englund	Auditor	0	0
Other insiders			
Stefano Bonati	Chief Commercial Officer	0	0
Theuns De Bruyn	Chief Operating Officer	0	0
Markus Kivimäki	General Manager, Corporate Affairs	0	0
Kalle Lehtonen	General Manager, Finance	0	0
Alistair Ruiters	Executive Chairman, Ruukki South Africa	400 000	0

The shares issued to the Board members as part of their remuneration are subject to a three-year lock-up period. The shares subject to the lock-up are as follows:

- Philip Baum 150,000 shares
- Paul Everard 150,000 shares
- Markku Kankaala 100,000 shares
- Dr Jelena Manojlovic 150,000 shares
- Dr Chris Pointon 150,000 shares
- Barry Rourke 150,000 shares

