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## Corporate responsibility report 2011



**Ruukki is Global Sustainability Leader in Steel Business**



From the President & CEO



Recognitions



CR in Ruukki



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# From the President & CEO



## Responsibility has importance in Ruukki's business.

During the year we received also international recognitions for our work on the sustainable development front. We achieved the position of steel industry leader in two Dow Jones Sustainability Indexes. This recognition is the result of years of long-term work and the strong competence of our people.

Our operating environment has become very demanding in recent years. As a result, Ruukki has managed to improve its competitiveness, although we still have much to do. In 2012, we will continue to improve our competitiveness and efficiency and constantly explore new business opportunities. We also aim for better flexibility to react to changes taking place in the market environment.

We have also clarified the future direction in all our businesses. We will continue with the good work which the values adopted in 2011 are contributing to. In keeping with our values, we take responsibility, succeed together and challenge tomorrow.

## Energy efficiency boost competitive edge

We aim to develop increasingly energy-efficient products and solutions for our customers. There is a growing demand for energy-efficient solutions in our market areas.

During the course of 2011, Ruukki launched new energy-efficient products such as a ground heat solution integrated into steel piles and a solar power solution integrated into façade cladding. Ruukki's special steel products lighten end-product weight or enable structures that prolong useful working life or that can take higher payloads. The result is decreased emissions and smaller operating costs of the end-customer's product.

Energy-efficient products and solutions play a key role in achieving our strategy. The innovation of new products and solutions requires us to have a good understanding of the needs of our customers and other stakeholders, an enthusiasm to develop new things and good teamwork.

**Sakari Tamminen**  
President & CEO  
Rautaruukki Corporation

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## CORPORATE RESPONSIBILITY REPORT 2011

### Ruukki in brief

The Corporation uses the marketing name Ruukki.

Ruukki provides its customers with energy-efficient steel solutions for better living, working and moving. Net sales in 2011 totalled EUR 2.8 (2.4) billion.

Ruukki operates in ca. 30 countries and employs ca. 11,800 (11,700) people.

[Read more about our people](#)

### Our Business Areas

#### Ruukki Construction

- Lifecycle- and energy-efficient steel structure solutions for commercial, office and industrial construction, single family homes, portland transport infrastructure construction
- Main market areas: Nordic countries, Russia, Central Eastern Europe and the Baltic states.
- Ruukki has a strong market position in all segments in Scandinavia and also in roofing products in Central Eastern Europe.

#### Ruukki Engineering

- Fully-assembled systems and components for the engineering industry.
- Our core product areas are operator cabins and various energy efficient special steel and other components.
- Leading supplier of systems and components to globally-operating OEMs in the materials handling, construction, mining, forest machinery and energy industry and to machinery and equipment manufacturers in the energy industry.

#### Ruukki Metals

- Energy-efficient special steel products including high-strength, wear-resistant and special-coated products for demanding applications. Steel service centres supply steel products and related prefabrication, logistics and storage services.
- Strong position in core markets in the Nordic countries and Baltic states.
- Global, cutting edge manufacturer of special steel products.
- Diverse range of services in steel service centres in Finland, Sweden, Norway, Poland and Russia.

[Read more about our business areas](#)

### Ruukki's owners

Rautaruukki Corporation is a listed company, whose shares are quoted on NASDAQ OMX Helsinki (Rautaruukki Oyj: RTRKS).

At year-end 2011, the company had 47,501 shareholders (43,575). Non-Finnish and nominee registered owners held 16.9 per cent of Rautaruukki's shares at the end of 2011.

[Read more about shareholders here](#)



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## CORPORATE RESPONSIBILITY REPORT 2011

### Corporate responsibility in Ruukki



The objective of corporate responsibility is to ensure long-term business conditions from the financial, social and environmental aspects. Ruukki seeks a strong market position in its business areas. This imposes high standards on, for example, responsible decision-making, the development of energy-efficient products and competent people. Every choice is a chance to do things better and to go further.

We strive to continuously improve our operations in different fields in accordance with Ruukki's values. The goals we have set ourselves and the decisions we make impact on our success. A top level of expertise and keeping promises are key qualities in Ruukki's corporate culture.

### Working with stakeholders is an important part of corporate responsibility

We survey our stakeholders' expectations with the help of studies and ongoing dialogue, among other things. The aim is for interactive, honest and respectful stakeholder relations, which are achieved through open communication, actively processing feedback and joint meetings and events.



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## CORPORATE RESPONSIBILITY REPORT 2011

### Significant recognitions in 2011

#### Recognition in international ratings

**Ruukki achieved the position of industry leader in two Dow Jones Sustainability indexes: DJSI World and DJSI Europe.** The indexes include the top companies that are committed to sustainable development.

Ruukki is included in the DJSI World Index for the fourth year running and in the European index for the fifth year. The results show that Ruukki has achieved industry leadership for the first time and heads the world's eight best steel companies.

In October, Ruukki was awarded **Worldsteel's prize for sustainability reporting.** The prize was based on the fact that Ruukki has produced extensive information and case examples about its corporate responsibility to its interest groups.

In March, Ruukki was chosen for inclusion in **NASDAQ OMX's new OMX GES Sustainability Finland index.**



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**CORPORATE RESPONSIBILITY REPORT 2011**

**UN Global Compact**

In December 2011, Ruukki joined the UN's Global Compact initiative.

UN Global compact is a strategic policy initiative for businesses that are committed to enhancing good corporate citizenship. By signing the initiative, Ruukki is committed to voluntarily promoting sustainable solutions in its operations.

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

Read more about Global Compact at [unglobalcompact.org](http://unglobalcompact.org)



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## CORPORATE RESPONSIBILITY REPORT 2011

### Focus areas of responsible business

#### Focus areas of responsible business at Ruukki

In 2011, we drew up a materiality assessment of Ruukki's corporate responsibility on the basis of, among other things, Ruukki's values, code of conduct, external responsibility assessments, the results of customer and employee surveys, UN Global Compact principles and Global Reporting Initiative (GRI) corporate responsibility reporting guidelines. In materiality assessments we identify the focus areas of responsible operations that were the most important issues and on the basis of which we set our responsibility objectives.

#### Materiality analysis

Aspect	Focus areas	Importance to business and stakeholders
<b>Financial responsibility</b>	Achievement of financial targets	The achievement of financial targets and profitability enable continuity and development. They form the foundation on which all activities are built.
	Remuneration and good corporate citizenship	At Ruukki, fair, competitive and motivating remuneration for excellent performance is not only tangible. The economic wellbeing we create is shared by various stakeholders in society in the form of wages, salaries and bonuses, taxes, purchases and dividends. Responsibility is also visible in business risk management.
	Compliance with good business practices	Compliance with good business practices respects our stakeholders and, among other things, means compliance with laws and regulations and practicing ethical business activities.
<b>Social responsibility</b>	High level of expertise	A competent personnel and well-managed human resources create the foundation for economic sustainability. We are revisiting and improving the efficiency of our ways of working to enable us to continue responding to our customers' needs. This is possible through a high level of expertise, motivated and committed people and good supervisory work. We strive to ensure that Ruukki people are competent, happy in their work and motivated to participate in taking our business further.
	Occupational safety	At Ruukki, it is important to support proactive safety work and management with the help of studies and by developing, among other things, competence and induction, as well as proactive measures.
	Leadership culture	Supervisory work is being developed in line with Ruukki's values through development discussions and leadership training and coaching. Consistent mapping of leadership resources and career planning also underpin the development of Ruukki's leadership culture.
<b>Environmental responsibility</b>	Energy-efficient products	Ruukki's energy-efficient products help to enable customers to improve their effective use of energy and reduce the environmental impacts of their products ion, among other things, construction, transportation and mobile machines.
	Operational eco-efficiency	The efficiency of energy and resources in Ruukki's own production is testimony to our customers of responsible operations. The energy and mineral products created as a by-product in the production process are used as a substitute for virgin natural resources.
	Steel lifecycle and recycling	As a material, fully-recyclable steel is a good base for energy-efficient building solutions. Our recyclable, wear-resistant and high-strength special steel products improve the material efficiency of lifting, handling and transportation equipment, and reduce energy consumption over the product's lifecycle.
	Environmental management and conformity	A certified ISO 14001 -environmental management system is already in place at 99% of our production sites and shows our stakeholders our commitment to the consistent improvement of environmental matters. The system helps us to monitor the achievement of targets set, any non-compliances and compliance with statutory requirements and environmental permits.



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## CORPORATE RESPONSIBILITY REPORT 2011

### Corporate responsibility program and objectives

#### Objectives

The objective of corporate responsibility is to ensure long-term business conditions from the financial, social and environmental aspects. We are constantly pushing to improve different aspects of our operations and responsibility is broadly reflected in the decisions we take.

Continuous improvement in safety and the promotion of energy efficiency are high on Ruukki's corporate responsibility agenda. We want to continue ranking among the best companies in developing responsibility in our sector.

#### Main objectives of corporate responsibility at Ruukki

Aspects	Some of our achievements in 2011
<b>Financial responsibility</b> <ul style="list-style-type: none"> <li>• Achievement of financial targets</li> <li>• Compliance with Code of Conduct</li> </ul>	Total economic value of € 2,872 million (2,495) was created for stakeholders Dividends totalling €33.3 million (62.5) were paid Comparable operating profit was €56 million (38) Code of Conduct was revised
<b>Social responsibility</b> <ul style="list-style-type: none"> <li>• Improved safety</li> <li>• Strengthened top-quality expertise</li> <li>• Development of leadership culture</li> </ul>	Safety was improved by enhancing pro-action and induction <ul style="list-style-type: none"> <li>• 6.5 (4.5) safety actions/per employee</li> <li>• teams held over 26,800 (19,000) safety moments</li> <li>• safety was assessed on over 25,400 (20,000) safety rounds</li> </ul> The personnel took part in an average of 1.76 (1.87) training days a year.  A total of 92% (80) of salaried employees had development discussions in which competence evaluation and target setting were key elements.
<b>Environmental responsibility</b> <ul style="list-style-type: none"> <li>• Promotion of energy efficiency</li> <li>• Increased recycling and materials efficiency</li> <li>• Compliance with environmental systems and requirements of environmental permits</li> </ul>	Ruukki launched airtight energy panels etc, was the first company to launch a photovoltaic system integrated into a façade and piloted ground-source heat solutions integrated into steel piles  Recycling steel and mineral products reduced CO <sub>2</sub> emissions by 600,000 tonnes (700,000)  An ISO 14001 environmental management scheme is in use already at 99% of Ruukki's production sites. Environmental investments totalled €29 million (29)



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**Highlights from 2011**

**JANUARY-MARCH**

Reduce energy costs with Ruukki's new energy panels (March 2011)

Ruukki is the only manufacturer in the world to guarantee the exact level of airtightness of exterior wall panels. The new airtight energy panel translates into considerable savings in a building's heating costs and also significantly reduces a building's carbon dioxide emissions.

**APRIL-JUNE**

Ruukki's first energy piles for Technopolis Jyväskylä (April 2011)

Energy piles utilising ground-source energy have been chosen for the foundations of the new Technopolis Innova 2 office building under construction in Jyväskylä, Finland. Ruukki's steel piles will serve both as the building's foundations and as energy piles to collect free ground-source heat. The building has been designed as energy class B and LEED certification will be applied for.

Ruukki has developed a fully-integrated solar panel façade (May 2011)

Ruukki is the first company to have developed a photovoltaic system that has been fully integrated into a façade to convert sun rays into energy. The solar power system does not depend on the sun's warmth, only its radiation. The electricity generated is used either to meet the building's own needs or is fed into the electricity grid.

**JULY-SEPTEMBER**

Ruukki to launch a smart roof that improves safety (August 2011)

Sensors fitted to a roof notice any changes in roof loading. Technology developed by Ruukki can be fitted to both new and existing roofs in which load-bearing sheets have been used.

Ruukki achieved position of industry leader in Dow Jones Sustainability indexes (September 2011)

Ruukki has achieved the position of industry leader in two Dow Jones Sustainability indexes: DJSI World and DJSI Europe. The indexes include the top companies that are committed to sustainable development.

Energy efficiency was the theme in Ruukki's Green Building Week info event (September 2011)

Ruukki participated in the World Green Building Week in September 2011. With internal info event and materials Ruukki promoted the themes of energy-efficient buildings and Ruukki's commitment to sustainable development. Info sessions are planned also for customers and other stakeholders.

**OCTOBER-DECEMBER**

Worldsteel: Climate Action member –recognition for the second year running (October 2011)

World Steel Association (worldsteel) has awarded Ruukki with Climate Action membership certificate for 2010 - 2011 (first certificate 2009 - 2010).

Ruukki won worldsteel's sustainability prize (October 2011)

Ruukki has been admitted to World Steel Association's (worldsteel) prize of sustainability reporting. The prize was based on the fact that Ruukki has produced extensive information and case examples about its corporate responsibility to its stakeholders.

Closure of sinter plant at Ruukki's Raahe Works (December 2011)

Closure of the sinter plant will considerably reduce emissions at the works. In addition to this, Ruukki will increase the fugitive dust removal capacity at the steel plant at the Raahe Works by the end of 2013. Recovery of fugitive dust at the steel plant will be increased by a total of around 40%. This action will reduce deposits of dust particles especially in the immediate vicinity of the works. A start on building the devices will be made in summer 2012 and the project is scheduled for completion by the end of 2013.

Ruukki part of the year's most inspiring recycling project in Sweden (December 2011)

Research work carried out by Swerea MEFOS in collaboration with SSAB, LKAB and Ruukki has resulted in a new technique. Working together on the ViLD (vanadium in LD slag) project in Luleå, northern Sweden, they developed a relatively simple, yet ingenious method to separate vanadium from steelmaking slag. Swerea MEFOS's ViLD project has now received the Swedish Recycling Industries' Association's Inspiration Award for 2011.

Ruukki's Capital Markets Day - energy efficiency as special theme (December 2011)

Rautaruukki's management re-affirmed the company's strategy at the Capital Markets Day held in London. The special theme of the day was energy efficiency and the core message told about Ruukki's aim to develop increasingly more energy-efficient products and solutions for customers, especially customers in the construction and lifting, handling and transportation equipment industries.

Ruukki joined the UN Global Compact initiative in December (December 2011)

GIThe United Nations Global Compact is a strategic policy initiative for businesses that are committed to enhance good corporate citizenship. By signing the initiative, Ruukki is committed to enhancing sustainable development in its operations. Energy efficiency is an example of this. It is a key aspect of Ruukki's products and work to develop them. The UN Global Compact's ten principles are in the areas of human rights, labour, the environment and anti-corruption.



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## CORPORATE RESPONSIBILITY REPORT 2011

### Management of corporate responsibility

**In practice, corporate responsibility at Ruukki is shared between our different business areas, support functions and sites. This ensures as far as possible implementation of corporate responsibility as an integrated part of everyday business activities.**

Ruukki's values are present in everything we do.

In addition, the company's operations are driven by:

- Corporate governance
- Code of conduct
- Corporate strategy

Ruukki's Board of Directors approved Ruukki's revised Code of Conduct in December 2011 and it entered into force at the start of 2012.

The management of different aspects of corporate responsibility are defined in:

- Safety management principles
- Environmental policy
- Quality policy

Since the start of 2012, [Ruukki's principles of social responsibility](#) have been integrated into Ruukki's Code of Conduct

The company's production sites operate in compliance with certified ISO 14001:2004 environmental management and ISO 9001:2000 quality management systems, which cover 99 per cent of production.

[Read more about certified management systems](#)

The corporate responsibility task force coordinates the development of corporate responsibility. The task force is made up of representatives from Human Resources, Legal, Marketing and Communications, Finance, and the Energy and Environment function. The corporate Energy and Environment function monitors and is responsible for overall development.

On Ruukki's Corporate Executive Board, the SVP, Technology, Energy and Environment is responsible for corporate responsibility and also chairs the corporate responsibility task force.



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## Principles of social responsibility

**Rautaruukki Group is committed to upholding universally approved human, children's and employee rights.**

This means that the Group is committed:

- To respecting and promoting human rights in the countries where the Group has operations. Accordingly, the Group respects different cultures and their understanding of human rights and children's rights in so far as they do not conflict with universal principles,
- To monitoring actively the state of human rights in the countries where the Group has operations,
- To respect freedom of association and the freedom to belong to trade unions,
- Not to use child or forced labour
- Not to show discrimination among job applicants and its employees in any way. Accordingly, the Group commits itself, in salaries, employment, providing training, and promotion, not to oppress minorities on the basis of race, sex, social position, origin, religion, or membership of a political party or any other organisation,
- Not to use any form of penalties,
- To opposing corruption.

The Group reserves the right to interpret these commitments on a national basis in accordance with legislation in each country, unless the national legislation is in conflict with universal human, children's and employee rights.

The Group commits itself in the long term to developing joint operational, management and reporting practices for these matters.

The principles have been approved by the Board of Directors on 5 June 2000.

*Updated/checked: 17 Feb 2012*

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## Code of Conduct

### Compliance with laws and the Code of Conduct

In all its operations, Ruukki complies with the laws and regulations in force, good practices and with the Code of Conduct, published in 2005 and renewed in 2011. The purpose of the Code of Conduct adopted by Rautaruukki's Board of Directors is to highlight the company's ethical values and to create for the personnel a consistent way to act responsibly around the world. Each Ruukki employee is required to be familiar with the legislation and policies applying to his or her own area of responsibility and, without exception, to comply with them.

Each of the company's business areas (divisions) is responsible for ensuring compliance with the Code of Conduct and laws and regulations in force. Business area management is responsible for the internal control of operations to ensure that all employees in the business area are familiar with the laws, regulations and principles applying to their own work and that they comply with them. In conjunction with internal audits, the company seeks to ensure that control has been properly organised and works effectively. Internal audits are carried out by all corporate functions in addition to the internal audit unit.

Generally accepted ethical principles and compliance with laws are the basis of good business practice. Ethical and legal issues concerning the company's operations as well as human rights, employment and environmental issues are to be recognized and handled according to these principles.

Responsible operations support the company's success and competitiveness. Therefore the company requires that its business partners, suppliers and sub-contractors comply with this Code of Conduct.

### Policies

Corporate policies applying to different areas of the business reinforce the commitment to achieving corporate financial and other targets and minimising business risks within the company. Some of these policies are in the public domain and can be found on the company's website. Personnel have access to the policies on the company's intranet pages.

The Code of Conduct is made known to the personnel during induction training for new employees and through continuous training and internal communication. The employment contracts of new employees include a condition about compliance with the Code of Conduct. In addition, employees taking part in training held in different countries sign to confirm that they have studied the Code of Conduct and that they undertake to comply with it.

### Reporting misconduct

One of the aims of internal control is to prevent misconduct. Ruukki has instructions about how to report any misconduct. Employees are encouraged to report suspected misconduct either to their own supervisor, to other management or directly to the internal audit unit or legal department. Reports can also be sent through post or email ([compliance@ruukki.com](mailto:compliance@ruukki.com)).

Each and every Ruukki employee is responsible for reporting any misconduct or procedure contrary to the Code of Conduct. Suspected misconduct is investigated immediately and confidentially. Proven misconduct is reported to the Board of Directors' Audit Committee.

Read more about the [Code of Conduct \(pdf, 42KB \(pdf, 47KB\)\)](#).



Annual report 2011

#### SEE ALSO

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- » Units by country
- » Strategy
- » Financial information
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- » Energy-efficient products and solutions
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#### 2011 CR REPORTING

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## RUUKKI CODE OF CONDUCT

### 1. Introduction

Ruukki recognises the importance of proper business conduct, which is in the long term interest of the company. It creates loyalty and trust in employees, shareholders, customers, other stakeholders and in the local communities where Ruukki operates.

Ruukki's Board of Directors has approved this Code of Conduct (Code). The Code applies to all Ruukki companies and employees regardless of Ruukki company's whereabouts or employees' title or position. Compliance with the Code is a non-negotiable requirement and all of us should follow this Code without any exceptions.

As an experienced and high moral company, we must especially notice our responsibilities to corporate responsibility. Commitment to proper business conduct and fair game are worth upholding. We all must act and work in accordance with this Code.

The idea of this Code is to give guidance to Ruukki's employees and business partners. It does not cover all situations. If you are ever in doubt about its interpretation, do not hesitate to contact your supervisor or Ruukki's Legal for guidance.

#### **Ruukki's values**

Ruukki's values describe our way to work and the things that are important to us. The values engage the employees to share a common way of doing things. They also set the ground by which we want to be successful in the future. Values guide our choices and decision making.

#### **We take responsibility**

- We are worth our customers' trust
- We keep our promises
- We work safely and responsibly
- We work honestly and responsibly as individuals

#### **We succeed together**

- We succeed together with our customers
- We deliver results
- We trust each other
- We benefit from our multicultural expertise

#### **We challenge tomorrow**

- We understand our customers' future needs
- We are curious about new things
- We quickly take action
- We encourage continuous renewal and learning

## 2. Compliance with laws and regulations

We are committed to complying with all applicable laws and regulations. It is important for each Ruukki's employee to be aware of the laws and regulations applying to his or her own job and to comply with them. Wherever Ruukki or Ruukki's employee works, we respect the local way of doing business under their legislation.

### **Ethics**

We are committed to doing business in accordance with high ethical standards. Ruukki wants to be a good business partner and to act as a responsible corporate citizen in the community.

### **Fair competition**

We comply with competition and antitrust laws in all our operations and do our best to avoid working practices that could be regarded as restricting competition. Ruukki as a company or Ruukki's employee must not take part in any discussions or agreements with competitor where, for example, prices, customers, markets or other activities are agreed and they restrict or could restrict free and open competition.

### **Insiders**

As a listed company Ruukki complies with all insider regulations. Insiders are provided with strict guidelines and each insider is responsible for ensuring that his or her actions comply with the law, Finnish Financial Supervisory Authority's (FIN-FSA) standards and Insider Guidelines of Rautaruukki Corporation.

### **Ruukki's policies**

Besides this Code, Ruukki also has other policies that guide our work and operations, for example, regarding company information disclosure, corporate governance and competition compliance.

## 3. Human rights

We participate in the UN Global Compact Initiative and promote other universally accepted international declarations, such as the ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises

Accordingly we respect different cultures and understanding of human and children's rights. Ruukki actively monitors those countries in which we have business activities and under no circumstances do we tolerate child or forced labour.

We respect each other in everything we do. Each Ruukki's employee has freedom of speech, opinion, association and other rights governed by laws and regulations. We do not tolerate working conditions which are in conflict with human rights and treat our employees equally and fairly.

## 4. Employees

### **Recruitment**

Ruukki is committed to equal and proper treatment of all job applicants and employees. Therefore, employees are selected and employed on the basis of their professional skills and competence.

Family, friends or other acquaintances are not employed based on their personal relationship with a Ruukki employee. In such situations, a person having a conflict of interest cannot be involved in the job application process or be the person's superior.

### **Employment**

We appreciate the diversity of our employees as well as the experience and history of our personnel. Employees are supported and encouraged to express their opinions and to discuss things with their supervisors. Ruukki also gives employees opportunities to develop their skills by offering training.

We do not accept any kind of discrimination based, for example, on disability, race, gender, social position, ethnic or national origin, religion or belief. Neither do we tolerate any kind of harassment or bullying at work.

### **Safety and working environment**

Everyone has the right to work in an accident-free environment. We aim to permanently change attitudes and the safety culture in our company and to motivate our employees to continuously improve safety and working conditions.

This is achieved when all of us pay attention to the instructions and work in accordance with the agreed rules. We must all contribute to making a safe and pleasant working environment. The wellbeing of our working community requires everyone's commitment. Safety decisions made not only affect yourself, but also other employees - your colleagues.

## **5. Confidentiality and privacy**

Ruukki respects trade secrets and other confidential information. This applies to Ruukki's own information and that of its customers and other business partners. Employees are not allowed to use this information with any unauthorised persons or for their own benefits.

Data protection laws are followed in all Ruukki Companies. Personal information given by individuals is strictly used for the sole purpose of enabling the company to carry out its obligations.

## **6. Business conduct**

Proper business conduct applies in all areas of Ruukki's business. There is no right way to do the wrong thing.

### **Conflict of interest**

Each employee must avoid situations where there is a conflict of interest between personal benefit and the company's benefit. If Ruukki's employee works for another company or business during working hours and uses Ruukki's equipment or assets for such work, this can lead to conflict of interest. We all are business cards of Ruukki and should act in the best interests of our company.

If you ever suspect conflict of interest and do not know how to handle the situation, do not hesitate to contact your own supervisor or Ruukki's Legal!

### **Gifts and bribery**

No employee is allowed to give, acquire or accept any financial benefits or other hospitality for their own personal benefit. Common items of low value given or received in the ordinary course of business are acceptable. None of the gifts given or received must influence our business decisions or be a tacit agreement to exchange important information. It is not allowed to accept entertainment during contract negotiations. Blackmailing is not how we work.

Any kind of corruption is prohibited. Ruukki as a company does not support government institutions, any political parties or candidates, religions or associations by giving them any funds or donations. All sponsoring must comply with Ruukki's sponsoring policy and marketing principles.

### **Company assets**

Each employee is responsible protecting company assets including, for example intellectual property rights, products, manuals, plans and customer lists. All assets belong to Ruukki and they can be used only for the business purposes accepted by management. Theft or misuse of company assets is strictly prohibited.

## **7. Supplier and customer relations**

### **Suppliers and sub-contractors**

Fairness is a key principle between Ruukki and its suppliers or sub-contractors. We do our best to improve relationship, trust and respect with our partners. Ruukki expects all suppliers and sub-contractors to comply with this Code of Conduct. Ruukki will use its best efforts to enter into contracts with such suppliers and sub-contractors that comply with this Code. If a supplier neglects this Code or legislation, future co-operation with Ruukki might be jeopardised.

Possible gifts or hospitalities from suppliers or sub-contractors do not influence our decision-making. We do not trade company or business secrets and we expect our suppliers and sub-contractors behave in the same way.

Besides this Code all suppliers and sub-contractors must comply with national laws and regulations of the country in which they operate.

### **Customers**

We are in business for our customers. Success is achieved when customers are satisfied with our products, we have long-term customers and they choose us time after time. We take responsibility to be worth our customers' trust and keep our promises.

## **8. Environment**

Ruukki is a responsible corporate citizen. The environment is our common cause and Ruukki considers it important to make products energy efficiently. We strive to offer environmentally effective solutions and to improve the level of environmental protection and energy efficiency of our operations.

We provide solutions to customers' environmental challenges by increasing environmental awareness in product development and by developing competitive, eco-efficient products. We seek to reduce the harmful environmental impacts of our products and operations by improving in particular our energy and raw material



efficiency. The ISO 14001 environment management system is the tool to continuously improve environmental performance.

Ruukki regularly reports the results of its environmental performance. Environmental risks are managed systematically by taking environmental matters into account while planning and implementing operations and products. Environmental risks are also taken into account as part of the corporate risk management process.

Environmental legislation governs our work and decision-making. All employees should know the environmental risks arising in their daily work and must take the necessary actions to prevent them.

## 9. Implementation

The Code is effective as of 1 January 2012.

This Code guides us in our everyday work and all Ruukki employees must act according to this Code. Employees are encouraged to talk with their supervisors about important matters related to this Code.

More detailed instructions of this Code can be given in other duly approved Ruukki Policies. The Code is made known to Ruukki employees through training and e-learning tool. The original language of this Code is English, but it has been translated into the major employee languages.

### **Reporting violations**

Violations against this Code must be reported immediately and all violations are monitored by Internal Audit. Each Ruukki employee must inform either their own supervisor or Internal Audit if they notice actions contrary to this Code.

If an employee notices a violation on financial issues, corruption, bribery etc. he or she may report it by e-mail ([compliance@ruukki.com](mailto:compliance@ruukki.com)), in person or by post to Ruukki's Legal, Internal Audit, any business controller or to the Board of Director's Audit Committee. Reporting can be made anonymously and reports are treated confidentially.

In case of violations related to human rights, employment or other working environment matters, please contact Corporate Human Resources immediately.

All allegations of violation of this Code are investigated. No retaliation directed against the informer is tolerated. Ruukki will protect informers in every possible way.

### **Sanctions**

Disciplinary action will be taken against the violator and even termination of employment is possible. Criminal misconduct is reported to authorities for investigation.

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## CORPORATE RESPONSIBILITY REPORT 2011

### Environmental policy

Environmental issues are of importance to Ruukki because of the environmental impacts of production and energy-efficient products.

To ensure the long-term competitiveness of our business, we are committed to the principles of ecologically sustainable development by:

- providing environmentally-effective solutions for customers,
- continually improving our environmental performance and energy efficiency,
- preventing pollution and by
- complying with environmental laws and regulations.

We act on our commitment by:

- managing environmental issues through certified environmental management systems,
- minimizing the environmental impacts of our operations,
- encouraging our suppliers and subcontractors to similarly manage their environmental impacts through contracts and auditing and by
- anticipating the opportunities and requirements arising through energy efficiency and environmental issues.

All Ruukki employees know the environmental impacts of their work and are responsible for minimizing them.

We actively and impartially communicate the environmental performance of our operations and products.

Helsinki, 5 December 2008

Sakari Tamminen  
President and CEO



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## CORPORATE RESPONSIBILITY REPORT 2011

### Quality policy

Satisfied customers are the basis of our business.

We continuously improve our operations to ensure that the capability of our processes is able to match defined goals even in the future.

Knowledge and co-operation are cornerstones of our success.

The quality of solutions, products and processes are central success factors in our flexible and profitable business.

Helsinki, 5.12.2008

Sakari Tamminen  
President and CEO



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**CORPORATE RESPONSIBILITY REPORT 2011**

## Corporate Governance

### Good governance supports business

Rautaruukki Corporation's Corporate Governance Statement has been prepared in compliance with the Finnish Corporate Governance Code 2010 and with Chapter 2, Section 6 of the Securities Markets Act. This Corporate Governance Statement also covers other core areas of governance and is issued separately from the report of the company's Board of Directors.

[Corporate Governance Statement \(pdf, 2MB\)](#)

[Remuneration report](#)

[Board of Directors](#)

[Corporate Executive Board](#)

[Risk management](#)

#### Regulatory environment

Rautaruukki Corporation is a Finnish limited company and the responsibilities and obligations of its management bodies are provided by the law of Finland, the company's Articles of Association and the principles of corporate governance determined by the company's Board of Directors.

Rautaruukki has published a Corporate Governance Statement in accordance with Recommendation 54 of the Finnish Corporate Governance Code 2010 and with Chapter 2, Section 6 of the Securities Markets Act.

Corporate governance and decision-making at Rautaruukki are in compliance with the Finnish Limited Liability Companies Act, other similar legislation, other rules applying to listed companies, the company's Articles of Association and rules and regulations applying to listed companies issued by NASDAQ OMX Helsinki Ltd. (Helsinki Exchange) and the Financial Supervisory Authority (FINFSA). In addition, Rautaruukki complies with the Finnish Corporate Governance Code 2010 published by the Securities Market Association.

An unofficial English translation of the Finnish Corporate Governance Code may be viewed on the Securities Market Association website at [www.cgfinland.fi](http://www.cgfinland.fi).



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## **Rautaruukki Corporation's CORPORATE GOVERNANCE STATEMENT 2011**

### **Governance**

1. Regulatory environment
2. Administration, governing and supervisory bodies
3. Organisational structure
4. General Meeting of Shareholders
5. Nomination Board appointed by the Annual General Meeting
6. Board of Directors
7. Board of Directors' committees
8. President & CEO
9. Corporate Executive Board

### **Main features of internal control and risk management systems relating to the financial reporting process**

10. Risk management and internal control system
11. Internal control system
12. Compliance with laws and the Code of Conduct
13. Internal Audit
14. Audit
15. Insiders and related parties
16. Information and communication
17. Remuneration

### **Good governance supports business**

This Corporate Governance Statement has been prepared in compliance with the Finnish Corporate Governance Code 2010 and with Chapter 2, Section 6 of the Securities Markets Act. This Corporate Governance Statement also covers other core areas of governance and is issued separately from the report of the company's Board of Directors.

**1. Regulatory environment**

Rautaruukki Corporation is a Finnish limited company and the responsibilities and obligations of its management bodies are provided by the law of Finland, the company’s Articles of Association and the principles of corporate governance determined by the company’s Board of Directors.

Corporate governance and decision-making at Rautaruukki are in compliance with the Finnish Limited Liability Companies Act, other similar legislation, other rules applying to listed companies, the company’s Articles of Association and rules and regulations applying to listed companies issued by NASDAQ OMX Helsinki Ltd (Helsinki Exchange) and the Financial Supervisory Authority (FIN-FSA). In addition, Rautaruukki complies with the Finnish Corporate Governance Code 2010 published by the Securities Market Association.

An unofficial English translation of the Finnish Corporate Governance Code is in the public domain and may be viewed on the Securities Market Association website at [www.cgfinland.fi](http://www.cgfinland.fi).

Rautaruukki’s Board of Directors’ Audit Committee and Board of Directors have considered this Corporate Governance Statement. The company’s auditor, KHT audit firm KPMG Oy Ab, has checked that this statement has been issued and that the main features of the internal control and risk management systems relating to the financial reporting process in it are consistent with the company’s financial statements.

Rautaruukki prepares consolidated financial statements and interim reports in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Finnish Securities Markets Act, as well as the Finnish Supervisory Authority’s standards and the stock exchange rules of NASDAQ OMX Helsinki Ltd (Helsinki Exchange). The Board of Directors’ report and the parent company’s financial statements are prepared in compliance with the Finnish Accounting Act and the opinions and guidelines of the Finnish Accounting Board.

**2. Administration, governing and supervisory bodies**

Responsibility for the administration and operations of the Rautaruukki group is vested in the executive bodies of the parent company, Rautaruukki Corporation. Ultimate decision-making authority is exercised by shareholders at the General Meeting. The Board of Directors and the President & CEO are responsible for managing the company. The Board of Directors’ committees assist the Board in its duties. The Board seeks to ensure Rautaruukki complies with good corporate governance principles.



**3. Organisational structure of the business**

The President & CEO, assisted by the Corporate Executive Board, is responsible for operating activities within the group and the executive vice presidents of the divisions, assisted by their respective management boards, are responsible for the operations of the divisions

In 2011, the business was structured into the following reporting divisions or business areas: Ruukki Construction, Ruukki Engineering and Ruukki Metals.

The parent company, Rautaruukki Corporation, is responsible for corporate administration, strategic planning, accounting and finance and arranges shared functions with the divisions.

**4. General Meeting of Shareholders**

The General Meeting of Shareholders is Rautaruukki’s ultimate decision-making body. Each shareholder is entitled to attend General Meetings. Each share conveys one vote. The Annual General Meeting is held by the end of June each year. Under the company’s Articles of Association, the company may hold its Annual General Meeting either in Helsinki, the company’s registered office, or in Espoo.

The Annual General Meeting transacts the business assigned to it pursuant to the Finnish Limited Liability Companies Act and the company’s Articles of Association. This business includes:

- adoption of the financial statements
- distribution of profit
- discharge from liability for members of the Board of Directors and for the President & CEO
- election of the chairman, deputy chairman and members of the Board of Directors and the decision on their fees
- election of the company’s auditors and decision on their fees
- proposals made by the Board of Directors and shareholders to the Annual General Meeting (including amendments to the Articles of Association, purchase of the company’s shares, share issues).

The Board of Directors is responsible for convening a General Meeting of Shareholders. Notice of General Meetings is published in one or more national newspapers with wide circulation and is posted on the company’s website no earlier than two months and no later than three weeks before the meeting.

By law, a shareholder is entitled to have a matter falling within the remit of a General Meeting of Shareholders considered by the General Meeting provided that the matter is submitted in good time for it to be included in the notice convening the meeting. A proposal is deemed as having arrived in good time if the Board of Directors has received it at least four weeks before notice of the meeting is given.

To be eligible to attend a General Meeting, shareholders must be on the company’s shareholder register maintained by Euroclear Finland Ltd on the record date of the meeting, which is eight (8) business days before the meeting, and have registered their intention to attend the meeting by the deadline given in the notice of the meeting. Nominee-registered shareholders may be temporarily listed in the company’s shareholder register for the purpose of attending

a General Meeting of Shareholders. The notice of the meeting contains more detailed instructions for nominee-registered shareholders wishing to attend and vote at a General Meeting. Neither the Finnish Limited Liability Companies Act nor the company’s Articles of Association contain quorum requirements for general meetings.

A shareholder may attend and vote at a General Meeting of Shareholders in person or by proxy. Resolutions usually require a simple majority. Some cases - such as amendments to the company’s Articles of Association, a share issue disapplying the pre-emption rights of existing shareholders and some decisions applying to mergers - require a two-thirds majority of the votes cast and represented at the meeting.

**Annual General Meeting 2011**

The 2011 Annual General Meeting was held in Helsinki on 23 March 2011 and was attended by 872 shareholders, representing 62.4 per cent of the company’s votes, either in person or by proxy.

The resolutions of and documents relating to the Annual General Meeting can be viewed on the company’s website at [www.ruukki.com](http://www.ruukki.com) > Investors > Corporate Governance > General Meeting of Shareholders.

## 5. Nomination Board appointed by the Annual General Meeting

The Nomination Board appointed by the Annual General Meeting prepares proposals for the following Annual General Meeting concerning nominations for appointments to the Board of Directors and the remuneration of its members. Rautaruukki adopted this practice in 2004 at the proposal of the largest shareholder Solidium Oy (earlier the Finnish State). The Board consists of representatives of the three largest shareholders, together with the Chairman of the Board of Directors as an expert member. The Chairman of the Board of Directors convenes meetings of the Nomination Board, which elects a chairman from among its members.

### 5.1 Nomination Committee 2010 – ahead of the 2011 Annual General Meeting

Rautaruukki's three largest shareholders as at 1 November 2010 appointed the following members to the Nomination Committee: Kari Järvinen (chairman), Managing Director, Solidium Oy; Timo Ritakallio, Deputy Chief Executive Officer, Ilmarinen Mutual Pension Insurance Company and Risto Murto, Executive Vice President, Investments, Varma Mutual Pension Insurance Company. Reino Hanhinen, Chairman of Rautaruukki's Board of Directors, served as the Nomination Committee's expert member.

The Nomination Committee proposed to the Annual General Meeting convening on 23 March 2011 that the number of members of the Board of Directors remained unchanged at seven. The Nomination Committee also proposed the re-election of Maarit Aarni-Sirviö, Reino Hanhinen, Pertti Korhonen, Liisa Leino, Matti Lievonon, Hannu Ryöppönen and Jaana Tuominen for a further term of office from the 2011 Annual General Meeting until the close of the 2012 Annual General Meeting. Furthermore, the Nomination Committee proposed the re-election of Reino Hanhinen as Chairman of the Board and Hannu Ryöppönen as Deputy Chairman.

Moreover, the Committee proposed that the annual fees of the Board of Directors would be €72,000 for the Chairman, €44,000 for the Deputy Chairman and €34,000 for members, as well as an attendance fee of €600 per meeting for Board meetings and Board of Directors' committee meetings. The Nomination Committee also proposed that 40 per cent of the annual fee would be paid in the form of Rautaruukki Oyj shares purchased on the market. The shares would be purchased within two weeks of the publication of the company's interim report for the first quarter of 2011.

The proposals referred to were included in the notice of the Annual General Meeting.

### 5.2 Nomination Board 2011 – ahead of the 2012 Annual General Meeting

Rautaruukki's three largest shareholders as at 1 October 2011 appointed the following members to the Nomination Board: Kari Järvinen, Managing Director, Solidium Oy; Timo Ritakallio, Deputy Chief Executive Officer, Ilmarinen Mutual Pension Insurance Company and Risto Murto, Executive Vice President, Investments, Varma Mutual Pension Insurance Company. Reino Hanhinen, Chairman of Rautaruukki's Board of Directors, serves as the Nomination Board's expert member.

The Nomination Board has proposed to the Annual General Meeting convening on 14 March 2012 that the number of members of the Board of Directors remains unchanged at seven. The Nomination Board further proposed the re-election of current members of the Board of Directors, President & CEO Pertti Korhonen, Chairman of the Board of Directors Liisa Leino, President & CEO Matti Lievonon, Hannu Ryöppönen BA (Bus Admin) and CEO Jaana Tuominen for a further term of office lasting one year from the 2012 Annual General Meeting until the close of the 2013 Annual General Meeting. The Nomination Board has proposed the election of President and CEO Kim Gran and CFO Saila Miettinen-Lähde as new members of the Board of Directors.

Furthermore, the Nomination Board has proposed that Kim Gran be elected as Chairman of the Board of Directors and Hannu Ryöppönen as Deputy Chairman. Moreover, the Nomination Board proposed that the annual fees of the Board of Directors would be €72,000 for the Chairman, €44,000 for the Deputy Chairman and €34,000 for members, as well as an attendance fee of € 600 per meeting for Board of Directors' meetings and Board of Directors' committee meetings. The Nomination Board also proposes that 40 per cent of the annual fee is to be paid in the form of Rautaruukki Oyj shares purchased on the market. The shares would be purchased within two weeks of the publication of the company's interim report for the first quarter of 2012.

## 6. Board of Directors

The Annual General Meeting elects the Chairman, Deputy Chairman and, under the Articles of Association, between two and six other members to the Board of Directors. The term of office of Board members begins at the meeting at which they were elected and expires at the close of the first Annual General Meeting following election. The majority of Board members must be independent of the company and, additionally, at least two members must be independent of the company's largest shareholders. No person who has reached the age of 68 may be elected to the Board. The notice of the Annual General Meeting must include a proposal regarding the composition of the Board of Directors.

The Chairman of the Board of Directors, or if he is prevented, the Deputy Chairman convenes Board meetings.

### 6.1 Main tasks of the Board of Directors

The Board of Directors is responsible for the company's administration and proper organisation of the company's operations. The Board is responsible for ensuring the proper organisation and oversight of the company's accounting and financial management.

The Board of Directors deals with all matters for which it is responsible by law, other regulations and the company's Articles of Association. It oversees the company's operations and management and decides on significant matters relating to the company's strategy, investments, organisation and finance.

The Board of Directors has adopted principles to govern its work in a charter approved by the Board. The main points of this charter are to:

- ensure the group's administration and the proper arrangement of its operations
- ensure the proper arrangements for the oversight of the company's accounting and financial management
- confirm long-term aims and the strategic plan
- determine economic objectives
- confirm the organisational structure
- decide the appointment and remuneration of top management
- approve the financial statements and interim reports
- prepare business to be transacted at the General Meetings and to ensure decisions are enforced and to
- decide significant investments and acquisitions.

The company's President & CEO and Chief Financial Officer attend Board of Directors' meetings. At its meetings, the Board receives a regularly updated

review of market conditions and corporate operations and finances. The Board annually evaluates its own effectiveness, working practices and performance through self-assessment.

### 6.2 Board of Directors 2011

**Board of Directors until 23 March 2011**  
**Chairman Reino Hanhinen** MSc (Eng), DSc (Tech) h.c., b.1943  
**Deputy Chairman Hannu Ryöppönen** BA (Business Admin), b.1952  
**Maarit Aarni-Sirviö** MSc (Tech), MBA, b.1953  
**Pertti Korhonen** MSc (Electronics Eng), b.1961  
**Liisa Leino** MSc (Nutrition), b.1960  
**Matti Lievonon** BSc (Eng), eMBA, b.1958  
**Jaana Tuominen** MSc (Chemical Eng), b.1960

### Board of Directors since 23 March 2011

The Annual General Meeting of 23 March 2011 elected a chairman, deputy chairman and five members of the Board of Directors:

**Chairman Reino Hanhinen**  
**Deputy Chairman Hannu Ryöppönen**  
**Maarit Aarni-Sirviö**  
**Pertti Korhonen**  
**Liisa Leino**  
**Matti Lievonon**  
**Jaana Tuominen**

The Annual General Meeting held on 23 March 2011 re-elected the same members of the Board of Directors for a new term of office. Detailed information about Board members is attached to this Statement.

The Board of Directors met 10 times during 2011.

### Attendance of Board members at meetings

2011	Board	Audit Committee	Remuneration Committee
Reino Hanhinen	10/10		6/6
Hannu Ryöppönen	10/10	6/6	
Maarit Aarni-Sirviö	9/10		6/6
Pertti Korhonen	10/10		6/6
Liisa Leino	10/10	5/6	
Matti Lievonon <sup>1)</sup>	10/10	1/1	5/5
Jaana Tuominen	10/10	6/6	

<sup>1)</sup> Member of the Audit Committee 23 March 2010 - 23 March 2011 and member of the Remuneration Committee since 23 March 2011. The Audit Committee met once during 1 January 2011 - 23 March 2011 and the Remuneration Committee met five times since 23 March 2011.

## 7. Board of Directors' committees

The Board of Directors has two committees: the Audit Committee and the Remuneration and HR Committee. In its organisation meeting held after the Annual General Meeting, the Board of Directors appoints the members and chairpersons of the Committees. The Board has approved the charters of the committees. These charters contain the committees' main remit and principles. The committees have no independent decision-making authority.

### 7.1 Audit Committee

The Board of Directors appoints the Audit Committee to assist it in carrying out its supervisory duties. The Audit Committee comprises a chairman and between two and four members, who must be independent of the company. The majority of members must be independent of the company's major shareholders. The chairman must be independent of both the company and its major shareholders. Members of the Audit Committee must have the competence required for the remit of the Committee and at least one member must have relevant experience of financial accounting, bookkeeping or auditing.

The Board of Directors defines the remit of the Audit Committee in the charter approved by the Board. The remit of the Audit Committee is to promote oversight of reporting the company's activities and financial reporting. The Audit Committee evaluates risk management, internal control processes, financial reporting and matters concerning auditing and internal auditing. The Board of Directors defines the remit of the Audit Committee in the charter approved by the Board. The remit of the Audit Committee is to promote oversight of reporting the company's activities and financial reporting. The Audit Committee evaluates risk management, internal control processes, financial reporting and matters concerning auditing and internal auditing.

The Audit Committee prepares matters related to the election of an external auditor, the audit plan and costs and assesses audit reports, which the Committee reports to the Board of Directors.

The Chairman of the Audit Committee convenes meetings and the Committee reports regularly on its work to the company's Board of Directors. The Committee annually evaluates the effectiveness of its activities, working practices and its performance by self-assessment.

### Audit Committee 2011

Members of the Audit Committee between the 2010 Annual General Meeting and the Annual General Meeting held on 23 March 2011 were Hannu Ryöppönen (Chairman), Liisa Leino, Matti Lievonen and Jaana Tuominen. See Rautaruukki Corporation's Annual Report 2010 for more details about the Audit Committee until 23 March 2011.

At its organisation meeting held on 23 March 2011, the Board of Directors elected by the Annual General Meeting on the same date appointed Hannu Ryöppönen (Chairman), Liisa Leino and Jaana Tuominen as members of the Audit Committee.

Rautaruukki's Chief Financial Officer, chief audit executive and the company's principal auditor also attend Audit Committee meetings.

The Audit Committee met 6 times in 2011.

### 7.2 Remuneration and HR Committee

The Board of Directors appoints a chairman and between two and four members of the Remuneration Committee from among independent Board members for a term of office lasting one year at a time. The Committee is tasked with safeguarding objective decision-making, promoting achievement of the company's objectives by means of remuneration schemes and the transparency and systemisation of remuneration schemes.

The Board of Directors defines the remit of the Remuneration Committee in the charter approved by the Board. The Committee prepares and evaluates for the Board the remuneration and appointment of the company's President & CEO and other members of the Corporate Executive Board and the remuneration schemes of the personnel. The Chairman of the Remuneration Committee convenes meetings when required and also presents the Committee's proposals to the Board of Directors.

### Remuneration Committee 2011

Members of the Remuneration Committee between the 2010 Annual General Meeting and the Annual General Meeting held on 23 March 2011 were Reino Hanhinen (Chairman), Maarit Aarni-Sirviö and Pertti Korhonen. See Rautaruukki Corporation's Annual Report 2010 for more details about the Remuneration Committee until 23 March 2011.

At its organisation meeting held on 23 March 2011, the Board of Directors elected by the Annual General

Meeting on the same date appointed Reino Hanhinen (Chairman), Maarit Aarni-Sirviö, Pertti Korhonen and Matti Lievonen as members of the Remuneration Committee. All members are independent of both the company and major shareholders. The company's President & CEO and Senior Vice President, Human Resources also attend Remuneration Committee meetings, except when matters concerning themselves are considered.

The charter of the Remuneration Committee was revised in December 2011, when the name of the Committee was changed to Remuneration and HR Committee.

The Remuneration Committee met 6 times in 2011.

## 8. President & CEO

The Board of Directors appoints the company's President & CEO, who is tasked with implementing the company's strategy and managing the company's business in accordance with the Finnish Limited Liability Companies Act, the company's Articles of Association and the instructions given by the Board of Directors. In addition, the President & CEO is responsible for ensuring that the company's accounting and financial management is in compliance with the law and has been reliably organised. The President & CEO reports to the Board of Directors and provides the Board with information about the company's financial position, business environment and other important matters. The President & CEO prepares items to be considered by the Board of Directors and its committees and executes the Board's decisions.

The company's President & CEO is Sakari Tamminen, who also chairs Rautaruukki's Corporate Executive Board.

## 9. Corporate Executive Board

The main remit of the Corporate Executive Board is to assist the company's President & CEO in corporate operative management and in business planning. The President & CEO chairs the Corporate Executive Board.

The Corporate Executive Board considers and oversees corporate and divisional strategy, investments, finances, divestments, acquisitions, corporate collaboration, organisational structure and control processes.

### Corporate Executive Board 2011

Rautaruukki Corporation's Corporate Executive Board had seven members until 31 March 2011 and thereafter six members until 30 September 2011. The members were: the company's President & CEO, the Executive Vice Presidents of the divisions, the Chief Financial Officer and the Executive Vice President, business development.

The Corporate Executive Board was enlarged as of 1 October 2011 to speed up and improve the effectiveness of management decision-making and the implementation of decisions to strengthen the company's market position. The company considered that in an increasingly more rapidly changing business environment, it is important to improve the company's capability to react by effectively combining experience and expertise in different parts of the business. The number of Corporate Executive Board members rose to nine.

### After the change, Rautaruukki's Corporate Executive Board had the following members:

**Sakari Tamminen**, President & CEO and Chairman of the Corporate Executive Board  
**Markku Honkasalo**, Chief Financial Officer  
**Tommi Matomäki**, Executive Vice President, Ruukki Construction  
**Marko Somerma**, Executive Vice President, Ruukki Engineering, and Chief Strategy Officer  
**Olavi Huhtala**, Executive Vice President, Ruukki Metals  
**Eija Hakakari**, Senior Vice President, Human Resources  
**Toni Hemminki**, Senior Vice President, Technology, Energy and Environment  
**Taina Kyllönen**, Senior Vice President, Marketing and Communications  
**Ismo Platan**, Senior Vice President, Supply Chain Management, IT and Operational Excellence

The new Corporate Executive Board replaces the previous Corporate Executive Board and Extended Executive Board.

The Corporate Executive Board met 30 times during the year.

Details of members of the Corporate Executive Board are attached to this Statement.



**Main features of internal control and risk management systems relating to the financial reporting process**

Internal control seeks to ensure Rautaruukki’s operations comply with valid legislation, regulations and the company’s internal operating principles and that the company’s financial and management reporting is reliable.

**10. Risk management and internal control system**

Rautaruukki’s Board of Directors approves the corporate risk management policy, which defines the aims, principles, areas of responsibility and processes of risk management. Risk management and internal control is an ongoing process aimed at underpinning the achievement of strategies and financial targets and at ensuring business continuity. The internal control process also seeks to ensure that business is conducted ethically in compliance with applicable laws and regulations, and in accordance with the principles of Rautaruukki’s Code of Conduct and internal policies.

The control of corporate-wide operations takes place through the management system described above.

The Board of Directors and its Audit Committee regularly evaluate the appropriateness and effectiveness of the company’s accounting, financial management, internal control and risk management. The Board of Directors is also responsible for ensuring the proper organisation and oversight of the company’s accounting and financial management.

**11. Internal control system**

Internal control is not a separate process, but an integrated part of all Rautaruukki’s operations. The internal control system is operative at all levels corporate-wide.

**11.1 Risk management**

The company has defined risk as an external or internal uncertainty that could prevent the company from carrying out its strategy, achieving its targets or continuing its business.

Risk management seeks to underpin the company’s strategy, achievement of targets and to ensure business continuity. Identifying and classifying risks consistently so as to enable comparison creates effective risk management processes and the transparency required by good corporate governance.

Risk management is guided by the operating principles and process of corporate risk management

defined in the risk management policy approved by the company’s Board of Directors.

Risk management at Rautaruukki is based on identifying, assessing and reporting risks consistently across the company.

Risk management is an integrated part of the management system and the risk aspect is incorporated into the everyday activities and decision-making of all divisions or business areas and the main corporate support processes.

The risks in each area are identified and evaluated in all Rautaruukki’s operations and risk management strategies are determined accordingly. The corporate risk management function assists with evaluation and compiles a summary risk report. The evaluation results and key risks are reported to corporate management and to the company’s Board of Directors.

A more comprehensive description of Rautaruukki’s key risks and the risk management process is shown on the company’s website at [www.ruukki.com](http://www.ruukki.com).

**11.2 Control functions**

Rautaruukki’s financial reporting process and associated internal control consists of different areas:

- Effective registration and processing of business transactions
- Compliance with financial reporting regulations
- Financial reporting supporting business and decision-making.

Financial reporting at Rautaruukki complies with standard principles. Most of the companies are customers of corporate finance service centres, where accounting is carried out using a unified account scheme. Close cooperation between finance service centres and customer units, as well as a clear division of responsibilities, ensures quality, efficient financial reporting.

Group reporting is based on International Financial Reporting Standards (IFRS). These support corporate financial planning and reporting instructions

(Controller’s Manual). In external financial reporting, group companies comply with local laws and regulations. Corporate financial management is responsible for developing the financial reporting process and control processes.

The Corporate Finance and Control function is responsible for reporting at the corporate level and the Controller of each division is responsible for reporting at the divisional level. Financial reporting at the corporate and divisional level is carried out jointly by these functions (corporate financial management) and underpins achievement of the targets set. Corporate financial management reports regularly each month to the company’s management and Board of Directors. Corporate and divisional financial performance, forecasts and the annual plan are implemented in one consistent process. Reporting includes corporate and divisional key figures and a performance analysis. Corporate financial management assists the divisions in the decision-making and analyses required to achieve financial targets.

Corporate policies applying to different areas of the business reinforce the commitment to achieving corporate financial and other targets and to minimising business risks within the company. Rautaruukki’s internal control process is described in policies and manuals.

Accounting policies and manuals related to financial reporting are available on the company’s intranet site and are accessible to persons involved in financial reporting. In addition, Corporate Finance and Control regularly provides training in reporting processes and practices. The Chief Financial Officer and chief audit executive regularly report the findings of their internal control work at Audit Committee meetings. The Audit Committee’s work and proposals for decisions and measures are reported to the Board of Directors after each Audit Committee meeting.

External disclosure of financial information complies with stock exchange regulations.

**11.3 Monitoring**

The group employs the reporting systems needed to monitor business effectively. The Board of Directors has ultimate responsibility for the proper arrangement of accounting and the oversight of financial management. The President & CEO is responsible for ensuring that accounting complies with legal requirements and that financial management is reliably organised. Monitoring includes the follow-up

of monthly financial reports, a monthly review of the rolling forecasts and plans, as well as reports from internal audits and reports by independent auditors.

In their meetings, the Board of Directors regularly considers the financial and market conditions and a monthly progress report is circulated to Board members. The Board of Directors adopts the interim reports and financial statements for publication.

**12. Compliance with laws and the Code of Conduct**

In all its operations, Rautaruukki complies with the laws and regulations in force, good practices and with the Code of Conduct, which was revised in 2011. The purpose of the Code of Conduct adopted by Rautaruukki’s Board of Directors is to highlight the company’s ethical values and to create for the personnel a consistent way to operate responsibly around the world. Each Rautaruukki employee is required to be familiar with the legislation and policies applying to his or her own area of responsibility and, without exception, to comply with them.

Rautaruukki has defined values guiding its operations. These values for their part serve as an ethical guideline. In keeping with the values, we take responsibility, we succeed together and we challenge tomorrow.

Each of the company’s business areas (divisions) is responsible for ensuring compliance with the Code of Conduct, corporate values and laws and regulations in force. Business area management is responsible for the internal control of operations to ensure that all employees in the business area are familiar and comply with the laws, regulations and principles applying to them in their own work. In conjunction with internal audits, the company seeks to ensure that control has been properly organised and works effectively. Internal audits are carried out by all corporate functions as well as by the internal audit unit.

**12.1 Policies**

Corporate policies applying to different areas of the business reinforce the commitment to achieving corporate financial and other targets and to minimising business risks within the company. Some of these policies are in the public domain and can be found on the company’s website. All policies are posted on the company’s intranet, where they may be accessed by the personnel. In addition, training is given and the most important policies are included in the personnel induction programme.

Rautaruukki's Code of Conduct and more detailed guidelines relating to it can be found on the company's intranet site. Additionally, the Code of Conduct is available in the local language of each country where the company has a presence. The Code of Conduct is also discussed during induction training for new employees, continuous training and in internal communication. The employment contracts of new employees include a condition about compliance with the Code of Conduct. In addition, employees taking part in training in different countries sign to confirm that they have studied the Code of Conduct and that they undertake to comply with it.

**12.2 Reporting misconduct**

One of the aims of internal control is to prevent misconduct. Rautaruukki has instructions about how to report misconduct. Employees are encouraged to report suspected misconduct either to their own supervisor, their supervisor or directly to the internal audit unit or legal department.

Each and every Rautaruukki employee is responsible for reporting any misconduct or procedures contrary to the Code of Conduct. Suspected misconduct is investigated immediately and confidentially. Proven misconduct is reported to the Board of Directors' Audit Committee.

No cases of financial misconduct were reported in 2011.

**13. Internal audit**

The company's internal audit unit carries out internal auditing within the group and reports to the President & CEO. All organisational levels and units corporate-wide are subject to internal audit.

An internal audit examines and evaluates the appropriateness and effectiveness of the group's internal control process, the relevance and efficiency of operations, the reliability of financial information and reporting, as well as compliance with rules, operating principles and instructions. In addition, an internal audit aims at strengthening the development of risk management in different operations. The principles of internal audit have been defined in the policy adopted by the Board of Directors. Internal audit prepares an audit plan each year for approval by the Board of Directors.

Internal audit reports regularly to the management, auditor, Board of Directors' Audit Committee and to the Board of Directors. In addition, the chief audit executive attends all Audit Committee meetings.

Internal audit and the external auditor regularly coordinate their audit work.

**14. Audit**

Under its Articles of Association, the company has one auditor, which must be a KHT audit firm, an audit firm authorised by the Central Chamber of Commerce of Finland. The audit firm appoints an auditor having the principal responsibility. The Annual General Meeting elects an auditor for a term of office which ends at the close of the Annual General Meeting following election. In the statutory audit, the auditor audits the company's accounting, directors' report, financial statements and administration for the period. The auditor of the parent company also audits the consolidated financial statements.

The KHT audit firm responsible for auditing the parent company coordinates the audit of the consolidated financial statements with the local auditors of group companies.

As required by law and by the Articles of Association, the company's auditor issues a report to shareholders in conjunction with the annual accounts and regularly reports its findings to the Board of Directors' Audit Committee. The auditor attends Audit Committee meetings.

**Auditor 2011**

The 2011 Annual General Meeting elected KHT audit firm KPMG Oy Ab as Rautaruukki Corporation's auditor, with Pekka Pajamo KHT as the principal auditor.

Fees paid to the auditor (€)		
	2011	2010
Audit fees	1 219 000	1 198 000
Other services	238 000	466 000
<b>Total</b>	<b>1 457 000</b>	<b>1 664 000</b>

**15. Insiders and related parties**

**Insiders**

Under the Finnish Securities Markets Act, Rautaruukki's public insiders are members of the Board of Directors, the President & CEO and his deputy, and the principal auditor. Under a decision taken by Rautaruukki's Board of Directors, members of the Corporate Executive Board are also considered as public insiders. Information about the interests in Rautaruukki of public insiders and their related parties is public.

Besides a public register, Rautaruukki keeps company-specific and project-specific registers. Permanent company-specific insiders are persons who, by virtue of their position or job, regularly receive insider information and whom the company has defined as company-specific insiders. The company-specific register is not public.

Rautaruukki complies with NASDAQ OMX Helsinki Ltd's Guidelines for Insiders, which recommend that insiders schedule trading in the company's securities to times when the market has as much information as possible about any factors affecting the value of the company's share. Rautaruukki's permanent insiders may not trade in the company's securities for a period of 21 days prior to disclosure of the company's financial statement bulletin or interim report.

Rautaruukki's insider registers are maintained by the corporate legal department in Euroclear Finland Ltd's NetSire system, where information about securities ownership can be obtained directly from the book-entry system. The interests of public insiders on the public register are posted on the company's website and updated once a day.

At 31 December 2011, there were 17 persons on Rautaruukki's public insider register and 136 persons on the company-specific register.

**Related parties**

Rautaruukki complies with the requirements of the Finnish Limited Liability Companies Act and International Accounting Standards (IAS 24) concerning the monitoring of related party transactions. The group's related parties include the parent company, Rautaruukki Corporation, subsidiaries, equity-accounted investees, Rautaruukki's Pension Foundation and significant ownership entities. Also the managing directors, directors and other named key persons of companies belonging to the group and

members of the parent company's Corporate Executive Board are considered as related parties. The spouses and other family members living in the same household as the persons referred to above are also related parties.

To be able to reliably monitor transactions between related parties, Rautaruukki's legal department keeps a corporate-wide register of related parties. Information in the register is obtained each year from the persons included in related parties themselves. The register is not public.

**16. Information and communication**

Rautaruukki's share is listed on NASDAQ OMX Helsinki Ltd. In its disclosure policy, Rautaruukki complies with Finnish legislation, the regulations of NASDAQ OMX Helsinki Ltd and guidelines issued by the Financial Supervisory Authority (FIN-FSA).

Rautaruukki's Board of Directors approved the company's Disclosure Policy on 2 February 2011. The Policy describes the main principles that Rautaruukki, as a listed company, complies with in its communications with the media, capital markets and other stakeholder audiences. Rautaruukki's Disclosure Policy aims to ensure that all parties operating in the market have simultaneous access to fair and adequate information about the company and its businesses to determine the value of the company's share. Information is published promptly and equitably.

**17. Remuneration**

In addition to this Corporate Governance Statement, Rautaruukki publishes a separate remuneration statement, which includes a description of the financial benefits paid to the Board of Directors and the President & CEO. The remuneration statement may be viewed on the company's website at [www.ruukki.com](http://www.ruukki.com) and in the 2011 annual report.



## Board of Directors 31 December 2011

### Chairman

#### **Reino Hanhinen** b. 1943

Member (2006-) and Chairman (2009-) of Rautaruukki's Board; Member (2007-) and Chairman (2009-) of Remuneration Committee  
Independent member of the Board  
MSc (Eng), DSc (Tech) h.c.

**Previous main positions:** YIT Corporation, President & CEO, (1987-2005) and Group CEO (2000-2005); Perusyhtymä Oy, Managing Director (1986-1987); YIT Oy Yleinen Insinööri-toimisto, Managing Director (1985-1986); Oy PPTH-Norden Ab, Managing Director (1976-1985)

**Other elected positions:** Kone Corporation, Board member (2005-); YIT Corporation, Board member (2009-)

**Previous elected positions:** YIT Corporation, Chairman of the Board (2006-2009)

**Rautaruukki shares:**  
1 January 2011: 11,618  
31 December 2011: 13,323

### Deputy Chairman

#### **Hannu Ryöppönen** b. 1952

Member of Rautaruukki's Board (2009-); Chairman of the Audit Committee (2009-)  
Independent member of the Board  
BA (Business Admin)

**Previous main positions:** Stora Enso Corporation, Deputy CEO (2008-2009); Stora Enso Corporation, Deputy CEO and CFO (2007-2008) and Senior Executive Vice President and CFO (2005-2007); Royal Ahold (the Netherlands), Executive Vice President and CFO (2003-2005); Industri Kapital Group (London), Finance Director (1999-2003); Ikea Group (Denmark), Executive Vice President (1985-1999)

**Other elected positions:** Amer Sports Corporation, Board member (2009-); Neste Oil Corporation, Board member (2009-); Citigroup Inc., Nordic Advisory Board, member (November 2010-); Tiimari Plc, Board member (2011-); Korsnäs AB, Board member (2010-); Novo Nordisk AS, Board member (2009-); Value Creation Investments Limited, Board member (2003-); Altor 2003 GP Limited and Altor Fund II GP Limited Chairman of the Board (2005-); Altor Fund III GP, Chairman of the Board (2009-)

**Previous elected positions:** Tiimari Plc, Chairman of the Board (2009-2011)

**Rautaruukki shares:**  
1 January 2011: 1,011  
31 December 2011: 2,053

#### **Maarit Aarni-Sirviö** b. 1953

Member of Rautaruukki's Board (2004-); Member of the Remuneration Committee (2008-)  
Independent member of the Board  
MSc (Tech), MBA  
Senior Adviser, Eera Oy (2011-)

**Previous main positions:** Mint of Finland Ltd, President & CEO (2008-2010); Borealis Group (1994-2008), several senior positions latest as Vice President BU Phenol (2001-2008) and Vice President BU Olefins (1997-2001) (Copenhagen, Denmark); Neste Corporation (1977-1994), starting as plant engineer, later e.g. production manager and business manager

**Other elected positions:** Wärtsilä Corporation, Board member (2007-); Hallitusammattilaiset ry (the Finnish Association of Professional Board Members), Board member (2010-)

**Previous elected positions:** Ponsse Corporation, Board member (2007-2010); Borealis Polymers Oy, Board member (1997-2008); Epec Oy, Board member (2007-2010); Oy Nordic Moneta Ab, Chairman of the Board (2008-2010); Det Norske Myntverket AS, Chairman of the Board (2008-2010); Noretyl AS (Norway), Board member (1997-2001); North Sea Petrochemicals (Belgium), Board member (1997-2001); Vattenfall AB, Board member (2003-2007)

**Rautaruukki shares:**  
1 January 2011: 1,780  
31 December 2011: 2,585

#### **Pertti Korhonen** b. 1961

Member of Rautaruukki's Board (2010-); Member of the Remuneration Committee (2010-)  
Independent member of the Board  
MSc (Electronics Engineering)  
Outotec Oyj, President and CEO (2010-)

**Previous main positions:** Outotec Oyj, Chief Operating Officer (1 October - 31 December 2009); Elektrob Corporation, CEO (2006-2009); Nokia Corporation, Chief Technology Officer (2004-2006), Member of Nokia Group Executive Board (2002-2006); Nokia Mobile Software, Executive Vice President (2001-2003); Various management positions in Nokia Mobile Phones, such as Senior Vice President, Global Operations, Logistics and Sourcing; Vice President, Manufacturing Europe; Project Executive; Vice President, R&D (1990-2001); Micronas Oy, Vice President, Product Development (1990)

**Other elected positions:** Ahlström Corporation, Vice Chairman of the Board (2011-); Association of Finnish Steel and Metal Producers, Member of the Council (2010-); Finnish Defence Forces, Member of the Advisory Board (2007-)

**Previous elected positions:** Elisa Corporation, Board member (2008-2011); Veho Group Ltd, Board member (2007-2011); QPR Software Corporation, Member of the Board (2001-2003); Rosettanet, Member of the EC Board (2000-2001); Finnish Quality Award, Member of the Jury (1997-1998)

**Rautaruukki shares:**  
1 January 2011: 780  
31 December 2011: 1,585

#### **Liisa Leino** b. 1960

Member of Rautaruukki's Board (2007-); Member of the Audit Committee (2007-)  
Independent member of the Board  
MSc (Nutrition)

Leinovalu Oy, CEO (2011-)  
**Previous main positions:** Nurmi Group & Perkkio Oy, Managing Director (2003-2004); Sitra, Business Director (2002-2003); Gillette Central Europe, Business Director (1999-2002); Gillette Braun Finland Oy, Managing Director (1996-1999); Nestlé Finland Ltd, various positions in marketing (1989-1996)

**Other elected positions:** Leinovalu Oy, Chairman of the Board (2006-); M-real Corporation, Board member (2009-); Alko Inc., Board member (2009-); Varma Mutual Pension Insurance Company, Deputy member of the Board (2011-); Elomatic Ltd, Board member (2011-); Confederation of Finnish Industries EK, Board member (2011-); Finnish Business and Policy Forum EVA, Supervisory Board member (2010-); The Federation of Finnish Technology Industries, Board member (2011-)

**Previous elected positions:** Varma Mutual Pension Insurance Company, Supervisory Board member (2007-2010)

**Rautaruukki shares:**  
1 January 2011: 1,780  
31 December 2011: 2,585

#### **Matti Lievonen** b. 1958

Member of Rautaruukki's Board (2010-); Member of the Remuneration Committee (2011-)  
Independent member of the Board  
BSc (Eng), eMBA

Neste Oil Corporation, President and CEO (2008-)  
**Previous main positions:** UPM-Kymmene, President of Fine and Speciality Papers Division (2004-2008); Executive Vice President, Business & Technology Optimization (2002-2003) and other senior positions at UPM (1986-2002); Member of UPM Executive Team (2002-2008)

**Other elected positions:** Ilmarinen Mutual Pension Insurance Company, Supervisory Board member (2008-); Chemical Industry Federation of Finland, Board member (2009-2010), Deputy Chairman of the Board (2011-); Excellence Finland, Chairman of Advisory Board (2009-); National Emergency Supply Agency, Member of Advisory Board (2010-)

**Previous elected positions:** The Confederation of European Paper Industries, Deputy Chairman of the Board (2004-2008); Oy Keskuslaboratorio - Centrallaboratorium Ab, Deputy member of the Board (2003-2008); Finnish Oil and Gas Federation, Board member (2009-2010)

**Rautaruukki shares:**  
1 January 2011: 780  
31 December 2011: 1,585

#### **Jaana Tuominen** b. 1960

Member of Rautaruukki's Board (2010-); Member of the Audit Committee (2010-)  
Independent member of the Board  
MSc (Chemical Engineering)

Paulig Group, Chief Executive Officer (2008-)  
**Previous main positions:** GE Healthcare (former Instrumentarium Corporation), General manager, Monitoring Solutions and Managing Director, GEHC Finland Oy (2002-2008); NAF Oy and NAF AB, Managing Director of NAF Oy and NAF Industries Oy and Director, Sales and Marketing, NAF AB (1998-2002); Instrumentarium Oy/Datex-Ohmeda, Marketing Manager, Product Manager (1993-1998); Valmet Automation AB, Area Sales Manager (1989-1993)

**Other elected positions:** Finnish Food and Beverage Industries' Federation, Board member (2009-); Several Paulig Group companies, Chairman of the Board (2008-)

**Previous elected positions:** Paulig Group companies, Chairman of the Board (2008-2009); GE Healthcare group companies, Chairman of the Board and Board member (2002-2008); NAF group companies, Chairman of the Board and Board member (1998-2002)

**Rautaruukki shares:**  
1 January 2011: 780  
31 December 2011: 1,585

Information about the fees and other benefits of the Board of Directors can be found in the Remuneration statement on the company's website at [www.ruukki.com](http://www.ruukki.com) > Investors > Corporate Governance > Remuneration statement.



## Corporate Executive Board 31 December 2011

### Chairman

#### **Sakari Tamminen**

b. 1953

MSc (Econ)

President and CEO

Joined the company in 2003

Corporate Executive Board member since 2003

**Previous main positions:** Metso Corporation, Executive VP and CFO, Deputy to the President and CEO (1999-2003); Rauma Corporation, Executive VP and CFO, Deputy to the President and CEO (1991-1999)

**Elected positions:** Varma Mutual Pension Insurance Company, Board member (2008-) and Chairman (2009-); Sanoma Corporation, Board member (2003-) and Deputy Chairman (2009-); Finnish Fair Cooperative, Supervisory Board member (2004-); Eurofer, Board member (2004-); Finnish Business and Policy Forum EVA and Research Institute of the Finnish Economy ETLA, Board member (2009-); Association of Finnish Metal and Steel Producers, Board member (2009-) and Chairman (2011-); Finnish Foundation for Share Promotion, Board member (2003-); Technology Industries of Finland Centennial Foundation, Board member (2007-); Federation of Finnish Technology Industries, Board member (2004-); TT Foundation, Board member (2008-) and Chairman (2011-); World Steel Association, Board member (2004-)

**Previous elected positions:** Technology Academy Finland, Board member (2009-2011); Lemminkäinen Corporation, Board member (2003-2009); Mutual Pension Insurance Company Varma, Supervisory Board member (2004-2007); Confederation of Finnish Industries EK, Board member (2006) and Chairman (2009-2010)

#### **Rautaruukki shares:**

1 January 2011: 73,238

31 December 2011: 76,938

#### **Tommi Matomäki**

b. 1967

MSc (Tech)

Executive Vice President, Ruukki Construction

Joined the company in 2008

Corporate Executive Board member since 2008

#### **Previous main positions:**

Ruukki Engineering, President (2008-2010); Technip Offshore Finland Oy, Managing Director (2003-2008); Metso Works Oy (1995-2002)

#### **Elected positions:**

Leinovalu Oy, Board member (2010-)

#### **Rautaruukki shares:**

1 January 2011: 1,640

31 December 2011: 1,640

#### **Marko Somerma**

b. 1966

LicSc (Tech)

Executive Vice President, Ruukki Engineering and CSO

Joined the company in 2004

Corporate Executive Board member since 2005

#### **Previous main positions:**

Rautaruukki Corporation, Chief Strategy Officer (2004-2010); Instrumentarium Ltd, Chief Process & Information Technology Officer (2002-2004); Gustav Paulig Ltd, Business Development Director (1997-2002)

#### **Rautaruukki shares:**

1 January 2011: 19,190

31 December 2011: 19,190

#### **Olavi Huhtala**

b. 1962

BSc (Eng)

Executive Vice President, Ruukki Metals

Joined the company in 1987

Corporate Executive Board member since 2003

#### **Previous main positions:**

Ruukki Fabrication, President (2003-2004); Rautaruukki Metform, Marketing and executive duties (2000-2003)

#### **Rautaruukki shares:**

1 January 2011: 33,596

31 December 2011: 33,596

#### **Markku Honkasalo**

b. 1964

LLM, eMBA

Chief Financial Officer

Joined the company in 2009

Corporate Executive Board member since 2010

#### **Previous main positions:**

Rautaruukki Corporation, Vice President, Financing (2009-2010); Myllykoski Corporation, Director, Legal and Administration (2003-2009); Nordea Group, number of management positions within financing (1989-2003)

#### **Rautaruukki shares:**

1 January 2011: -

31 December 2011: 500

#### **Eija Hakakari**

b. 1961

MSc (Educ)

Senior Vice President, HR

Joined the company in 2008

Corporate Executive Board member since 2011

#### **Previous main positions:**

Rautaruukki Corporation, Senior Vice President, HR (2009-); Rautaruukki Corporation, Ruukki Engineering, HR Director (2008); Virvo Oy, HR Advisor/China (2004-2008); Setec, HR Director (2000-2004); KPMG, HR Director (1997-2000); Itella, Management position within HR, HRD and Sales (1987-1997)

#### **Rautaruukki shares:**

1 January 2011: 400

31 December 2011: 400

#### **Toni Hemminki**

b. 1975

MSc (Tech)

Senior Vice President, Technology, Energy and Environment

Joined the company in 2001

Corporate Executive Board member since 2011

#### **Previous main positions:**

Rautaruukki Corporation, VP, Energy and Environment (2007-2011); Rautaruukki Corporation, R&D Manager and specialist duties (2001-2007)

#### **Elected positions:**

Voimaosakeyhtiö SF Oy, Deputy member of the Board (2011-); Rajakiiri Oy, Board member (2008-); ElFi Oy, Deputy member of the Board (2007), Board member (2008-) and Chairman (2009-); CLEEN Oy, Deputy member of the Board (2011-); Finnish Business & Society Ry, Board member (2011-)

#### **Rautaruukki shares:**

1 January 2011: 328

31 December 2011: 328

#### **Taina Kyllönen**

b. 1967

MSc (Econ)

Senior Vice President, Marketing and Communications

Joined the company in 2004

Corporate Executive Board member since 2011

#### **Previous main positions:**

Rautaruukki Corporation, SVP, Marketing (2007-2011); Rautaruukki Corporation, VP, Corporate Communications and Branding (2004-2007); Metso Corporation/Rauma Corporation, VP, Investor Relations (1996-2004); Aktia Securities, Equity Analyst (1994-1996); Jaakko Pöyry Consulting Group, Market and Financial Analyst (1989-1994)

#### **Rautaruukki shares:**

1 January 2011: 11,191

31 December 2011: 11,191

#### **Ismo Platan**

b. 1953

BSc (IT)

Senior Vice President, IT, SCM and Opex

Joined the company in 2003

Corporate Executive Board member since 2011

#### **Previous main positions:**

Rautaruukki Corporation, CIO (2003-2011); Metso Corporation, CIO (1999-2003); Rauma Corporation, CIO (1993-1999); Neles-Jamesbury, IT Director (1980-1993)

#### **Rautaruukki shares:**

1 January 2011: 13,669

31 December 2011: 19,669

Information about the fees and other benefits of the company's management can be found in the Remuneration statement on the company's website at [www.ruukki.com](http://www.ruukki.com) > Investors > Corporate Governance > Remuneration statement.

Information about members of the Corporate Executive Board can be found on the company's website at [www.ruukki.com](http://www.ruukki.com) > About Ruukki > Management.

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**CORPORATE RESPONSIBILITY REPORT 2011**

## Supply chain management

Supply chain management ensures the qualitative, effective delivery of our products to our customers throughout our processing chain. In practice, the cost-effective management of material flows between our units and in the direction of our customers means that we are committed to minimising unnecessary transport and handling and that we leverage economies of scale in our operations.

It's a long way from Ruukki's steel mill in Raahe, Finland to the construction business's unit in Romania or the engineering unit in China. Besides the logistics challenge, there's also the challenge of storage on the way. Optimisation of stock size and location is also part of our supply chain management. Ruukki could never profitably make every product itself, which is why seamless cooperation with our network of suppliers and subcontractors is essential for us to ensure delivery accuracy and manage our supply chain.

Above all it is our customers who benefit from supply chain management and optimisation in today's challenging business environment, but the operation has wider social implications. An efficiently planned, well-managed supply chain means a smaller carbon footprint and saves energy.

Business cycles, demand for our products and constant market changes mean we cannot rest for a moment. We are continuously developing and rolling our new, innovative supply chain management solutions. We will continue to work with our partners to give priority to supply chain transparency and forecasting.

### Supply chain management includes:

- **Sourcing:** Working with suppliers to ensure products and services, controlling purchasing operations and safeguarding supplies of raw material
- **Logistics:** In a global environment, the best logistics concepts ensure our products reach their destination reliably and cost-effectively
- **Operational excellence:** Safety comes first at all times, followed by continuous development of operational activities to improve quality and productivity

## Operational Excellence

Ruukki operational excellence, OPEX, is targeting sustainable major improvements in the key areas of Safety, Cost, Quality, Delivery and Flexibility with people in focus through a company-wide competency program.

Since the start of the initiative in 2009 more than 7,000 employees have been trained in the OPEX tools of Lean, Six Sigma, Project management and Change management. This has resulted in the completion of 421 improvement projects, big and small. Out of these an annualised sustainable benefit of €10.3 million has been realized, with an additional potential of €31.7 million.

The cornerstone in implementation of OPEX and making it the way of doing structured improvements with focus on safety and economic benefit is the OPEX Professional network with some 147 members.

## Sourcing

Taking into account cost factors, Ruukki values delivery flexibility, reliability and delivery accuracy, as well as the quality of goods and services in sourcing. The general terms and conditions of sourcing contracts take into account the company's Code of Conduct. Ethical values, environmental facts and energy efficiency are also taken into consideration when choosing suppliers.

Reducing the number of suppliers is still one of the main aims of sourcing at Ruukki. During the past year the number of suppliers decreased from around 17,000 to around 13,000. This reduction was largely achieved by actively focusing sourcing. Ruukki's international sourcing teams work together across country and divisional boundaries.

### Purchases by country, 10 largest (% in 2010)

Finland	41% (43%)
Sweden	21% (21%)
Russia	5% (3%)
Canada	4% (2%)
Germany	4% (4%)
USA	4% (3%)
Poland	3% (2%)



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Australia	3% (2%)
Netherlands	2% (2%)
France	2% (1%)
Switzerland	2% (1%)

Suppliers are regularly evaluated

An important part of the supplier management system is to regularly evaluate suppliers. Around 70 such evaluations were carried out during 2011. Ruukki's supplier evaluations examine the following aspects: management responsibility, environmental management, risk management, quality and supplier management, sourcing processes, materials management, the production process and facilities and equipment. Problems in complying with the principles of good business practice, without exception, results in cooperation being discontinued.

Raw materials are the most important purchases financially. Iron ore, limestone and iron pellets are mostly imported from Sweden, and coking coal from North America and Australia. In 2011, 41 per cent of purchases were sourced from Finland. Just over 12 per cent of purchases were sourced from low-cost countries, which is 2 percentage units higher than in 2010.

### Logistics

Our logistics operating models are continuously being developed in our ongoing commitment to improve the overall total quality, cost-efficiency and delivery reliability of supplier management.

In addition to the financial aspects, we also consider it particularly important to avoid unnecessary environmental impacts and so, among other things, we use the most appropriate modes of transport and choose companies that share our values and environmentally aware solutions as subcontractors.

[Read more about environmental matters and logistics](#)

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## CORPORATE RESPONSIBILITY REPORT 2011

### Stakeholders

Working with stakeholders is an important part of corporate responsibility

We survey our stakeholders' expectations with the help of studies and ongoing dialogue, among other things. The aim is for interactive, honest and respectful stakeholder relations, which are achieved through open communication, actively processing feedback and joint meetings and events.

#### Ruukki's principle stakeholders:

Customers  
 Personnel  
 Investors and owners  
 Suppliers and subcontractors  
 Educational establishments and other partners  
 Media  
 Society at large

#### Stakeholder feedback indicates the following matters are especially important in corporate responsibility:

Use of environmental management systems  
 Compliance with legislation and good business practices  
 Energy efficiency and lower carbon dioxide emissions  
 Safe working practices and use of chemicals  
 Workplace well-being  
 Materials recycling  
 Risk management  
 Business opportunities from climate change  
 Active participation in developing local communities, training and society at large

#### Ruukki is an active member of the following organisations:

World Steel Association (worldsteel)  
 European Confederation of Iron and Steel Industries (Eurofer)  
 Confederation of Finnish Industries EK  
 Federation of Finnish Technology Industries  
 Association of Finnish Steel and Metal Producer  
 Finnish Association of Construction Product Industries (RTT)  
 Suomen EIFi Oy (EIFi)  
 IPO Steel Network  
 Green Building Council Finland  
 Confederation of Finnish Construction Industries (RT)  
 Finnish Business & Society ry (FiBS)

#### Research work is carried out also with the following organisations:

Universities  
 In Finland FIMECC, RYM and CLEEN national Strategic Centres for Science, Technology and Innovation (CSTI)  
 VTT Technical Research Centre of Finland  
 Joint European ULCOS project (Ultra-Low CO<sup>2</sup> Steelmaking)  
 Metallurgiska Forskningsstation (MEFOS)  
 European Steel Technology Platform



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CORPORATE RESPONSIBILITY REPORT 2011

Means of interaction



Our principal stakeholders	How we survey our stakeholders' expectations	How we respond to expectations
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Customer feedback</li> <li>• CRM system</li> <li>• Key customers and key customer managers</li> <li>• Brand surveys</li> <li>• Customer and market analyses</li> </ul>	<ul style="list-style-type: none"> <li>• Personal sales work</li> <li>• Customer events, training</li> <li>• Technical product support</li> <li>• Product launches</li> <li>• Answering customer queries</li> <li>• Product brochures</li> <li>• Product environmental declarations</li> <li>• Stakeholder magazine Inline</li> <li>• ruukki.com</li> <li>• Electronic customer letters</li> <li>• Customer loyalty programmes for distributors</li> <li>• Trade fairs</li> </ul>
<b>PERSONNEL</b>	<ul style="list-style-type: none"> <li>• Employee opinion survey</li> <li>• Safety reporting system</li> <li>• Competence assessments</li> <li>• Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Supervisory work</li> <li>• Development discussions</li> <li>• Co-determination</li> <li>• Coaching</li> <li>• Site safety committees</li> <li>• Info screens at works, intranet</li> <li>• In-house magazine Into</li> <li>• ruukki.com</li> </ul>
<b>INVESTORS AND OWNERS</b>	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Active contact with analysts, investors and owners</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Financial statement bulletin, interim reports and annual report</li> <li>• Stock exchange and press releases</li> <li>• Capital Markets Day</li> <li>• Meetings with investors</li> <li>• Answering investor queries</li> <li>• Events intended for investors</li> <li>• Stakeholder magazine Inline</li> <li>• ruukki.com</li> </ul>
<b>PARTNERS AND SUBCONTRACTORS</b>	<ul style="list-style-type: none"> <li>• Supplier management process (audits, development meetings, complaints, feedback on agreed indicators, etc.)</li> <li>• Price and other negotiations</li> <li>• Feedback from suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Contacts</li> <li>• Purchase forecasts, volume estimates, etc.</li> <li>• Participation in activities of trade organisations</li> <li>• Coaching, training, supplier days</li> <li>• Stakeholder magazine Inline</li> <li>• ruukki.com</li> </ul>
<b>EDUCATIONAL ESTABLISHMENTS</b>	<ul style="list-style-type: none"> <li>• Employer image surveys</li> <li>• Active contact with educational establishments</li> <li>• Monitoring feedback</li> </ul>	<ul style="list-style-type: none"> <li>• R&amp;D projects</li> <li>• Training and thesis project places</li> <li>• Guest lectures</li> <li>• Recruitment fairs</li> <li>• Site visits by schoolchildren and students</li> <li>• Training by recruitment</li> <li>• Stakeholder magazine Inline</li> <li>• ruukki.com</li> </ul>
<b>SOCIETY, MEDIA AND OTHER PARTNERS</b>	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Media monitoring</li> <li>• Active contact with media representatives</li> <li>• Feedback from annual and environmental reports</li> <li>• Questionnaires and monitoring use of website</li> </ul>	<ul style="list-style-type: none"> <li>• Local collaboration with authorities and reporting</li> <li>• Participation in activities of interest groups</li> <li>• Annual report</li> <li>• Releases</li> <li>• Interviews, answering queries</li> <li>• Media meetings, background events</li> <li>• Environmental reports</li> <li>• Open days</li> <li>• Stakeholder magazine Inline</li> <li>• ruukki.com</li> </ul>

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## CORPORATE RESPONSIBILITY REPORT 2011

### Supervision of interests

Ruukki tracks and anticipates future legislation impacting on its operating environment and products. For example, increased EU environmental regulations have changed Ruukki's operating environment and imposed new requirements on products and production processes over the past ten years. Also national regulations impact on the company's operations.

The company maintains dialogue with society through industrial organisations and public debate. Ruukki has sought to improve the effectiveness and predictability of legislation by providing constructive information already when legislation is drafted.

Ruukki neither makes contributions to political parties nor provides any kind of support to election candidates. Ruukki is committed to compliance with its [Code of Conduct](#) in all its activities.



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**CORPORATE RESPONSIBILITY REPORT 2011**

**Our customers**

**Consistently better customer service**

Ruukki's operations are customer driven. Our customer base has traditionally mostly been from the Nordic countries, although the focus has now partly shifted and continues to shift to countries in Central Eastern and Eastern Europe and to the emerging markets such as China, India and Brazil. Our largest customers are companies and retailers. In 2011, the ten largest customers accounted for about 9 per cent of net sales. Consumers who use Ruukki's building products and installation services also form an important customer segment. Ruukki has a total of around 12,000 active customers. In addition, Ruukki also provides direct service to consumer customers in, for example, the residential roofing business.

**Customer meetings at trade fairs and other events around the world**

In 2011, Ruukki was present at a total of over 60 trade fairs around the world. Through these fairs, Ruukki met thousands of existing and potential customers and other stakeholder representatives during the year. In addition, Ruukki held hundreds of customer events, where experts in different fields, both from Ruukki and outside, shared information about products, services and about other topics of interest to customers. Ruukki's presence at fairs and arrangement of events grew strongest in the emerging markets such as India, Brazil and Russia.



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Customer research

CRM

New service concepts

Training and communication

**Customer research**

Energy efficiency is a significant factor in buying decisions

In 2011, the most extensive customer surveys examined customer buying behaviour and factors impacting on the decision to buy. Respondents represented investors, construction decision-makers and designers, as well as the end-users and manufacturers of transportation equipment and mobile machines. The studies show that customers rank energy efficiency as a significant factor impacting on buying decisions. In addition, equipment weight and thus higher payloads are also important. Surveys were carried out in seven countries.

Better customer encounters a special focus in improving customer satisfaction

One of the ways Ruukki measures customer expectations and feedback is by an annual customer satisfaction survey. In late 2010, the survey drew responses from almost 1,400 customers across 29 countries. The results show that customers were satisfied with the scope of Ruukki's product portfolios, delivery accuracy and correctness. However, customers would like to see a slight improvement in delivery speed. Overall customer satisfaction improved for the fourth year running. Detailed development plans were prepared on the basis of the customer satisfaction survey. These plans have a direct impact on business practices at both the local and corporate level. In addition, the results were communicated both within Ruukki and outside by, for example, a letter sent to those taking part in the survey.

Customer satisfaction with Ruukki	2010	2009	2008	2007
Customer satisfaction index*	-0.47	-0.56	-0.59	-0.71

\*The index is calculated on the basis of the results of the customer satisfaction survey (importance- how successful Ruukki is). When the index value is below -1.0, the result can be considered poor. If the index is between -1.0 and -0.5, the result is average. If the index is above -0.5, customer satisfaction can be termed good.

No customer survey across Ruukki was carried out in 2011 because we wanted to focus on one point for development identified in the extensive survey for the previous year. This point was the collection of feedback to measure the satisfaction of more direct customer encounters and to process the feedback faster.

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Customer research	CRM	New service concepts	Training and communication
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### Customer relationship management

#### Global view of customer relationships

Based on the results of the customer survey, the corporate wide customer relationship management (CRM) system supporting customer work has been developed to be increasingly more customer driven. The system has also been enthusiastically adopted in the emerging markets. A centralised customer relationship management system enables an extensive view of customer relationships and the sharing of customer information within Ruukki irrespective of time or place.

#### Further improvement in customer feedback management

We rolled out a new customer feedback channel in 23 countries to enable customers to assess the success of customer encounters. Based on customer feedback received, we further improved preparation for customer events, meeting content and follow-up actions. Customers answer a question about the usefulness of the visit and at the same time they have an opportunity to give written comments. The feedback process has been linked to the reporting of customer visits in the customer relationship management system. This helps to increase our understanding of customer needs and to act proactively.

#### Competence development in construction customer relationship management

We started a training programme, Forceful Sales Leadership, in the construction business. The programme has been used to create systematics for customer visits: number of meetings, methodicalness, quality and follow-up of actual visits. In addition, a specific sales process has been created for various business areas. The key personnel of business areas took part in the programme, which ended in January 2012.

A similar programme, Reinforced Leadership, for sales management in the steel business ended in the early part of the year and during the year, the focus was on cascading down the decisions agreed in practice. During the year, all Metals' sales persons took part in hands-on workshops, which focused on systematic customer encounters and the creation of new customer relationships in special steel products. The workshops were conducted in the local language at each site and the programmes were completed in all countries in the autumn.

All Engineering salespeople also focused on active customer work and on the successful leadership of difficult customer negotiations in their own Sales Camp workshops.

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#### Consistently better customer service

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- Training and communication

#### New service concepts

##### Ruukki Express - near the customer

Ruukki is developing the Ruukki Express chain of roofing product stores to give customers better service in roof construction. The stores and stocks are located near the customer base both of consumers and construction professionals. As the name suggests, Ruukki Express provides fast, convenient roofing products and services.

In 2011, roofing experts served customers at 46 outlets in nine countries. There are plans to expand the network in 2012 especially in Central Eastern Europe.

##### First Ruukki certified partners

Ruukki's Certified Partner Programme (CPP) is helping to create a network of Ruukki's distribution partners that provide the best selection of Ruukki special steel products and services on the market, to the benefit of the end users. The first partners were chosen in early 2011 and good experiences have been obtained from pilot projects.

The programme aims to raise the level of expertise of the selected distribution companies for Ruukki's special steel products. The programme offers mutual benefits for both parties: in return for providing partners with marketing cooperation, technical support and training, Ruukki gains increasingly more knowledge about end-customer needs and wishes. In this way, end customers benefit from more suitable products and better service.

At the moment, the community includes members both in Europe and emerging market countries. Ruukki has been working together with many of the partners for a few years and now the cooperation has been formalised through certification.

##### Special Steels Day

The first Ruukki Special Steels Day events were held in India, Brazil, Indonesia, Poland, Russia and the Czech Republic during 2011. Ruukki's Special Steel customer seminars attracted hundreds of customers who were interested in learning about the latest developments in Raex weather-resistant and Optim high-strength steels. Customers were also interested to hear about the benefits of special steels compared to those of standard steels. These benefits are lighter weight end products, lower fuel consumption and increased payloads. Special Steels Day events were held either in conjunction with industrial fairs or as separate events.

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## CORPORATE RESPONSIBILITY REPORT 2011

### Our customers

#### Consistently better customer service

Ruukki's operations are customer driven. Our customer base has traditionally mostly been from the Nordic countries, although the focus has now partly shifted and continues to shift to countries in Central Eastern and Eastern Europe and to the emerging markets such as China, India and Brazil. Our largest customers are companies and retailers. In 2011, the ten largest customers accounted for about 9 per cent of net sales. Consumers who use Ruukki's building products and installation services also form an important customer segment. Ruukki has a total of around 12,000 active customers. In addition, Ruukki also provides direct service to consumer customers in, for example, the residential roofing business.

#### Customer meetings at trade fairs and other events around the world

In 2011, Ruukki was present at a total of over 60 trade fairs around the world. Through these fairs, Ruukki met thousands of existing and potential customers and other stakeholder representatives during the year. In addition, Ruukki held hundreds of customer events, where experts in different fields, both from Ruukki and outside, shared information about products, services and about other topics of interest to customers. Ruukki's presence at fairs and arrangement of events grew strongest in the emerging markets such as India, Brazil and Russia.



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Customer research	CRM	New service concepts	Training and communication
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### Training and communication

#### Lessons for construction and engineering

Ruukki Academy offers training for professionals working in construction, product installation and engineering technology. Experts -such as designers and architects, as well as construction and engineering industry customers - have used Ruukki Academy to further build on their skills.

The idea is to ensure that customers have access to the latest know-how of Ruukki's specialists. Training takes place through classroom teaching, webinars and self-study materials. In 2011, a total of 332 people participated in webinar training intended for 26 customers. Most of the webinars were in Finnish and English, but there were also some in Polish and Chinese.

#### Ruukki's website renewal project completed during 2011

The idea was to revamp the entire website to serve customers better. Customer feedback and a website customer survey on the new website show that customers can now find the information they require much more easily than earlier and they consider the website structure and product sections to be logical.

With its new website, Ruukki.com won the B2B category in Finland's most prestigious digital marketing competition, Grand One. Ruukki's renewed website received special commendation for its innovative, logical way of displaying product information and business areas. The Ruukki.com website received another award in June when it was voted as Sitecore's site of the year in the international sites category. Sitecore is the content management and publication system used by Ruukki. Ruukki.com was chosen as the best site from among over 2,000 websites built by Sitecom worldwide. Sitecore's Site of the Year competition recognises innovative technical solutions and, among other things, to features activating the website user and overall user experience.

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# NEW PRODUCTS AND SERVICE CONCEPTS

## CORPORATE RESPONSIBILITY REPORT 2011

### Steel products

The focus of development in steel products was on high-strength, wear-resistant and structural steels, as well as chromium-free colour-coated products. A number of new products were rolled out for the mining industry, construction and automotive industry markets. New high-strength products provide quality solutions for heavy industry applications worldwide and direct quenching technology enables a broader spectrum of steel grades and dimensional ranges of metal-coated products. Ruukki's double grade high-strength structural tube was launched on the European market. It combines the strength of fine-grain steel and the usability of conventional structural steel in the same steel grade. The first phase started in the transition to chromium-free colour-coated products designed for outdoor use.

Tin Smith Pro, Ruukki's new tailored steel for sheet metal workers, is ideal for applications where good steel formability is required together with the corrosion-resistance afforded by colour-coating and galvanisation, for example machine-seamed steel roofs. Tin Smith Pro enables faster working, complex shapes and tighter seams than with traditional materials. Adequate thickness also ensures good resistance to the forces of nature such as snow loading. Tin Smith Pro does not age and its mechanical properties remain unchanged during storage.

Ruukki's Litec 1000CP steel is a newcomer to the automotive steel market. It improves collision safety and enables lighter body work. Ultra-high-strength, formable Litec 1000CP is three times stronger than the steel traditionally used in construction. It is also twice as strong as Litec 600CP steels, which belong to the same product range.

### Energy and solar panels

Ruukki's energy panel system can help save up to 30% in your building's annual maintenance cost. The panel system consists of airtight Ruukki energy panels, structural details, accessories, airtightness instructions, installation and Ruukki's airtightness promise.

Solar-power producing Liberta Solar panels are the latest newcomer to the Ruukki Design Palette family. Design Palette has been created to provide architects with a range of quality façade cladding shapes, materials and colours to provide signature design. Solar panels provide an extra dimension to the palette in the form of energy production.

### Energy piles

Energy piles utilising ground-source energy were chosen for the foundations of the new Technopolis Innova 2 office building under construction in Jyväskylä, Finland. Ruukki and Uponor together innovated a system using the steel piles used in a building's foundations to collect energy. Heat collector pipes are installed inside the hollow steel piles, which are then concreted so that the ground-source energy can be efficiently transferred to the heat transfer fluid inside the pipes. Energy piles are particularly suitable for commercial buildings that require both heating and cooling. The results from simulations show that free energy from a ground-source heating solution integrated into energy piles can at best provide as much as 50-70% of a building's heating requirements and 50-100% of its cooling requirements.

### Smart roofs

Snow accumulation on the roof can cause many problems. However, the risk of roof collapse can now be checked the smart way, using sensors. Sensors developed by Ruukki can be fitted to roofing sheets to measure the loading on the roof and when necessary send an alert to a mobile phone. We can really talk about smart roofs. Sensors fitted to the roof notice changes in loading. The technology developed by Ruukki can be fitted to both new and existing roofs where load-bearing sheets have been used. Sensors fitted to roofing sheets send out an alert when maximum permitted loads are approaching. Signals from the measurement sensors are transmitted via a wireless internet network router and the alert can be directed to a mobile phone or email. The technology developed by Ruukki also provides up-to-date information about roof loading and changes in loading during the required period.

Read more about the examples of R&D:

- [in the construction business](#)
- [in the engineering business](#)
- [in the steel business](#)



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**Economic responsibility**



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**Greetings from the CFO**

"We are building the future through increasingly more energy-efficient solutions. The economic wellbeing we create is shared is shared by various stakeholders in society including the personnel, our owners and subcontractors. Creating value for stakeholders requires us to continuously develop our working practices and good business risk management."

**Markku Honkasalo**



We impact on the surrounding community in many different ways. Financial responsibility at Rautaruukki is based on ensuring the economic sustainability of operations in fluctuating market conditions, good corporate governance and on daily risk management. In 2011, Rautaruukki employed an average of 11,821 persons in about 30 countries and the personnel were paid benefits totalling €489 million. A total of €94 million was paid in pensions and social security contributions. Rautaruukki Corporation's income taxes amounted to €1 million.

Rautaruukki's share is listed and traded on Nasdaq OMX Helsinki and the company provides correct, up-to-date information as a basis to determine the value of the share. All investor information is published in Finnish and English on the company's website and webcasts in English in conjunction with interim reports can be followed live across the world via the company's website. This is how Rautaruukki achieves the fairness principle for investors. The company also hosts an annual Capital Markets Day for investment analysts and institutional investors.

The company has adopted corporate policies applying to different areas to achieve corporate financial and other targets and to minimise operating risks.

In most places where it has production sites, Ruukki is a significant local and regional force, whose role is reflected, for example, as an employer, buyer of regional goods and services and as a benefactor of local communities.

[Read more detailed information about Ruukki](#)

**Ethically and socially fair business**

Ruukki is a financially reliable and responsible partner. Our own operations enable us to create economic value for our internal and external stakeholders.

We seek to achieve our targets through ethically and socially fair business. We are committed to long-term cooperation with customers and subcontractors.

[You can find financial targets and other financial information about Ruukki here.](#)

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**Financial targets**

Rautaruukki has set following financial targets for its operations. These indicators are also used in monitoring the implementation of strategy.

	Target	2011	2010	2009	2008	2007
Growth in comparable net sales, %	>10%	16.4	26.4	-48.4	1.8	11.6
Comparable operating profit of net sales, %	>15%	2.0	1.6	-14.3	15.4	17.3
Return on capital employed, %	>20%	1.3	-0.3	-14.2	25.6	29.8
Gearing ratio, %	-60%	60.4	44.7	22.3	7.9	1.4

\*) Figures for 2007-2008 not restated in respect of unrealised gains and losses relating to USD derivatives.

Formulas for the calculation of target ratios can be found [here](#).



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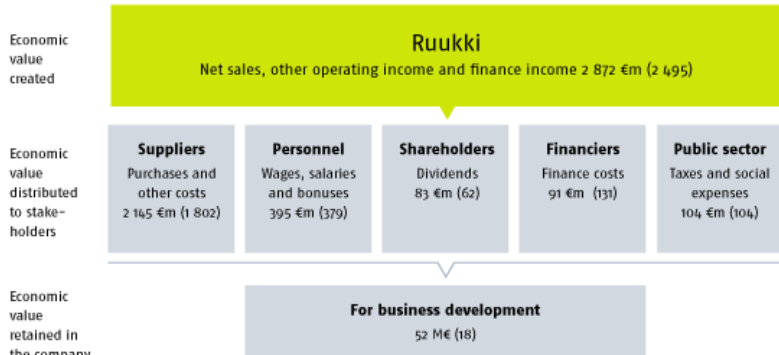
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**Economic value distribution**

Companies are part of society. Cash flows passing through companies benefit a broad group of actors. Generating economic well-being for stakeholders requires continuous development of our ways of working and the management of business risks.



**Economic value distribution**



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- Wages and bonuses
- Owners and financiers
- Research and development

**Suppliers**

Reducing the number of suppliers is still one of the main aims of sourcing at Ruukki. During the past year the number of suppliers fell from around 17,000 to around 13,000

This reduction was largely achieved by actively focusing sourcing. Ruukki's international sourcing teams work together across country and divisional boundaries. This reduction was largely achieved by actively focusing sourcing. Ruukki's international sourcing teams work together across country and divisional boundaries. Above all it is our customers who benefit from supply chain management and optimisation in today's challenging business environment, but the operation has wider social implications. An efficiently planned, well-managed supply chain means a smaller carbon footprint and saves energy. Read more about sourcing.

[Read more about sourcing](#)

**Purchases by country, 10 largest (% in 2010)**

Finland	41% (43%)
Sweden	21% (21%)
Russia	5% (3%)
Canada	4% (2%)
Germany	4% (4%)
USA	4% (3%)
Poland	3% (2%)
Australia	3% (2%)
Netherlands	2% (2%)
France	2% (1%)
Switzerland	2% (1%)

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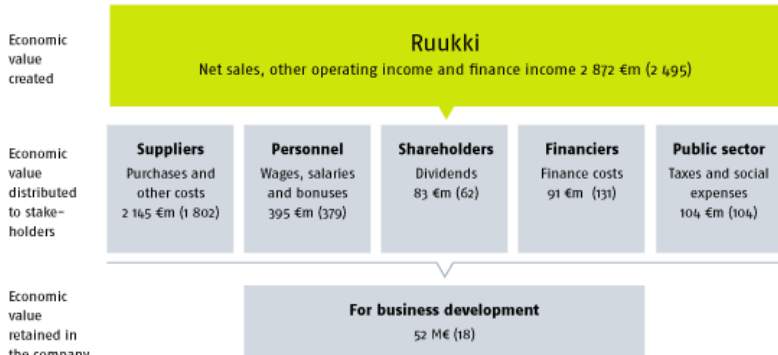
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**Wages, salaries and bonuses**

**Share-based incentive plan for key persons**

In December 2010, the company's Board of Directors approved a share-based incentive plan for 2011-2013 for key employees. The plan consists of three one-year earning periods and one three-year earning period. Expenses of EUR 0.3 million (2010: no expenses) were booked in respect of the earning period 2011 of the valid share ownership plan. Performance targets are based on return on capital employed (ROCE), consolidated net sales growth and the achievement of strategic targets. Around 100 persons are covered by the plan. The company has operated share-based incentive plans for key persons since the year 2000. Persons who do not belong to a share-based incentive plan belong to the company's profit sharing scheme.

**Personnel costs**

€m	2011	2010	2009
Finland	360	351	323
Norway	21	25	29
Sweden	24	24	28
Russia	27	21	22
Poland	18	16	14
Hungary	7	6	8
Germany	3	4	4
Estonia	3	4	4
Romania	4	4	4
Other countries	22	18	19
<b>Total</b>	<b>489</b>	<b>472</b>	<b>456</b>

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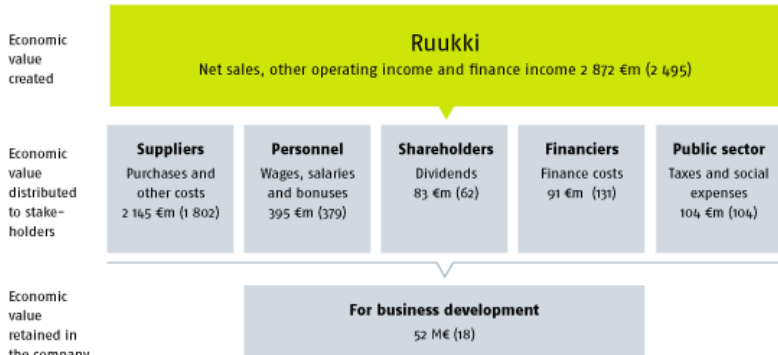
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**Owners, financiers, taxes and public funding**

Rautaruukki's Finnish ownership base grew in 2011, with both domestic institutions and households increasing their ownership. Shareholder numbers also rose slightly year on year to reach 47,501 (43,575). Shares owned by international investors and nominee registered shareholders accounted for 16.6 (23.3) per cent of the outstanding shares at the end of 2011.

The share closed at EUR 7.12 (17.51) on the year and the company had a market capitalisation of EUR 998 million (2,456).

The Board of Directors proposes that shareholders be paid a dividend of €0.50 (0.60) per share for 2011. This amounts to a total dividend payout of €69 (83) million.

Ruukki's profitability improved year on year despite a weakening of the business environment and a weak end to the year. Gearing at year-end 2010 was 60.4 per cent (44.7) and the equity ratio was 48.5 per cent (55.3).

Finance costs for 2011 totalled €37 million (66). Net interest costs were €32 million (29). Net interest-bearing liabilities at 31 December 2011 were EUR 770 million (621).

In January 2011, the company signed bilateral credit limit agreements totalling €425 million. These agreements replace the €350 million overdraft facility signed in 2009. Repayments of long-term interest-bearing liabilities in 2012 total EUR 27 million.

Ruukki paid taxes totalling €14 million (8) in 2011. Income taxes were €4 million positive (-4). Besides income tax, Ruukki pays other public charges such as real estate and energy taxes.

The company received public funding totalling €2.4 (2.7) million for product development projects. Tekes - the Finnish Funding Agency for Technology and Innovation - contributed €2.0 (2.6) million of this figure and the remaining €0.4 (0.1) million came from the EU.

See more detailed information [about shares](#)  
Read more [financial information](#)

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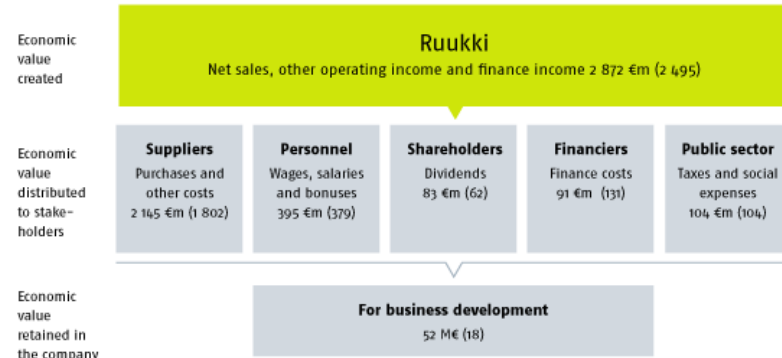
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### Research and development

A total of EUR 29 million (27) was spent on research and development in 2011. This equates to one per cent (1) of the company's comparable net sales.

R&D at Ruukki focused mainly on broadening the special steel portfolio, strengthening customer product development support and working on a number of projects aimed at benefiting from the user experience in developing products and solutions. In addition, work continued on the successful development of energy-efficient products by creating lighter structures and more energy-efficient building components.

Ruukki Construction continued work on the energy-efficiency front. Ruukki energy panels were successfully launched in Finland, where sales developed well over the year. The year also saw the launch of Liberta Solar, a glazed façade featuring fully integrated photovoltaic system. A pilot project was completed for energy piles which utilise ground source straight from the foundations of a building. The roof safety of industrial halls was improved through the innovation of an intelligent roofing system, which reports the actual roof loading. Within residential roofing, a new roof profile, Adamante, was launched. A number of new products such as Ruukki Easy Bridge, rock shoes for drill piles and new median road barrier were developed within infrastructure solutions. In addition, the new lattice wind tower design received certification. In Finland, the competitiveness of single-storey construction was strengthened through a new fire protection certificate, which affords up to 90 minutes protection for steel structures when using sprinklers. Also CE labelling has been applied for the sprinkler system.

Ruukki Engineering continued work on developing the Products & Technology function, where the focus was on cabins and components. Two new cabin products entered production in 2011. Work started on a number of cabin technology development projects aimed at building on competence in virtual design, noise and vibration control and in utilising operator experience. A new components development team was set up to support component business customers and to develop competence in the design and application of special steel components.

The focus of development in steel products was on high-strength, wear-resistant and structural steels, as well as chromium-free colour-coated products. A number of new products were rolled out for the mining industry, construction and automotive industry markets. New high-strength products provide quality solutions for heavy industry applications worldwide and direct quenching technology enables a broader spectrum of steel grades and dimensional ranges of metal-coated products. Ruukki's double grade high-strength structural tube was launched on the European market. It combines the strength of fine-grain steel and the usability of conventional structural steel in the same steel grade. The first phase started in the transition to chromium-free colour-coated products designed for outdoor use.

The production process moved ahead by switching over to using only iron pellets in iron-making instead of a combination of iron ore concentrate and pellets when the sinter plant at the Raahe Works was closed down in December 2011. During the year, Ruukki joined the large ULCOS II EU project consortium. The project aims at building a full-scale demonstration plant capable of radically decreasing CO2 emissions in steel-making. In addition, Ruukki is participating in the CLEEN CCS project, which is studying carbon capture and storage in Finnish conditions. In the process development of hot-rolling products, opening production bottlenecks and improving surface quality were high on the agenda.

Two new research programmes got under way in the Finnish Metals and Engineering Competence Cluster (FIMECC Ltd): Research of business development based on customer and user experience (UXUS) and the programme for the industrial service business (FutIS). In addition to these, Ruukki is involved in four FIMECC programmes that focus on product and production energy efficiency, environmental impacts and innovations.

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## Community support

Ruukki sponsors efforts that promote our corporate image, strategy, brand and values. Sponsorship efforts are always in line with our Code of Conduct.

### The focus of sponsorships in 2011 was on sport, the environment and international efforts

Ruukki's sponsorship of sports associations and their junior activities has already been visible for years. Pattijoen Urheilijat Finnish baseball team, which plays at Finnish championship level, Hämeenlinnan Pallokerhon edustusjäähkiekko ice hockey team and the junior activities of Hämeenlinnan Jalkapalloseura football club were some of sports associations that Ruukki supported in 2011.

The WWF Baltic Sea Campaign was the recipient of Ruukki's most significant charitable support in 2011 for a cleaner environment. Instead of sending Christmas cards in 2011, we made a donation, which, as a result of voting by our customers and stakeholders, went to the Baltic Sea Campaign.

Internationally, we supported, for example, various charitable organisations, kindergartens and children's homes in Russia, Ukraine, Romania and Germany. We were also a partner in various international events in the construction and steel industries.

### Funding for research and training

Ruukki considers it important for Finnish universities to maintain top-level research and teaching. Ruukki previously made generous donations to support university activities in 2010, when Aalto University, Tampere University of Technology and Lappeenranta University of Technology were the beneficiaries of donations totalling €900,000.

Ruukki is also involved in the Technology Industries of Finland Centennial Foundation fund to promote metals-related teaching, scientific research and studies. In 2011, the fund awarded grants for 2012 and recognition awards for these totalling around €300,000.

### Ruukki sponsored the development of energy-efficient construction solutions

#### Steel Studio

Ruukki is helping to support the Steel Studio study module and student competition, which began at the same time for students in the Department of Architecture at the University of Oulu, the School of Architecture at Tampere University of Technology and Aalto University School of Arts, Design and Architecture in the autumn term of 2011 and continues into 2012.

The study module and competition provide a good opportunity for students to especially develop new innovative steel structures, but also steel components suitable for industrial production.

The Studio seeks to show students the potential of steel in solutions for compact urban structures, especially in construction that poses a challenge from the cityscape aspect. The theme of the study module is sustainable construction, which is also important for Ruukki's construction business.

#### First passive building in Romania

Ruukki sponsored a project to build the first internationally certified passive building in Romania by providing consultation and delivering steel solutions for it.

The products of a number of building materials and solutions suppliers were tested and those suppliers whose products best satisfied the specified quality and energy-efficiency requirements took part in the passive building project. Ruukki's façade claddings and roofing solutions were among the solutions chosen.

Romanian universities and research bodies specialising in architecture and construction took part in the project. The passive building consists of two wings of a large building on the Politehnica University campus in Bucharest.

For Ruukki, it was important to participate in the project because it triggered public debate on the content of norms related to the construction of passive buildings. This in turn promotes Ruukki's role as a supplier of energy-efficient building solutions.



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## CORPORATE RESPONSIBILITY REPORT 2011

### Environmental responsibility



#### Message from our SVP, Energy, Technology and Environment

"At Ruukki, corporate responsibility in environmental dimension, is reflected above all in the drive for energy efficiency in our own operations and products. Improved use of energy, or energy efficiency, and reduced environmental impacts are key themes in Ruukki's environmental policy. Our operations are driven by the innovation of new energy efficient products and active development of new solutions.



Good examples of this are Ruukki's energy-efficient building products or high-strength steel components, which for customers translate into lighter structures, lower energy costs and reduced emissions."

**Toni Hemminki**

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#### Ruukki's environmental objectives

- To provide solutions to customers' environmental challenges
- To reduce Ruukki's environmental impacts

**We at Ruukki consider it important to actively report environmental matters and other matters concerning sustainable development as well as to provide information about the lifecycle environmental impacts of our products.**

Reporting complies with [Global Reporting Initiative \(GRI\)](#) guidelines. A summary of the recommended environmental indicators can be found here:

Environmental management		GRI Indicators
<a href="#">Our operating environment</a>	Environmental risk management Emissions trading Environmental legislation in construction REACH Draft legislation Joint projects	EN16-18, EN26 EN16
<a href="#">Achievements and aims</a>	Environmental investments Corporate targets Raahe and Hämeenlinna targets	EN30 EN6, EN26, EN23, EN28
<a href="#">Environmental impacts</a>	Raw materials and energy consumption Emissions to air and water Waste Transportation Environmental figures by business Environmental figures by production stage	EN1-8 EN8-10, EN16-21 EN22-23 EN29, EN5 EN16, EN20-22
<a href="#">Energy and material efficiency</a>	Energy-efficient construction Special steel products Carbon footprint of products Efficient production Energy recovery Steel recycling By-products	EN6, EN26 EN6, EN26 EN5-7, EN26 EN1, EN5, EN16 EN4 EN2 EN2, EN26

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**CORPORATE RESPONSIBILITY REPORT 2011**

## Environmental management

The [environmental policy](#) defined by management governs the environmental management of all Ruukki's operations.

In keeping with its environmental policy, Ruukki provides solutions to customers' environmental challenges by increasing environmental awareness in product development and by developing competitive, eco-efficient products. By improving the energy and material efficiency of our products, we are reducing and preventing harmful environmental impacts.

We consider it important to be aware of the environmental requirements aimed at our operations and products and to deal with the factors affecting environmental impacts. One of the requirements of a certified ISO 14001 environmental management system is to recognise, study and assess all the non-compliances that impact on the environment in our operations. Internal and external audits monitor the implementation of our environmental management systems.

The ISO 14001 environmental management system is Ruukki's tool to continuously improve environmental performance. Certified management systems cover 99 per cent (2010: 99) of production.

[Read more about certificates](#)

### Targets in environmental management



We drive improvement in environmental performance through [environmental objectives and targets](#) set at corporate, function and site level. Management reviews regularly track achievement of these targets. In practice, each of our sites and operations is responsible for putting environmental protection into place.

Each and every person at Ruukki is responsible for environmental performance. In-house training provides employees with the means to manage the environmental impacts of their own jobs. We also encourage our subcontractors to take environmental aspects into account.

Ruukki takes thorough steps to actively track and anticipate future changes in environmental legislation, which may bring about significant future changes in the business environment.



Annual report 2011

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Environmental risk management

Environmental risks are managed by systematically taking environmental matters into account in planning and implementing operations and products. Environmental risks are taken into account as part of the corporate risk management process. Risk management seeks to underpin the company's strategy, achievement of targets and to ensure business continuity. Risk management at Ruukki is an integrated part of the management system.

The effects of climate change

The impacts of climate change, such as extreme weather conditions or a rise in sea levels, can indirectly impact on our business as a result of, among other things, changing building requirements. Property risks and business disruption risks are assessed as part of regular risk assessment. Risks are also assessed together with the authorities as part of environmental and construction permit processes.

Climate change and the ensuing additional costs impact on Ruukki's investments and competitiveness, especially if the same rules of play do not apply equally to all players in the field. The most significant legislative risk to our business as a result of climate change is the lack of a global climate change agreement based on efficiency and the unilateral emissions trading scheme in the European Union. In addition, Ruukki actively tracks legislative changes, such as the proposed amendment to the Sulphur Directive to lower maximum sulphur content levels for shipping fuels used in the Baltic Sea. Stricter sulphur restrictions would weaken the competitiveness of companies in the northern regions both in and outside the EU.

In the next emissions trading period starting in 2013, there will be fewer emissions allowances as a result of more stringent carbon dioxide reduction targets. The EU's Emissions Trading Scheme allocates certain amount of free emissions allowances to so-called carbon leakage sectors. This is done in an attempt to prevent production from being transferred to countries outside the EU and to prevent an increase in global carbon dioxide emissions. Ruukki actively tracks changes in the European Union's Emission Trading Scheme.

- [Read more about risk management](#)
- [Read more about emissions trading](#)



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### More stringent emission reduction targets

Future carbon dioxide emission reduction targets in the European Union will be more stringent than at present. The EU's climate and energy package aims at a cut in greenhouse gas emissions by 2020 to 20 per cent below 1990 levels. At the same time, the EU has an energy savings target of 20 per cent and to increase the use of renewables by 20 per cent by 2020. Fewer free emissions allowances than earlier will be allocated to cover the following emissions trading period for 2013–2020. The steel industry will receive free emissions allowances on the basis of efficiency, which means companies that have invested in low emissions will benefit from their efficiency. Final information about the allocation of free emissions allowances will be available during 2012.

#### Energy Performance of Buildings Directive

One of the ways for the EU to achieve the targets of its energy-climate package is the recast Energy Performance of Buildings Directive, which entered into force in 2010. Under the Directive, all new buildings should meet nearly zero-energy construction criteria from the end of 2020 onwards. The regulations apply to public buildings already after 2018. In addition, a considerable share of the energy need of buildings must be obtained using renewable energy sources. Ruukki's solutions already feature a choice of options that can help to meet the future minimum requirements under the EU Directive.

[Read more about Ruukki's energy efficient products](#)

#### Proposal to amend the Sulphur Directive

The International Maritime Organization, IMO, decided the sulphur content limits of fuels in 2008. In July 2011, the EU Commission drafted a proposal to amend the Sulphur Directive to reduce the maximum permitted content of sulphur in shipping fuels in the Baltic Sea to 0.1 per cent as of 1 January 2015. Their geographical location makes the Nordic countries very dependant on shipping. Stricter sulphur regulations would weaken the competitiveness of companies in the northern regions both in and outside the EU. Ruukki has been actively involved in the discussion to safeguard the business conditions for Finnish industry.

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### EU emissions trading

Ruukki contributes to reducing greenhouse gas emissions by maintaining and developing the energy efficiency of its operations long-term. Ruukki actively tracks changes in the European Union's Emissions Trading Scheme and the ensuing financial impacts. We monitor carbon dioxide emissions in our production processes and make forecasts regularly as part of continuous balancing of carbon dioxide emissions.

The Raahe Works and steam boilers at the Hämeenlinna Works in Finland come within the scope of the EU's Emissions Trading Scheme as regards Ruukki's operations. Ruukki's total carbon dioxide emissions in 2011 were 4,1 million tonnes (2010: 4.1), of which 98 per cent came under emissions trading schemes.

As part of managing the global carbon dioxide emissions balance, Ruukki is a participant in the World Bank's Community Development Carbon Fund and GreenStream Network Oy's Fine Carbon and Climate Opportunity Funds. These funds purchase certified emissions reduction units, based on the Kyoto Protocol, that can be used in the EU's Emissions Trading Scheme.

Emissions trading affects the market price for electricity because the opportunity cost method factors the cost of emissions allowances into the price of all market electricity. Ruukki manages electricity price risks through electricity derivatives and long-term supply contracts. We generate about half of our electricity needs by using the process gases and heat originating as by-products in production and implement cost-effective energy-efficiency investments. In addition, Ruukki is involved in carbon-dioxide-emission-free electricity production development projects so that the company can avoid unfavourable financial impacts caused by emissions trading in sourcing electricity in the future.

#### Emissions trading period 2008–2012

In the free initial allocation of emissions allowances for the second period 2008-2012 of the EU Emissions Trading Scheme, the Raahe Works and the steam boilers at the Hämeenlinna Works received a total of 23.5 million emissions allowances.

In 2011, trading in emissions allowances generated income totalling €4.4 million (2010: €9m).

#### Emissions trading period 2013–2020

In April, the EU Parliament and Council approved the Commissions' proposal of new emission factors applicable in the EU's Emissions Trading Scheme for 2013-2020. These emissions factors apply to free allocations of emissions allowances. New allocation rules for free emissions allowances have been harmonised: country-specific quotas will disappear and free emissions allowances will be based on the same emissions factors for all taking into account carbon dioxide efficiency. The EU gradually reduce the amount of emissions allowances.

Ruukki's works in Raahe and Hämeenlinna applied for emissions allowances in 2011. The allocation of allowances is based on European benchmarks of steel industry efficiency and efficient use of energy can give entitlement to greater number of allowances. Hämeenlinna works' share of carbon dioxide emissions under Emissions Trading Scheme will increase in the next trading period, since new emission sources from combustion plants less than 20 MW will also be taking into account, in addition to the steam boilers.

Final information about free emissions allowances will be known during 2012.

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### Environmental legislation in construction

Buildings account for about 40 per cent of energy consumption and carbon dioxide emissions in EU member states. Under the recast Directive on the energy performance of buildings, all new buildings should meet nearly zero-energy construction criteria from the end of 2020 onwards. The regulations apply to public buildings already after 2018. The Directive is applied at the national level by taking into account a country's outdoor climatic and local conditions, as well as indoor air climate requirements and cost effectiveness. In addition to these, the Directive lays down minimum requirements on the energy performance of renovation construction by member state.

#### The zero-energy requirement

The zero-energy requirement means that buildings must use a minimum amount of energy which should be covered by renewables. Ruukki's steel construction solutions take into account stricter requirements for the energy performance of buildings. Spring 2011 saw Ruukki launch air-tight energy panels, which deliver considerable savings in the heating costs of a building. In addition, Ruukki expanded its expertise in energy-efficient construction by being the first company to launch a photovoltaic system integrated into a façade. Working together with Uponor, Ruukki also utilised the potential of renewable energy by piloting the integration of ground-source heat solutions into steel piles.

[Read more about Ruukki's energy efficient products](#)

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### REACH

The REACH Regulation entered into force on 1 June 2007 in all European Union member states. REACH aims to improve the protection of human health and the environment against the risks of chemicals and to enhance the competitiveness of the EU chemical industry. The Regulation overhauled chemical legislation in Europe.

The Regulation applies broadly to substances on the market that are either used as such, in preparations or in articles. The Regulation imposes obligations on the manufacture, import and industrial or professional use of substances. The technical, scientific and administrative aspects REACH are managed by the European Chemical Agency (ECHA), which is headquartered in Helsinki, Finland.

#### Impacts on Ruukki's operations

Ruukki uses a number of different substances and preparations covered by REACH at its production plants. Ruukki imports some of these substances itself. In addition, iron and various substances and preparations occur as by-products in steel production and upgrading. For these, we have carried out all necessary pre-registration and registration in accordance with REACH and we also require full REACH compliance from subcontractors.

In 2011, Ruukki updated the safety data sheets of its own products to bring them into line with the requirements of revised chemical legislation in Europe. Since late 2011, Ruukki has also brought into use a new chemical safety data sheet management system to support information exchange and manage information about the use of chemicals.

Ruukki actively tracks the progress of REACH in many different forums including Eurofer, the European Steel Association.

[More information about the REACH regulation](#)

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### Draft legislation affecting Ruukki's operations

Ruukki operates in an international environment, which is affected by many international agreements and legislation. Ruukki takes thorough steps to actively track and anticipate future changes in environmental legislation.

#### Legislation that Ruukki is actively tracking:

- EU's carbon emissions trading and international climate negotiations
- Environmental restrictions relating to shipping
- Industrial emissions and environmental protection
- Resource efficiency
- Substance restrictions in chemical legislation
- Energy efficiency in production
- Waste legislation and taxation
- Fertiliser legislation
- Emissions ceilings for traffic
- Legislation concerning renewable energy resources
- Requirements for the energy performance of buildings
- Restrictions on the use of hazardous substances in electrical and electronic equipment
- Eco-design requirements for products
- Environmental labelling criteria
- Environmental criteria for public procurements
- National implementation of internal market package for electricity
- Decreases committing to market integration at EU level
- Electricity market legislation
- Electricity and energy taxation
- Windfall and uranium taxation
- Electricity transmission legislation
- Rules on the origin of electricity at national and EU level
- Update of the Reserve Power Act to ensure electricity supply during periods of peak consumption

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Environmental risks	Emissions reduction	EU emissions trading	In construction	REACH	Environmental legislation	Research
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Joint environmental projects 2011

Ruukki is developing the environmental performance of its production processes and products by active participation in various national and international joint projects relating to the environment.

<b>CCTS</b> (2011–2015)	The Finnish Energy and Environment Competence Cluster, Cleen Ltd's five-year research programme to develop carbon capture and storage.  (CCTS = Carbon Capture, Transportation and Storage)
<b>HISTWIN II</b> (2011–2013)	A programme funded by RFCS (Research Fund for Coal and Steel) that seeks to develop high wind turbine towers based on a cylinder tower concept. The project is being coordinated by Luleå University of Technology in Sweden.
<b>NeReMa</b> (2010–2012)	A programme to establish the sustainable recycling of new materials which aims at a comprehensive study of the current state of selected waste processing chains and the future conditions and requirements affecting development of the sector. Other partners in the project are the Finnish Environment Institute, Technical Research Centre of Finland (VTT), Aalto University, Lappeenranta University of Technology and companies.
<b>BIOREDUCER</b> (2010–2012)	A research programme funded by Tekes - the Finnish Funding Agency for Technology and Innovation - to examine the possibility of using biomass as a blast furnace fuel.
<b>VILD - Vanadin I LD-slagg</b> (2009–2012)	A joint programme between Nordic industry and MISTRA (The Foundation for Strategic Environmental research) to examine separating vanadium from LD slag and processing it into a product. The programme has spawned a technique to separate vanadium from steelmaking slag so that it can be used. Work on developing the technique was awarded the Swedish Recycling Industries' Association's Inspiration Award for 2011.
<b>Zero Waste</b> (2007–2012)	The Centre for Process Integration in Steelmaking, PRISMA's programme is examining material flows in heavy industry in the Bothnian Arc as an extensive whole and is also studying among other things, a pan-Nordic solution to recycle secondary materials with a zinc content.
<b>FIMECC ELEMET MEBF</b> (2009–2014)	The Finnish Metals and Engineering Competence Cluster, FIMECC Ltd's Material Efficient Blast Furnace programme to develop the material efficiency of a blast furnace.
<b>FIMECC Light</b> (2009–2014)	The Finnish Metals and Engineering Competence Cluster, FIMECC Ltd's programme where companies, universities and research bodies come together to develop ways to lighten the structure of machinery and equipment, improve performance and cut carbon dioxide emissions, for example.
<b>FIMECC Demapp</b> (2009–2014)	The Finnish Metals and Engineering Competence Cluster, FIMECC Ltd's programme, where companies, universities and research bodies come together to develop novel, breakthrough competitive materials based on an understanding of demanding operating conditions and the phenomena in them. Ruukki's role is to develop improved wear-resistant steels, reduce the wear of steel structures and thus energy consumption and carbon dioxide emissions, etc.
<b>ULCOS TGR-BF II</b> (2009–2012)	A programme funded by RFCS (Research Fund for Coal and Steel) that is piloting an oxygen blast furnace process.  (ULCOS = Ultra-Low Carbon dioxide (CO <sub>2</sub> ) Steelmaking)

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We provided customers with energy-efficient solutions

- Ruukki launched air-tight energy panels, was the first company to launch a photovoltaic system integrated into a façade and piloted the integration of ground-source heat solutions into steel piles
- we updated environmental product declarations, for nine different product groups taking REACH into account

We reduced environmental impacts by recycling

- we recycled 480,000 tonnes of steel
- we cut carbon dioxide emissions by 600,000 tonnes (700,000 t 2010) by recycling

We invested in the management system and training

- ISO 14001 environmental management system covers 99 per cent of production sites



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Environmental aims

Achievements in 2011

Raahe Works

Hämeenlinna Works

Corporate environmental aims

**Objective: To provide solutions to customers' environmental challenges**

Aim	Action
To support Ruukki's business by increasing environmental awareness in product development and marketing	<ul style="list-style-type: none"> <li>• Increased cooperation, utilisation of customer feedback and innovation of new solutions for customers</li> <li>• Increased in-house environmental training</li> <li>• Foreseeing risks and changes in environmental legislation and taking these into account in business and in process and product development</li> </ul>

**Objective: To reduce Ruukki's environmental impacts**

Aim	Action
To reduce the impacts of climate change by improving energy efficiency	<ul style="list-style-type: none"> <li>• Implementing cost- and energy-efficient measures in all significant operations</li> </ul>
To increase recycling and material efficiency	<ul style="list-style-type: none"> <li>• Promoting the use of by-products from the production process as a substitute for natural resources.</li> <li>• Improved cost efficiency by utilising opportunities for recycling.</li> </ul>
To comply with the requirements of the environmental management system and environmental permits	<ul style="list-style-type: none"> <li>• Follow-up and development based on observations</li> </ul>

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Achievements in 2011

Aim: To support business by increasing environmental awareness in product development and marketing

During 2011, we carried out in-house environmental training for sales and product development organisations and for sourcing. In addition to increasing general environmental awareness, training in 2011 focused, among other things, on the impacts of changes in environmental legislation on our business.

Spring 2011 saw Ruukki launch air-tight energy panels, which deliver considerable savings in the heating costs of a building and also reduce the carbon dioxide emissions originating from a building. In addition, Ruukki expanded its expertise in energy-efficient construction by being the first company to launch a photovoltaic system integrated into a façade. Working together with Uponor, Ruukki also utilised the potential of renewable energy by piloting the integration of ground-source heat solutions into steel piles.

March 2011 saw Ruukki publish its revised [environmental product declarations](#) and product data safety sheets, which contain information about the environmental impacts, lifecycle properties and safety aspects of Ruukki's products for product users, designers and builders.

Ruukki is working together with research organisations, universities and other businesses in a number of research projects that increase environmental expertise and awareness.

[Read more about research projects](#)

Aim: To reduce the impacts of climate change by improving energy efficiency

Ruukki is committed to energy savings of 9 per cent, compared to 2005 levels, by 2016. We take energy efficiency into account in decisions concerning investments and production development, product and process design and in the sourcing of equipment using energy.

At production sites, energy efficiency management is systematically promoted as part of the ISO 14001 environmental management system. We assess energy saving potential with the help of energy reviews and analyses. In connection with energy reviews, we chart development points to improve energy efficiency as cost effectively as possible. In 2011, for example, Ruukki Metals saved energy approximately 1090 GWh, which equates about 270,000 tonnes of avoided carbon dioxide emissions.

Besides production processes, energy efficiency is actively monitored and developed in logistics. One energy-efficiency target is for contractual transportation partners to sign up for energy efficiency agreements in the Finnish transport sector so that by the end of 2016 transport firms who have signed up for agreements are responsible for 80 per cent of the transportation. Over half of Ruukki's products are currently transported by transportation companies that have signed up for energy-efficiency agreements.

Aim: To increase recycling and material efficiency

In 2011, Ruukki avoided 600,000 tonnes of global carbon dioxide emissions by recycling steel and mineral products.

During 2011, around 93 per cent of Ruukki's sites in Finland returned their scrap steel and other recyclable material to Raahe for re-use. The remainder was recycled to external actors. Extensive studies of the materials to be recycled and site-specific material processing instructions and sorting have resulted in achieving the target of almost full in-house recycling.

During the year, the company pursued new applications for steel slag, one example of which was to utilise the material to retain heavy metals in water purification. A study was also made to sort and utilise the material remaining outside briquetting and process rejects.



## Aim: To comply with the requirements of the environmental management system and environmental permits

Of Ruukki's 47 production sites, 25 have operations that require an environmental permit. Violations of permit limits are actively dealt with. Permit limits were exceeded at 4 (2010: 4) sites. The violations were occasional and caused no significant impacts to health or the environment and the company received no significant environmental fines.

### Improvement in the reporting of environmental non-compliances

Ruukki wants to be aware of and responsible in our operations for the factors causing environmental damage, and be able to compensate for situations more effectively. In accordance with environmental legislation and the requirements of the certified ISO 14001 environmental management system, Ruukki takes care of any risks posed to the environment by reporting and investigating non-compliances. In 2011, Ruukki overhauled its tool to report and investigate environmental non-compliances. The aim is to strengthen the investigation of non-compliances and to make it easier to report them. In addition to environmental damage and malfunctions, pro-active maintenance and near-miss situations are also recorded in the system.

### Violations of permit limits in 2011

The largest production units Raahe and Hämeenlinna account for most of the environmental impacts at Ruukki. Steel production at the Raahe Works accounts for around 99 per cent of the company's emissions and 94 per cent of energy consumption.

#### Raahe Works

The sinter plant at the Raahe Works in Finland exceeded the permit limit for particulate emissions. The sinter plant was closed down at the end of 2011, thus resulting in a significant decrease in particulate emissions. The blast furnaces and power plant also exceeded the permit limits for particulate emissions. Information flow in connection with the malfunctions has been improved to speed up maintenance measures in future. The violations at the power plant related to the use of oil as the actual fuel because of a lack of blast furnace gas. In addition, permit limits were exceeded in the amounts of oil and suspended solids discharged into the sea. Proactive maintenance was improved as a corrective measure.

#### Hämeenlinna Works

There were permit limit violations at the Hämeenlinna Works in the chromium concentration of waste water from the colour-coating process and once in chloride acid emissions at the recovery plant. In addition, the pH value for total waste water was undercut once because of a larger volume of acidic rinsing water than normal from pickling for wastewater treatment. Corrective actions were in the form of improved technique, maintenance and monitoring.

#### Kankaanpää plant

Two non-conformances occurred in the amounts of sulphates in waste water at the Kankaanpää plant. However, the annual permit limits were not exceeded. The pH permit limits were temporarily exceeded because of a malfunction in lime dosage. Corrective action was taken by changing the process to improve waste water treatment.

#### Peräseinäjoki plant

The VOC emission limit was exceeded by less than 1 per cent at the Peräseinäjoki paint shop because of the colour-coating systems needed by customers' technical requirements. Better systems are continuously being developed in in-house projects and in cooperation with colour-coating manufacturers.

The violations were temporary and had no significant impact on health or the environment and the company received no major environmental fines.

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**Environmental objectives and targets at the Raahe Works**

ENVIRONMENTAL ASPECT	OBJECTIVE / MEANS	Target 2010	Actual 2010	Target 2011	Actual 2011	Target 2012	Target 2013
<b>Operations in compliance with the law and permit limits</b>	<b>No violations</b>	0	270	0	216	0	0
	- monitoring and prevention of malfunctions						
	- improved processing of wastewaters						
	- internal communication						
	- closing of the sintering plant						
<b>Particulates</b>	<b>Reduction in particulate emissions, kg/t st</b>	0,51	0,64	0,44	0,75	0,18	0,16
	- equipment investments						
	- filter maintenance (97% operation time ratio per month)						
	- prevention of fugitive dust in operation and capture						
	- continuous measurement						
<b>Waste to landfill</b>	<b>Reduction in waste volume, kg/t st</b>	0,14	0,24	0,23	0,29	0,21	0,21
	- volume of waste to landfill (external)						
	- utilisation of dust and sludge (compared to 2009)					25 %	
	- utilisation of slag					100 %	
<b>Greenhouse gases</b>	<b>Reduction in and management of CO<sub>2</sub> emissions</b>						
	- specific emission coefficient	1745	1817	1760	1837	1680	1680
	- implementation of energy efficiency programme						
	- consumption of blast furnace reducing agents						
<b>Environmental noise</b>	<b>Reduction in noise, number of complaints</b>	0	0	0		0	0
	- isolation, noise barriers and working practices (at least in residential area)		- 0,5 dB		- 0,5 dB		
	- noise taken into account in new investments					- 1 dB	

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**Environmental objectives and targets at the Hämeenlinna Works**

Objectives	Means
<ul style="list-style-type: none"> <li>• Reduction in hydrochloric acid and dust emissions</li> <li>• Operations in compliance with the law and environmental permit / No violations of permit limits</li> </ul>	<ul style="list-style-type: none"> <li>• Checking the operation of flue gas scrubbers and improving cleaning efficiency and operating practices</li> <li>• Monitoring and prevention of malfunctions</li> <li>• Internal communication</li> </ul>

Focus / Indicator	Target 2011	Actual 2011	Target 2012
<b>Regeneration plant 2</b>			
dust mg / nm <sup>3</sup> (moist)	< 35	16	< 35
hydrochloric acid mg / nm <sup>3</sup> (dry)	< 35	7	< 35
no violations	0	0	0
<b>Regeneration plant 4</b>			
dust mg / nm <sup>3</sup> (moist)	< 35	26	< 35
hydrochloric acid mg / nm <sup>3</sup> (dry)	< 35	37	< 35
no violations	0	1	0
<b>Pickling</b>			
hydrochloric acid mg / nm <sup>3</sup>	< 10	8	< 10
no violations	0	0	0

**By-products**

In 2011, a commercial recycling destination was found for iron oxide originating in the regeneration of hydrochloric acid. Customer deliveries began in May.

**Energy efficiency**

The Hämeenlinna Works have an energy savings target under the energy efficiency agreement and an action programme to achieve these savings. In 2011, energy savings were achieved by utilising waste process heat and by improving heat recovery in the regeneration plant control room.

**Product-driven environmental approach**

The aim is to highlight a product-driven environmental approach in product design and development organisations and to ensure environmental matters are taken into account in development projects in accordance with the instructions issued.

Training in environmental legislation was given to persons working in product design and development organisations in 2011. In addition, persons in the product development side took part in environmental training held at the works in autumn 2011.

**Eco-awareness**

The aim is to improve the eco-awareness of the entire personnel at the site and for genuine management and employee commitment to environmental matters. Eco-awareness was built on and maintained with the help of training in basic environmental protection intended for the entire personnel and held in autumn 2011. In addition, environmental and energy matters at the works were actively communicated on info screens, the intranet and in departmental safety sessions.

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**Environmental investments**

By investing in environmental technology, we reduce emissions and waste and improve energy efficiency. In 2011, Ruukki spent a total of €29 million (2010: 29) on environmental investments.

The Raahe Works in Finland is the most significant unit in terms of environmental impacts and accounts for around 98 per cent of carbon dioxide emissions arising in production at Ruukki. During the year, around 97 per cent of environmental investments made related to reducing the environmental impacts of the Raahe Works.



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**Environmental investments in 2011**

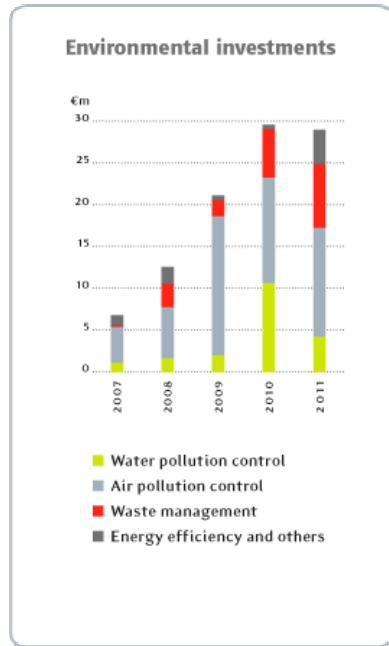
Air protection	€2.9 million
Waterways protection	€4.2 million
Waste management	€7.5 million
Energy efficiency and other projects	€4.1 million

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**Modernisation of the blast furnaces at the Raahe Works was completed in 2011**

Environmental investments of around €50 million were made in this context over the past two years. Blast furnace 2 was modernised in June 2011. At the end of the year, the Raahe Works switched over to using only iron pellets instead of a mixture of iron ore concentrate and pellets as a feedstock in the iron-making process.

Environmental investments made in conjunction with blast furnace modernisation, together with the closure of the sinter plant and change in feedstock, will reduce emissions into the air and energy consumption. Particulate emissions are forecast to decrease by 1,400 tonnes a.k.a over 75 per cent and carbon dioxide emissions by 400,000 tonnes, which equates 10 per cent of total carbon dioxide emissions. Thanks to these actions, sulphur dioxide emissions will halve and the malodour caused by hydrogen sulphide will decrease in the surrounding of the Raahe plant.

**By investing in environmental technology, we are reducing the environmental impacts of our production and improving energy efficiency**

A new paint shop came on stream at the Jászberény unit in Hungary in early 2011. Serving engineering customers, the new paint shop is one of the most modern in Europe capable of processing massive items. Coating capacity at the unit has doubled as a result of the investment. Modern technology, which ensures high quality and meets the high environmental and quality requirements of customers and the authorities alike, prevents environmental loading.

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Environmental impacts

Steel is a lasting material that can be recycled indefinitely without weakening its properties. Recycling saves virgin raw materials and steel-based solutions have good potential for recycling and re-use. A significant share of the lifecycle energy consumption and emissions of a product is typically caused during use. We can impact on this by offering customers recyclable, high-strength, energy-efficient and lasting products.

The most significant environmental impacts

The most significant environmental impacts at Ruukki arise in steel production and at the start of the upgrading process. The greatest environmental impacts are the use of raw materials and energy, as well as carbon dioxide and particulate emissions. We are reducing carbon dioxide emissions by efficient use of energy and materials and by minimising the amount of waste occurring. Use of recycled steel reduces carbon dioxide emissions in our steel production process.

The mineral products formed in the iron and steel production process and materials generated in the coking process are used as a raw material. A high percentage of the process dust is returned to the process, thus considerably reducing amounts of waste.

Read more about [our recycling](#).  
Read more about [our long-term work to reduce environmental impacts](#).



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Raw materials and energy	Emissions into the air	Effluents and use of water	Waste	Transportation	By business areas	By process stage
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Raw materials and energy consumption

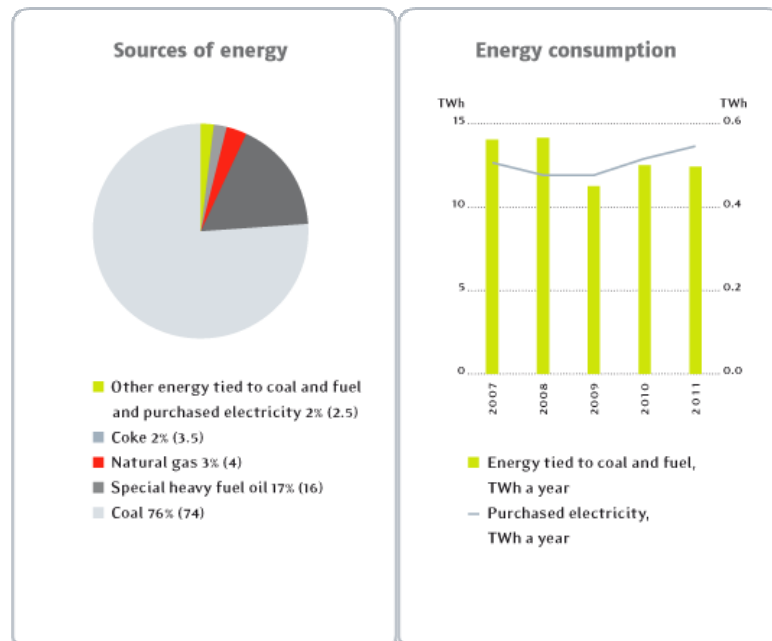
In 2011, it took 2.19 tonnes (2010: 2.24) of raw materials to make one tonne of steel. Use of raw materials consists mostly of iron ore concentrates and pellets, coal used as a reducing agent and the use of scrap steel at the Raahe Works.

Total energy consumption at production sites in 2011 was 13 terawatt hours\* (2010: 13), which equates to about three per cent of Finland's total energy consumption. Most of this energy is used by the Raahe Works, which accounts for 94 per cent of the company's energy consumption.

We recover process gases and heat arising in iron- and steel-making at the Raahe Works and utilise them in electricity production and as district heat. The energy utilised accounts for 47 per cent of total energy consumption. Closure of the sinter plant and switching over to the use of iron pellets at the Raahe Works will reduce energy consumption at the works by around 8 per cent or 1.16 terawatt hours a year. The amount of energy saved equates to the annual energy consumption of around 60,000 single-family homes

\* 13 TWh is the net energy consumption (does not include energy sold).

Learn more about [energy recovery at steel mill](#).



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## Significant reduction in sulphur dioxide and particulate emissions in our steel production process

Ruukki actively seeks to reduce the environmental impacts originating in its steel production by developing processes. By focusing on energy and material efficiency and investing in environmental technology, we have successfully reduced emissions significantly over the past decades.

The sulphur content of the raw materials used affects the amount of sulphur dioxide emissions. In the 1980s, low-sulphur iron ore concentrate was chosen as a raw material in steel production at Raahe. The change resulted in a reduction in annual sulphur dioxide emissions from over 50,000 tonnes to 10,000 tonnes. Likewise, sulphur emissions halved in the 1990s when a sulphur scrubber was installed in the coking plant at the Raahe Works in 1993. In addition, choice of fuels has also led to a fall in sulphur dioxide emissions.

At the end of 2011, the Raahe Works switched over to using only iron pellets instead of a mixture of iron ore concentrate and pellets as a feedstock in the iron-making process. Environmental investments made in conjunction with blast furnace modernisation, together with the closure of the sinter plant and change in feedstock, will reduce emissions into the air and energy consumption. Thanks to these actions, sulphur dioxide emissions will halve and the malodour caused by hydrogen sulfide will be reduced in the surroundings of Raahe plant.

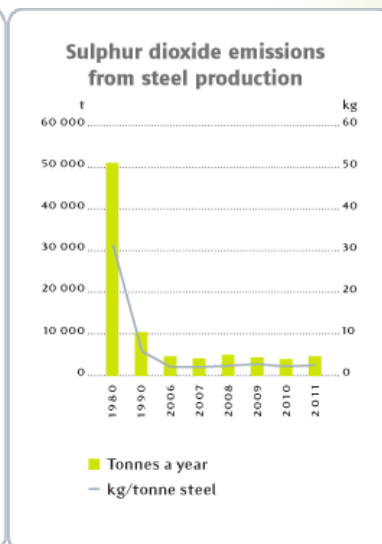
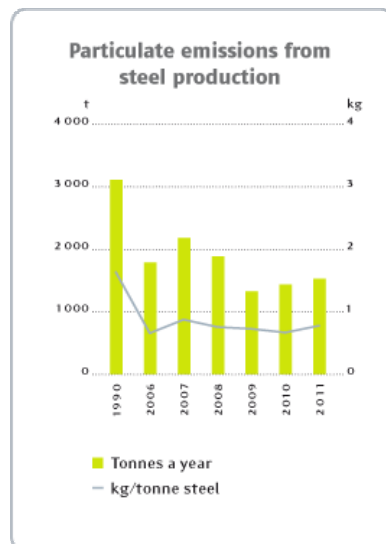
### Particulate emissions reduced to a quarter

Particulate emissions at the Raahe Works originate from traffic, materials handling and various process operations. Emissions escape into the air at points, for example, from smoke stacks on the works site and as fugitive dust from piles of materials and roof openings.

A number of methods - such as electrostatic precipitators, dry filters, cyclones and scrubbers - are used to capture emissions. To prevent dust, piles of materials are watered and screening plants and fences are built.

#### Many actions have resulted in decreased particulate emissions:

- in the **1980s**, construction of dust extractor systems in the blast furnace casthouses and stockhouse, modernisation of the multicyclone in the sinter plant and process changes reduced emission volumes
- in **1991**, a new dust extraction plant in the lime burning kiln further reduced particulate emissions by about 700 tonnes
- in **1998**, a new centralised dust extractor system in the steel plant reduced emissions by about 150 tonnes a year
- in the first decade of the **2000s**, the reduction of particulate emissions was improved by deploying an electrostatic precipitator for flue gases for sintering machines, by improving dust collection and by replacing dust extractor systems
- in the **2010s**, environmental investments, closure of the sinter plant and ensuing change in feedstock will reduce particulate emissions by more than 75 per cent



[Read more about Ruukki's actions to improve energy efficiency in production](#)

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## Environmental impacts

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Read more about [our recycling](#).

Read more about [our long-term work to reduce environmental impacts](#).



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Raw materials and energy

Emissions into the air

Effluents and use of water

Waste

Transportation

By business areas

By process stage

### Emissions into the air

Ruukki continuously monitors the emissions arising from its operations both at production sites and in the vicinity to ensure compliance with emissions limits and to improve environmental work. In 2011, Ruukki's carbon dioxide emissions were 4.1 million tonnes (2010: 4.1), which equated to around six per cent of Finland's greenhouse gas emissions. The main source of carbon dioxide emissions is the raw materials used in the production of pig iron in the blast furnaces.

Consumption of coal in our steel production process is close to the minimum possible using current technology. Ruukki's steel production generates around 250,000 tonnes less carbon dioxide emissions each year compared to the European average, for example. The company seeks to further reduce carbon dioxide emissions, especially by improving energy and material efficiency.

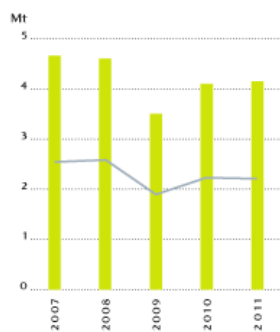
Particulate emissions into the air result from the combustion processes and fine material used in iron and steel production. Sulphur dioxide emissions originate from the sulphur contained in raw materials. Nitrogen oxides are mainly formed in the combustion processes in the coking and sinter plants and rolling mills at the Raahe Works. In 2011, particulate emissions were 1500 tonnes, which equates two per cent of Finland's emissions. Emissions of nitrogen oxides were 2300 tonnes, a.k.a. approximately one per cent of Finland's emissions. Sulphur dioxide emissions (4600 t) share of Finland's emissions was around seven per cent.

Particulate emissions contain small amounts of heavy metals, which originate mainly from the iron ore concentrates used as a raw material. Emissions of volatile organic compounds (VOC) occur in the use of coatings and protective and profiling oils in the further processing of steel.

### Sinter plant closure reduces emissions

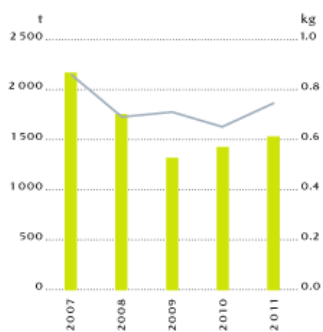
Ruukki has made major environmental investments to reduce emissions in recent years and has improved monitoring. Closure of the sinter plant at the Raahe Works at the end of 2011 will considerably reduce dust, sulphur dioxide and heavy metal emissions at the works. In addition, the use of iron pellets instead of sinter in production will reduce carbon dioxide emissions by around 10 percent a.k.a. 400,000 tonnes a year. Particulate emissions will decrease approximately by over 75 per cent, which equates to 1400 tonnes a year. Thanks to these actions, sulphur dioxide emissions will halve and the malodour will decrease in the surroundings of Raahe plant.

### Carbon dioxide emissions



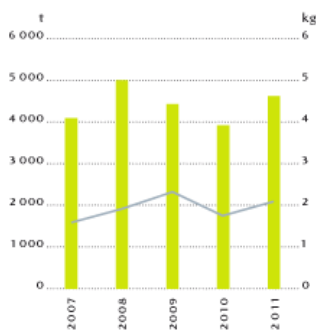
■ Carbon dioxide emissions, million tonnes a year  
 — Steel production, million tonnes a year

### Particulate emissions



■ Tonnes a year  
 — kg/tonne steel

### Sulphur dioxide emissions



■ Tonnes a year  
 — kg/tonne steel

### Nitrogen oxide emissions



■ Tonnes a year  
 — kg/tonne steel

### Heavy metal emissions into the air, kg

	2011	2010	2009	2008	2007
Arsenic	52	10	56	7	38
Cadmium	121	76	56	10	30
Chrome	453	436	282	338	413
Copper	724	662	426	692	603
Lead	2266	3 422	1 856	892	2 464
Mercury	0	1	25	191	19
Zinc	2638	3 691	3 039	3 313	688

[Read more about our long-term work to reduce environmental impacts](#)



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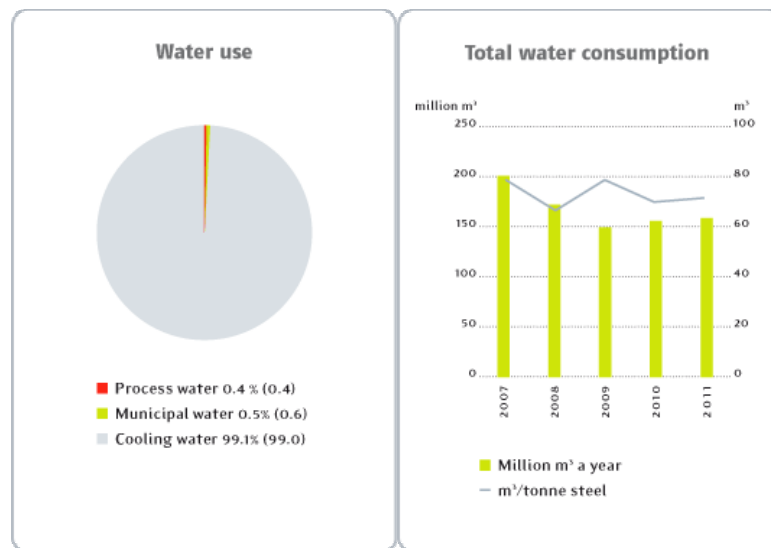
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Raw materials and energy	Emissions into the air	Effluents and use of water	Waste	Transportation	By business areas	By process stage
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**Effluents and use of water**

In 2011, Ruukki consumed 158 billion cubic metres of water, most of which was consumed by the Raahe Works. Water consumed at production sites is used mostly in processing, cooling and in scrubbing flue gases at the steel works and rolling mills. Of the water used, 99 per cent (99) was for cooling. A large share of the water used in production at Ruukki is cleaned and re-used. Actions are taken to prevent the risk of contamination of local water resources.

The blast furnace slag granulation plant has closed water circulation which will result in a decrease of around 30 per cent in the consumption of fresh water. In 2011, a study of the water footprint of production and the main products at the Raahe Works was as part of the Oulu Region Joint Authority for Education's Cewic (Centre of Expertise in Water Industry Cluster) programme.



Effluent discharge into waterways, t	2011	2010	2009
Suspended solids	982	1 150	1 118
Chemical oxygen demand (COD)	193	208	178
Oil	15	10	18
Zinc (Zn)	1	1	2

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Raw materials and energy	Emissions into the air	Effluents and use of water	Waste	Transportation	By business areas	By process stage
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**Waste**

We utilise waste originating in the production process primarily as a material and secondly as energy.

The waste material arising in our own processes is used as feedstock in production. Analyses show sorting of scrap steel enables optimal efficient utilisation of material and saves the filler materials used in steel manufacturing.

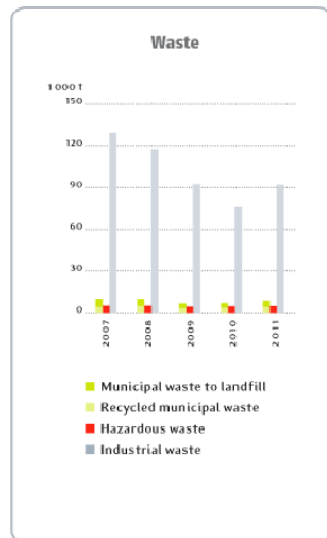
Around 70 per cent of the dust and sludge arising in steel production at the Raahe Works is returned to the production process. Some of the dust has to be stored at a landfill site on the works site until there is a technically and economically viable solution to recycle it. The amount stored as dry substances equates to around one per cent of the raw material used by the works. Recent years have seen Ruukki improve the use of material and reduce the amount of waste arising by studying waste management at the sites and updating instructions on materials processing and sorting. The sites and the commitment of their personnel to reducing waste are key to sorting.

In 2011, we recycled 49 per cent (2010: 49) of municipal waste. The rolling mills and coating lines produce most of the hazardous waste, which is mainly oily waste and sludge and sediment from wastewater treatment. This waste is used mostly as material and energy by a partner.

Effective utilisation of by-products improves material efficiency and decreases environmental impact and the use of natural resources. In terms of volume, the most significant by-products are mineral products, which are used as a substitute for natural stone materials in earthwork construction, limestone in agriculture and clinker in the cement industry. In 2011, Ruukki produced around 870 000 tonnes of mineral products, of which 86 per cent is recycled.

Use of Ruukki's mineral products in the cement industry and agriculture reduced global carbon dioxide emissions by a total of 130,000 tonnes (2010: 180 000). Around 260,000 tonnes (2010: 230 000) of Ruukki's mineral products were used in earthworks and road construction.

[Read more about recycling of Ruukki's mineral products](#)



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### Transportation

Transportation at Ruukki consists of transporting both products and raw materials. The iron ore, limestone and iron pellets are imported mainly from Sweden and the coking coal from North America and Australia. Products are destined for the company's main market areas. In 2011, the Raahe Steel Works switched over to using pellets instead of iron ore as the main feedstock in steel production.

Most of the transportation is operated by Ruukki Logistics unit. The unit's environmental objectives are to:

- lower energy consumption in transportation
- minimise shipping risks and
- reduce damage sustained during transportation

One energy-efficiency target is for contractual transportation partners to sign up for energy efficiency agreements in the Finnish transport sector so that by the end of 2016 transport firms who have signed up for agreements are responsible for 80 per cent of the transportation. Over half of Ruukki's products is currently transported by transportation companies that have signed up for energy-efficiency agreements.

Good progress has already been made with transportation damage for a number of years now. The target for 2011 was for a maximum damage rate of 1.16 per cent of materials transported. This target was nearly achieved and the transportation damage was 1.17 per cent. Ruukki aims to minimise shipping risks by chartering seaworthy vessels from reputable companies. Minimizing damages and risks reduces material loss and needs for additional transportation.

#### Transportation in steel production by mode of transport in 2011

% of total transportation	By sea	By rail	By road
Raw materials	69%	14%	5%
Products	8%	1%	4%

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Effluents and use of water

Waste

Transportation

By business areas

By process stage

### Most important environmental figures by business area

	Ruukki Metals	Ruukki Construction	Ruukki Engineering
Carbon dioxide, t	4 149 000	675	*
Particulates, t	1 530	*	*
Volatile organic compounds, t	107	113	44
Oil discharges into waterways, t	15	*	*
Suspended solid discharges into waterways, t	970	9	49
Hazardous waste, t	3 950	400	210
Municipal waste to landfill, t	980	3000	310

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**Most significant environmental aspects by process stage**

Production process	Most significant emissions and environmental aspects
Blast-furnace based steel production	carbon dioxide emissions particulate emissions sulphur and nitrogen oxides heavy metal emissions energy consumption
Hot- and cold-rolling	hydrogen chloride emissions particulate emissions energy consumption raw material efficiency discharges of suspended solids and oil
Galvanising and colour-coating	emissions of volatile organic compounds carbon dioxide emissions energy consumption raw-material efficiency
Tube production	raw-material efficiency energy consumption emissions of volatile organic compounds
Manufacturing of building products	raw-material efficiency energy consumption emissions of volatile organic compounds
Engineering works	raw-material efficiency energy consumption welding fumes flame cutting fumes waste
Service centres	raw-material efficiency energy consumption welding fumes flame cutting fumes waste
Transportation	carbon dioxide emissions energy consumption nitrogen oxide emissions particulate emissions sulphur dioxide emissions product damage during transportation

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### Energy and material efficiency

One of the most effective ways to curb carbon dioxide emissions is to enhance the energy efficiency of buildings and traffic. Ruukki sees energy efficiency and sustainability as a business opportunity: Ruukki is responding to the growing interest of its customers on this front by innovating and producing energy-efficient technology, especially in the construction and mobile machines.

We take energy efficiency into account in decisions concerning investments and production development and in product and process design. We use energy-efficient technology and use the process gases and waste material originating in our own production to replace the consumption of fuel and raw materials purchased.

#### Lower carbon dioxide emissions by recycling

According to a study by the World Steel Association, steel is the world's most recycled material. Steel can be fully recycled indefinitely without weakening its properties. Depending on the grade of steel being made, Ruukki uses 20-30 per cent of scrap steel as a raw material in steelmaking.

During 2011, Ruukki reduced global carbon dioxide emissions by a total of 600,000 tonnes by recycling steel and mineral products.

Lifecycle inventories show that the recycling of a product plays an important role on the entire lifecycle environmental impacts of the product. Ruukki's high-strength and wear-resistant special steel products enhance the material efficiency of end products.



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#### ENERGY SANDWICH PANEL CALCULATOR

[Check out our energy sandwich panel savings calculator and see how much you can save.](#)

In construction	In special steel products	Carbon footprint	In production	Energy at steel mill	Steel lifecycle	By-product recycling
-----------------	---------------------------	------------------	---------------	----------------------	-----------------	----------------------

### Energy-efficient construction

Energy efficient solutions are becoming increasingly important in construction. Energy efficiency in buildings can be achieved in a number of ways such as utilising renewable energy sources, efficient recovery of ventilation heat, by developing lighting, and the thermal insulation and airtightness of a building's wall and roof structures.

As a fully recyclable material, steel forms a good base for energy-efficient building solutions. Ruukki's products improve the energy-efficiency of the built environment because they reduce lifespan energy consumption and environmental impacts during the construction of a building. Ruukki has ready concept solutions for low and zero energy office building structures and building technology. These solutions combine efficient industrial construction, energy efficiency and competitive lifecycle costs. Ruukki's exterior wall solutions have been designed to be very energy efficient. They deliver optimal insulation properties and airtightness is up to four times better than norm requirements. Also prefabrication technologies improve the environmental efficiency of products because additional transportation is minimised, on-site installation is fast and there is little waste occurring on site.

Ruukki is also committed to the opportunities provided by renewable energy sources in steel construction. Roofs, metal and glass façades are ideal places to site solar power and heat solutions such as solar panels. In 2011, Ruukki was the first company to launch a photovoltaic system integrated into a façade to convert the sun's rays directly into electricity. During the year, Ruukki worked together with Uponor to innovate a system whereby the steel piles used in a building's foundations collect ground-source heat and cooling air.

#### Ruukki energy panels

Launched in spring this year, Ruukki energy panels enable a clear improvement in the energy rating of buildings. Knowledge of clear savings in heating expenses has fuelled growing interest in Ruukki energy panels. Annual savings of up to 30% in energy costs support the choice of energy panels. In addition, decrease in carbon footprint encourages to choose Ruukki's energy panels. Thanks to its airtightness, the energy panel system considerably reduces the need to heat and cool a building and also cuts carbon dioxide emissions. For example, with Ruukki's energy panels, a single-storey 10,000 m<sup>2</sup> logistics centre in the south of Finland produces 2,800 tonnes less carbon dioxide emissions over a ten-year period. This equates to the same amount of emissions produced by 280 cars driving around the world, or 40,000 kilometres, a year.

In spring, Ruukki developed an energy panel calculator for its website to enable interested parties to ascertain the savings in heating costs the energy panel system could help them achieve.

[Read more about Ruukki's energy-efficient products](#)

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Energy and material efficiency

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We take energy efficiency into account in decisions concerning investments and production development and in product and process design. We use energy-efficient technology and use the process gases and waste material originating in our own production to replace the consumption of fuel and raw materials purchased.

Lower carbon dioxide emissions by recycling

According to a study by the World Steel Association, steel is the world's most recycled material. Steel can be fully recycled indefinitely without weakening its properties. Depending on the grade of steel being made, Ruukki uses 20-30 per cent of scrap steel as a raw material in steelmaking.

During 2011, Ruukki reduced global carbon dioxide emissions by a total of 600,000 tonnes by recycling steel and mineral products.

Lifecycle inventories show that the recycling of a product plays an important role on the entire lifecycle environmental impacts of the product. Ruukki's high-strength and wear-resistant special steel products enhance the material efficiency of end products.



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You can reach higher pay load and lower fuel consumption with Raex and Optim steels.

[Energy efficiency calculator](#)

ENERGY SANDWICH PANEL CALCULATOR

[Check out our energy sandwich panel savings calculator and see how much you can save.](#)

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Lower carbon dioxide emissions with special steel products

Our recyclable, wear-resistant and high-strength special steel products improve the material efficiency of lifting, handling and transportation equipment and reduce energy consumption. Actors in the lifting, handling and transportation equipment industry are working hard with global climate and energy challenges in the wake, among other things, of higher fuel prices in recent years. In the transportation sector, it is important to find cost-effective solutions that safeguard business conditions

Ruukki's high-strength and wear-resistant special steel products improve the:

- useful life
- energy and material efficiency and
- payload

of customers' end products

Our [energy efficiency calculator](#) enables you to calculate how the use of special steel can increase the payload of a vehicle and deliver cost, carbon dioxide and fuel savings.

Lightness of Ruukki's steel products cuts fuel consumption and emissions

At its production facilities in Brazil, Librelato makes tipper bodies for agricultural and road transport vehicles from Ruukki's special steel. The use of Ruukki's special steels - high-strength Optim and wear-resistant Raex - has enabled Librelato to reduce the deadweight of the products it produces. Ruukki's special steels are ideal for demanding cargo processing equipment and transportation vehicles since they withstand wear and tear and pressure well. In addition to high-strength and durability, the structures are lightweight, which in turn lowers the customer's fuel costs. With special steels, the weight of a Librelato tipper body could be reduced by 20 per cent, when its lifecycle fuel costs and carbon dioxide emissions decreased 20 per cent.

Compared to rival products, Ruukki's steels have an important edge: fewer emissions arise in the manufacture of products since less material than earlier is needed for the end products.

[Read more about Ruukki's special steel products](#)

Energy production from the heights

Ruukki has developed an entirely new type of wind tower solution, which can reach higher to better wind conditions and thus increase energy yield. The unique tower structure is based on a lattice structure and use of a new type of steel profile.

Ruukki's new wind turbine tower solution can increase hub height to up to 160 metres. Compared to traditional wind turbine towers, a higher tower can reach better wind conditions and thus increase energy yield.

The see-through structure of a lattice tower blends well into the landscape. It requires less raw materials than traditional wind towers and is fully recyclable. Thanks to its light structure, fuel savings and lower emissions are achieved when transporting the structures.

The German WindEnergy Association (BWE) accepted Ruukki as a member at the Hannover Industrial Fair 2011. BWE is the world's largest renewable energy association and its members include turbine manufacturers, operators and their shareholders, design offices, financiers, scientists and engineers.

## Energy efficiency calculator

This application requires at least Adobe Flash Player version 10.3 to work. If you cannot see the application, please update your [Flash Player](#).  
[Information about calculation references](#)

1. Efficiency Calculator 2. Input 3. Report

Did you know that you can achieve higher pay load and lower fuel consumption with Ruukki's Raex and Optim special steels? Why? Because you can use thinner gauge with them in comparison to traditional steel solutions. They are extremely durable and high strength, making your vehicle become lighter!

Let's calculate the benefits you can achieve with Ruukki's special steels. Start by choosing your vehicle class and then fill in some data about your application and how you operate.

Choose your vehicle class:



Truck: Tipper body



Waste collection vehicle



Truck: Concrete mixer



Trailer freight truck



Timber truck



Railroad cart



» Timber truck



» Concrete mixer



» Trailer freight truck

» [Read more about Raex steels](#)

» [Read more about Optim steels](#)

» [Contact our sales](#)

» [Send us a contact request](#)



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### Carbon footprint of Ruukki's products

At Ruukki, responsibility for the environment is based on managing the environmental impacts of products throughout their lifecycle. We have been carrying out lifecycle assessments since the mid-1990s.

In March 2011, Ruukki published revised [environmental product declarations](#) and product data safety sheets, which contain information about the environmental impacts, lifecycle properties and safety aspects of Ruukki's products for product users, designers and builders

Carbon footprint describes the lifecycle carbon dioxide emissions of a product. The information contains lifecycle carbon dioxide emissions from the sourcing of raw materials to the factory gate (cradle-to-gate) so that the recycling rate after use is 90 per cent.

Products	CO <sub>2</sub> (g/kg)
Hot-rolled steel plates and coils	710
Cold-rolled steel plates and coils	850
Colour-coated steel sheets and coils	1 036
Metal-coated steel sheets and coils	900
Tubular beams, steel pipe piles and steel profiles	1 070
Sandwich panels	890
Exterior wall element system	750
Hot-dip galvanised roofs, façade claddings, purlins, frames and composite beam systems	1 010
Colour-coated roofs and façade claddings	1 150
Frames and bridge structures	1 050

#### Lifecycle inventories with worldsteel

Ruukki does lifecycle inventories as part of the World Steel Association's inventory work. worldsteel's lifecycle inventories (LCI) are carried out in compliance with the requirements of the ISO 14040 series and in accordance to standard, a critical assessment has been made for them.

worldsteel's lifecycle inventory defines fourteen steel products from different aspects:

- use of natural resources
- energy consumption
- environmental emissions from cradle to gate

In worldsteel's LCI model, by-products are treated so that the decrease in energy and emissions achieved by recycling by-products is credited against similar figures in the production process.

worldsteel's lifecycle inventory datasheets are available through worldsteel's LCA/LCI contact form on [www.worldsteel.org](http://www.worldsteel.org)

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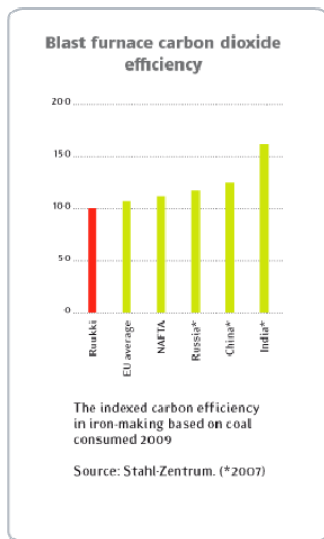
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**Energy and material efficient production**

Steel production at Ruukki ranks among the world's most carbon dioxide efficient, with coal and energy consumption approaching the minimum possible using current technology. In iron making, coal is used primarily as a reducing agent. Most of the energy used in ore-based production goes into coal used as a reducing agent. In the use of coal, Ruukki's blast furnaces rank amongst the most efficient in European comparative studies. Compared to the European average, Ruukki's steel production generates around 250,000 tonnes less carbon dioxide emissions a year. There are no short-term technical and economic solutions available to considerably decrease the consumption of reducing agents.



**Energy efficiency is further improved**

Ruukki is signatory to energy agreements for 2008-2016 by the Ministry of Employment and the Economy, Confederation of Finnish Industries EK and organisations in the sector. Energy efficiency management is systematically promoted at all Ruukki's production sites as part of ISO 14001 environmental management systems. Energy reviews and analyses are the tools used to assess the potential for energy savings and improved use of energy. In connection with energy reviews, cost-efficient, energy efficiency points for development are identified with the aim of achieving energy savings of 9%, compared to 2005 levels, by 2016.

[Read more about energy efficiency at Ruukki's production](#)

**Research to reduce carbon dioxide emissions**

Ruukki is actively involved in developing new ways to reduce emissions in steel production. Any significant emissions reductions in iron and steel production require the development of production technology and the development of carbon dioxide capture and storage technologies to a technically and economically viable level.

Ruukki has also been a partner in the joint European ULCOS (Ultra Low CO2 Steelmaking) project, which has the long-term aim of halving carbon dioxide specific emissions.

[Read more about our joint projects](#)

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### Energy recovery at steel mill

Most of the energy used at the Raahe Works comes from the coal used as a reducing agent in the steel production process. Just 4 per cent of the total energy consumed at the works is derived from external fuel.

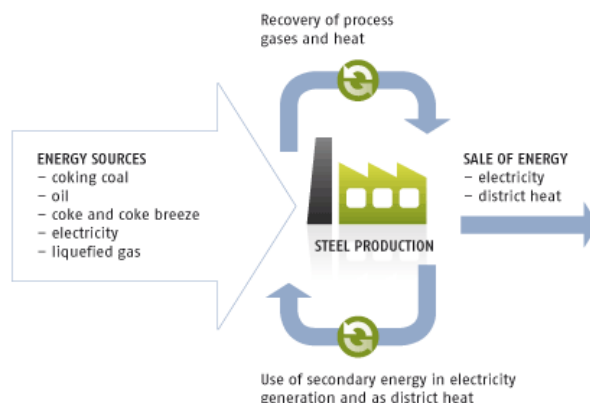
The coke oven gas produced in the coking process is used as a fuel in different processes at the works. In blast furnace based steel production, the iron contained in the ore is reduced in the blast furnace by means of coke - which is made from coal and oil. The gases arising from the blast furnaces are utilized as a fuel for preheating the air in blast furnaces as well as to generating electricity at the mills' own power plant and for district heating purposes. In 2011, use of blast furnace and coke oven gases delivered energy savings of 5.1 TWh, which equates to the annual amount of energy used by around 250,000 single family homes.

Third process gas is converter gas, which is produced when the carbon in hot metal is burnt with oxygen in converters. The energy contained in the converter gas generated in the steel plant is partly recovered for use as district heat.

The high-pressure steam from the dry quenching of coke is utilized in electricity production. The heat and steam originating in processes at the Raahe Works are recovered for electricity generation on the works site and as district heat in the neighbouring environment. In 2011, 180 GWh (2010: 180 GWh) of district heat was produced, almost for the needs of whole Raahe area.

The power plant at the Raahe Works generates around half of the electricity used at the site, which equates to 94 per cent of the total energy used by the company and three per cent of Finland's energy consumption. Efficient and appropriate use of energy obtained from reducing agents and purchased fuels is under constant development.

### Energy recycling in steel production



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- By-product recycling

**Steel lifecycle**

Steel is made from iron ore. The manufacture of steel products gives rise to waste material such as the pieces at the start and end of a steel coil, the edge pieces cut away from steel sheets and steel products that are rejected for quality reasons.

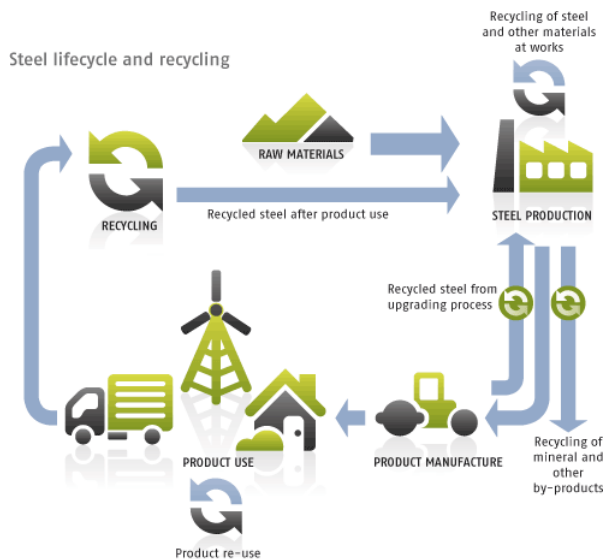
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**Recycling reduces carbon dioxide emissions significantly**

Recycling significantly reduces carbon dioxide emissions in the steel production process because the use of scrap steel replaces raw materials in iron-making. In 2011, use of scrap steel reduced carbon dioxide emissions by 480,000 tonnes (2010: 520,000 tonnes), equivalent to around 12 per cent of Ruukki's total carbon emissions.

Ruukki aims to reduce the environmental loading of each steel product at each stage of production from production to recycling and at the same time ensure a sustainable supply chain. Most of the lifecycle energy consumption and emissions usually arise during the use of a steel product. We can impact on this by offering customers high-strength, energy-efficient and long-lasting products. Steel products can also be reused and after having been taken out of use, the steel in them is fully recyclable.

\* The emissions avoided have been calculated on the basis of recycling volumes in 2011. Examples are based on the Carbon Neutral Company's carbon footprint calculators.



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**By-product recycling**

Effective utilisation of by-products improves material efficiency and decreases environmental impact and the use of natural resources.

In terms of volume, the most significant by-products are mineral products, which are used as a substitute for:

- natural stone material in earthwork construction
- limestone in agriculture and
- clinker in the cement industry.

Use of Ruukki's mineral products in the cement industry and agriculture reduced global carbon dioxide emissions by a total of 130,000 tonnes (2010: 180,000). Around 260,000 tonnes (2010: 230,000) of Ruukki's mineral products were used in earthworks and road construction. Use in this way saves double a similar amount of stone material because the properties of mineral products allow foundations to be made thinner. In 2011, Ruukki produced around 870 000 tonnes of mineral products, of which 86 per cent is recycled. Product development work continued with regard to earthworks and road construction.

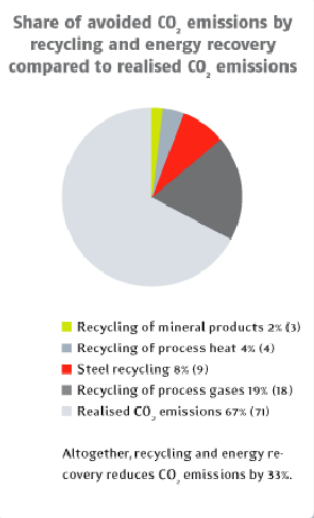
The tar, benzene and sulphur generated as by-products in the coking process at the Raahe Works are used as feedstock in the chemical industry. The zinc slag from galvanising at the Hämeenlinna Works in Finland and at the Virsbo plant in Sweden is recycled to make, for example, zinc oxide.

During 2011, around 93 per cent of Ruukki's sites in Finland returned their scrap steel and other recyclable material to Raahe for re-use. The remainder was recycled to external actors. Internal recycling has been increased with extensive studies of the materials to be recycled and site-specific material processing instructions and sorting.

**New applications for by-products**

New applications for steel slag were pursued, one example of which was to utilise the material in water purification to retain heavy metals. A study was also made to sort and utilise the material remaining outside briquetting and process rejects. Preparations for closure of the sinter plant were made by studying the materials which the company will no longer be able to use in its own production. A start was made on marketing these materials to outside users. Likewise, a start was made on marketing iron oxide at the Hämeenlinna Works to outside customers.

[Read more about Ruukki's by-products](#)



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**Environmental data monitor**

Raw materials and products	Energy	Emissions	Water usage	Waste			
<input type="checkbox"/> Select all	<input checked="" type="checkbox"/> 2011	<input checked="" type="checkbox"/> 2010	<input checked="" type="checkbox"/> 2009	<input checked="" type="checkbox"/> 2008	<input checked="" type="checkbox"/> 2007	<input checked="" type="checkbox"/> 2006	<input checked="" type="checkbox"/> 2005
<b>Raw materials, t</b>							
<input checked="" type="checkbox"/> Iron ore, t	1,520,000	1,610,000	1,470,000	1,970,000	1,950,000	2,180,000	2,118,000
<input type="checkbox"/> Pellets, t	951,000	996,000	645,000	1,069,000	1,058,000	1,053,000	1,000,300
<input type="checkbox"/> Alloying, filler and slag forming materials, t	298,000	448,000	279,000	543,000	507,000	610,000	591,700
<input type="checkbox"/> Recycled steel, t	480,000	511,000	451,000	557,000	552,000	672,000	1,431,000
<input type="checkbox"/> Zinc, t	63,000	59,000	41,000	45,000	54,000	42,000	37,000
<input type="checkbox"/> Other metals, t	10,500	9,700	12,400	5,200	7,800	8,500	6,900
<input type="checkbox"/> Plastics and paints, t	10,600	9,200	7,200	10,600	11,000	21,000	18,300
<input type="checkbox"/> Other materials, t	33,300	27,700	16,500	25,000	26,000	42,000	29,000
<b>Products and by-products</b>							
<input type="checkbox"/> Steel, t	2,215,000	2,229,000	1,892,000	2,585,000	2,546,000	2,853,000	3,434,000
<input type="checkbox"/> Mineral products <sup>1</sup> , t	595,000	513,000	540,000	870,000	890,000	805,000	808,000
<input type="checkbox"/> Tar, MWh	381,000	361,000	216,000	319,000	314,000	363,000	383,000
<input type="checkbox"/> Other materials recycled outside the group, t	65,000	55,000	44,000	49,000	55,000	54,000	70,000

**Table configuration:**

Change, %  Change, unit  No change

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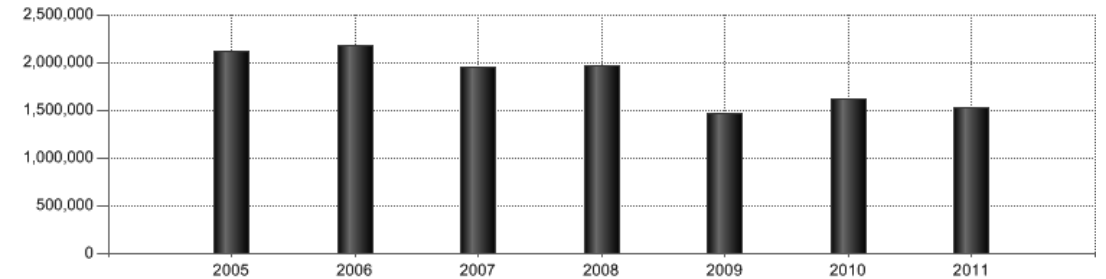
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**Chart configuration:**

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Chart: Column



<sup>1</sup> Utilised and stored for utilising. Mineral products are used as a substitute for natural and raw materials in earthworks and road construction, soil improvement and industry.

Raw materials and products	Energy	Emissions			Water usage		Waste	
<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Select all		2011	2010	2009	2008	2007	2006	2005
<b>Energy consumption</b>								
<input checked="" type="checkbox"/>	Natural gas, MWh	430,000	450,000	625,000	483,000	440,000	448,000	465,000
<input type="checkbox"/>	Liquefied petroleum gas, MWh	336,000	345,000	369,000	323,000	364,000	412,000	431,000
<input type="checkbox"/>	Heavy fuel oil, MWh	172,000	207,000	212,000	90,000	88,000	57,000	46,000
<input type="checkbox"/>	Light fuel oil, MWh	23,000	36,000	57,000	91,000	69,000	58,000	619,000
<input type="checkbox"/>	Electricity, MWh	776,000	766,000	693,000	742,000	788,000	494,000	905,000
<input type="checkbox"/>	District heat, MWh	60,000	47,000	34,000	42,000	43,000	32,000	26,000
<input type="checkbox"/>	Coal <sup>1</sup> , MWh	9,830,000	9,676,000	8,652,000	9,997,000	10,043,000	10,092,000	10,388,000
<input type="checkbox"/>	Coke <sup>1</sup> , MWh	-22,577	143,000	163,000	597,000	635,000	855,000	751,000
<input type="checkbox"/>	Coke breeze <sup>1</sup> , MWh	404,000	363,000	292,000	337,000	388,000	480,000	525,000
<input type="checkbox"/>	Coke and coke breeze, MWh	380,000	506,000	455,000	934,000	1,023,000	1,335,000	1,276,000
<input type="checkbox"/>	Special heavy fuel oil <sup>1</sup> , MWh	2,160,000	2,065,000	1,475,000	2,912,000	2,713,000	3,350,000	3,093,000
<b>Energy sold</b>								
<input type="checkbox"/>	District heat <sup>2</sup> , MWh	190,000	185,000	153,000	154,000	168,000	173,000	168,000
<input type="checkbox"/>	Electricity <sup>3</sup> , MWh	226,000	247,000	216,000	262,000	282,000	272,000	259,000

**Table configuration:**

Change, %
  Change, unit
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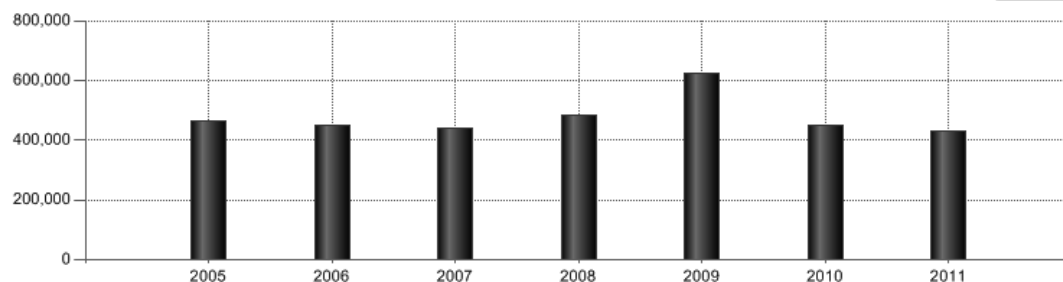
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**Chart configuration:**

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<sup>1</sup> Reducing agent in iron production.

<sup>2</sup> The Raahе Works in Finland produces district heat for the city of Raahе.

<sup>3</sup> In 2010 around 99 per cent of electricity sold has been generated in the power unit at the Raahе Works and sold to companies operating on the works site.

Raw materials and products	Energy	Emissions		Water usage			Waste	
<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Select all		2011	2010	2009	2008	2007	2006	2005

#### Emissions to air

<input checked="" type="checkbox"/>	Carbon dioxide, Mt	4.1	4.1	3.5	4.6	4.7	5.0	5.0
<input type="checkbox"/>	Nitrogen oxides, t	2,300	2,500	2,200	2,600	2,300	2,600	2,800
<input type="checkbox"/>	Sulphur dioxides, t	4,600	3,900	4,400	5,000	4,100	4,500	4,900
<input type="checkbox"/>	Volatile organic compounds, t	260	190	190	410	490	690	580
<input type="checkbox"/>	Particulates, t	1,500	1,400	1,300	1,800	2,200	1,800	2,000

#### Emissions to water

<input type="checkbox"/>	Suspended solids, t	982	1,150	1,118	861	781	1,100	1,800
<input type="checkbox"/>	Chemical oxygen demand, t	193	208	178	181	204	178	177
<input type="checkbox"/>	Oil, t	15	10	18	14	20	19	54
<input type="checkbox"/>	Zinc, t	1.4	1.0	2.0	1.0	1.2	1.5	1.6
<input type="checkbox"/>	Nitrogen, t	38	35	44	64	52	33	91
<input type="checkbox"/>	Iron, t	62	79	70	36	31	67	98

#### Table configuration:

Change, %
  Change, unit
  No change

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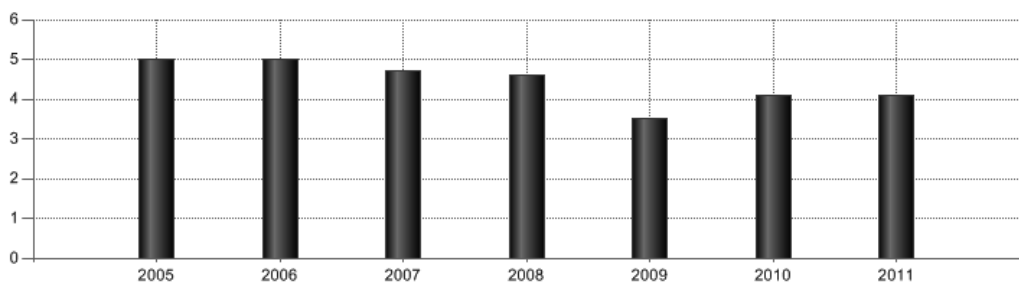
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Raw materials and products	Energy	Emissions		Water usage		Waste	
<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Select all		2011	2010	2009	2008	2007	2006
<b>Water intake</b>							
<input checked="" type="checkbox"/>	Municipal water, m3	788,000	934,000	798,000	786,000	791,000	729,000
<input type="checkbox"/>	Process and cooling water, m3	158,050,000	155,200,000	148,800,000	171,500,000	200,193,000	198,570,000
<b>Waste water</b>							
<input type="checkbox"/>	To municipal water system, m3	272,000	252,000	261,000	266,000	272,000	182,000
<input type="checkbox"/>	To water courses, m3	155,078,000	150,430,000	148,380,000	168,980,000	198,945,000	195,596,000

**Table configuration:**

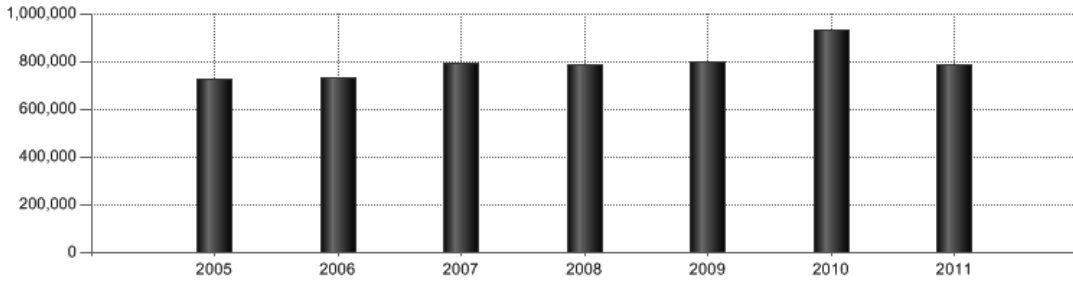
Change, %  
 Change, unit  
 No change

**Excel download:**

**Chart configuration:**

Scale: Absolute   
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Raw materials and products	Energy	Emissions		Water usage		Waste	
<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Select all		2011	2010	2009	2008	2007	2006
<input checked="" type="checkbox"/> Municipal waste to landfill, t		4,300	3,500	3,500	5,200	5,800	2,700
<input type="checkbox"/> Municipal waste to recycling, t		4,100	3,400	3,200	4,700	4,100	3,700
<input type="checkbox"/> Industrial waste (as dry substances), t		73,000	48,000	64,000	76,200	72,500	65,300
<input type="checkbox"/> Hazardous waste, t		4,500	4,400	4,200	4,700	4,900	4,200

**Table configuration:**

Change, %
  Change, unit
  No change

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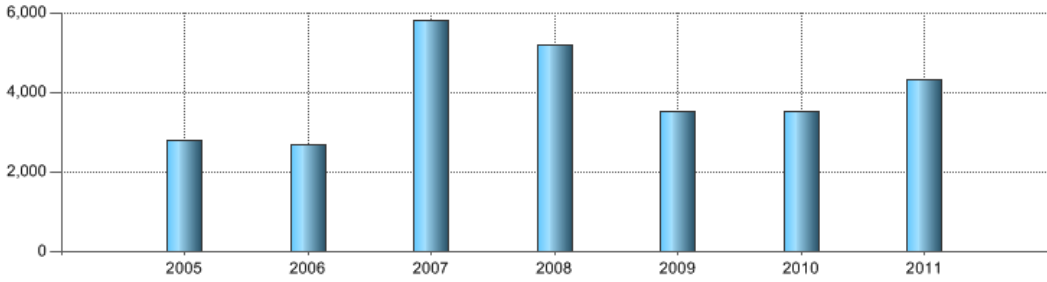
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The data on waste for 2007-2009 has been corrected due to an error in data collection.

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## CORPORATE RESPONSIBILITY REPORT 2011

### Social responsibility



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#### Greetings from the SVP, Human resources

"Human resources work at Ruukki is tasked with promoting strategy implementation. This means the intense development of supervisory work in line with business objectives and building a common operational culture through a network of human resources professionals.

The effectiveness of the network has been utilised, for example, in resourcing, where the focus has been on identifying existing resources and creating development opportunities. The requirements for harmonised human resources practices were built in different countries and one of our focuses during 2012 will be on actively monitoring the strict compliance of human resources practices with human rights."



**Eija Hakakari**

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- ✦ Financial information
- ✦ Research and development
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Goals	GRI indicator	Actions in 2011
Improved safety	LA7	<ul style="list-style-type: none"> <li>• Safety culture study and actions for improvement defined based on the results.</li> <li>• Raising safety levels by more effective pro-active measures.</li> <li>• Improving the safety culture based on personal commitment by revising induction practices and through participatory safety rounds.</li> </ul>
Strengthening top quality expertise	LA10	<ul style="list-style-type: none"> <li>• Adoption and utilisation of new learning possibilities in an e-learning environment.</li> <li>• The personnel took part in an average of 1.76 (1.87) training days a year.</li> <li>• Skills mapping of young experts in production and manufacturing in all countries where Ruukki has operations.</li> </ul>
Development of leadership culture	LA12	<ul style="list-style-type: none"> <li>• Implementation of development discussions in an increasingly larger part of the organisation.</li> <li>• Systematic study of management resources and implementation of succession planning.</li> <li>• 1500 leadership training events held at all supervisory levels.</li> <li>• Development of leadership training emphasising values.</li> </ul>

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**CORPORATE RESPONSIBILITY REPORT 2011**

## Managing social responsibility

Ruukki's values - **we take responsibility, we succeed together and we challenge tomorrow** - reflect Ruukki's approach and form the foundation for our social responsibility.

Our Code of Conduct plays a key role in managing social responsibility. Under its Code of Conduct, Ruukki is committed to compliance with universally accepted human, children's and labour rights and to promoting equality. To show its commitment to this, in 2011 Ruukki signed the United Nations Global Compact principles.

[Read the Code of Conduct in full \(pdf, 47KB\)](#)

Safety, good leadership, top quality and a relentless drive to succeed are important social responsibility objectives for Ruukki as an employer that respects human rights. Ruukki's results are based on the strong competence of Ruukki's people and are reflected in customers' success.

Ruukki wants to purposefully focus on the personnel. We strive to ensure that Ruukki's people are competent, happy in their work and motivated to participate in developing our business.

Ruukki has addressed strengthening corporate culture in line with its values

Our values were shaped through joint debate, with around 2,000 Ruukki people taking part. The values were adopted in all Ruukki countries during 2011. They were also strongly present in top management's strategy roadshow, which took in 67 sites in 22 countries - and feature as an integral part of leadership training. The values can also be seen in the form of distinct visual elements at all Ruukki sites.

Own people and future employees at the heart of social responsibility at Ruukki

In addition, we aim to ensure that Ruukki is the best possible customer and actor in all our market areas. Ensuring safety, responsibility and uncompromising ethical operations are at the top of our social responsibility agenda.

Read more about our [supply chain management](#) in the management of responsibility section.

[Stakeholder relationships](#) are detailed in a separate section.

### Strategy drove organisational changes at Ruukki

The company has made a number of organisational changes to support strategy implementation. These changes were based on the personnel's strong commitment to take operations forward.

- The construction sales was reorganised on a product segment basis.
- In special steels, the steel business strengthened product development and portfolio management by centring these on one product organisation.
- A new special steels sales organisation was formed to support and increase customer relationships in new markets. The company opened a sales office in Beijing, China in the autumn and its first sales office in India in Mumbai.

No significant change in personnel numbers

At year-end 2011, Ruukki had a total of 11,382 (11,286) employees. Temporary employees accounted for around 6.4 per cent (7.0) of the company's personnel. A total of 967 (563) people started new permanent jobs.

Women accounted for 17 per cent (18) of Ruukki's personnel and for 15 per cent (15) of supervisors. The percentage of women on the Corporate Executive Board increased significantly in October, when the composition of the Board was changed. Two of the Board's nine members are women.

[Read more: Ruukki to enlarge its Corporate Executive Board](#)

The company regrettably had to shed a total of 424 jobs (796) for financial or production reasons during 2011. The persons affected were offered support in the form of redeployment and retraining in accordance with local practices. Supervisors dealing with redundancies have been trained to deal with such situations tactfully and showing due respect to the persons affected.

Personnel by region	31 Dec 2011	31 Dec 2010
Finland	6 369	6 150
Other Nordic countries	622	659
Central Eastern Europe	2 130	2 020
Russia and Ukraine	1 845	2 062
Rest of Europe	70	69
Other countries	346	326
<b>Total</b>	<b>11 382</b>	<b>11 286</b>



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## CORPORATE RESPONSIBILITY REPORT 2011

### Key figures

	2011	2010	2009
Personnel at year-end	11 382	11 286	11 648
Personnel, average	11 821	11 693	2 664
permanent, %	94	93	94
temporary, %	6	7	6
Average age of employees, years	42	41	42
Average duration of employment, years	13.2	12.6	12.4
Employee churn, %	6.1	5.2	5.3
Job satisfaction index *	-	59,0	-
Commitment index *	-	67.2	-
Leadership index *	-	65.2	-
% of female personnel	17	18	18
workers, %	6	6	7
salaried employees, %	35	36	36
supervisors, %	15	15	15
extended management board, %	22	21	21
Net sales per employee, €1000	237	207	154
Lost workday injury frequency, number of injuries resulting in absence of more than one day per million hours worked	8	7	8
Total number of accidents	162	142	165
Safety action frequency, safety actions per million working hours	3 871	2 788	2 153
Sickness absenteeism, % **	4.00	4.46	4.11
Training days, average per person	1.76	1.87	1.91

\* ) Studied every other year, following survey in 2012

\*\* ) Not available before 2009.



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### Personnel structure



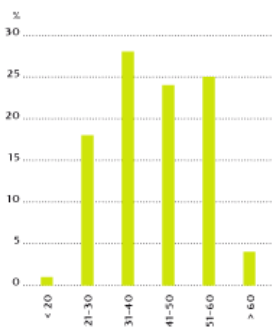
■ Employees 61% (61)  
■ Salaried employees 39% (39)

### Personnel by business area

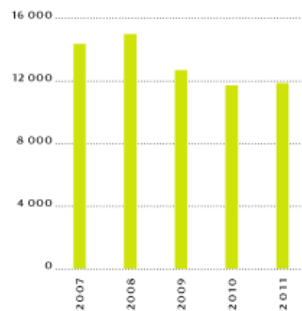


■ Ruukki Construction 31% (32)  
■ Ruukki Engineering 17% (15)  
■ Ruukki Metals 48% (46)  
■ Corporate headquarters and corporate functions 4% (7)

### Personnel by age



### Personnel on average



### Accident frequency



■ No. of accidents per million working hours

### Personnel training days



■ Safety training 20% (18)  
■ Management training 8% (13)  
■ Sales training 6% (3)  
■ Language training 5% (10)  
■ IT training 9% (7)  
■ Production & processing training 34% (33)  
■ Other 18% (16)

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**CORPORATE RESPONSIBILITY REPORT 2011**

## Intellectual capital and development potential

### Targets form core of development discussions

Biannual development discussions form the backbone of performance and competence management at Ruukki. The development discussion practice applies to the entire personnel. In respect of workers, some of the development discussions are held as group development discussions.

- The development discussion held during the first quarter of the year focuses on setting the targets for the forthcoming period and evaluating performance for the previous period.
- Personal targets are based on Ruukki's strategy and targets in line with the action plans of the various units. Target setting forms part of the grounds for performance bonus.
- The development discussion held during the third quarter evaluates how a person's competence is aligned with that required by the job.
- A personal competence development plan is made based on competence evaluation. The competence to be evaluated is revised each year to correspond to the main spheres of competence necessary to achieve the company's strategy.

In 2011, 92% (80) of salaried personnel had development discussions with their supervisor. Among other things, the discussions aim to ensure that all Ruukki's people know the targets in their job and the company's values. In 2011, working practices in line with values featured strongly in development discussions with each employee.

### Competence throughout work career

Ruukki wants to increase the motivation of its people to build on their competence throughout their work career. This is why the company provides its personnel with a wide range of topical training.

For example, with mentoring, management training based on different evaluations of working practice and training for leaders of international teams delivered good results during 2011.

### Competence strength through training

Ruukki spent a total of €4.4 million (3.2) on training, excluding pay during training time, in 2011. Each Ruukki employee participated in an average of 1.76 (1.87) training days.

Ruukki's training programmes in 2011 focused on

- special steels expertise
- the operational excellence programme (OPEX)
- supervisory skills
- sales management.

### Local implementation through trainer training

Processing competence in special steels was high on the agenda in a number of Ruukki countries in summer 2011. At the start of the project, technical experts working in different units across Ruukki were given material and trainer training in Finland for a week. During the autumn, they applied the training in special steels at their own sites in Hungary, Russia and Poland.

Use of this model enabled competence in the welding, bending and cutting of special steels to be efficiently shared among production workers who speak different languages. In the same context, those participating in trainer training formed a close network of experts within the company.

### Special steels expertise also increased by honing product training

A bridge was built between the present status and objectives in product training by considering new business models and tools. As part of this work and to form a basis for further development

- a new type of product seminar intended for the induction of our own people was piloted,
- product and special steels awareness was disseminated across organisational boundaries with the help of product training recordings and
- a new type of e-training material was produced to reinforce the awareness of sales and customers of applications and product properties.

### Coaching approach helps in training of immediate supervisors

A revised range of leadership training, focusing on a coaching approach, was rolled out in 2011. Immediate supervisors and foremen, young managers migrating to more demanding management positions and managers of production and processing units in particular took part in these training programmes.



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## Management trainings

	Focus
<b>Top management</b>	Managing the strategy and its execution in the global context of Ruukki's businesses, performance management through interaction, sales management
<b>Managers</b>	Leadership coaching, development of own managerial role on the basis of feedback, managing international teams
<b>Foremen</b>	Strengthening the role of supervisor, change management, interaction as a supervisor's tool

### Spotlight on in-house experts

In 2011, Ruukki focused strongly on analysing the expertise of its own people, with a study of management resources across the entire company. The abilities of young specialists and supervisors were evaluated in the production and manufacturing organisation, the functions supporting them and in the company's Russian organisation. This resulted in more precise skills development, more effective in-house recruiting and the preparation of succession plans for critical roles.

### New experts through on-the-job learning

Ruukki launched four training by recruitment programmes in 2011.

- Young steel experts training by recruitment programme: in spring 2012 the Raahe and Hämeenlinna Works will take almost 40 maintenance and metal processing experts who have completed a vocational qualification and an extensive on-the-job-learning period.
- ProjectPro programme: 11 building project management professionals completed the programme in 2011.
- SitePro programme: 11 installation managers will complete the programme in spring 2012. In future, they will work in building projects in Finland, Sweden and Norway.
- Young Professionals programme: 25 young graduates joined the programme in May 2011 and were placed in specialist positions in different Ruukki units in Finland.

### Means of development diversified

The tools for personnel learning were renewed in 2011, when a new competence development system was rolled out across the company. The system includes both an e-learning platform and tools for managing learning. The system enables employees to check their own training history, complete e-learning modules and learn about Ruukki's training offering. The system is available to all employees and creates a platform also to manage the competences needed in the production environment.

### Incentive for self-study

In addition to training organised by the company, Ruukki also supports self-motivated study by country. For example, opportunities to take training leave of various lengths covered 80% (83) of the personnel. The company also awards grants to Ruukki people who excel in their studies.



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### Considered recruitment

Recruitment at Ruukki is based on long-term human resources planning based on a considered need and job-specific requirements. The company is committed to fairness in recruitment and practices applying to employment contracts, with the most suitable and developable applicant being chosen for each job. Job applicants are assessed on the basis of their know-how and competence.

#### Internal mobility the focus of resourcing

Ruukki encourages internal, international job rotation of its people to promote the development of our business and units. Job vacancies are always first published internally. In addition, we also recruit talent from outside the company to ensure business growth and to gain fresh perspectives. Recruiting takes into account local recruiting channels and we also work closely with local employment offices and educational institutes in places where we have production facilities.

#### Finnish and international collaboration

Ruukki actively collaborates with other actors in the industry to increase the appeal of the metal sector. Ruukki has collaborated with metal companies and organisations such as Eurofer and worldsteel on the international stage and the Federation of Finnish Technology Industries in Finland.



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## Interaction with the personnel

Ruukki engages in continuous dialogue with its personnel in many ways. Cooperating with the personnel promotes Ruukki's objective of being a responsible employer, whose culture encourages succeeding together.

### Freedom of association

Ruukki respects its employees' freedom of association and the company's employees can join trade unions in compliance with the legislation in each country. In countries where local legislation does not recognise these rights, Ruukki provides other channels for employees to engage in the company's activities and express their opinions. The local management in each country is responsible for creating opportunities for employee engagement.

### Internal dialogue

There is active dialogue between the personnel, supervisory staff and management. Cooperation with employees takes place at a local level through business-specific joint working groups and at the corporate level in the international Ruukki Forum, a European works council based on EU acts. Ruukki Forum meets once a year and in 2011 convened in May in Bolintin, Romania. The themes of the meeting were Ruukki's values and safety, the practical implementation of which could be seen on a plant visit.

In the new administration representation group, the personnel is represented by five persons and Ruukki by the President & CEO and SVP, Human Resources. In addition, an invitation to attend the meeting is sent to the chairman of the Board of Directors and, if required, to other management representatives. The group meets at least four times a year and considers questions concerning the company's business, finances and personnel.

At the local level, employee participation takes place in, for example Russia, by personnel meetings held at roughly monthly intervals. At the company's unit in China, participation is through the local HR Forum. All sites in Finland have an advisory committee or similar, which meets once a month. Around 83 per cent (79) of Ruukki people were covered by local employee participation procedures.

At a joint corporate meeting held on 1 December 2011, the company's management and employee representatives agreed that the working committee of the corporate meeting will negotiate an agreement on implementing corporate cooperation in the new company structure.

### Information flow

In addition to everyday interaction, Ruukki's intranet and the monthly supervisor letters, which include all the latest information affecting Ruukki's people, play a key role in communication. The supervisor letters considered in team meetings serve to ensure the conveyance of information and as a basis for continuous dialogue between supervisors and their teams. Production sites also have info screens and local newsletters.

### Ruukki's internal employer image is regularly measured

Summer 2011 saw the launch of a survey covering all Ruukki's summer workers, almost 1,000, in Finland to find out their experiences of Ruukki as an employer. The survey will be expanded in 2012 to cover summer workers in every Ruukki unit.

The results of the survey show that Ruukki is remembered as a summer workplace where there are friendly colleagues and varied jobs. Around 60% of summer workers had earlier worked or trained at Ruukki. No less than 99% of the respondents said that they would consider applying to Ruukki for a summer job again or for a permanent job. The results of the survey clearly indicate Ruukki's positive image as an employer.

### Our future workers

In Finland, we use surveys to track the development of employer image. For example, in a student survey conducted by Universum, Ruukki tops the list of ideal employers for material technology students and also ranks among the ten top ideal employers among mechanical engineering students.

### Ruukki focuses on personal meetings in improving employer image

Recruitment fairs, guest lectures, works visits and research and cooperation in subject organisation are effective ways raise a company's profile. In 2011, Ruukki participated in 26 recruitment events, most of which were local. Ruukki also increased its visibility in the social media and, for example, started to post job vacancies on Facebook and Twitter.

The company's research and product development organisations work closely with universities in arranging research, thesis work and practical training periods. In Poland, for example, Ruukki has already been recruiting newly-graduated production and quality engineers for years from Wrocław University of Technology. Close cooperation with the university's career services and an ability to offer training places to dozens of students are also important ways to increase recognition amongst students. Also in Norway and Sweden, recruitment fairs and articles in trade magazines have helped to reach out to technology students in different fields.



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## CORPORATE RESPONSIBILITY REPORT 2011

### Promotion of work ability

Job motivation and success depend on personal experience of workplace wellbeing. This is why as an employer, Ruukki wants to put the promotion and maintenance of work ability, occupational health care and the functioning of workplace communities high on the agenda. The company has defined the concept of work ability as consisting of competence management, occupational health and retirement management.

The entire personnel are covered by healthcare arrangements and have access to healthcare facilities in accordance with national legislation and local practices in each country. The main focus in promoting the functioning of workplace communities was on implementing the points for development identified in the employee opinion survey in 2010.

Ruukki offers various possibilities for sabbaticals to balance between work and private life. In 2011, 89 per cent (82) of the personnel worked in countries where paid parental leave was possible. In addition, Ruukki offers sabbaticals and dependent care possibilities based on legislation or local practice. In 2011, these practices covered 67 per cent (73) of Ruukki's employees.

The sickness absenteeism rate in 2011 was 4.00 per cent (4.46).

#### Ruukki employees in Finland heading towards better work ability

At our large sites in Finland, employee ageing and work ability were recognised many years ago as a significant human resources challenge both from the point of view of individual works and that of the entire organisation. Ruukki has worked together long-term with the various parties to identify problem points and especially to roll out solutions to create improved work ability. Human resources management, occupational healthcare, the occupational health organisation and outside partners have been involved in promoting projects.

#### Occupational healthcare model honed

We overhauled our occupational healthcare model and a systematically created early support model to prevent sickness absenteeism was in use in 2011. In addition, the monitoring of sickness absenteeism was improved and various occupational healthcare actions were directed towards identifying risk groups and supporting the persons belonging to them.

#### Opportunity to join a fitness class or work ability assessment

In 2011, Ruukki renewed its fitness and recreational services, which were available to the company's entire personnel in Finland. Each Ruukki employee in Finland is offered a chance every fifth year to take part on full pay in guided training of different lengths. Training is directed by professional trainers and in 2011, 498 Ruukki people took part.

In Raahe, Ruukki's largest production site, the personnel were offered an opportunity to take part in a personal assessment of work ability, the results of which pay attention to the critical points in a person's work ability. Supervisor training highlighted the importance of work ability management as part of a supervisor's everyday work.



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## Remuneration

Remuneration at Ruukki means fair, objective and competitive remuneration that motives excellent performance. Remuneration is based on job demands, performance and competence. At Ruukki, remuneration is based not just on material pay, but the traditional elements of intangibles remuneration also play an important role. These elements include development and career opportunities, the working environment, good supervisory work, the balance between work and leisure and an interesting job.

### Principle of fairness

Ruukki complies with the principle of fairness in remuneration, recruitment and employment contracts. No one is discriminated against on the grounds of gender, religion/beliefs, ethnical background, sexual orientation or any other personal factor not relating to work. The bases for remuneration are fair taking into account the job, performance and competence. Ruukki employs a job evaluation approach to calibrate the basis for remuneration.

Ruukki complies with valid minimum wage regulations and minimum pay agreements provided by collective agreements in all the countries it operates in. In 2011, 68 per cent (69) of Ruukki employees were covered by collective agreements. Ruukki also requires subcontractors to comply with the same regulations and agreements.

### We pay bonuses for results

Employees can also earn bonuses when they achieve or exceed their personal targets. Performance bonuses are an important part of Ruukki's strategic targets at the individual and team level. The same bonus principles apply to all Ruukki's salaried and senior salaried employees. Performance bonuses depend on the targets set in conjunction with development discussions. The majority of workers are covered by locally defined bonus schemes.

### Ruukki aims to offer competitive pay

Competitiveness means actively tracking the external pay market and taking it into account as one of the criteria for remuneration. By offering competitive pay, Ruukki seeks to ensure it is an attractive employer and ensure the motivation of its employees. Ruukki also seeks to be competitive as regards immaterial remuneration and strongly focuses on this by, among other things, supervisor training.

### Remuneration of key persons

The same definitions apply to the remuneration of management as to others. Ruukki uses a share-based incentive plan valid for 2011-2013 in management remuneration. The plan consists of three one-year earning periods and one three-year earning period. Performance targets are based on return on capital employed (ROCE), consolidated net sales growth and the achievement of strategic targets. Around 100 persons are covered by the plan. Key persons who do not belong to the share-based incentive plan belong to the company's profit sharing scheme.

### Personnel costs

€m	2011	2010	2009
Finland	360	351	323
Norway	21	25	29
Sweden	24	24	28
Russia	27	21	22
Poland	18	16	14
Hungary	7	6	8
Germany	3	4	4
Estonia	3	4	4
Romania	4	4	4
Other countries	22	18	19
<b>Total</b>	<b>489</b>	<b>472</b>	<b>456</b>



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**CORPORATE RESPONSIBILITY REPORT 2011**

**Safety**

Ensuring the safety of our workers is an inherent part of everyday life and management across the company. Ruukki's management and all employees are committed to complying with, maintaining and developing common safety principles and rules of play. A good safety record is a competitive asset and also a sign of quality, efficient operations.

Competent, experienced people, safe equipment, processes and working practices, together with high-profile safety management, are key to our safety work. In 2011, we focused especially on proactive safety work to improve the level of safety.

**Safety management principles at Ruukki**

- All accidents and near-misses are reported and investigated.
- Corrective and preventative actions are planned, implemented and their effectiveness is monitored.
- Working conditions, job dangers and risks are constantly monitored, assessed and managed.
- Health and safety matters are openly communicated.
- Workplaces are kept in proper order and ways of working have been standardised.

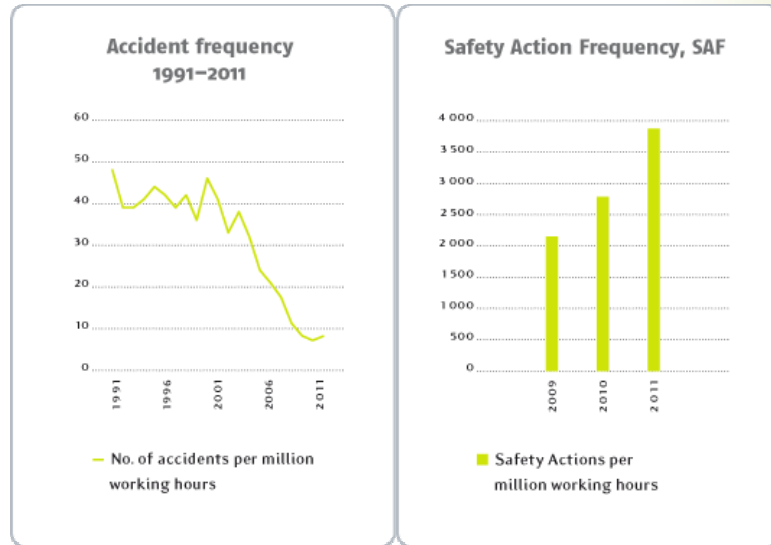
**Safety is part of line organisation work**

Safety at Ruukki is part of strategic planning and targets are set for each strategy period at a time. This work is the responsibility of the corporate Safety Management Team, which is chaired by the executive vice president of Ruukki Construction. Practical implementation is the responsibility of the Safety Steering Group, which, together with the line organisation and safety specialists, is tasked with preparing and implementing the assignments given by the Safety Management Team.

The line organisation is responsible for safety management and the prevention of accidents in its own areas of responsibility and works with divisional and unit safety specialists in safety matters. All Ruukki employees are responsible their own safety and wellbeing and that of their colleagues at their own workplaces.

**Safety progress monitored by corporate-wide indicators and a safety tool**

All accidents and near-misses are reported, investigated and lessons learnt. Safety information is managed through a corporate-wide reporting system, which is available in 16 different languages. The safety level is monitored using two indicators - accident and safety action frequency - at all organisational levels and reported monthly to top management. The general operating principles and working practices are described in corporate safety instructions.



Our work on the safety front has delivered results, with a decrease in accident frequency from a level of 32 in 2004 to a current level of 8.



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## Progress with safety during 2011

Lost time accident frequency across Ruukki remained at the same level as in 2010. Positive progress was made in the construction business, which achieved an lost time accident frequency rate of 3.6. The total number of absences lasting more than one day as the result of an accident was 162 (142) at Ruukki. More than half of the accidents involved feet, hands and eyes.

In 2012, a new safety indicator, total recordable injury frequency, will be adopted and this will change common accident statistics corporate-wide. It means that statistics will also take into account accidents that do not result in absence (zero day accidents). This move is being made to increasingly mainstream actions towards a proactive direction. Accidents to subcontractors will also be monitored more closely.

### Gargzdai in Lithuania marked 1,000 zero accident days with the future in mind

[Read more about Gargzdai](#)

### Further growth in number of proactive safety actions

The positive progress that started during the previous year continued during 2011 and a total of 6.5 (4.5) proactive safety actions were made per employee.

In 2011, 67,000 safety actions were taken, of which

- 40% were safety moments held by teams
- 38% were workplace safety rounds headed by supervisors
- 22% were safety observations (near-misses) reported by workers.

There was a particularly great change in the number of safety moments, which increased by almost 40%. In future, the focus will be on quality rather than quantity by developing monitoring of the implementation and efficiency of the actions.

### New safety training sessions

Ruukki's safety training sessions were overhauled during spring 2011. Training focuses on interaction and an approach based on involvement. The aim is to provide adequate know-how to act in accordance with Ruukki's safety principles and to manage safety proactively. The key to training is active safety work and the sharing of best practices within the company. The concept includes training sessions that can be implemented flexibly taking into account the needs of different units.

### Introduction of basic safety training in an eLearning environment

The idea is to tell about the cornerstones of safety work at Ruukki in an illustrative way. The broad target group is approached using different language versions and the material can be used both for self-study and as training material. Safety training has been fully overhauled and applies to both foremen and supervision alike.

### Together towards a change in safety culture

Improving safety is based on safety surveys covering all business areas. These surveys were carried out in the steel business in 2010 and in the construction and engineering business areas in 2011. The aim is to find ways to achieve the following level on the road to an accident-free Ruukki.

Representatives of various employer groups went through the results of the surveys in workshops held at the sites. Local organisations are responsible for implementing safety actions.

Existing ways of working were found to be correct and it is also important to comply with them in the future. In pursuit of a zero-accident culture, it was noted that the reporting and investigation of incidents in particular worked well. However, there was still room for improvement in inclusion of the entire personnel in, for example, reporting safety observations. Each workplace made its own plan of action to improve the safety failings that had been brought up. Actions implemented in 2011 included unit-specific steering and development teams and a revision of safety round practices.

[Read more about new safety round practices](#)

New safety targets by business team were set up for the next few years based on the results of the analyses and work in workshops. It was agreed that one common objective would be to rank among the top international benchmark companies as regards safety. This will be achieved once each Ruukki employee and each team chooses to act in compliance with the safety principles. Progress with the change in safety culture can be tracked by repeating the same survey in a few years time.

### Local forces help list points for improvement in safety workshops

Ruukki's construction and engineering businesses carried out a safety survey in spring 2011 to establish the safety situation and personell's opinion about safety. During the autumn, the results were studied in workshops held at sites where Construction and Engineering have operations.

Site management and workers at different levels in the unit took part in the workshops. A safety specialist in the business area helped to break down the results. However, the idea was for unit representatives themselves to analyse the results and to spell out the positive points and the points for development.

Production manager **Yuriy Nikitin** who took part in the workshop at Obninsk in Russia thinks that it was important to discuss about the results of the safety survey and make a list of points for improvement. "We chose the five most important actions to improve safety," Nikitin says. "These include for example more pro-active measures and setting clear roles and responsibilities in safety."

Group work was used to find suggestions as to how the points for development could be implemented. These suggestions were then presented to the management of Ruukki Russia.

Also production worker **Marko Hietala** from Vimpeli in Finland tells that the workshop generated new ideas to promote safety and a start will be made on putting these ideas into practice.

After the workshops, each Construction and Engineering site has a list and plan of the actions to be taken to improve safety in coming years. Once the priority points for development chosen by each unit are at a good level, other matters needing development that were identified by the workshops can be considered and practical ways found to improve them.



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## CORPORATE RESPONSIBILITY REPORT 2011

### Gargzdai in Lithuania marked 1,000 zero-accident days with the future in mind

On 25 September, Gargzdai reached the milestone of one thousand zero-accident days. Despite this fine achievement, the eyes are on the future: with safety, the next moment is always in mind.

"The number of zero-accident days has never been a target. Whether the figure is 1,000 or 2,000 days is just history. This is why it's always the next minute or even second that's important for us," explains EHSQ manager **Darius Kazakevicius**.

Over the coffee and cakes served to mark the event, there was a good opportunity to exchange thoughts about the changes and improvements in safety that had been made during the past three years. "The team spirit strengthened over coffee. It was great to see how colleagues congratulated and thanked each other," Darius says.

#### The most important thing in safety is the responsibility

Production at Gargzdai has grown briskly and this has also challenged safety. Ruukki's people in Gargzdai think that there has not only been a change for the better in attitude, but also in other safety improvements at the site: there are regular safety rounds and safety moments at the plant and near-misses are reported. The S+5S programme is being systematically implemented and information about health and safety is openly shared. Workwear and personal safety equipment have also improved.

According to Darius, the most important thing in safety is the responsibility that each and every worker has to their colleagues and families. "The main thing about safety is responsibility and alertness. Each team member should behave like a driver and take responsibility for his fellow passengers," he sums up.



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**CORPORATE RESPONSIBILITY REPORT 2011**

## Product responsibility

Our product safety is based on compliance at all the company's units with the applicable legislation and generally accepted policies applying to quality control and safety.

Ruukki conforms to at least the minimum product safety requirements provided by local legislation in each country in respect of those products sold to customers in the countries concerned. In addition, customers often require products to meet stricter criteria than those provided by law. Compliance with existing quality management systems ensures these criteria are met.

The company is responsible for the quality assurance of the raw materials and components used in its own production and makes and tests finished products in accordance with quality requirements, specifications and standards agreed separately with the customer. Working practices harmonised in accordance with ISO standards help to ensure the consistent quality of products irrespective of where they are made.

[Read more about our ISO standards](#)

### Product safety taken into account from the outset

Ruukki takes safety into account in the products it designs as required by the product development process (SPM) already at the design stage of a product concept. We systematically map and analyse the safety risks relating to products throughout the product development process. A detailed risk analysis describing project risks, their significance and likelihood is performed in conjunction with the project plan.

We prepare environmental product and safety declarations for our main steel and construction product components. These declarations provide, among other things, information about the composition of products and their safe use. Where required, we contact our customers and suppliers to collect and pass on the information needed.

[More information about the REACH regulation](#)

### Safe construction sites

We actively promote safety on those sites where we act as subcontractors and in projects where Ruukki's products are used. Among other things, we have developed tools for the safe installation of our products. Various technical solutions and user-friendly auxiliary devices improve the safety of lifting on construction sites. We have innovated and patented a safety anchor to improve the safety of persons installing roofs. End-user safety has also been taken into account by selling roof safety products alongside Ruukki's roofing products.

[Check out Ruukki's safe installation method](#)

Construction products, such as wall, façade and roof elements, made by Ruukki can be easily installed. This reduces the safety risks associated with the wrong installation of products. Ruukki provides product and installation instructions, as well as technical product support to ensure installation people have adequate information about the right way to use and install our products.

During 2011, Ruukki received no significant sanctions for contravening regulations or standards relating to the marking, marketing, use or safety of products.

### Privacy protection

Ruukki complies with the provisions of the valid Personal Data Act and Ruukki's own data protection policy when processing personal data in Finland. Read more information about privacy protection at Ruukki at:

<http://www.ruukki.com/Privacy>



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## CORPORATE RESPONSIBILITY REPORT 2011

### Reporting

#### Regular reporting is part of corporate responsibility

We actively and openly release information on environmental issues and other matters concerning sustainable development as well as on the environmental impacts of our products over their life cycles.

We have published Corporate Responsibility Report for 2011 as a part of our ruukki.com website.

#### Content and scope

In the corporate responsibility section we describe the company's main issues regarding economic, social and environmental issues. The section includes key figures as an indicator of our performance and also descriptions of operations in these different areas, the practices and management of these issues.

#### Data collection methods

No significant changes took place in data collection methods during the year, nor have any material errors been found in previous reports.

- The financial information contained in this report is based on Rautaruukki's consolidated financial statements have been prepared in compliance with IFRS.
- Information about the personnel has been collected from the company's corporate-wide personnel information system.
- The environmental data have been collected, from all production sites that were part of the Group at year-end 2011, with a few exceptions, using an online data collection tool. The scope of the data collected depends on the significance of environmental impacts at each site when examined from the environmental perspectives of the entire Group.

#### Report verification

This report has not been verified by an external party. The financial data are subject to auditing. Most of the environmental data is from sites with a certified ISO 14001 environmental management system. The data have been checked by comparing them with the data for previous years at both the site and Group level. Any divergences have been analysed.

This report is based on international and Finnish reporting recommendations.



Annual report 2011

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CORPORATE RESPONSIBILITY REPORT 2011

## Sustainable recognitions

### Ruukki assessed to Gold Class in SAM Sustainability Yearbook (January 2012)

Ruukki has received Gold Class and Sector Leader distinctions for its position as the leading steel company committed to sustainable development. Assessment was made by SAM, Sustainability Asset Management. Since 1999, SAM has assessed the corporate sustainability of over 2,000 companies each year. The results have been published in the Sustainability Yearbook 2012 made in cooperation between SAM and KPMG. [Read article.](#)



### Worldsteel: Ruukki awarded for Climate Action (October 2011)

World Steel Association (worldsteel) has awarded Ruukki with Climate Action membership certificate for 2010 - 2011 (first certificate 2009 - 2010). The recognition was granted for active participation in the Climate Action recognition programme. This scheme recognises that a steel producer has fulfilled its commitment to take part in the worldsteel CO2 data collection programme, which is at the core of the steel industry's global steel sectoral approach to climate change.

Based on a common methodology, definitions and agreed boundaries, the data collection programme enables companies to compare themselves against both average and best performance and identify its scope for improvement.



### Ruukki achieves industry leader position in Dow Jones Sustainability Indexes (Sept 2011)

Ruukki has achieved the position of industry leader in two Dow Jones Sustainability indexes: DJSI World and DJSI Europe. The indexes include the top companies that are committed to sustainable development. Ruukki is included in the DJSI World Index for the fourth year running and in the European index for the fifth year. The results show that Ruukki heads the world's eight best steel companies. There are 342 components from 30 different countries included in the DJSI World Index and 172 components from 15 European countries in the DJSI Europe Index. Six other Finnish companies are in the Sustainability Indexes..

In November 2010, Dow Jones launched also a new index, the Dow Jones Sustainability Nordic Index (DJSI Nordic). Ruukki is listed in this new index, which tracks the top companies with regard to sustainability in the Nordic region, The DJSI Nordic includes 29 sustainability leaders from Denmark, Finland, Norway, and Sweden.

Dow Jones Sustainability Indexes have been measuring efforts within the corporate sector to improve sustainability since 1999. Corporate sustainability performance is analysed thoroughly each year by an independent assessment party, SAM Research AG. Analysis evaluates corporate financial, social and environmental responsibility. Index companies are also subject to continuous tracking.



### Ruukki joins the NASDAQ OMX new sustainability index (March 2011)

OMX GES Finland Sustainability Index is a new benchmark index which comprises the 40 leading NASDAQ OMX Helsinki listed companies in terms of sustainability. The index criteria are based upon international guidelines for environmental, social and governance issues and supports investor considerations to the UN Principles for Responsible Investment. The assessment is conducted by GES Investment Services, Northern Europe's leading research and service provider for Responsible Investment.



SEE ALSO

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The OMX GES Finland Sustainability Index is designed to provide investors with a liquid, objective and reliable benchmark for responsible investment. The review is conducted once a year in December.



### Ruukki included in the Ethibel EXCELLENCE Investment Register (Feb 2011)

Ruukki has been selected for inclusion in the Ethibel EXCELLENCE Investment Register since 02/02/2011. Forum ETHIBEL reviews companies worldwide on their economic, social and environmental performance. Forum draws on the research of the rating agency Vigeo that investigates hundreds of stock quoted companies every year. This Investment Register forms the basis for the European Collective Quality label 'ETHIBEL EXCELLENCE', which is awarded to investment funds and financial products.



### Vigeo: Ruukki included in Aspi Eurozone® index for the first time (Sept 2010)

Vigeo is the leading European expert in responsible performance. Vigeo measures the performances and risks of companies with regard to environment, human rights, human resources, community involvement, business behaviour and corporate governance.

Ruukki is listed in Vigeo's Aspi Eurozone® index (Advanced Sustainable Performance Indices) to which the 120 most responsible companies of Europe are chosen every year.



### Ruukki best in its field in oekom's sustainability ratings (Oct 2010)

One of the world's leading rating agencies in sustainable investments, oekom research AG, has given Ruukki a good evaluation for sustainability. Ruukki was awarded Prime and was the best steel company in oekom's detailed rating. Each year, the German company oekom research AG analyses companies on the basis of social and ecological responsibility. This year, oekom analysed 130 companies in the metals and mining industry and awarded 31 Prime rating.



In addition, Ruukki took part in the Carbon Disclosure Project (CDP) ranking, where it received 61/100 points (2009: 69). CDP assesses large corporations on the basis of the risks and opportunities they recognise from climate change. In addition, CDP assesses a company's performance on the basis of greenhouse gas emissions and their reduction.

## CARBON DISCLOSURE PROJECT

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## GRI-index

Ruukki's corporate responsibility report is based on [Global Reporting Initiative \(GRI\)](#) reporting guidelines. GRI is a multinational organisation that develops guidelines for sustainability reporting. GRI's guidelines are intended to serve as a framework that organisations can use to measure and report their economic, environmental and social performance.

Ruukki's corporate responsibility report and GRI G3 reporting guidelines are compared in the table below.

Topic	On web site	Printed Annual report pages	Comments
<b>Description of the organisation</b>			
1. Strategy and analysis	<a href="#">strategy responsibility in Ruukki risk management</a>	9-12, 23-24, 34-37	
2. Organisational profile	<a href="#">corporate structure</a>	3, 16-19	
3. Report parameters	<a href="#">reporting</a>	4-24	
4. Governance and commitments	<a href="#">corporate governance</a>	25-37	
5. Disclosure on management approach (economic, environmental, social)	<a href="#">code of conduct</a> <a href="#">environmental policy</a> <a href="#">social responsibility</a>	25-37	

### Core indicators: Economic

EC1: Economic value generated and distributed	<a href="#">economic value distribution</a>		
EC2: Financial implications of climate change	<a href="#">environmental targets</a> <a href="#">EU emissions trading</a>	34-37	
EC3: Defined benefit pension plan obligations	<a href="#">remuneration statement</a> <a href="#">remuneration</a>		Reported partially
EC4: Financial assessment from governance	<a href="#">public sector</a>		
EC6: Locally-based suppliers	<a href="#">sourcing</a>		Reported partially
EC7: Local hiring	<a href="#">competence management</a>		Reported partially
EC8: Infrastructure investments and services			Not reported

### Core indicators: Environment

EN1: Used materials	<a href="#">material data monitor</a> <a href="#">raw materials</a>		
EN2: Materials that are recycled	<a href="#">material data monitor</a> <a href="#">steel lifecycle</a> <a href="#">by products</a>		
EN3: Direct energy consumption	<a href="#">energy consumption</a>		
EN4: Indirect energy consumption	<a href="#">energy recovery at steel mill</a>		
EN8: Water withdrawal	<a href="#">water use</a>		

EN11: Land owned in protected and high diversity value areas		Not reported
EN12: Impacts in protected and high diversity value areas		Not reported
EN16: Direct and indirect greenhouse gas emissions	<a href="#">emissions to air</a> <a href="#">emissions trading</a>	
EN17: Other relevant indirect greenhouse gas emissions		Not reported
EN19: Emissions of ozone-depleting substances		Not reported
EN20: Nox, SO2 and other significant air emissions	<a href="#">emissions to air</a>	
EN21: Water discharge	<a href="#">effluents and water use</a>	
EN22: Waste	<a href="#">wastes</a>	
EN23: Significant spills	<a href="#">exceedings of permit limits</a>	
EN26: Initiatives to mitigate environmental effects of products and services	<a href="#">energy efficient products</a> <a href="#">curbing emissions</a> <a href="#">environmental risk management</a>	21-22
EN27: Reclaimed products and their packaging materials	<a href="#">material data monitor by products</a> <a href="#">steel lifecycle</a>	Reported partially
EN28: Fines and non-monetary sanctions	<a href="#">exceedings of permit limits</a>	
<b>Core indicators:</b> <b>Social</b>		
LA1: Workforce breakdown	<a href="#">our people</a> <a href="#">hr key figures</a>	
LA 2: Employee turnover	<a href="#">hr key figures</a>	Reported partially
LA 4: Collective bargaining agreements	<a href="#">code of conduct</a>	
LA 5: Notice periods regarding operational changes		Ruukki complies with legislation in each country
LA7: Injuries, occupational diseases and work related fatalities	<a href="#">progress with safety</a>	
LA8: Education and training related to serious diseases		Reported partially
LA10: Average training hours	<a href="#">average training hours</a>	Reported partially
LA13: Composition of governance bodies and breakdown of employees	<a href="#">board of directors</a> <a href="#">committees</a> <a href="#">hr key figures</a>	30-33
LA14: Salary ratios		Not reported
HR1: Investment agreements including human rights clauses		Not reported
HR2: Suppliers and contractors undergone screening of human rights		Not reported
HR4: Incidents of discrimination		Not reported
HR5: Freedom of association and collective bargaining	<a href="#">social responsibility</a>	Ruukki's principles of social responsibility undertake to respect freedom of association and the freedom to belong to trade unions
HR6: Risks related to child labor	<a href="#">social responsibility</a>	Reported partially. Ruukki's principles of social responsibility prohibit the use of child labour
HR7: Risks related to forced and compulsory labor	<a href="#">social responsibility</a>	Reported partially. Ruukki's principles of social responsibility prohibit the use of forced labour

SO1: Impacts of operations to communities	<a href="#">community support</a>	Reported partially
SO2: Risks related to corruption		Not reported
SO3: Training of anti-corruption policies	<a href="#">competence management</a>	Reported partially
SO4: Actions in response to incidents of corruption		Not reported
SO5: Participation in public policy and lobbying	<a href="#">supervision of interests</a>	Reported partially
SO8: Fines and non-monetary sanctions for non-compliance with laws and regulations		
PR1: Improving health and safety across life cycle of products and services	<a href="#">products and services</a>	Reported partially
PR3: Information and labelling of products and services	<a href="#">environmental product declarations</a>	Reported partially. Environmental product declarations and instructions for safe use are available for Ruukki's products
PR6: Adherence to laws, standards and voluntary codes related to marketing	<a href="#">code of conduct</a>	Reported partially. Ruukki complies with legislation in each country
PR9: Fines and non-monetary sanctions related to products and services		Reported partially

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