



SSAB

ANNUAL REPORT 2020

Toward industry-leading profitability

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About this report

SSAB's Annual Report 2020 consists of four sections: Business Review, Sustainability Report, Financial Reports 2020 and Corporate Governance Report. The Annual Report provides an overview of SSAB's business as well as financial, social and environmental performance in 2020. The Sustainability Report 2020 has been prepared in accordance with the GRI Standards: Core option.

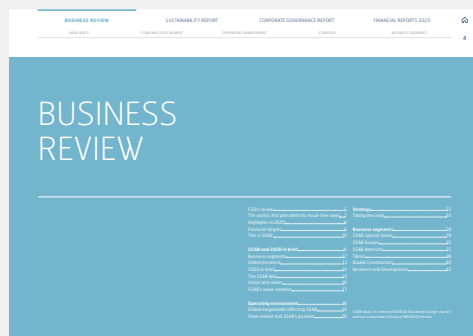
SSAB's Annual Report 2020 may be downloaded at www.ssab.com. The Annual Report is an interactive pdf document providing easy movement between the different sections using the top navigation menu. All four parts of the Annual Report are published in English and Swedish. In the event of any differences between English translations and the Swedish original, the Swedish Report shall prevail. The Business Review part with the CEO's review is published also in Finnish.

How to navigate

The following symbols guide you to more information on our website or in this report. Also underlined page numbers are links to those pages in this report.

- Read more on our website (clickable)
- Read more in this report

SSAB's channels



Business Review

SSAB and 2020 in brief, strategy, value creation, businesses



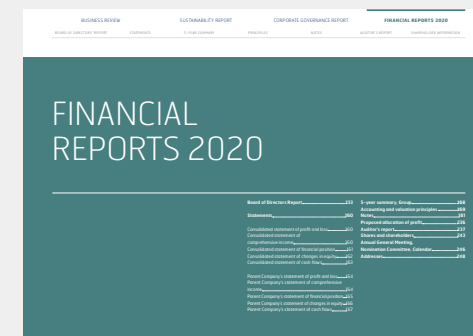
Sustainability Report

Externally assured sustainability information compliant with the GRI Standards



Corporate Governance Report

Corporate Governance Statement including remuneration



Financial Reports 2020

Board of Directors' Report, Financial statements and investor information

BUSINESS REVIEW

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SSAB (publ.) is listed on NASDAQ Stockholm (Large cap list) and has a secondary listing on NASDAQ Helsinki.

SSAB in strong position – despite a challenging year

The year 2020 was a challenging one, which saw us successfully cope with the effects of Covid-19. At the same time, SSAB is well equipped for 2021 and beyond. Our focus is on being the first in the world with fossil-free steel and SSAB will continue to lead the transition in the industry. We find ourselves very well placed to strengthen profitability and our market position.

Solid performance in a volatile market

The year was affected by volatile demand with squeezed steel prices in the wake of Covid-19. SSAB's operating result for 2020 fell to SEK -325 (2,159) million. Our flexibility worked well, and enabled us to promptly introduce a raft of measures in the second and third quarters to adjust production and costs to greatly reduced demand. We pushed fixed costs down by a total of more than SEK 1.6 billion compared to the full-year 2019. The markets recovered during the autumn and order intake rose sharply. Thanks to our decision to bring forward annual planned maintenance to the summer and flexible staffing, our steel mills were geared up for higher volumes and we were able to step up production rates to meet increased demand. This paved the way for a strong end to the year.

Net cash flow for the full year was SEK 2.2 billion and net debt decreased to just over SEK 10 billion.

SSAB has a strong financial position. Since we were affected by weaker steel markets because of Covid-19, we decided to push back the timing of achieving our strategic targets from 2022 to 2023. Even though production levels during the year as a whole were relatively low, we achieved good production stability. Stable production is supportive of financial performance, but also leads to lower emissions per tonne of steel produced and positive impacts in safety work.

Safer workplace

Health and safety are top priorities and our efforts delivered good results in 2020. Lost-time injury frequency (LTIF) decreased to 3.7 (4.2). Work on preventing accidents took place alongside several measures to limit the spread of Covid-19. Production and maintenance could be carried out without any major negative impacts.



Customers driving development

Many industries are highly interested in finding solutions to reduce their carbon footprint. The focus of product development in the automotive industry has long been on reducing emissions in the user phase. Here, SSAB has been able to provide high-strength steel which, among other things, lightens the weight of passenger cars and commercial vehicles.

Now higher demands are being placed on how vehicles are made. We are seeing clear requests from customers about SSAB as a supplier of a broad range of fossil-free steel. This makes it important for SSAB to continuously evaluate the possibilities to invest and step up the pace of the transition. We will create the conditions to be a more comprehensive supplier of fossil-free steel to existing and new customers within key segments. SSAB will be the first to market, in 2026, with fossil-free products.

Fossil-free steel will be a premium segment

Improving our product mix is key to SSAB's strategy. I am convinced that fossil-free steel will be an important step in continuing to improve the product mix going forward. This will create increased support for profitability and reduce sensitivity to fluctuations in economic cycles. Our growth focus has long been concentrated around high-strength steels. SSAB's world-leading steel contributes to improved

productivity and sustainability performance of the vehicles and machines our customers manufacture. We also want to grow our service-related business, SSAB Services, which addresses the relatively stable maintenance market in mining and recycling plants, for example. We will continue to invest in more advanced products to strengthen our leading position in profitable niche segments.

Sustainability targets scientifically based

SSAB's updated sustainability strategy has two main themes: First in fossil-free steel and leading sustainability work. The strategy includes short- and long-term ambitions and goals. We have launched new environmental targets for greenhouse gas (GHG) emissions and circularity. The new GHG emissions target has been approved by the Science Based Targets initiative. SSAB commits to reducing GHG emissions by 35% by 2032 (compared to 2018 and measured as CO₂e). The target applies to both direct and indirect emissions (Scope 1 and 2) and is in line with the Paris Agreement and the objective of keeping global warming well below 2°C. SSAB's overarching goal is to be fossil free by 2045.

SSAB has for many years been a signatory to the UN Global Compact. We also support UN global sustainable development goals. This makes clear our responsibility for the environments, people and communities affected by our operations. This

"I am convinced that fossil-free steel will be an important step in continuing to improve the product mix going forward. This will create increased support for profitability and reduce sensitivity to fluctuations in economic cycles."

report is part of our communication about how we work according to Global Compact principles. We will continue to support the UN Global Compact principles with regard to environment, human rights, labor and anti-corruption, and continue to work to integrate the principles into our operations, culture and value chain.

Leading the transition in the steel industry

The market recovered toward the end of last year and we expect good activity during the first quarter of 2021. We ended all temporary layoffs and short-time work at the turn of the year. The short-term focus is to maintain a high, stable level of production. Uncertainty remains as to the development of Covid-19 and how this can affect our customers' operations and economic development in general. In 2020, we showed

how we can successfully manage a difficult situation and I would like to thank all employees for their excellent contributions. I would also like to thank all our suppliers and customers for their continued support.

During 2021, we will increase the speed of the conversion in Oxelösund and continue to develop the world unique HYBRIT pilot plant, introducing hydrogen gas based production. We have a strong balance sheet and generate good cash flow. My conviction has been strengthened of SSAB's important role in leading the industry's continued transition and regeneration. This will create value for all the company's stakeholders and not least for our shareholders.

Martin Lindqvist,
President and CEO

The world's first pilot plant for fossil-free steel

A decisive step toward fossil-free steelmaking was taken with the start-up of HYBRIT's globally unique pilot plant for the production of fossil-free sponge iron. At the plant, HYBRIT will perform tests in several stages in the use of hydrogen in the direct reduction of iron ore. Preparations will now start on scaling up the tests further on an industrial scale in a demonstration plant. The plan is to start construction of the demonstration plant in 2023, with the goal of bringing the plant into operation in 2025 and to demonstrate full-scale production with a capacity of over one million tonnes of sponge iron per year. SSAB plans to be the first company in the world, already in 2026, to get fossil-free steel to market.

Read more on page [63](#).

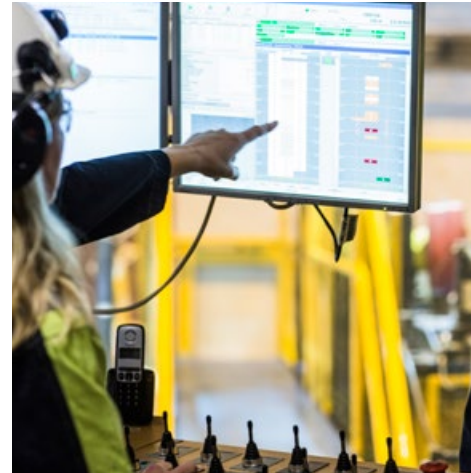


Highlights in 2020



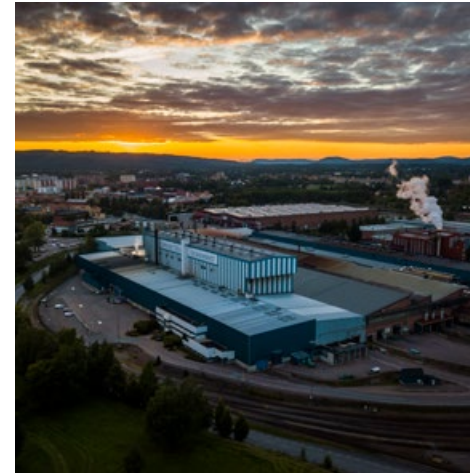
Work on minimizing the risks of Covid-19 successful

Following the outbreak of the Covid-19 pandemic, SSAB tightened its travel and mill visit instructions, hygiene instructions and safe distancing measures as well as made remote work possible for as many employees as possible. Through preventive measures with our suppliers, we also avoided the spread of the infection in conjunction with our maintenance outages.



Managing the downturn

SSAB implemented several short-term actions across the business to mitigate the effects of Covid-19 and the total annualized savings exceeded SEK 1.6 billion. These actions included short-time work allowances, temporary lay-offs and other cost savings measures. Production levels had to be adjusted to lower steel demand and, for example, blast furnace 2 in Raabe was idled for part of the year.



SSAB's climate goal was approved by the Science Based Targets initiative

SSAB is committed to reducing its greenhouse gas (CO₂e) emissions by 35% by 2032 (based on 2018 figures). The goal applies both to direct and indirect emissions (Scope 1 and 2) and is in line with the objective of keeping global warming well below 2°C. This goal has now been approved by the Science Based Targets initiative. The approval means that the objective is scientifically based and in line with the Paris Agreement.

Read more on page [49](#).



Positive development in safety continues

SSAB strives to be the safest steel company in the world, with an objective of having zero accidents, work-related injuries or illnesses. Positive development of the key metrics started in 2019 largely due to safety having the highest priority and the extensive efforts undertaken to improve safety and the company's safety culture. SSAB's lost time injury frequency (LTIF) in 2020 was 3.7 (4.2). The development was particularly good in SSAB Special Steels and Ruukki Construction.

Read more on page [67](#).

Financial targets

SSAB's strategy aims to secure the company's long-term development to create value for shareholders and other stakeholders. SSAB's main financial objective is to secure industry-leading profitability and to generate solid cash flows, enabling debt reduction and shareholder dividends.

SSAB has three financial targets:

Area	Profitability	Capital structure	Dividends ³⁾																																																
Objective	Industry-leading profitability measured as EBITDA margin among comparable peers ^{1) 2)} .	Net debt/equity ratio will not normally exceed 35%.	Dividend target is 30–50% of profit after tax.																																																
2020 achievement	SSAB's EBITDA margin was 5.1% (8.3%). The position compared to peers worsened to 3rd place from second best in 2019. Lower EBITDA compared to 2019 was primarily attributable to the effects of Covid-19.	Net debt/equity ratio was 19% (19%) at year-end 2020. Lower earnings were offset by the release of working capital.	Due to the negative result, and the fact that the company received governmental support related to Covid-19 during the fourth quarter, the Board proposes that no dividend be paid.																																																
	<p>Profitability²⁾ EBITDA margin, % and SSAB's position in peer group</p> <table><thead><tr><th>Year</th><th>EBITDA margin, %</th><th>Position in peer group</th></tr></thead><tbody><tr><td>2016</td><td>~9.5</td><td>3</td></tr><tr><td>2017</td><td>~11.5</td><td>3</td></tr><tr><td>2018</td><td>~11.5</td><td>3</td></tr><tr><td>2019</td><td>~8.5</td><td>2</td></tr><tr><td>2020</td><td>5.1</td><td>3</td></tr></tbody></table> <p>● Position in peer group — EBITDA margin, %</p>	Year	EBITDA margin, %	Position in peer group	2016	~9.5	3	2017	~11.5	3	2018	~11.5	3	2019	~8.5	2	2020	5.1	3	<p>Capital structure Net debt/equity ratio*, %</p> <table><thead><tr><th>Year</th><th>Net debt/equity ratio*, %</th></tr></thead><tbody><tr><td>2016</td><td>~35</td></tr><tr><td>2017</td><td>~25</td></tr><tr><td>2018</td><td>~20</td></tr><tr><td>2019</td><td>~20</td></tr><tr><td>2020</td><td>19</td></tr></tbody></table> <p>*2016 and 2017 does not include leasing under IFRS</p>	Year	Net debt/equity ratio*, %	2016	~35	2017	~25	2018	~20	2019	~20	2020	19	<p>Dividends³⁾ SEK</p> <table><thead><tr><th>Year</th><th>Dividend per share, SEK</th><th>% of profit after tax</th></tr></thead><tbody><tr><td>2016</td><td>0</td><td>0</td></tr><tr><td>2017</td><td>~1.0</td><td>~35</td></tr><tr><td>2018</td><td>~1.5</td><td>~35</td></tr><tr><td>2019</td><td>0</td><td>0</td></tr><tr><td>2020</td><td>0</td><td>0</td></tr></tbody></table> <p>■ Dividend per share, SEK — % of profit after tax</p>	Year	Dividend per share, SEK	% of profit after tax	2016	0	0	2017	~1.0	~35	2018	~1.5	~35	2019	0	0	2020	0	0
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¹⁾ ArcelorMittal, Nucor, Salzgitter, Tata Steel Europe, ThyssenKrupp, US Steel

²⁾ 2020 position is based on the first nine months of 2020.

³⁾ 2020 is the Board's proposal.

This is SSAB

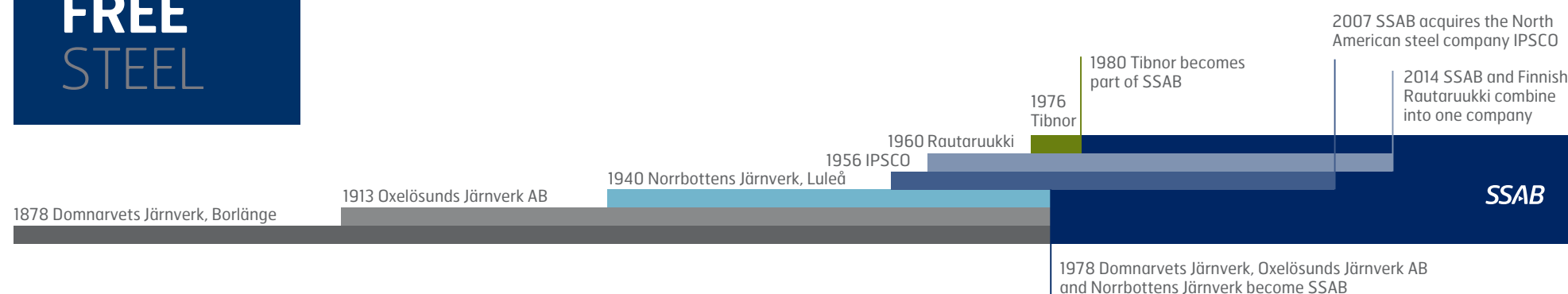
SSAB is a highly-specialized global steel company driven by close relationships with our customers. SSAB develops high-strength steels and provides services for better performance and sustainability.

SSAB is a leading producer in the global market of Advanced High-Strength Steels (AHSS) and Quenched & Tempered Steels (Q&T), strip, plate and tube products, as well as construction solutions. SSAB's steels and services help to make end products lighter and increase their strength and lifespan.

SSAB aims to be the first to offer fossil-free steel to the market in 2026 and to be fossil free as a company by 2045.

We are unique

- Global leadership in value-added high-strength steels
- Innovative services and applications
- Home-market leadership in the Nordics and US
- Long-term customer relationships
- Strong end-user focus
- Globally recognized brands
- First in fossil-free steel



65 Revenue, SEK billion

50+ Employees in more than 50 countries

14,000 Approximate number of employees

-0.3 EBIT, SEK billion

-0.50 Earnings per share, SEK

Headquarters
Stockholm, Sweden

President & CEO
Martin Lindqvist



SSAB and 2020 in brief

Business segments

SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.



SSAB SPECIAL STEELS

Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)

Global product brands with a unique market position

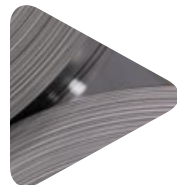


Main production site:

- Oxelösund, Sweden

24%
of SSAB Group's
revenue

56%
of SSAB Group's
total EBITDA



SSAB EUROPE

Leading Nordic-based premium steel producer of high-quality strip, plate and tube products

Focus on the home market and selected growth areas like high-strength steels for the automotive segment

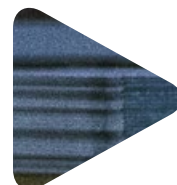


Main production sites:

- Borlänge, Sweden
- Hämeenlinna, Finland
- Luleå, Sweden
- Raahen, Finland

35%
of SSAB Group's
revenue

14%
of SSAB Group's
total EBITDA



SSAB AMERICAS

Market-leading North American producer of quality steel plate and coil

Strong production base with an industry-leading quality and cost position

Nearly 100% scrap-based production

Main production sites:

- Mobile, Alabama, US
- Montpelier, Iowa, US

20%
of SSAB Group's
revenue

11%
of SSAB Group's
total EBITDA



TIBNOR

Leading supplier of steel, other metals and processing services in the Nordics and Baltics



13%
of SSAB Group's
revenue

6%
of SSAB Group's
total EBITDA



RUUKKI CONSTRUCTION

Sustainable building and construction products and services in Europe



8%
of SSAB Group's
revenue

13%
of SSAB Group's
total EBITDA

Global presence

SSAB has a cost-efficient and flexible production system. SSAB's production plants in Sweden, Finland and the US have an annual steel production capacity of approximately 8.8 million tonnes.

SSAB FOCUS MARKETS

The Nordics

Flat carbon steels and tubes

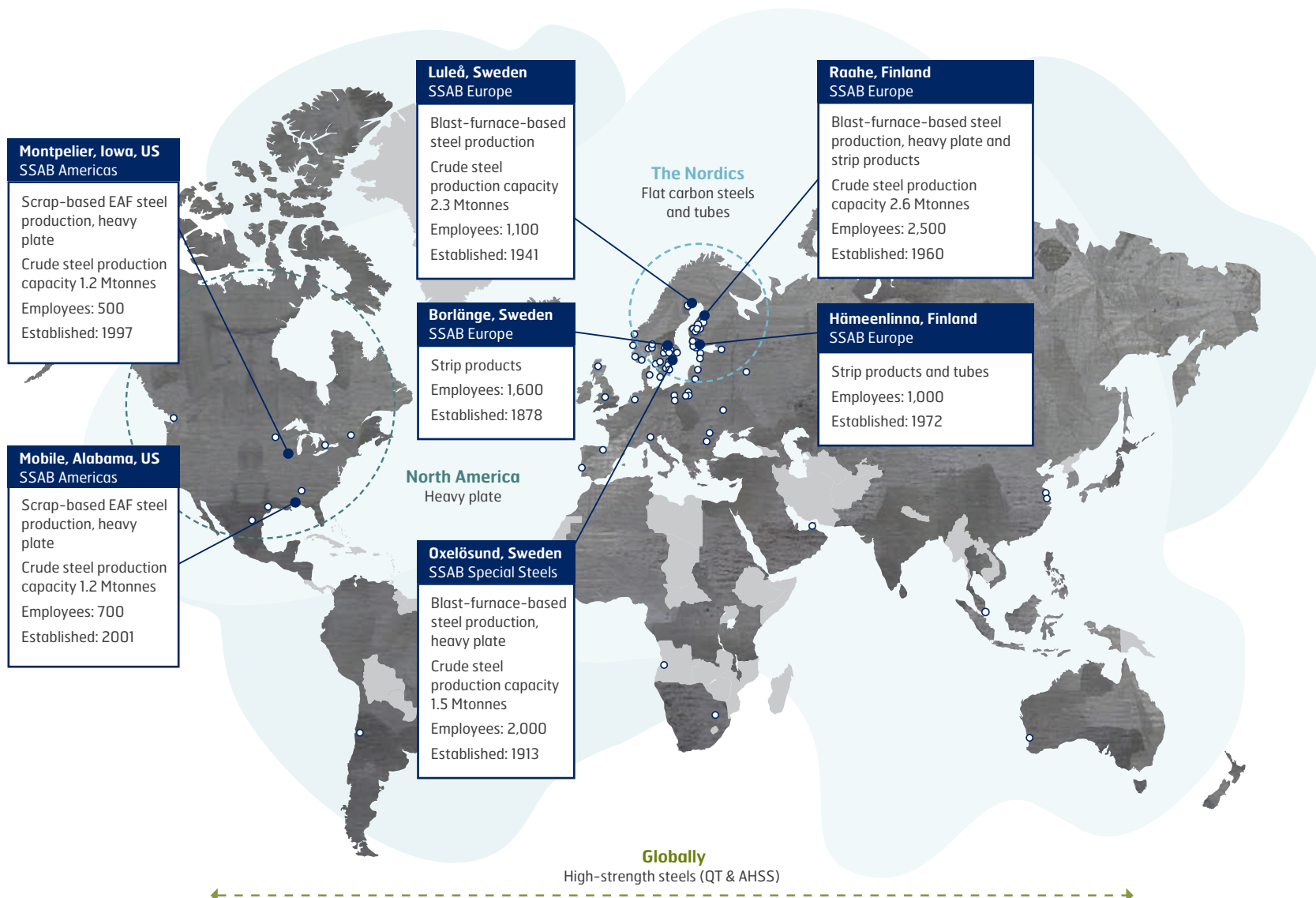
North America

Heavy plate

Globally

Automotive
(Advanced High-Strength Steels, AHSS)

Special Steels
Quenched & Tempered (Q&T) and AHSS



2020 in brief

Key figures

	2020	2019
Revenue, SEK million	65,396	76,485
Operating profit before depreciation/amortization, EBITDA ¹⁾ , SEK million	3,364	6,375
Operating profit ¹⁾ , SEK million	-325	2,159
Profit after financial items ¹⁾ , SEK million	-802	1,770
Earnings per share, SEK	-0.50	1.04
Operating cash flow, SEK million	3,460	5,194
Dividend per share, SEK - 2020 proposal	0.00	0.00
Energy consumption, GWh	9,083	9,088
Carbon dioxide emissions ²⁾ , thousand tonnes	8,844	9,582
Employees ³⁾	13,974	14,514
Lost time incident frequency (LTIF) ⁴⁾	3.7	4.2

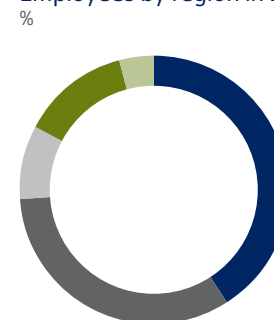
¹⁾ Excluding items affecting comparability

²⁾ Direct emissions from production (Scope 1)

³⁾ Permanent employees at year end

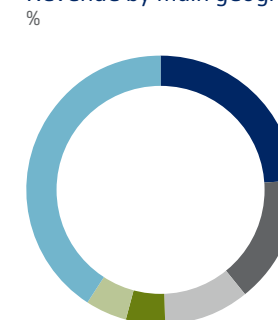
⁴⁾ Number of accidents resulting in an absence of more than one day per million working hours, including contractors

Employees by region in 2020



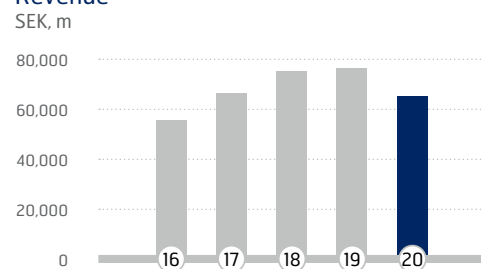
- Sweden 41%
- Finland 33%
- US 9%
- Rest of Europe 13%
- Rest of the world 4%

Revenue by main geographical markets in 2020

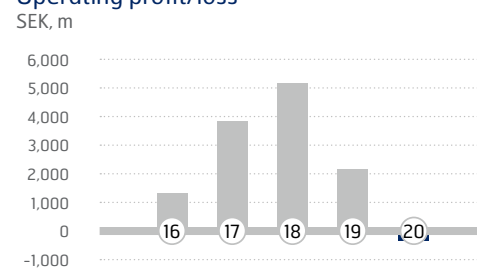


- US 24%
- Sweden 15%
- Finland 10%
- Germany 5%
- Denmark 5%
- Other 41%

Revenue



Operating profit/loss¹⁾

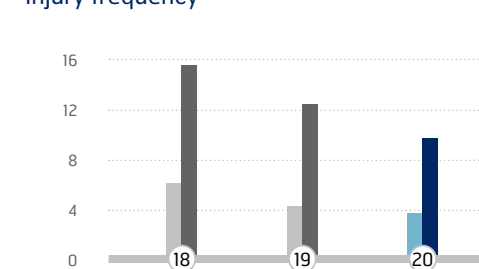


¹⁾ Excluding items affecting comparability

Operating cash flow



Injury frequency



- Lost time injury frequency (LTIF)
- Total recordable injury frequency (TRIF)

The SSAB Way

The framework for our cultural elements is known as The SSAB Way. It is our way of describing the culture that has made and continues to make us successful, not only in our home markets in the Nordic region and the US, but also globally. It concludes who we are, what we do and how we do it, and it describes what we as a company have to offer. We in SSAB believe that what we do today creates ripples in the water; our actions have an impact both inside and outside of our company.

The SSAB Way includes our vision as well as our values. The SSAB Way also encompasses our strategy, company story, employee criteria, SSAB One principles and our Code of Conduct.

Who we are

Vision

What we would like to achieve, today and over time, "worth striving for"

Values

Our fundamental beliefs, our personality upon which our existence is based, "helps us determine right from wrong"

What we do

Strategy

Taking the Lead

Story

How we communicate our history, current priorities and future to different stakeholders

How we do it

Criteria

Expectations of our people: What characterizes us. Our behavior, "what it takes to be part of the SSAB team"

SSAB One Principles

How we achieve results: Our way of working to continuously improve, "makes us never stand still"

Code of Conduct

The way we act

Vision and values

Our vision

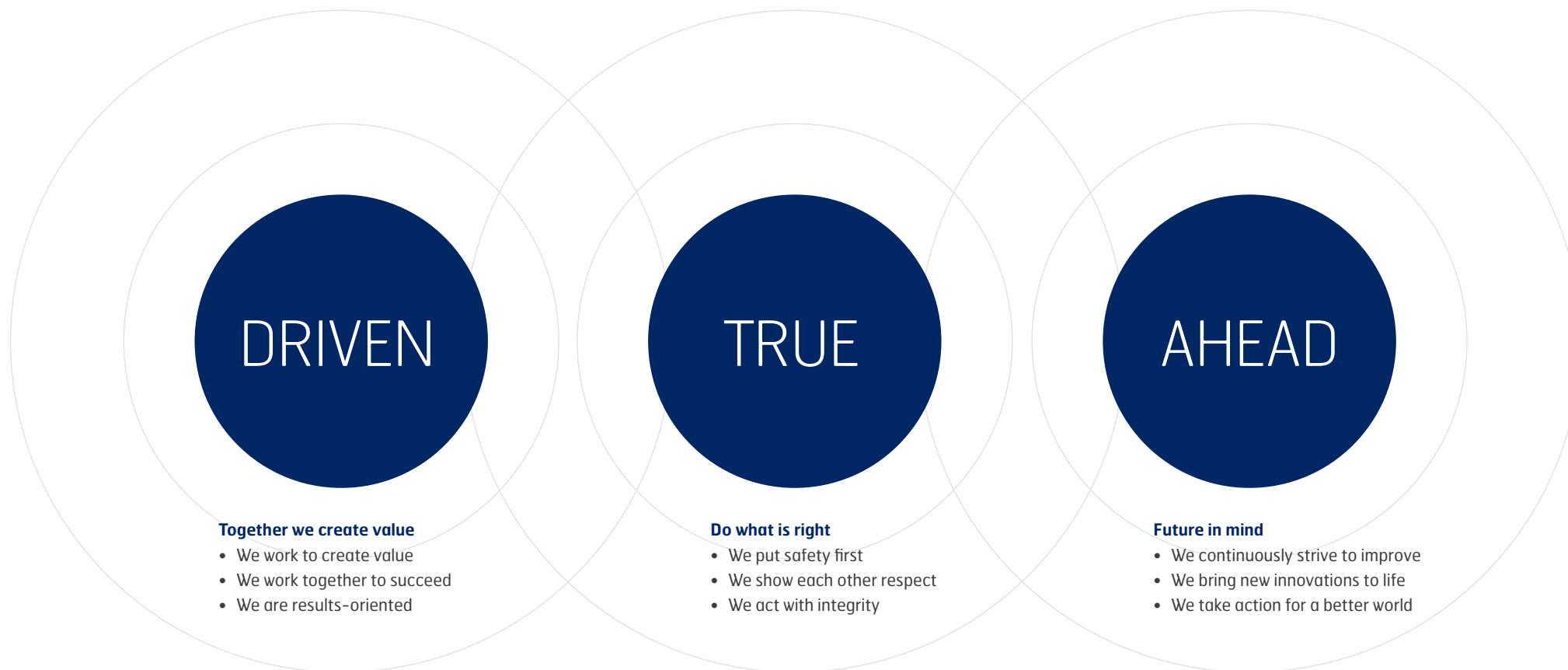
A stronger, lighter and more sustainable world

Together with our customers, we will go further than anyone else in realizing the full potential of lighter, stronger and more durable steel products.

Our values

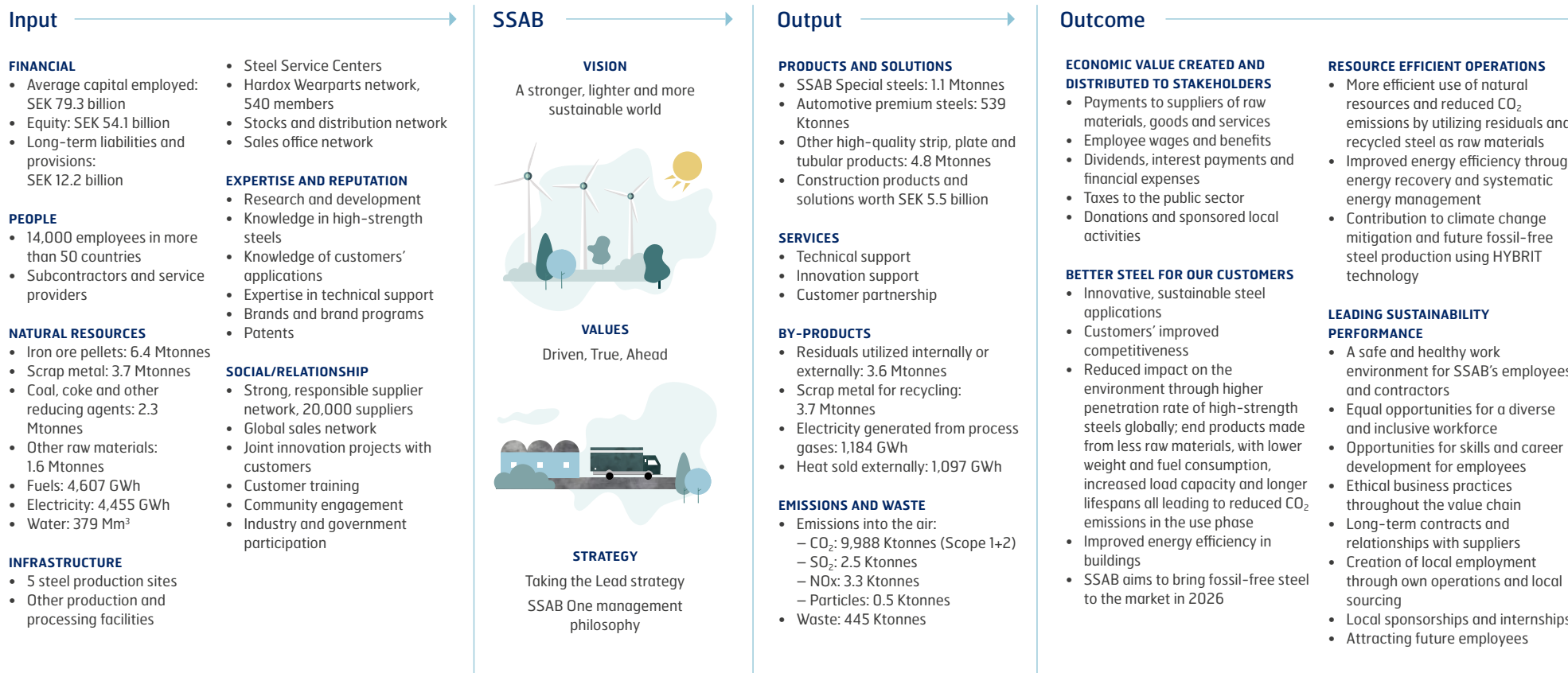
Driven, True, Ahead

Values – our fundamental beliefs, our personality upon which our existence is based “helps us determine right from wrong”.



SSAB's value creation

SSAB's value creation model describes how value is created through our business model for SSAB and our stakeholders. Using HYBRIT technology, SSAB aims to be the first steel company in the world to bring fossil-free steel to the market in 2026. With the help of fossil-free steel and a fossil-free value chain, SSAB will reduce the carbon footprint in the steelmaking process and thus help other sectors such as Automotive, Heavy Transport and Construction to become fossil-free from a lifecycle perspective.





Operating environment

Complex factors govern SSAB's opportunities and risks both in our home markets and further afield. The company carefully and continuously monitors global economic and social development to shape our strategic decisions.

Global megatrends affecting SSAB



Climate change and resource scarcity

DESCRIPTION

- Increasing likelihood of extreme weather events (e.g. hurricanes, wildfires, and flooding)
- Increasing consumption of world's natural resources
- Global greenhouse gas emissions need to be radically reduced in order to limit climate warming and meet the targets set in the Paris Agreement

IMPACTS ON STEEL INDUSTRY DYNAMICS

- Extreme weather events affecting steel operations (e.g. hurricanes more common)
- Increasing demand for sustainable, recyclable material (e.g. steel)
- Cost of carbon emissions
- Optimization of available steel capacity to promote more resource and CO₂ efficient products/processes (e.g. China closing down overcapacity and environmentally inefficient production)

SSAB'S RESPONSE

- Securing action plans for mitigating extreme weather events at all major sites potentially impacted
- Helping customers to innovate their products and reducing their CO₂ footprint through upgrading to high-strength steel
- Goal is to offer fossil-free steel to the market in 2026 and become fossil free throughout our entire operation by 2045

Population growth and urbanization

DESCRIPTION

- Growing global population
- Rapid urbanization primarily in developing countries
- Urban areas need to be continuously developed to manage the increasing complexity

IMPACTS ON STEEL INDUSTRY DYNAMICS

- Increasing demand for steel in construction, infrastructure and energy sector
- Increasing demand for sustainable and energy-efficient buildings

SSAB'S RESPONSE

- Developing new products and offerings to meet future challenges
- Offering broad spectrum of products to be used in construction and infrastructure, as well as in construction machinery and renewable energy plants



SSAB works toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil-related emissions, with a goal of offering fossil-free steel to the market in 2026 and becoming fossil free in our operations by 2045.

Digitalization

DESCRIPTION

- New technologies available at affordable cost
- Digitalization impacting the business model for most companies

IMPACTS ON STEEL INDUSTRY DYNAMICS

- More efficient operating practices available
- Digital services adding more transparency in the value chain
- E-commerce and trade platforms impacting demand-supply dynamics

SSAB'S RESPONSE

- Using robotics, machine learning and advanced analytics to improve production stability and process efficiency
- Renewing digital service portfolio to improve customer experience
- Developing new digital tools such as SSAB SmartSteel to help customers realize the full potential of our steel
- New 3D-printing facility planned in Oxelösund

Changing geopolitical landscape

DESCRIPTION

- Increasing protectionism (e.g. trade protection measures)
- Increasing steel demand in developing economies

IMPACTS ON STEEL INDUSTRY DYNAMICS

- Higher importance of regional markets
- Restrictions on trade and other cross-border flows

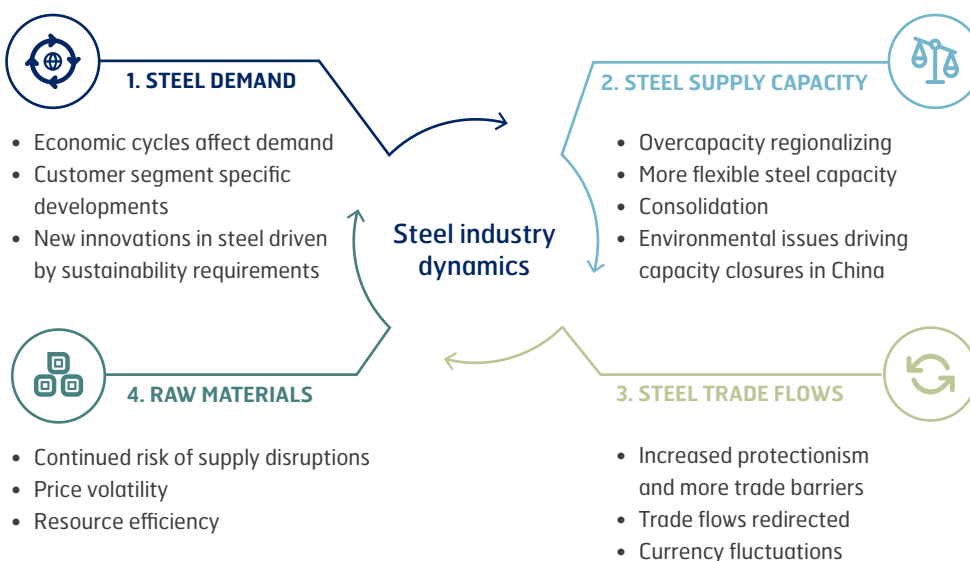
SSAB'S RESPONSE

- Securing leadership positions in our home markets with cost leadership and preferred supplier status
- Taking an active stance for free and fair trade
- Advancing SSAB's position in emerging markets for high-strength steels
- Improve production capabilities, so that each site can cover a broader product range

Steel market and SSAB's position

The year 2020 was a turbulent one in the global steel industry. Steel industry dynamics are shaped by developments in steel demand, steel supply, steel trade flows and the raw material market. These were all affected by the global Covid-19 pandemic, as well as by longer-term underlying trends. SSAB is exposed to this overall steel industry context, but is a relatively small player in the global steel industry in terms of production capacity, and has specialized in certain segments within flat carbon steels.

Four fundamental forces shaping steel industry dynamics



1. Steel demand

Global steel demand taking a severe hit due to Covid-19

Steel demand started to show signs of improvement in early 2020 after a challenging second half of 2019, but soon faced severe headwinds due to the coronavirus outbreak. In general, apparent steel demand held up relatively well in the beginning of the outbreak as customers restocked to mitigate future supply disruptions, but demand then dropped sharply across most markets and segments. Key steel-using segments, such as the automotive sector, ceased production completely during parts of the year because of the lockdown measures introduced in multiple countries. Furthermore, weak end-user demand and supply chain disruptions continuously caused challenges in most segments throughout the year. Steel demand started to steadily pick up toward the end of the year, but a recovery to pre-Covid-19 levels is expected to take time. China has demonstrated the fastest pace of recovery, while Europe and the US, for example, have shown a more moderate pace by comparison.

reducing their environmental impact. In the mining industry, customers are striving to increase the durability of equipment and reduce downtimes. The use of high-strength steels provides advantages in the form of stronger, lighter and more durable steel solutions. Use of these steels therefore continues to increase and has a higher growth potential than standard steels. Furthermore, multiple steel-using segments are showing a growing interest in low CO₂ steel, where steel companies are now investing to bring solutions to market to meet strong customer demand.



2. Steel supply trends

Industry taking action to balance supply and demand after the drop in the market

Excess steel production capacity, especially in China, but also in Europe, has been impacting steel industry dynamics since the financial crisis of 2008. However, apparent demand and effective capacity have become more balanced in recent years. Going into 2020, market expectations looked favorable until the pandemic started to unfold.

In most of the world, the steel industry was forced to take short-term actions to cope with declining demand. This included idling a large number of blast furnaces, taking outages at EAF facilities, and part time layoffs of employees. In some cases, blast furnaces have been permanently closed. Notably, the Chinese authorities worked actively to improve their domestic situation by stimulating demand, with a variety of stimulus

Innovation toward productivity and sustainability continue to drive new steel demand

Global megatrends and industry-specific trends shape customer demand across all industries, including the steel industry. For example, users in the construction and automotive industries are working at lower costs, improving safety and lightening the weight of their products, thereby

to fuel economic recovery and reduce the effect on the steel industry.

Supply landscape transformation

2020 saw the continuation of a number of regional trends in how the supply landscape is transforming. In Europe, there is a strong push toward green technologies and more sustainable steelmaking processes. Despite talks of consolidation between steel companies, no large deals were announced. In the US, a number of greenfield initiatives to build new electric arc furnace mills continue. The US flat carbon steel market also saw the emergence of a new large steel company since the mining company Cleveland-Cliffs forward-integrated by acquiring AK Steel and most of the US assets from

ArcelorMittal. In Asia, consolidation continues and Baowu overtook ArcelorMittal as the world's largest steel company.



3. Steel trade flows

Increasing trade tensions

Global trade patterns have been scrutinized and debated in recent years, resulting in more and more countries installing protection mechanisms. The introduction of trade barriers was growing worldwide already before the coronavirus outbreak and the number of global trade cases has increased in recent years. Section 232 tariffs in the US may be the best-known measure, but several other regions have also introduced retaliatory measures. Additional measures were introduced during the coronavirus outbreak to

better control flows of imported steel. This can be seen for example in Europe, where country-specific import quotas were used to a greater extent than earlier. Substantial trade policies will likely be in force for a number of years, and more may be introduced if perceived necessary to curb predatory trade practices. As such, they may dampen economic growth prospects and/or hinder exports of niche materials, but should, on the other hand, at least in the short term, be supportive of steel prices in home markets.

Market regionalization

Trade policies combined with increasing steel demand locally have resulted in decreased trade, particularly between geographical regions. Extra-regional steel trade (i.e. excluding trade within the EU, NAFTA, CIS, etc.) has been on a downward path in recent years and accounted for 14% of global steel demand in 2019, down two percentage points from 2018. The US remains the largest net importer of steel, with a trade deficit of about 20 million tonnes in 2019, whereas Europe had a trade deficit of about 12 million tonnes. It is notable that China, which has historically been a major net exporter of steel, has been a net importer during parts of 2020 following a strong domestic demand recovery. The coronavirus outbreak could be a further catalyst of market regionalization as companies may consider localizing supply chains and further trade policies may be introduced to save local jobs and support a green re-start of the economy (e.g. through carbon border taxes).



4. Input materials

A sharp increase in iron prices

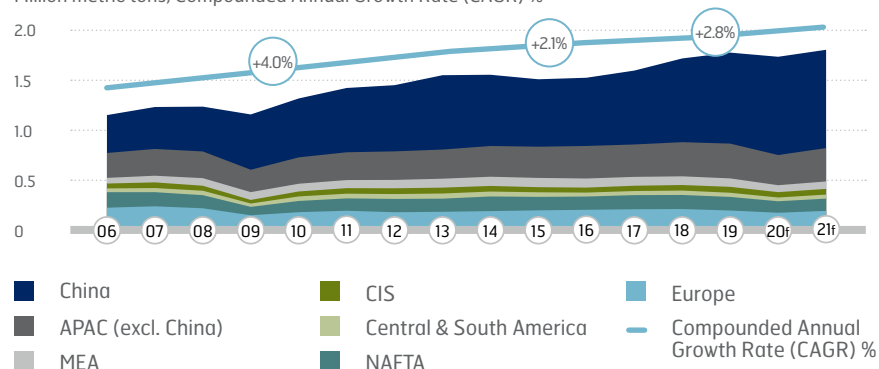
During 2019, iron ore prices rose to recent record levels. However, during the first part of 2020 iron ore prices started to come down only to sharply reverse upward during the second half of 2020. The main drivers for the increase in iron prices were production disruptions from some of the major low-cost producers, coupled with high demand based on high Chinese steel output rates. The combination meant that producers higher up on the cost curve had more influence over global iron ore prices. High iron ore prices had a negative effect on steel production profitability as producers were unable to pass on the increased costs to customers.

Steel prices

Steel demand, steel supply capacity, steel trade flows and input materials all impact the sales prices of steel products globally. Steel prices have been increasingly volatile and unpredictable in recent years and the Covid-19 pandemic has not contributed to stabilize prices. Looking at the prices during 2020, hot-rolled coil spot steel prices fell about 10% in Europe from the start of the year until the end of summer, at which point they started to recover and ended up 40% higher than the starting point of the year. Standard plate prices were especially affected, falling at the beginning of the year, but also recoiled and plate prices have increased by about 15% in Europe and close to 22% in the Americas.

Apparent demand for finished steel products

Million metric tons; Compounded Annual Growth Rate (CAGR) %



Source: Worldsteel Short Range Outlook October 2020

SSAB's steel market position

SSAB is present in the steel segment commonly referred to as flat carbon steels (i.e. steels with a particular carbon content rolled into flat sheets or plates). With an annual steel production capacity of approximately 8.8 million tonnes, SSAB is a small player in the global carbon steel market. This is why SSAB specializes in and focuses on four defined segments within flat carbon steels, where we have strong market positions:

- Flat carbon steel and tubes in the Nordics
- Heavy plate in North America
- Automotive premium steel (Advanced High-Strength Steel, AHSS) globally
- Special steels (Quenched & Tempered, Q&T and AHSS) globally

SSAB has leading positions in our Nordic and North American home markets. SSAB has an overall market share of around 40% for flat carbon steels in the Nordic region. In North America, SSAB is the largest producer of heavy plate, with a market share of about 30%. With our leading products, brands, knowledge and well-invested asset base, SSAB also holds the number one position in the global market for Quenched and Tempered (Q&T) plate and strip, and in selected Advanced High-Strength Steel (AHSS) segments.

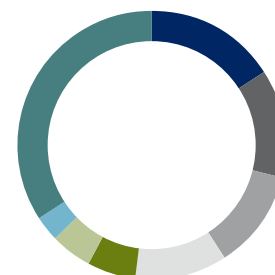
These market segments account for about 3% of the global market for carbon steel. In addition to being a steelmaker, SSAB is also a steel and non-

ferrous metal distributor via our subsidiary Tibnor, and offers steel-based construction solutions through our subsidiary Ruukki Construction.

The main customer segments served by SSAB include heavy transport, construction building and infrastructure, automotive, industrial applications, construction machinery (including lifting), energy and material handling (including mining). In our home markets, the Nordic region and North America, standard steels are also sold through steel service centers and distributors.

Customer segments

Share of total shipments in 2020



- Heavy transport 16%
- Construction 13%
- Automotive 12%
- Industrial applications 11%
- Construction machinery 6%
- Energy 5%
- Material handling 3%
- Service centers 34%

SSAB is market leader in defined areas of the global steel market



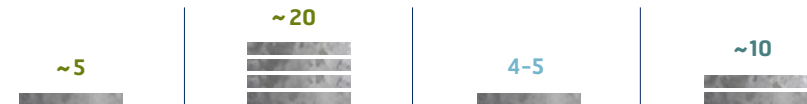
Global carbon steel market
100% = ~1,800 million tonnes

3%

SSAB focus markets

Special steels Globally ¹⁾	Automotive premium steel Globally ²⁾	Flat carbon steels and tubes in The Nordics	Heavy plate in North America
--	--	--	---------------------------------

Market size, million tonnes



SSAB market share, %



¹⁾ Defined as Quenched & Tempered (Q&T) flat products and Hot rolled Advanced High-Strength Steel (AHSS) ≥ 700MPa in targeted segments

²⁾ Defined as hot-rolled, cold-rolled and coated Advanced High-Strength Steel (AHSS) strip products for automotive ≥ 420MPa



Strategy

SSAB's strategy is to strengthen our leading positions in high-strength steels globally, in our home markets, and as a provider of value-added services.

Taking the Lead

SSAB continuing the strategic direction

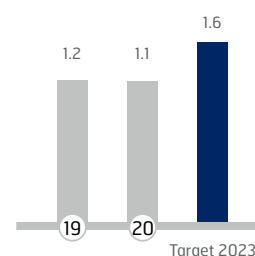


In 2020, we adjusted the specifics of each element in the Taking the Lead strategy to reflect the opportunities for coming years. The strategic targets were pushed back to 2023 (from 2022)

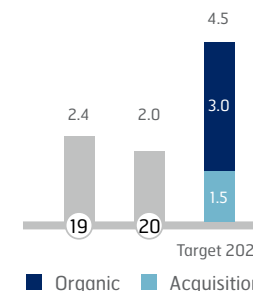
due to Covid-19 impacts. Furthermore, our strategy continues to emphasize our commitment to being first in iron ore-based fossil-free steel and leading sustainability performance.

SSAB's strategic targets

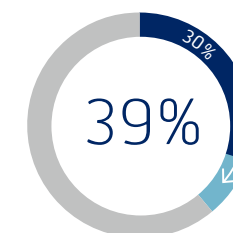
SSAB SPECIAL STEELS
Shipments, million tonnes



SSAB SERVICES
Revenue, SEK billion

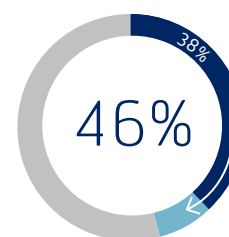


SSAB AMERICAS
Premium share

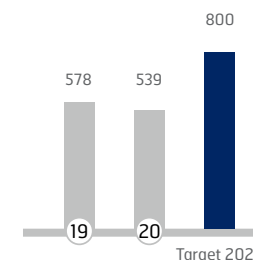


SSAB EUROPE

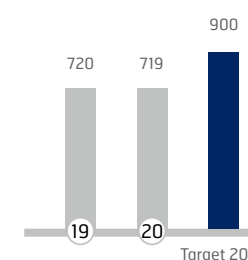
Premium share



Automotive AHSS
Shipments, thousand tonnes



Premium
Shipments, thousand tonnes



40-45%

Market share in the Nordics (over time), SSAB Europe – supported by Tibnor and Ruukki Construction

First in fossil-free steel

SSAB is undertaking a strategic roadmap to revolutionize steelmaking, and to be the world's first steel company to deliver iron ore-based fossil-free steel to the market in 2026. This includes an active leadership role in the HYBRIT joint venture initiative with LKAB and Vattenfall. The target is to be fossil free as a company by 2045.

Activities aimed at converting the production system to deliver fossil-free steel were running at full speed during 2020. The HYBRIT pilot plant in Luleå was inaugurated in August 2020 and the planning for a large-scale demonstration plant is ongoing with the target of being ready in 2025. Conversion to fossil-free steel production in Oxelösund using an electric arc furnace is also progressing at full speed. There is a growing interest from customers to lower the carbon footprint in their value chain, which opens up great potential for fossil-free steel as a premium product.



Leading home-market positions

Maintaining the market leading position in SSAB's two home markets, the Nordics and North American plate, remains a foundation for SSAB. We intend to strengthen our position in the coming years and to increase the share of premium steel shipments.

During 2020, which was affected by the pandemic, SSAB's market share in the Nordics was slightly lower compared to 2019. Going forward, further growth with a focus on increasing the share of premium products will be achieved both through our own channels and in partnership with customers and external steel distributors with which we have long-term agreements. In North America, SSAB remains the market leader in heavy plate in terms of both profitability and market share. Going forward, SSAB Americas continues to develop the product mix toward premium shipments.



Global leadership in high-strength steels

SSAB is a global leader in Quenched and Tempered (Q&T) steels and in specific high-strength automotive applications (AHSS). Both offer good growth opportunities in the coming years as fundamental trends drive the use of high-strength steels.

SSAB's volumes in 2020 were affected by the Covid-19 outbreak. However, SSAB's volumes through SSAB Special Steels' own distribution channels to small and mid-size customers were more stable, while sales of lower grade mid-segment products to large OEMs declined more year on year. In Automotive, SSAB outperformed the total steel market due to focus on premium AHSS products.

38% Share of premium products in 2020 (36%)

30% Share of premium products in SSAB Americas in 2020 (33%)





Leading value-added services

Value-added downstream services are important channels to market for SSAB. They also represent an important growth area for SSAB's long-term development, as many customers require more services and complementary products to process SSAB steels.

We have further strengthened our position within value-added services (e.g. through global stock sales and by leveraging Abraservice, which was acquired in 2019). Tibnor has successfully delivered on a cost reduction program and holds a leading position in all Nordic markets. Furthermore, Ruukki Construction has completed a portfolio transformation and has now raised its overall profitability by focusing on the roofing and building envelopes businesses.



Superior customer experience

SSAB is committed to offering a superior customer experience by outperforming competitors on delivery performance, quality and overall service level and satisfaction. SSAB will also further develop digital services and find new ways to engage with customers.

The results in the 2020 customer survey developed positively, with an NPS (Net Promotor Score) of 39 (and number 1 position in the US Jacobson survey). However, there is still scope for further improvement. SSAB will continue focusing on quality, lead times, delivery performance and sales responsiveness. We will also invest in technical support and joint innovation initiatives to help our customers to get the best out of SSAB's high-strength steels. SSAB continues to focus on growing digital services where the number of users of the customer portal is growing month by month and further development of e-commerce and EDI capabilities are ongoing.



Most flexible operations

SSAB has the highest focus on efficiency, reliability and flexibility in our global production system. Through SSAB One, the goal is to involve all employees in achieving continuous improvement. Also, digitally enabled improvement initiatives in operations will be increasingly important in the coming years.

Flexibility in the production setup is one way for SSAB to be more resilient in periods of weaker demand. Following the Covid-19 outbreak,



1.1 million tonnes
Special Steel
shipments in 2020
(1.2)

3.7 Lost time injury
frequency in 2020
(4.2)

38% Share of premium
products in
SSAB Europe (39%)

flexibility measures were introduced to adjust to falling apparent demand. The Nordic production system was adapted to run using three instead of five blast furnaces, and staffing was temporarily adjusted through flexibility measures.



High-performing organization

A key element of SSAB's business strategy is to build a high-performing organization with strong employee engagement globally. SSAB will continue to work with leadership and competence development, and strive to enhance diversity in the workforce.

In 2020, SSAB participated in multiple own and industry initiatives to attract talent to and enhance diversity in the company. One example of this is the Swedish Female Leader Engineer program. SSAB also continued to work with the updated company values introduced in 2019: Driven, True and Ahead, which summarize our commitment to working together to create value, being honest and always looking to the future. Our values are a key component of what we call The SSAB Way, which brings the SSAB vision, values and strategy, and principles together to strengthen our common culture.

Read more on p. [87](#).

Leading sustainability performance

Sustainability is the foundation for everything at SSAB. SSAB wants to offer a safe work environment, adhere to high environmental standards, and to be a responsible partner to all stakeholders. Engaging with customers in the area of sustainability, and the use of sustainable SSAB steels will enable SSAB to create greater business value. In 2020, SSAB adopted a new sustainability strategy, With the Future in Mind, with the objective of creating a closer link to the Taking the Lead strategy, SSAB's vision and core values.

SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. Safety performance continued to improve in 2020, when the LTIF (Lost Time Injury Frequency) decreased from 4.2 in 2019 to 3.7.

Read more about SSAB's sustainability performance in our Sustainability report p. [45](#).





Business segments

SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.

SSAB Special Steels

Head of SSAB Special Steels:
Johnny Sjöström (1974), EVP

Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)

3,200

Employees, approximately

16,143

 MILLION SEK

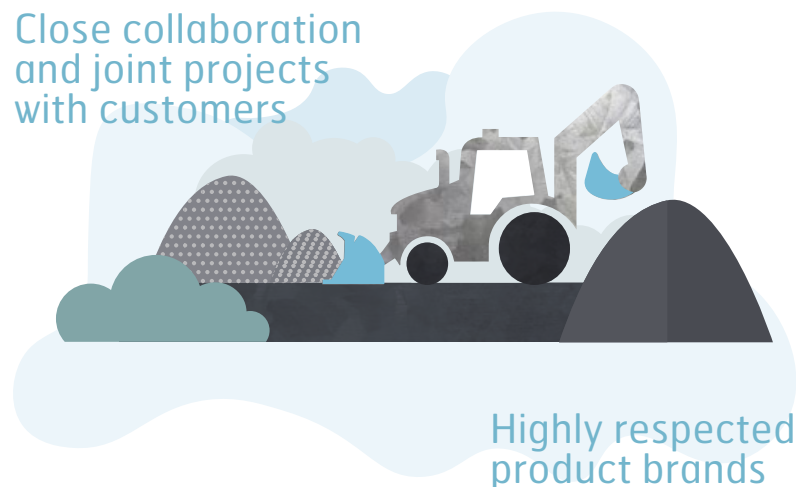
Revenue in 2020

1.1

 MILLION TONNES

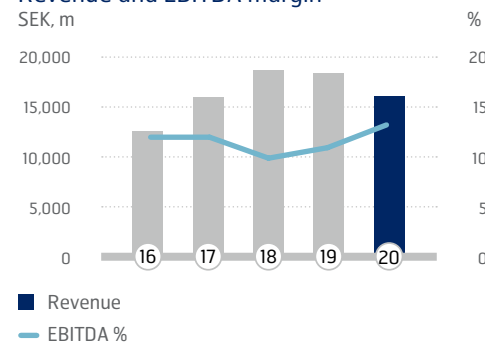
Steel shipments 2020

Close collaboration
and joint projects
with customers



Highly respected
product brands

SSAB Special Steels
Revenue and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

540

Hardox
Wearparts
members

130

Present in
130 countries

SSAB Special Steels' wide product portfolio includes a number of unique steel grades. Hardox - our global brand of wear steels - has the highest awareness of all brands in the steel market. Through close collaboration, we help our customers to utilize our high-strength steels to create new, innovative steel solutions and applications.

Strategy

SSAB Special Steels aims to further strengthen its leading position in high-strength steels as well as in related value-added services. The market for high-strength steels has to a large extent been driven by SSAB. Since 2000, SSAB's shipments have increased by an average of around 8% a year, outperforming the general steel market. Structural growth is generated by manufacturers' needs for higher productivity and better sustainability performance in machinery and equipment.

Upgrading components to more advanced steel enables weight reduction and extended service life.

Development of new products and applications often takes place in close cooperation with customers. As early as possible in the development of a new product – be it a tipper, a chute or a crane – SSAB's engineers work together with the customer in developing solutions that best utilize the properties of each steel grade.

With an estimated global market share of 25%, SSAB is the largest producer of high-strength steels. There is a large number of competitors with relatively small market shares and SSAB sells roughly three times more in terms of volume than its closest competitor. Most competitors focus on sales to service centers and large OEMs in selected markets. Apart from those segments, SSAB's unique global sales network enables us also to reach small and mid-size customers in all corners

25%

Market share, Special Steels, approximately

of the world. This network includes own stock locations, local sales force as well as technical support.

To further develop the channels to the market, SSAB Special Steels is expanding the Hardox Wearparts network as well as SSAB Services. Hardox Wearparts is a network of mainly independent companies offering wear parts and just-in-time repair services to end-users in the local aftermarket in the mining, quarrying, recycling and construction sectors. SSAB Services focuses on providing products and services to machine builders and the after-market business. This strategy allows SSAB to maintain a high service level in smaller and fragmented markets, and also to gain exposure to end-users' operating expenditures (OPEX), which has a stabilizing effect over the business cycle. This has proven to be a successful strategy not only to increase the sales volume but also to drive further upgrading to

Strategic targets

- Grow shipments by 23% from 1.1 million tonnes in 2020 to 1.6 million during 2023
- SSAB Services is to increase revenue to SEK 4.5 billion during 2023 through a combination of organic growth and acquisitions

Strengths

- Unique and highly advanced products
- Flexible production system with SSAB Special Steels capacity in Oxelösund, Raahe, Borlänge and Mobile
- Combined SSAB Special Steels capacity, including ongoing investments, of more than 1.6 million tonnes

- Unique go-to market model with a global network serving more than 130 countries
- High product quality with consistent properties
- Well-known and highly-respected product brands
- Close customer collaboration and joint projects with customers result in highly paced development and increased competitiveness

Competitors

ArcelorMittal, Dillinger, Voestalpine, Nucor, Nippon, ThyssenKrupp, NLMK Clabeq

harder and stronger steels in line with our vision. This ability will be developed further in the future.

Growing the volume of high-strength steels is a key in the overall objective of the SSAB Group to improve the product mix. High-strength products are also made in the mills of SSAB Americas and

SSAB Europe and increasing those volumes means allocating less capacity to standard products. By 2026, when the steel mill in Oxelösund has been converted to an electric arc furnace (EAF) and the production of sponge iron using HYBRIT technology has started, SSAB Special Steels will be able to offer fossil-free premium products.

2020

Despite a challenging year, a solid strategy, a presence across all geographies and in different segments meant that shipments in 2020 totaled 1.1 million tonnes, just 8% below the figure for 2019. From a geographical perspective, Europe was the most challenging market and took the biggest drop in shipments, while APAC (Asia Pacific) and MEI (Middle East & India) grew by almost 10% year on year.

The stock business, serving the small and fragmented market, held up much better compared to direct business, which tends to supply the larger OEMs. The focus on strategic products proved to be right since the decrease in this part of the program was only half that compared to the rest of the offering. Raw materials handling was the strongest segment for SSAB Special Steels during 2020 and shipments

increased by almost 5%. Construction machinery (especially the sub-segment Lifting) turned out to be the weakest segment, with a substantial drop in volume year on year.

The strategy to provide added value remains firm, and new products and services were rolled out. Trays produced by one of the subsidiaries and licenses for bucket production are examples of areas that we have leveraged.

There were 27 new Hardox Wearparts Members appointed during 2020, but the total number of centers remained more or less on the same level as in 2019 because of offboarding companies not living up to expectations by being part of this cooperation program. The current focus is to grow the volume of SSAB's products through the network rather than to grow the number of members.

CASE: AUSTIN ENGINEERING INNOVATES LARGE MINING TRUCKS WITH HARDOX 500 TUF

Austin Engineering brings one-of-a-kind mining truck equipment and solutions to forward-thinking operations. Mining operations can choose to haul more material in fewer trips using less fuel and at a higher capacity or choose to haul the same amount of material over a longer truck body life with custom-designed truck bodies like Austin Engineering's brands of Westech and JEC bodies, using Hardox 500 Tuf.

 [SSAB.COM](https://ssab.com)



SSAB Europe

Head of SSAB Europe:

Olavi Huhtala (1962), EVP

Leading Nordic-based premium steel producer of high-quality strip, plate and tubular products

6,700

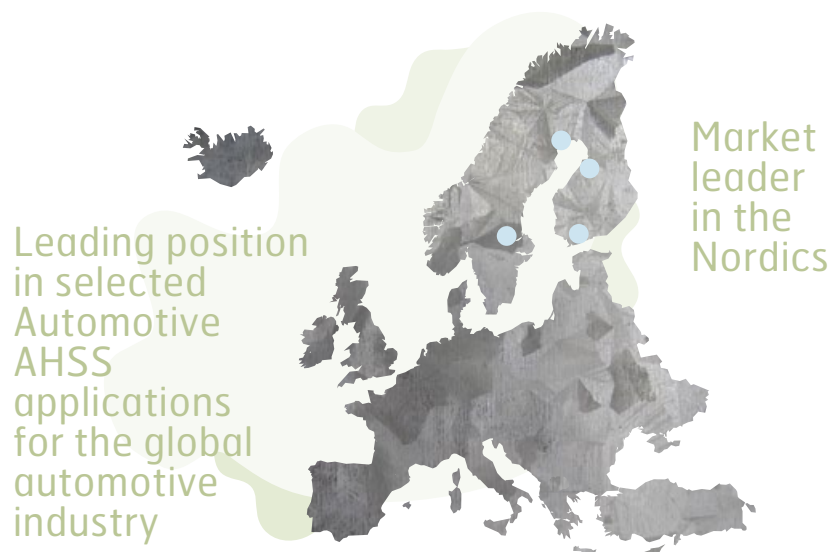
Employees, approximately

27,954 MILLION
SEK

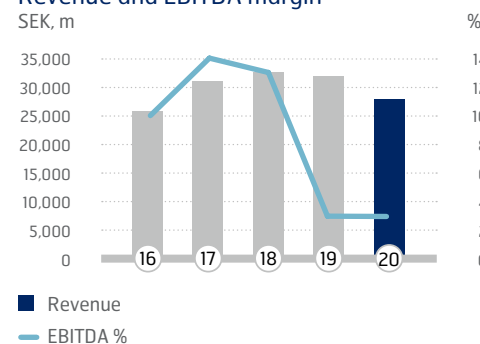
Revenue in 2020

3.3 MILLION
TONNES

Steel shipments 2020



SSAB Europe
Revenue and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

37%

market share in the Nordics in 2020

38%

share of premium products

SSAB Europe is a leading premium producer of high-quality steel strip, plate and tubular products. The division stands out from other steelmakers through its know-how of production processes, applications of high-strength steels and value-added services.



Strategy

The Nordic home market is core to SSAB Europe's strategy. The focus is on developing the product and service offering to strengthen the market leading position as the most reliable supplier and customers' first choice. Cooperation and synergies with Tibnor and Ruukki Construction are key elements in the strategy, as they support market share, profitability as well as resilience over the business cycle.

Improving the product mix remains an important area. By allocating a larger share of the production capacity to premium products, SSAB Europe can reduce shipments of standard products outside of the Nordic home market.

SSAB Europe has two main categories of premium products. First, advanced high-strength steels (AHSS), which are sold globally

to the Automotive segment. Second, premium steels, which are sold in the European market to other industries. SSAB has a strong position in several automotive applications, among other things due to the most advanced products in the market for ultra high-strength martensitic steels. In vehicles, drivetrain electrification and hybrids are increasing the relative importance compared to traditional combustion engines. Low weight, keeping high-strength stiffness and

safety performance remain key elements in all new vehicle design. This is why SSAB expects the AHSS market to continue to grow structurally as automotive manufacturers seek to reduce weight and improve safety performance.

In premium steels, SSAB Europe is continuing to focus on upgrading current customers from standard to premium products, and to develop new customer segments and applications. Key

Strategic targets

- Reach a share of premium products of 46% (2023)
 - 800,000 tonnes of Automotive AHSS shipments (2023)
 - 900,000 tonnes of premium steel shipments (2023)
- Market share of 40–45% in the Nordic market

Strengths

- Market leader in the Nordics
- Close collaboration and long-term commitment to customers combined with support services
- Extensive product portfolio with unique automotive and premium steels supported by strong product brands

- Leading technology and materials expertise, application know-how
- Synergies from close cooperation with Tibnor and Ruukki Construction
- Flexible service and supply chain adapted to end customer and distribution channels
- Sustainable offering and among the most CO₂ efficient BOF production in the world

Competitors

ArcelorMittal, Dillinger, Salzgitter, ThyssenKrupp, Tata Steel Europe, US Steel and Voestalpine

growth-supporting initiatives seek to further promote end-user benefits through SSAB Europe's premium products and to enhance collaboration with multi-channel distributors (e.g. SSAB Laser Certified Partner network expansion, the GreenCoat partnership program, new premium product launches and digitalization initiatives).

In construction and industry, decarbonization initiatives will also create opportunities for upgrading to premium steels in different applications. For example, the Sustainable Europe Investment Plan, one of the pillars of the Green Deal, will boost sustainable projects such as renewable energy generation and other needed infrastructure in the EU.

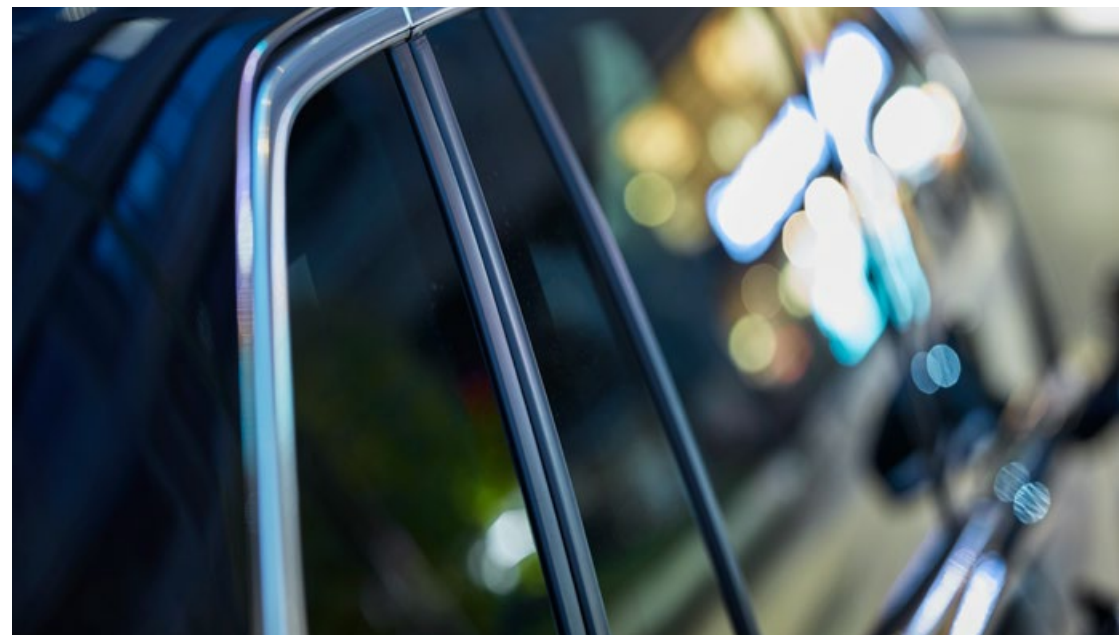
2020

The Covid-19 outbreak and related industrial and economic lockdown experienced since March 2020 have had a massive impact on the output of steel-using sectors, with plant closures, capacity reductions and huge supply chain disruptions. The drop in real steel consumption is estimated to be around 11.5%* year on year, with the Automotive segment being the hardest hit and the construction segment the least affected. Despite the fall in steel shipments, SSAB Europe managed to keep our share of Premium products stable from the previous year's level at around 40%. Furthermore, whereas steel-weighted industrial production

in Automotive is estimated to have decreased 20.6%* year on year, SSAB Europe's AHSS sales to the automotive segment decreased just 7% year on year. Premium steel volumes were 719 thousand tonnes, which in principle was unchanged compared to 2019. SSAB Europe's market share in the Nordic home markets decreased slightly to 37%, due to increased competition. Operating result decreased to SEK -1,113 million, which was mainly due to the sharp drop in steel shipments and prices during Q2-Q3, and increased costs due to lower capacity utilization. Extensive cost savings and capacity adjustments were carried out to counteract the strong decrease in turnover. Fixed costs decreased by a total of around SEK 620 million compared to 2019.

Reduced work time in SSAB Europe during most of 2020, together with delayed car model launches, meant that some product development projects were also pushed back. However, we managed to grow our material approval basket by investing significant resources and finalized more than 10 Automotive OEM grade approvals. Product development in Automotive was focused on improving existing grades and also launching new ones (e.g. Docol HR800CP (improved) and Docol 800 HE). In Premium products, high-strength SSAB Weathering grade expansion continued from plate to strip products.

* Eurofer Quarter 4-2020 report



CASE: SHAPE CORP.

Shape Corp. from the United States was awarded the Swedish Steel Prize in 2019 for the groundbreaking use of martensitic steel in a 3D formed tube for automotive roof rail applications. With great skill, Shape Corp. has shown the way forward and has succeeded in efficiently utilizing a modern material with the highest possible strength level. This shows a major opportunity in challenging other lightweight materials with a steel solution that allows for circular material flows.

[SSAB.COM](https://ssab.com)

SSAB Americas

Head of SSAB Americas:

Charles Schmitt (1959), EVP

Market-leading North American producer of quality steel plate and coil

1,200

Employees, approximately

13,266

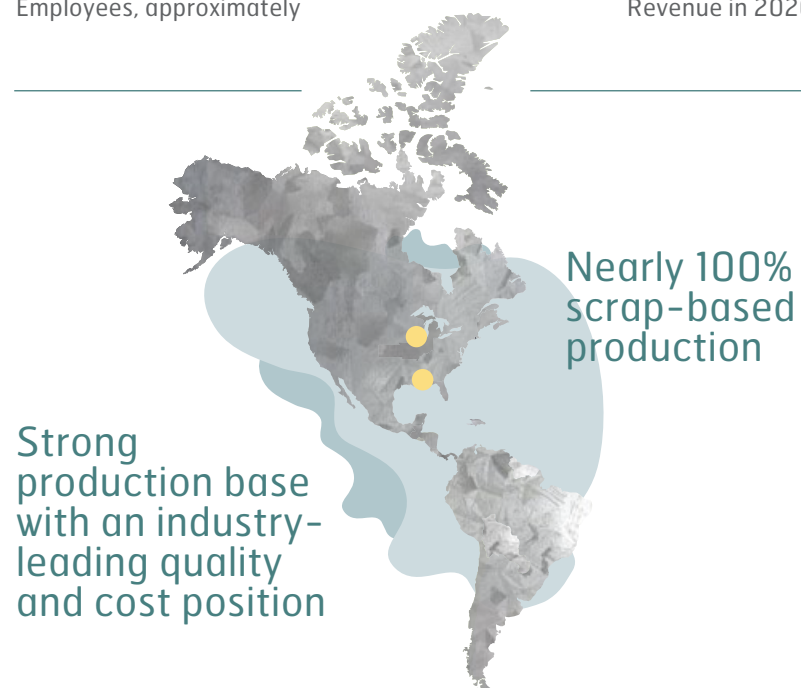
MILLION
SEK

Revenue in 2020

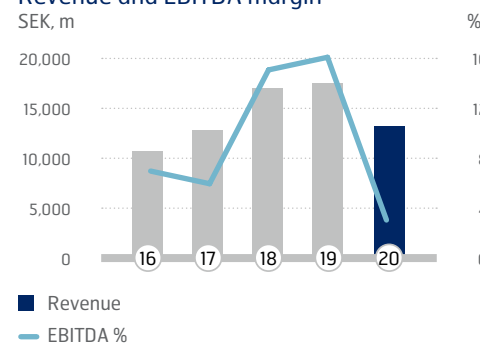
2.0

MILLION
TONNES

Steel shipments 2020



SSAB Americas
Revenue and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

33%

Market share in 2020

No.1

in quality, based on independent survey

SSAB Americas is the largest producer and supplier of steel plate in North America, strongly positioned and highly recognized in the region for cost efficiency and quality.

Strategy

The foundation of SSAB Americas' strategy remains unchanged, with a focus on a high level of service and superior quality, while maintaining the lowest cost position and the most flexible setup in the market, as well as leadership in safety. SSAB continues to invest in more advanced production capacity; therefore, a higher share of the production capacity in North America continues to be allocated to high-strength steels (sold by SSAB Special Steels) and premium products in the future. This will strengthen the overall product mix of the SSAB Group.

Against this backdrop, in 2019, SSAB Americas developed a new go-to-market and service model, targeting a diverse customer base with a higher share of fabricators and OEMs than previously. At the same time, the portfolio of products and services will be differentiated to facilitate more growth of premium volume, such as products targeted to the energy, offshore, and railway and shipbuilding segments.

The mid-term outlook for plate demand remains uncertain as the industry recovers from the downturn created by Covid-19. Longer term, there will be opportunities as there remains a significant need to reinvest in infrastructure in North America. If more investments materialize long-term, several end-user segments, such as heavy fabrication and construction equipment,

30%

Share of premium products
in 2020

will benefit. Also, demand from wind energy is expected to remain positive in the long-term.

2020

SSAB Americas' operating result decreased in 2020 to SEK -293 (2,128) million, mainly due to significantly lower sales margins. The year started with relatively stable plate prices, which resulted in healthy margins during the first quarter of 2020. Prices began to decline in the second quarter and continued to decrease through mid-year as the organization battled the industry downturn brought about by Covid-19.





Strategic targets

- Increase the share of premium products to 39% by 2023 (2020: 30%)
- Increase the share of shipments to end-users to be more than 50% (2020: 36%)

Strengths

- Strong North American production base with industry-best quality and a leading cost position

- Two modern steel production facilities utilizing electric arc furnaces (EAF), which use recycled scrap metal as raw material
- Close partnerships with customers to develop unique customized products and solutions

Competitors

Domestic steel producers, such as Nucor, ArcelorMittal, Evraz, Essar Algoma and imported products

SSAB is the largest producer and supplier of heavy plate in North America and the market share increased during 2020 to approximately 33% (27). Demand from steel service centers decreased throughout 2020. Steel service centers account for SSAB Americas' primary customer segment, although the share is expected to decrease over time as part of the new go-to-market model. Other important market segments including heavy transport and energy were also hit during 2020 by Covid-19.

SSAB Americas maintained its number one industry position in quality based on third-party survey results. The share of premium products was 30% (33).

Tibnor

Head of Tibnor:

Kimmo Väkiparta (1965), President

Leading supplier of steel, other metals and processing services in the Nordics

1,000

Employees, approximately

8,241

MILLION
SEK

Revenue in 2020

25%

market share
in Nordic steel
distribution

50%

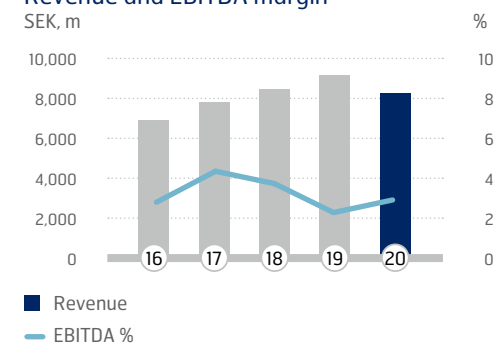
of sales are
SSAB's products

Logistics
expertise and
modern customer
service solutions



Extensive product
range and specialized
processing services

Tibnor
Revenue and EBITDA margin¹⁾
SEK, m



¹⁾ Excluding items affecting comparability

Tibnor distributes steel and other metals to the industry in the Nordics and Baltics, complemented by a wide range of value-adding processing and parts production services. Tibnor plays an important role in securing SSAB's leadership in the Nordic home market.

Strategy

Tibnor's strategy is to provide customers with the broadest offering at the most competitive price. The focus is to win market shares through growth in all customer channels, including parts volumes with a new, more efficient parts production setup and growing the digital channel share to 40%. With implemented synergies from the acquisition of the steel distribution business of Sanistål A/S in Denmark, and substantial cost savings implemented during 2020, Tibnor's cost focus going forward is on purchasing and transport costs, as well as on further automation. These measures will allow Tibnor to leverage its market position and reach industry-leading profitability.

Working in close collaboration with strategic suppliers and partners, Tibnor aims at being the center of smarter solutions, thereby strengthening Nordic industry.

2020

The Nordic steel distribution market was characterized by a rapid decline in Q2 due to the Covid-19 pandemic, with volumes 20% lower than last year. OEMs and subcontracting segments were hardest hit, while the construction segment held up better. The market started a slow recovery during the second half of the year.

Tibnor initiated a substantial cost saving program at the end of 2019. This was fully implemented in Q3 2020 and offset the slowdown well. Tibnor continued to deliver positive results as well as winning market shares throughout the year.

Tibnor had a market share of around 25% of the Nordic distribution market in 2020. The distribution and processing business accounted for about 80% of sales, with direct mill supplies accounting for the remaining 20%.



Strategic initiatives and targets

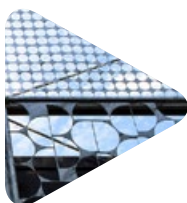
- Ensure good availability based on customer needs
- Implement cost savings measures in external purchasing and transport costs
- Reach an EBITDA margin of more than 5% in 2022
- Reach a ROCE of more than 15% in 2022
- Increase stability over the business cycle
- Support and market SSAB steel business' premium and service offerings
- Develop the parts business and other processing to increase value added
- Offer superior customer experience (24h lead time and >95% delivery accuracy)

Competitors

BE Group, Stena Stål, Norsk Stål, Lemvigh Muller and Kontino, as well as a number of national local companies and niche actors

Tibnor's role in SSAB's portfolio:

- Strengthen home-market position by targeting small and medium-sized customers



CASE: VESTRE

For the Norwegian outdoor furniture manufacturer Vestre, only the best steel is good enough. Tibnor has been supplying it to Vestre for several years, while also providing its customer with first-class processing services, deliveries and shipping warehouse. Responsibly.

[TIBNOR.SE](https://tibnor.se)

Ruukki Construction

Head of Ruukki Construction

Sami Eronen (1971), President

Sustainable building products and services in Europe

1,400

Employees, approximately

5,516

MILLION
SEK

Revenue in 2020

10

Operations in 10 countries

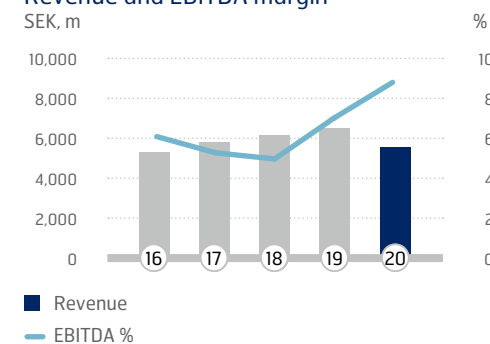
Operates
both in the
residential and
non-residential
construction
segments



Recognized
Ruukki brand

RUUKKI

Ruukki Construction
Revenue and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

Ruukki Construction offers sustainable building products and services such as roofing and envelopes. Core business segments are non-residential and residential construction.



Strategy

Ruukki Construction has over the past years divested non-core businesses and created a foundation to achieve profitable growth. Following completion of the divestment of the Building Systems business unit in May 2020, Ruukki Construction is able to fully focus on growth in its product businesses within Roofing and Building Envelopes in the core market areas: the Nordics, Baltics and CEE. During past years, Ruukki Construction has successfully grown strongly in its core businesses.

Ruukki Construction will continue to develop the core business units with SSAB as its main steel supplier. Ruukki Construction's goal is to offer its customers complete roofing and building envelope product deliveries, including design and technical support. In its core business,

Ruukki Construction focuses on outperforming construction market growth, both organically through an already launched commercial excellence program and portfolio development as well as by considering acquisitions to strengthen the offering in prioritized segments and markets.

2020

Recent years have seen strong demand in all core areas, but growth is now gradually plateauing, although at a healthy level. During 2020, Covid-19 had negative, but relatively soft and market area specific, impacts on demand. In 2020, Ruukki Construction continued to develop its business through commercial excellence activities and continuous efficiency improvements to outperform market growth. In line with the strategy, Ruukki Construction

Strategic focus areas and targets

- Safety
- Outperform the general construction market growth in core markets
- Continuous improvement in unit cost and capital efficiency
- "SSAB ONE in Ruukki" implementation
- Reach an EBITDA margin of more than 10% in 2022

Strengths

- Recognized brand in core markets and customer segments

- Product and service innovations
- Reliability with high quality, sustainable and certified products as well as extensive warranties
- Strong know-how in steel-based building products

Competitors

Steel-based building product suppliers Kingspan, Lindab, and locally Areco & many other smaller companies

continued to develop the portfolio by improvement updates to existing products and by launching new ones (e.g. Primo façade

claddings). Revenue was relatively stable in 2020 on a like-for-like basis and operating profit increased to SEK 314 (283) million.



CASE: EUROBEEF'S COLD STORAGE FACILITIES, KOŁO, POLAND

Ruukki Construction supplied the sandwich panels for the walls, dividing walls and roofs of Eurobeef's new production facilities. Eurobeef is a meat-processing company and so complies with strict cold storage and food hygiene regulations. The customer was convinced by Ruukki Construction's comprehensive range of high-quality panels used in various parts of buildings and which conform to various requirements.

[RUUKKI.COM](https://www.ruukki.com)

Research and Development

SSAB's R&D model has long since been built on close collaboration and an understanding of both customer and end-user needs. With this well-established model, we continuously introduce valuable new steel products, application possibilities and services, always with a strong focus on our company vision strategy; a stronger, lighter and more sustainable world.

SSAB's R&D organization plays a key role for the constant development of our production processes, in building a strong product portfolio and technical know-how supporting our customers to fully utilize the potential of our steels. Constantly striving for the effective use of resources in producing and using steel has given us our current position as a premium producer of advanced high-strength steels and wear-resistant steels with one of the world's most CO₂ effective steelmaking processes. As we are now moving forward with HYBRIT and our fossil-free roadmap, SSAB R&D will continue to work with the same high fossil-free ambition for our products and customer applications.

Market driven R&D

Our R&D culture is striving toward SSAB products always being the first choice of customers worldwide and setting the standard for performance in selected market segments. And being truly market driven means having

the ability not only to understand but also to translate customer and end-user needs into relevant products. R&D activities take place throughout the development chain; from production processes to products and into customer applications.

R&D facilities:

- Borlänge and Oxelösund (Sweden)
- Raahelä and Hämeenlinna (Finland)
- Montpelier (Iowa, US)

Many of our employees at these research facilities hold doctorate degrees and we have strong academic partners, universities and research institutes who we collaborate with on a long-term strategic basis.

SSAB key factors for successful R&D:

- Market-driven
- Qualified and skilled employees
- Effective portfolio and project management

SSAB works both directly with OEMs, subcontractors and end-users through our own sales force and via distributors, as opposed to many steel companies, who sell products only via distributors. We support our customers in developing better and more competitive products, helping end-users to increase productivity and thereby to reduce costs during the usage phase.

To remain at the forefront in the industry, SSAB will continue to invest in research

and development, technical customer support and joint innovation initiatives to get the most out of SSAB's market offering. At the same time, the organization strives toward superior customer experience, which means the highest standards in terms of product quality, shorter lead times, delivery performance, digital portals and channels for smooth interaction.

- Focus on effective problem-solving
- Work environment that encourages collaboration and innovation
- Strong external partner network

Long-term research agenda

To stay ahead, the R&D organization needs to balance the present and long-term perspective. We need the ability to pursue research we recognize as breakthrough and to be part of our customer's future or changes in the outside world. Long-term projects can last five to ten

years and different parts can be supported by external academic partners and governmental funding.

Hardox

Hardox 500 Tuf, the new generation of Hardox wear plate, continued to gain interest in the market and sales grew compared to last year. During the year, we extended the dimension window for thin plates, which led to new possibilities in applications such as dump truck bodies.



In 2020, we launched Hardox HiAce, which is targeted at applications in acidic and corrosive environments, where it is highly valuable for applications such as garbage trucks, waste-to-energy plants (biomass), sawmills and paper mills.

Strenx

Strenx 1100 Plus, a structural steel optimized for the demanding lifting segment, continued to gain interest in the market. Strenx 1100 Plus is unique in its capacity to achieve a strength truly matching that of welded joints.

Automotive steels

During 2020, SSAB commercialized the strongest

cold-forming steel on the market, Docol 1700M, with a tensile strength of 1700 MPa. In general, ultra-high strength martensitic steels, where SSAB is the global market leader, are being increasingly used in newly developed cars, including electric vehicles.

Another trend in Automotive is the introduction of novel cold-forming steel grades (3G AHSS), with an improved combination of strength and ductility in order to compete with press-hardening steels for components with the most advanced geometries. During 2020, SSAB launched the second grade in the 3G AHSS family and more grades are under development.

The Swedish Steel Prize

The Swedish Steel Prize, an international award for ideas and products that have an impact on future steel solutions, is also an example of SSAB's close customer relationships. Since 1999, the competition has attracted participants from across the world, and is more than just an award, it is a celebration of good engineering. The

Swedish Steel Prize aims to recognize those who fully utilize the potential of steel properties to improve not only their own business or industry, but also society. It also promotes the sharing of knowledge, to inspire innovations that lead to a better world.

Protection steels

Over the past few years, we have further developed the product program for protection steels, focusing the production of Armox in Oxelösund and Ramor in Raabe. SSAB is today the only supplier of complete product programs regarding grades and dimensions. We offer outstanding mechanical properties, which in most cases outperform the requirements of various national protection steel standards, combined with excellent workshop properties such as bending capabilities and weldability.

Color-coated steels

Over the past few years, SSAB's patented Bio-based Technology (BT) coating concept utilizing

rapeseed oil-based paint has been implemented throughout the GreenCoat product program.

GreenCoat PLX Pural BT with SSAB patented biotechnology was launched during 2020. The product offers the excellent steel properties of one of SSAB's best steel grades combined with a matching newly developed sustainable paint system.

SUSTAINABILITY REPORT

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Sustainability approach

We want to become the first fossil-free steel company in the world. Therefore, our vision is at the core of our entire operation. In everything we do, we strive to create a stronger, lighter and more sustainable world. Sustainability is a key business driver for both us and our customers. Consequently, we put much effort into ensuring that we act in an ethical and environmentally sound way in all our operations and markets.

Sustainability strategy

Managing business in a sustainable way strengthens the ability to deliver strong financial and operational results. We renewed our sustainability strategy during 2020. The new strategy has its basis in SSAB's "Taking the lead" strategy, while it is also building on The SSAB Way, SSAB's core values and the First in fossil-free steel ambition. The strategy is called "With the future in mind" and it has two main themes: First in fossil-free steel and Leading sustainability performance.



First in fossil-free steel

Use better steel

SSAB is committed to minimizing any adverse environmental impacts from our operations. Therefore, SSAB focuses on continuous improvement to minimize emissions and improve productivity, as well as material and energy efficiency. SSAB's blast furnace-based production is among the most CO₂ efficient in the world. This gives a competitive advantage to SSAB and its customers. For example, our cold-rolled steel production emits approximately 6% less CO₂e than the European average and as much as 17% less than the Chinese average.

Use steel better

The core of SSAB's business is to develop and produce Advanced High-Strength Steels (AHSS) and Quenched & Tempered (Q&T) steels that are stronger than ordinary steels. This in turn enables our customers to produce lighter and stronger products, thereby reducing their environmental footprint.

By using SSAB's high-strength steels, which results in lower weight and improved fuel

economy, customers can achieve significant CO₂ savings during their end products' use-phase. The objective is that, by the end of 2021 these annual customer CO₂ savings will reach 10 million tonnes, which equals SSAB's own direct CO₂ emissions.

Go fossil-free

SSAB works toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal to offer fossil-free steel to the market in 2026. In cooperation with LKAB, our iron ore supplier, and Vattenfall our energy provider, we form a fossil-free value chain. In 2020, we started discussions to partner with key customers and stakeholders for future fossil-free steel shipments.

Leading sustainability performance

Safety first

SSAB is determined to be the world's safest steel company, with the objective of achieving zero accidents, work-related injuries and illnesses. Everyone has the right to a healthy, accident-

free work environment in SSAB. Our goal is to prevent all injuries and work-related illnesses. We will minimize, as far as possible, health and safety risks everywhere we operate.

Efficiency and responsibility

Resource efficient operations

For SSAB, circularity is a key factor in increasing efficiency to help mitigate environmental impact. We continuously work to optimize the value of our by-products, scrap and waste, with a focus on sustainability and value creation. SSAB is committed to the efficient use of raw materials and energy. To further improve energy efficiency, energy flows are recycled in the production process.

Responsible sourcing

SSAB has approximately 20,000 active suppliers in more than 60 different countries. SSAB works actively with particularly high-risk suppliers to ensure sustainability throughout the supply chain. Suppliers must comply both with SSAB's standards and with international ethical, social and environmental guidelines in order to remain qualified suppliers for SSAB.

Respect and integrity

Zero tolerance for bribery and corruption

The Code of Conduct is the way we act. It forms the basis for our ethical, environmental and social responsibility. The tone from the top is clearly communicated and all employees must take an e-learning in business ethics.

Anti-corruption compliance in business is important. SSAB has implemented clear instructions for our employees in order to guide us through our daily operations and how we act in relation to business partners. These instructions will help our people to stay on sound ethical and legal ground when doing business. SSAB has implemented a whistle-blower system called the Ethics Line. Employees can file a report anonymously online or by calling a global hotline 24 hours a day, seven days a week.

Inclusion & diversity

A key element of SSAB's business strategy is to build a high-performing organization with strong employee engagement globally. SSAB will continue to work with leadership and competence development, and strive to enhance inclusion and diversity in the workforce.



3.7 Lost Time Injury Frequency in 2020

The HYBRIT pilot plant for fossil-free iron production started operation in 2020 in Luleå.

Sustainability targets beyond 2020

First in fossil-free steel



Target	KPI	2020	Target 2021	Target 2022	Target 2026	Target 2030	Target 2040	Target 2045
Lower energy consumption/ Higher productivity for customers	Mtonne customer CO ₂ savings ¹⁾	8.9	10					
First in fossil-free steel	Fossil-free steel milestones	Pilot plant opened		lowa operations in US powered 100% by renewable electricity	Fossil-free steel to customers, delivered on commercial terms	Raahe conversion starting	Luleå conversion starting	SSAB fossil-free

¹⁾ The 2020 target has been pushed back to 2021 due to the Covid-19 impacts. New target from 2022 onwards will be set during 2021.

Lower energy consumption/higher productivity for customers

The SSAB EcoUpgraded concept highlights the environmental benefits of upgrading to high-strength steel, including reduced emissions from lower weight, improved fuel economy and extended product lifetime, but also from SSAB customers using less steel, when upgrading to high-strength steels. SSAB has set an objective related to customers upgrading to high-strength steels; SSAB is aiming at 10 million tonnes in annual customer CO₂ savings by 2021 (earlier the target year was 2020, but it was pushed back due to Covid-19 impacts). The savings will be reached by two initiatives: 8.0 million tonnes savings from SSAB EcoUpgraded deliveries and 2.0 million tonnes savings from Automotive Premium Upgrade deliveries.

First in fossil-free steel

SSAB is undertaking a strategic roadmap to revolutionize steelmaking, and to be the world's

first steel company to deliver, in 2026, fossil-free steel to the market. This includes an active leadership role in the HYBRIT joint venture initiative with LKAB and Vattenfall. The target is to be fossil free as a company by 2045. Various milestones for SSAB and HYBRIT are outlined as targets for the coming years.

Read more on p. [63](#).



Leading sustainability performance

Resource efficient operations



Targets	KPI	Target 2022	Target 2025	Target 2026	Target 2030	Target 2031	Target 2032
Greenhouse gas emissions reduction	CO ₂ e reduction, million tons	-0.5	-1.2	-1.8	-3.1	-4.0	-4.1
	CO ₂ e reduction, % ¹⁾	4%	10%	15%	26%	34%	35%
Circularity (In the Scandinavian production system)	Use of scrap/H-DRI ²⁾		29%	39%	46%	54%	54%
	Slag utilization ³⁾		100%	100%	105%	107%	107%
		lowa operations in US powered 100% by renewable electricity	50% use of EAF in Oxelösund	100% use of EAF in Oxelösund	25% use of EAF in Raabe	50% use of EAF in Raabe	

¹⁾ Science Based Target initiative (SBTi) has approved CO₂e reduction target for target year 2032. Includes Scope 1 and Scope 2 emissions.

²⁾ Home scrap, purchased scrap and H-DRI (Fossil-free Direct Reduced Iron) replacing BF (Blast Furnace) route iron ore pellets

³⁾ BF (Blast Furnace), BOF (Basic Oxygen Furnace) and EAF (Electric Arc Furnace) slag. The full annual production of slag is used. Later during the target period, also stored slag volumes are expected to be used. The target follow-up will be done first time for 2021.



Greenhouse gas emissions reduction / Science Based Target

SSAB's targets for greenhouse gas emissions including carbon dioxide have been approved by the Science Based Targets initiative. This means that the objective is scientifically based and in line with the Paris Agreement. SSAB is committed to reducing its greenhouse gas emissions by 35% by 2032 (based on 2018 figures and measured as CO₂e). The goal applies to both direct and indirect emissions (Scope 1

and Scope 2) and is in line with the objective of keeping global warming well below 2°C. Other indirect CO₂e emissions (Scope 3) are not included. The target goes hand in hand with our overall roadmap for fossil-free steel and the timetable for the HYBRIT initiative.

Use of scrap/Fossil-free direct reduced iron

For SSAB in the Nordics, a transformation from the traditional blast furnace-based production route to the use of electric arc furnaces is under way.

This will use scrap metal and also increasingly use fossil-free direct reduced iron (H-DRI). There is a strong focus on the recycled content on today's market and so also for steel products. However, over time fossil-free H-DRI will have the potential to replace recycled content for steel and tH-DRI will contribute to even lower Global Warming Potential results in a lifecycle assessment (LCA). Therefore, it is relevant to include both the use of scrap and H-DRI when setting the target and following up progress on this issue.

Slag utilization

Recirculating materials back into the steelmaking process reduces the need for virgin raw materials. Material that cannot be recirculated internally can be processed into by-products and sold externally, creating new revenue streams for the company. By-products such as blast furnace slag are used as input material in a number of industries, for example in road construction and as a substitute for cement.

Leading sustainability performance

Safety first



Targets	KPI	2020	Target 2021	Target 2023	Target 2025
Eliminate fatalities and serious incidents	Number of fatalities	0	0	0	0
	Number of serious incidents	368	188	144	115
Reduce injuries and their severity	LTIF	3.7	3.4	2.0	<1.5
	TRIF	9.7	9.2	6.2	<5.0
	LTI severity rate	17.1	16	14	10
Eliminate major process safety incidents	Number of major process safety incidents	31	22	20	18
Safety leadership	Number of safety rounds	32,425	52,800	59,900	68,600
	Number of risk observations	23,532	25,900	30,100	35,300
	Number of near misses prevented	10,957	12,800	15,000	17,400

All other KPIs include contractors, except the Number of serious incidents and LTI severity rate

LTIF = Number of injuries resulting in an absence of more than one day per million working hours. Lost time injury (LTI) is any work-related injury, resulting in the employee not being able to return to work for the next calendar day

TRIF = Total Recordable Injury Frequency. Recordable injury means the sum of reported lost time injuries, medical treatment injuries and alternate duty cases

Serious incident = incidents involving moving machinery, cranes, falling objects, working at heights, on-site traffic, electric shocks. Units may use their own definitions if they are a requirement from the local authority

LTI severity rate = The number of absence days as R12 months cumulative

Responsible sourcing



Targets	KPI	2020	Target 2021	Target 2025	Target 2030	Target 2045
Sustainable supplier base	Share of new suppliers sustainability assessed (GRI 414-1)	93%	100%	100%	100%	100%
	Share of total spend sustainability assessed (categorized/identified and self-assessment done)	96%	96%	98%	100%	100%
	Number of second (third) party sustainability audits and on-site visits including social and environmental performance of suppliers ¹⁾	19	37	--	--	--
	Share of high-risk raw material suppliers sustainability audited ²⁾	--		90%	100%	100%
Reduced CO ₂ e footprint from the supply chain	Reduced Scope 3 CO ₂ e emissions from the supply chain	Targets to be defined				

¹⁾ Previously reported separately. Target 2021 is 7 second (third) party audits and 30 on-site visits

²⁾ Based on Verisk Maplecroft's risk indices for human rights, political and environmental risks and Transparency International's Corruption Perceptions index

Sustainable supplier base

To support the responsible sourcing, a number of KPIs have been set to track progress related to sustainability assessment and sustainability related audits performed.

Reduced CO₂e footprint from the supply chain

With this KPI SSAB aims at promoting and following up suppliers reduction of CO₂ emissions. Target levels are to be defined.

Leading sustainability performance

Zero tolerance for bribery and corruption



Targets	KPI	2020	Target 2021	Target 2025	Target 2030	Target 2045
Ensure ethical conduct in line with SSAB's corporate culture and increase knowledge about the Code of Conduct and Ethics Line	All employees have completed the e-learning in business ethics; including training on our Code of Conduct	91%	95%	100% ¹⁾	100% ¹⁾	100% ¹⁾
	Share of new employees covered by the on-boarding process; including signing the Code of Conduct statement and e-learning in business ethics	75%	80%	100% ¹⁾	100% ¹⁾	100% ¹⁾
	Share of employees who have access to the Ethics Line ²⁾	95%	95%	95%	95%	95%

¹⁾ Because of employee turnover, 100 % may in practice never be reached

²⁾ Employees that do not have access to the Ethics Line have other local reporting channels

Ensure ethical conduct in line with SSAB's corporate culture and increase knowledge about the Code of Conduct and Ethics Line

This target has been broken down into several KPIs in order to measure progress:

- Share of employees who have completed global e-learning in business ethics
- Share of new employees covered by the onboarding process; including signing the Code of Conduct statement and e-learning in business ethics

- Share of employees who have access to the Ethics Line. SSAB has implemented a whistle-blower system called the Ethics Line. Employees can file a report anonymously online or by calling a global hotline 24 hours a day, seven days a week. The Ethics Line has been implemented in 14 countries and in 9 language versions. Use of the Ethics Line is completely voluntary.

Inclusion & Diversity



Targets	KPI	2020	Target 2022	Target 2025	Target 2030
Inclusion & Diversity	Women in top management positions, %	29	32	35	37

Inclusion & Diversity

SSAB offers equal opportunities to our workforce regardless of age, gender, ethnicity, physical abilities, political and religious beliefs, and other attributes. In a male dominant sector, the share of women, especially in top management positions, is however, a good role model of how diversity can be increased. In increasing the share of women in top

management positions, we work toward having a better bench strength by different initiatives at all levels, starting with employer branding activities aiming to support girls to select areas in schools which can lead to technical careers, finding female candidates to positions in all levels and putting extra effort in finding qualified candidates, both female and male, into leadership positions.

Sustainability targets ending 2020

Objectives/targets	Outcome in 2020	Historic target fulfillment																																				
<ul style="list-style-type: none">10 Mtonne annual customer CO₂ savings 2021 ¹⁾:<ul style="list-style-type: none">8 Mtonnes of annual CO₂ savings from SSAB EcoUpgraded deliveries by 20202 Mtonnes of annual CO₂ savings from Automotive Premium deliveries by 2020	<ul style="list-style-type: none">In 2020, the customer end-product CO₂ savings totaled 8.9 Mtonnes:<ul style="list-style-type: none">7.4 Mtonnes from SSAB EcoUpgraded deliveries1.5 Mtonne from Automotive Premium deliveries	<p>Customer CO₂ savings during end-products' use-phase</p> <p>Million tonnes</p> <p>Target 2021</p> <table><tr><th>Year</th><th>SSAB EcoUpgraded deliveries (Million tonnes)</th><th>Automotive Premium deliveries (Million tonnes)</th><th>Total (Million tonnes)</th></tr><tr><td>18</td><td>~8.5</td><td>~0.5</td><td>~9.0</td></tr><tr><td>19</td><td>~8.5</td><td>~0.5</td><td>~9.0</td></tr><tr><td>20</td><td>~7.4</td><td>~1.5</td><td>~8.9</td></tr><tr><td>21 (Target)</td><td>~8.0</td><td>~2.0</td><td>~10.0</td></tr></table> <p>■ SSAB EcoUpgraded deliveries</p> <p>■ Automotive Premium deliveries</p>	Year	SSAB EcoUpgraded deliveries (Million tonnes)	Automotive Premium deliveries (Million tonnes)	Total (Million tonnes)	18	~8.5	~0.5	~9.0	19	~8.5	~0.5	~9.0	20	~7.4	~1.5	~8.9	21 (Target)	~8.0	~2.0	~10.0																
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21 (Target)	~8.0	~2.0	~10.0																																			
<ul style="list-style-type: none">Fossil-free operations by 2045In 2020:<ul style="list-style-type: none">Lasting reduction of 300,000 tonnes in CO₂ emissions (Scope 1)Lasting reduction of 400 GWh in purchased energyLasting improvement of 50,000 tonnes in residuals utilization <p>(Base year 2014)</p>	<ul style="list-style-type: none">The HYBRIT pilot plant started operation on August 31, 2020 at the SSAB site in Luleå, Sweden. Read more on page 63By the end of 2020, SSAB achieved:<ul style="list-style-type: none">310,000 tonnes or 103% of the CO₂ emissions reduction target of 300,000 tonnes,483 GWh or 121% of the purchased energy reduction target of 400 GWh62,000 tonnes or 124% of the residuals	<div><p>Lasting reduction in CO₂ emissions</p><p>Tonnes</p><p>Target 2020</p><table><tr><th>Year</th><th>CO₂ emissions reduction (Tonnes)</th></tr><tr><td>17</td><td>~200,000</td></tr><tr><td>18</td><td>~250,000</td></tr><tr><td>19</td><td>~280,000</td></tr><tr><td>20</td><td>~310,000</td></tr><tr><td>20 (Target)</td><td>~300,000</td></tr></table></div> <div><p>Lasting reduction of purchased energy</p><p>GWh</p><p>Target 2020</p><table><tr><th>Year</th><th>Purchased energy reduction (GWh)</th></tr><tr><td>17</td><td>~300</td></tr><tr><td>18</td><td>~350</td></tr><tr><td>19</td><td>~450</td></tr><tr><td>20</td><td>~483</td></tr><tr><td>20 (Target)</td><td>~400</td></tr></table></div> <div><p>Lasting improvement in residuals utilization</p><p>Tonnes</p><p>Target 2020</p><table><tr><th>Year</th><th>Residuals utilization (Tonnes)</th></tr><tr><td>17</td><td>~40,000</td></tr><tr><td>18</td><td>~45,000</td></tr><tr><td>19</td><td>~50,000</td></tr><tr><td>20</td><td>~62,000</td></tr><tr><td>20 (Target)</td><td>~50,000</td></tr></table></div>	Year	CO ₂ emissions reduction (Tonnes)	17	~200,000	18	~250,000	19	~280,000	20	~310,000	20 (Target)	~300,000	Year	Purchased energy reduction (GWh)	17	~300	18	~350	19	~450	20	~483	20 (Target)	~400	Year	Residuals utilization (Tonnes)	17	~40,000	18	~45,000	19	~50,000	20	~62,000	20 (Target)	~50,000
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<ul style="list-style-type: none"> World's safest steel company Zero accidents 	<ul style="list-style-type: none"> SSAB's lost time injury frequency resulting in an absence of at least one day (LTIF) was 3.7 (4.2), which meant a clear improvement, as LTIF decreased 12% from 2019. The positive trend in safety performance is a result of systematic and consistent work across the organization. 	<p>Injury frequency</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Lost time injury frequency (LTIF)</th> <th>Total recordable injury frequency (TRIF)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>6.2</td> <td>15.5</td> </tr> <tr> <td>2019</td> <td>4.2</td> <td>12.5</td> </tr> <tr> <td>2020</td> <td>3.7</td> <td>10.0</td> </tr> </tbody> </table> <p>■ Lost time injury frequency (LTIF) ■ Total recordable injury frequency (TRIF)</p>	Year	Lost time injury frequency (LTIF)	Total recordable injury frequency (TRIF)	2018	6.2	15.5	2019	4.2	12.5	2020	3.7	10.0
Year	Lost time injury frequency (LTIF)	Total recordable injury frequency (TRIF)												
2018	6.2	15.5												
2019	4.2	12.5												
2020	3.7	10.0												
<p>Ensure supplier compliance with SSAB's Supplier Sustainability Policy:</p> <ul style="list-style-type: none"> Share of total spend sustainability assessed at 93% in 2019 and 95% in 2020 Share of new suppliers sustainability assessed at 100% in 2019 and 2020 ²⁾ Site visits including social and environmental performance of suppliers: 20 in 2019 and 24 in 2020 Number of third-party sustainability audits: 5 in 2019 and 3 in 2020 	<p>In 2020:</p> <ul style="list-style-type: none"> 96% of total spend sustainability assessed 93% of new suppliers sustainability assessed 16 site visits to suppliers ³⁾ 3 third party sustainability audits ³⁾ 													

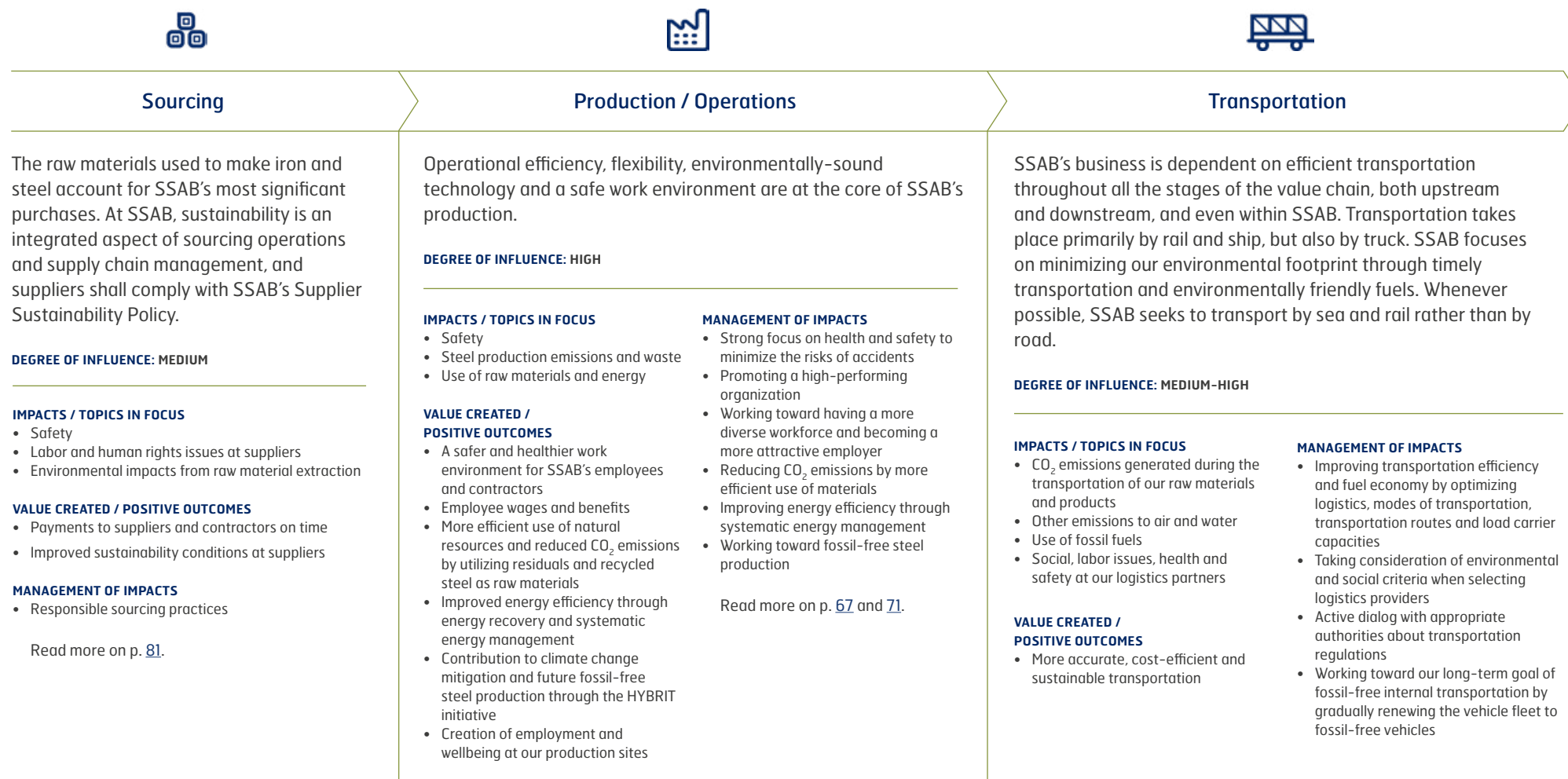
¹⁾ The 2020 target has been pushed back to 2021 due to the Covid-19 impacts. Customer CO₂ savings are calculated by looking at SSAB shipments of high-strength steels to different customer segments and applications. The amount of steel that SSAB supplies above standard practice in the respective industry is calculated for each application (e.g. a truck). This allows determination of the weight saving achieved in the end product by using these higher-strength steels. The resulting fuel savings are estimated by using typical values for fuel consumption, driving distance, useful life, etc. Finally, the CO₂ emissions saved are then calculated based on these fuel savings

²⁾ New suppliers with spend above 1 MSEK included

³⁾ Of which 13 were performed remotely

SSAB and the value chain

The illustration shows the extent of our influence on the material impacts along the main stages of our value chain and provides examples of how we manage these impacts and create positive outcomes and value





Use phase

Use of SSAB's high-strength steels enables customers to manufacture products which use less material, are stronger, lighter and more durable, and reduce costs, thus making customers and their products more sustainable and competitive.

DEGREE OF INFLUENCE: MEDIUM

IMPACTS / TOPICS IN FOCUS

- Energy consumption and CO₂ emissions during the use phase of moving equipment such as trailers, trucks, materials handling and lifting equipment
- Energy consumption of buildings

VALUE CREATED / POSITIVE OUTCOMES

- Reduced environmental impact through higher penetration rate of high-strength steels globally; end products made from less raw materials, with lower weight and fuel consumption, increased load capacity and longer lifespans, all leading to reduced CO₂ emissions in the use phase
- Improved energy efficiency in buildings
- Satisfied, more competitive customers

MANAGEMENT OF IMPACTS

- Fostering close collaboration with customers to increase the use of high-strength and wear resistant steels
- Marketing our products with sustainability benefits (SSAB's branded products, SSAB EcoUpgraded, EcoSmart, Ruukki Construction)
- Offering customers technical support and after-market services
- Bringing understanding of customer needs to the R&D process and continuously developing new products, applications to enhance our sustainable offerings
- Providing wear parts and steel for wear parts to prolong the life of machinery and equipment



End-of-Life

Steel is a unique material that retains its properties no matter how many times it's recycled. Using recycled steel in steel production increases material efficiency and reduces CO₂ emissions.

DEGREE OF INFLUENCE: MEDIUM

IMPACTS / TOPICS IN FOCUS

- Recyclability of steel
- Waste from steel products at the end of life

VALUE CREATED / POSITIVE OUTCOMES

- The use of steel scrap reduces the use of virgin raw materials and CO₂ emissions in the steel life cycle
- Minimized waste from steel products at the end of life

MANAGEMENT OF IMPACTS

- Improving material efficiency through the use of recycled steel scrap to replace natural resources in steel production
- Communicating and marketing steel as a recyclable, sustainable material choice
- Promoting the recycling of steel products

Read more on p. [76](#).





First in fossil-free steel

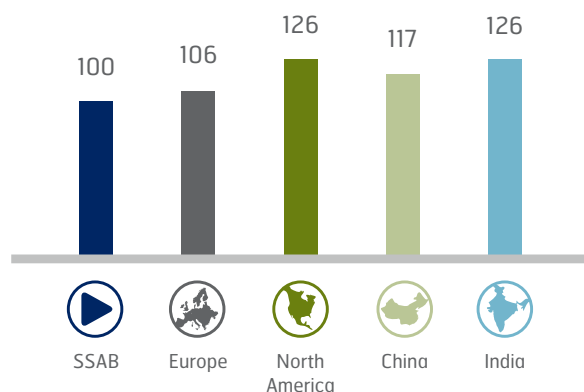
SSAB's high-strength steels help our customers to produce lighter and stronger products, thereby reducing their environmental footprint. SSAB's customers can also reduce their carbon footprint by using steel produced in SSAB's blast furnace-based production, which is among the most CO₂ efficient in the world. Furthermore, with HYBRIT technology, SSAB aims to be the first to offer fossil-free steel to the market in 2026, and to be fossil free as a company by 2045.

Use better steel: SSAB's customers benefit from leading CO₂ efficient production

At SSAB, steelmaking processes have been continuously advanced and improved. As a result, SSAB's blast furnaces today are among the most CO₂ efficient in the world in terms of minimizing emissions from steel production. This gives a competitive advantage to SSAB and its customers.

State-of-the-art steelmaking technology

Tonne CO₂e/Tonne of cold-rolled steel (indexed)



Source: thinkstep, GWP benchmarking for iron-ore-based steel 2019 and SSAB EPD data

SSAB focuses on continuous improvement to minimize emissions and improve productivity, as well as material and energy efficiency. SSAB's blast furnace-based production is among the most CO₂ efficient in the world owing to the use of high-grade iron-ore pellet and, high-quality coke, as well as efficient and uninterrupted processes. This gives a competitive advantage to SSAB and its customers. For example, our cold-rolled steel production emits approximately 6% less CO₂e than the European average and as much as 17% less than the Chinese average (see the chart).

In the US, our scrap-based EAF steel mills use close to 100% recycled steel as a raw material, thereby resulting in much lower direct CO₂ emissions compared to blast furnace-based steel making. The possibilities to further reduce CO₂ emissions from current steelmaking processes are limited, but emissions can be controlled and to some extent further reduced by continuously striving to improve material and energy efficiency.

[Read more about SSAB and CO₂ emissions on p. 71](#)



Environmental Product Declarations validate sustainable production

EPD stands for Environmental Product Declaration, which is an independently verified document that provides transparent, comparable information about the environmental impact of products from the lifecycle perspective. SSAB EPDs comply with international standards, which provides objective data highlighting the

low carbon footprint of SSAB products. This is also a good tool for SSAB customers wanting to minimize their environmental impact. EPDs report values from the entire product lifecycle. This means that emissions from suppliers are included as well as all energy used in manufacturing the product. EPDs are available for all SSAB products and are registered in the International EPD® system.



EcoSmart: SSAB Americas' customer awareness program

The EcoSmart™ program, first launched in 2016, is SSAB Americas' innovative customer awareness program designed to showcase the organization's commitment to sustainability. The EcoSmart program emphasizes both the key product and process attributes of steel produced by SSAB Americas. More than 50 customer companies are part of the EcoSmart program, with more to come in 2021 and beyond. Here are some key points related to SSAB Americas' products and production process:



SSAB Americas' products

- SSAB Americas' steel is 100% recyclable and is made from 97% recycled materials
- The durability and high strength of SSAB Americas' steel adds years to the lifecycle of products

SSAB Americas' production process

- SSAB Americas uses recovered scrap tires as a raw material substitute for carbon in its production process – more than 400,000 tires a year—more than 7.1 million scrap tires to date

- SSAB's mill in Iowa is expected to be powered completely by renewable energy by 2022
- SSAB Americas' production process results in 62% fewer CO₂ emissions compared to the 2018 US steel industry average
- Since 2010, SSAB Americas has reduced its energy consumption by nearly 20%
- SSAB Americas recycles millions of gallons of water every year for water conservation

Use steel better: Environmental benefits with SSAB's steels

SSAB offers customers a broad range of high-strength and wear-resistant steels. Strenx performance steel, Docol automotive steel and Hardox wear plate enable better energy and material efficiency, safety, as well as strength and durability for the applications in which they are used. Our GreenCoat color-coated steels are unique in using a substantial amount of Swedish rapeseed oil instead of fossil-based oils in the paint. GreenCoat products are the sustainable choice for color-coated steels on the market for roofs, façades and rainwater systems.

Strenx performance steel reduces weight, increases payload, and lowers fuel consumption and CO₂ emissions

The environmental advantages of using high-strength steels are significant in heavy equipment such as trailers, trucks, agriculture and lifting equipment, and construction machinery. Used in these applications, Strenx performance steel reduces their weight by enabling minimum steel thickness through new structural designs. Structural redesign can also reduce production costs through less welding and improved usability. In lifting equipment, which requires high load-bearing capacity, the structural wall thickness can be reduced, resulting in material weight savings and reduced emissions. In earthmoving and transport vehicles, lower vehicle weight leads to increased payload capacity, and lower fuel consumption and CO₂ emissions. For example, the weight of trailer chassis made with SSAB's high-strength steels can be reduced by up to 30% compared to using lower-strength steel grades.

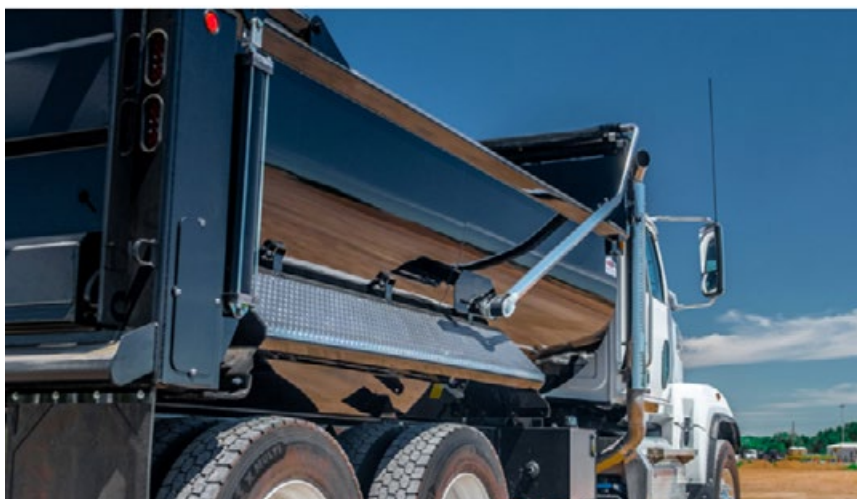


CASE: FINNISH CRANE MANUFACTURER ACHIEVES BOTH WEIGHT AND ENVIRONMENTAL SAVINGS

Besides providing substantial weight reductions in heavy industrial vehicles and equipment, Strenx also helps commercial vehicle manufacturers cut their products' weight. Finnish manufacturer Haulerman successfully used Strenx in a high strength-to-weight ratio of 700 MPa instead of a thicker, heavier grade of steel to lightweight the cranes it uses in its loading vans.

A commercial van crane must be light so that it can carry as much load as possible. Still, it must be safe and meet all the standards for

loading cranes. Haulerman can now offer an innovative, versatile way to load goods, turning an ordinary commercial vehicle into a mobile crane that can load objects up to 300 kg (611 lbs.). Haulerman achieved an impressive 33% weight reduction in boom profiles.



CASE: HARDOX 500 TUF WEAR STEEL LIGHTENS EVERY LOAD FOR DUMP TRUCK BODY MANUFACTURER IWS

Industrial Welding Supply is a leading Colorado truck and trailer supplier featuring dump truck bodies and trucks built-to-order for a growing US market. As an early adopter of SSAB's new wear-resistant steel grade Hardox 500 Tuf, IWS will transition all its Hardox In My Body certified products to the new material, giving customers lighter vehicles with higher payloads, safer operation and an even longer service life. "As soon as my customers hear the benefits of Hardox 500 Tuf, they don't want it as an option, they want it as standard. The weight savings alone grab their attention, and then there's the longer service life," says JD Stone, IWS Vice President and General Manager.



Prolonged service life, higher payload and lower fuel consumption of machinery and equipment thanks to Hardox wear plate

SSAB's premier abrasion-resistant steel, marketed under the brand name Hardox wear plate, is used in a range of machinery and equipment in transportation, mining, construction, quarrying, waste and recycling and road building. All of these applications require a hardness and toughness that are guaranteed to be met by Hardox wear plate.

Using Hardox wear steel in tipper bodies for mining, construction and many other industries subject to wear, buckets, crushers, cutting edges and shredders, provides greater wear resistance thereby improving machinery performance and extends service life. Additionally, lighter weight equipment offers cost benefits to end-users in fuel savings or the possibility of transporting a higher payload, and reduces the environmental impact over the machinery's lifecycle. SSAB's latest introduction to our Hardox product range is Hardox 500 Tuf, the new generation wear plate for tipper bodies, buckets and containers delivering extreme hardness and toughness and Hardox HiAce, the new abrasion-resistant steel that fights wear in acidic corrosive environments.

Docol makes cars safer and more eco-friendly

Automotive manufacturers are calling for lightweight, durable materials with beneficial environmental properties that are manufactured with resource efficiency. New safety regulations, emissions caps and a shift to electrical vehicles are all trends that increase the demand for advanced high-strength steels (AHSS) in the automotive industry.

SSAB EcoUpgraded

The SSAB EcoUpgraded concept highlights the environmental benefits of upgrading to high-strength steel. SSAB EcoUpgraded saves CO₂ in steel production, but above all during the full lifetime of the machine, as the reduced weight from using high-strength steels also increases cargo capacity and reduces fuel consumption. With the EcoUpgraded app you can also calculate the associated financial savings and increased profit.



SSAB's Docol AHSS steels make it possible to develop safer and lighter cars with lower emissions. Docol AHSS have been especially engineered for safety applications in cars with stringent requirements for reduced weight and high energy absorption. When comparing AHSS with other lightweight materials, aluminum, carbon fiber reinforced plastics and magnesium, steel has clearly lower CO₂ emission in the production phase. Also, the 100% recyclability of steel is an important attribute for the automotive industry, as some regions of the world are beginning to require 95% of the materials used in a car should be recyclable.

We are constantly pushing performance boundaries with our new products. SSAB's latest introduction for the automotive industry is Docol HE, a new range of hot-rolled advanced high-

strength steel (AHSS) with improved edge ductility for automotive manufacturers facing technical challenges in production. Developed for the most demanding applications and manufacturing conditions in the automotive industry, Docol HE steel provides improved properties for customers facing design and production challenges with conventional HSLA material.

Sustainable and long-lasting buildings made from GreenCoat color-coated steels

GreenCoat is SSAB's brand for innovative and sustainable color-coated steels for the building industry. GreenCoat products feature a bio-based coating using a substantial portion of Swedish rapeseed oil instead of fossil-based oils. This patented solution reduces the environmental



CASE: SSAB ECOUPGRADED: LESS STEEL – MORE PAYLOAD IN A MINING TRUCK BODY

This heavy-duty mining truck has been equipped with an upgraded body manufactured from Hardox 500 Tuf, Hardox 450 and Strenx 700, and designed without the need for wear liners or ongoing maintenance. The weight of the new dump body is reduced by 18.5 tonnes, increasing

the maximum payload and offering improved productivity, while maintaining the same maximum vehicle weight. In addition to this, the lifetime of the body is now 50% longer than the original, decreasing overall steel consumption and reducing the need for expensive liner replacement and overhauls.

The weight reduction gives a fuel saving of to a 300,000 liters of diesel fuel over the four-year lifetime of the dump body, with a CO₂ saving of over 1,100 tonnes.



CASE: SUSTAINABLE FISKSAÄTRA BY SANDELLSANDBERG ARKITEKTER HIGHLY AWARDED

Sandellsandberg arkitekter chose GreenCoat®color-coated steel for the Fisksätra community center South of Stockholm specifically for its sustainability, wide color range as well as strong resistance to corrosion, UV radiation and scratches, which will help to ensure a building that lasts for many generations. Lately, Fisksätra has received numerous architectural awards, both international and national.

 [SSAB.COM](https://www.ssab.com)

footprint of GreenCoat products – for greener living. With its bio-based coating, full recyclability, compliance with REACH regulations and environmental certifications and numerous international architectural awards, GreenCoat stands at the forefront of sustainable building solutions.

Ruukki Construction for sustainable building products and services

SSAB's subsidiary, Ruukki Construction, works to make steel-based building products best in every aspect, including sustainability. Ruukki Construction's sustainability promise is towards carbon-neutral building products. We can have the greatest impact on carbon emissions through our offering and through reductions in our operations.

In 2026, Ruukki Construction aims to be first to offer products for walls and roofs made from SSAB's fossil-free steel. For these products, total carbon emissions will be reduced by around 90%. With our high-quality products, with guarantees of up to 50 years and our airtight building envelopes, we reduce our customer's carbon emissions further. Ruukki products help customers to achieve high ratings in environmental certification systems, such as LEED and BREEAM. These have been created to advance environmentally responsible buildings. Steel is also 100% recyclable.

STRENX®
PERFORMANCE STEEL

DOCOL®
THE AUTOMOTIVE STEEL

HARDOX®
WEAR PLATE

GREENCOAT®
COLORFUL STEEL

**READ MORE FROM OUR
PRODUCT PAGES ON SSAB.COM:**

[Strenx® performance steel](#)

[Hardox® wear plate](#)

[Docol® automotive steel](#)

[GreenCoat® colorful steel](#)

In our own operations, we reduce waste, plastics usage and increase the usage of fossil-free energy. We also optimize our logistics by being close to customers and by maximizing truckloads. We work to have the industry's most satisfied customers. To differentiate through customer experience is a key driver for Ruukki Construction and thus, we aim to exceed customer expectations.

Read more on the web at [Ruukki.com](#)



CASE: ROCKLUNDA FLOORBALL ARENA IN VESTERÅS, SWEDEN.

The new Rocklunda floorball arena in Vesterås, Sweden was completed in spring 2020. Ruukki energy panels were used in the walls of the building to reduce energy consumption. Energy efficiency was a natural requirement for a new building. "The energy efficiency of the building was a starting point in the design. The lightness of the panels when handling, the integrated insulation layer and modularity were other decisive factors that made the panels the number one choice," says architect Biju Nair from Metod arkitekter.

Go fossil-free: SSAB to be the first in fossil-free steel with HYBRIT technology

HYBRIT is a new revolutionary steelmaking technology. With HYBRIT technology, SSAB aims to be the first steel company in the world to bring fossil-free steel to the market already in 2026. SSAB will be fossil free by 2045. Together with our partners and customers, SSAB aims to create a fossil-free value chain, from the mine to the end-product.

Why HYBRIT?

The steel industry is one of the highest CO₂-emitting industries, accounting for 7% of CO₂ emissions globally. A growing global population, an increasingly higher standard of living and greater urbanization will trigger a rise in global steel demand. Recycled scrap will not sufficiently meet the growing demand for new steel, and steel still needs to be produced also by using iron ore-based production. The carbon footprint in the steel industry is thus a challenge for Europe and the rest of the world. To align with a transition to a low-carbon economy, the steel industry will require a step-change in emissions reductions through alternative steelmaking processes.

Therefore, in 2016, SSAB, LKAB (Europe's largest iron ore producer) and Vattenfall (one of Europe's largest energy companies) joined forces to create HYBRIT – an initiative that endeavors to revolutionize steelmaking. Using HYBRIT (Hydrogen Breakthrough Ironmaking Technology) technology, SSAB aims to replace coking coal, traditionally needed for ore-based steelmaking, with fossil-free electricity and

hydrogen. The result will be the world's first fossil-free steelmaking technology, with virtually no carbon footprint.

SSAB is already one of the world's most CO₂-efficient steel companies. Yet, we want to do more. Sweden has unique conditions for this kind of project, with good access to fossil-free electricity, the highest-quality iron ore and a specialized, innovative steel industry. SSAB has also started to investigate the possibilities of broadening the initiative to include Finland.

The HYBRIT initiative will contribute to reaching the global climate goals under the Paris Agreement and the national climate goals in Sweden and Finland. SSAB shows leadership in contributing to the fulfilment of the Paris Agreement by having an approved Science Based Target.

Our goal is to reduce Sweden's CO₂ emissions by 10% and Finland's by 7%. We believe that by taking the lead and showing that it is possible to decarbonize the steel industry, others will follow. The potential is enormous.

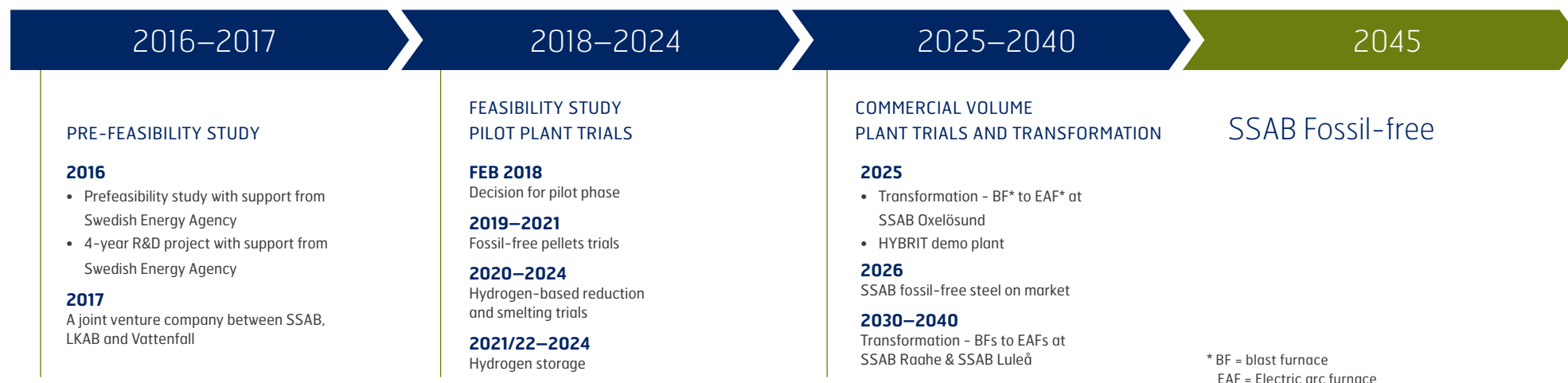


Fossil-free steel produced with HYBRIT technology

However, to succeed, we need to collaborate with many parts of society. We need collaboration with universities and research institutes, we need rapid permit processes, access to large amounts of electricity, a regulatory framework that supports

a future market for fossil-free products and we need financial support for the development and deployment of this breakthrough technology.

Faster transition possible depending on customer demand



Timeline for HYBRIT and fossil-free steel

All SSAB production sites will be converted

SSAB will cut its CO₂ emissions in Sweden by 25% by as early as 2025, through the conversion of the blast furnaces in Oxelösund, Sweden, to an electric arc furnace. Between 2030–2040, the plan is to convert the blast furnaces in Luleå, Sweden and Raahе, Finland to eliminate most of the remaining CO₂ emissions.

The company anticipates that our Iowa operations will be fully powered by renewable

energy by 2022. Our Americas operations will also be able to offer fossil-free steel products starting in 2026, utilizing the sponge iron developed using HYBRIT technology and produced in Sweden. At the same time, SSAB has started the process of phasing out fossil fuels used in rolling mills and heat treatment plants throughout the company, to reach the goal of becoming fossil free by 2045.

Pre-feasibility study

A pre-feasibility study, conducted in 2016–2017, concluded that fossil-free steel, given prices of electricity, coal and cost of CO₂ emissions at

the time of the study, would be 20–30% more expensive. With declining prices in electricity from fossil-free sources and increasing costs of CO₂ emissions through the European Union Emissions Trading System (ETS), the pre-feasibility study also concluded that fossil-free steel will, in the future, be able to compete in the market with traditional steel.

Pilot phase

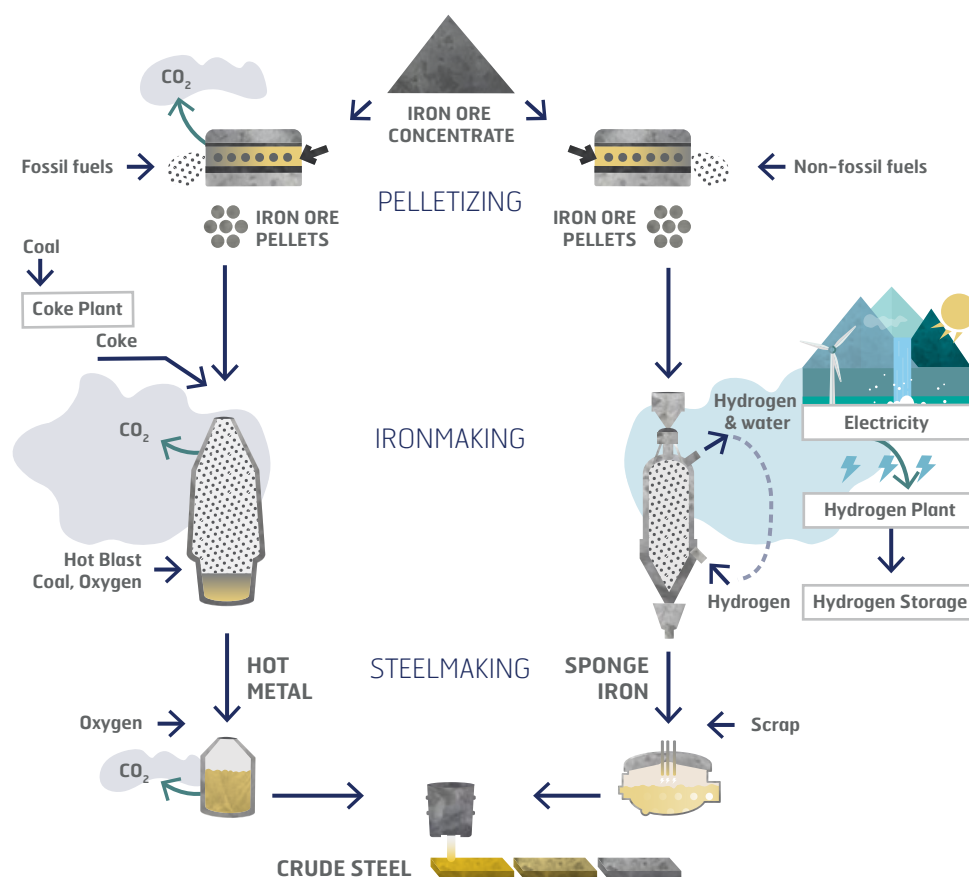
The HYBRIT pilot plant started operation on August 31, 2020 at the SSAB site in Luleå, Sweden. In the pilot plant, we will produce hydrogen by electrolyzing water and then use the hydrogen to

test the direct reduction of iron ore to make direct reduced iron (DRI), also called sponge iron. The sponge iron is then used as virgin material together with recycled scrap for steelmaking.

In the summer of 2019, construction started on a plant for fossil-free pellets at the LKAB site in Malmberget, Sweden. Here, fossil fuels will be replaced with biofuel to achieve fossil-free production of iron ore pellets. Trials using fossil-free fuels in LKAB's pellet plant have produced successful results during summer 2020. Full-scale tests are currently under way to replace fossil oil with bio-oil in one of LKAB's existing

BLAST FURNACE

HYBRIT



pellet plants in Malmberget, reducing emissions from the operation by 40% during the test period, which will last until 2021.

A decision has been made to build a pilot hydrogen storage facility, 25–35 meters below the ground, on LKAB's land at Svartöberget, close to the HYBRIT pilot plant. The pilot storage facility is expected to operate from 2022 to 2024.

The total cost committed to the initiative during the pilot phase is estimated to be SEK 2 billion. The Swedish Energy Agency has committed to contribute SEK 600 million and the three owners, SSAB, LKAB and Vattenfall, will contribute the remaining costs in equal shares.

Demonstration phase

The owners behind the HYBRIT initiative announced in 2020, that they will start efforts to prepare for the demonstration phase. The plan is to have a HYBRIT demonstration plant in place in 2025, at the same time as the conversion of SSAB's blast furnace site in Oxelösund in Sweden. This will enable SSAB to produce iron ore-based, fossil-free steel for commercial use in 2026. There is a growing interest from customers to lower the CO₂ footprint in their value chain, which opens up great potential for fossil-free steel as a premium product. Consultations have begun for deciding on the location/site of the demonstration plant in Norrbotten, Sweden.

How is fossil-free steel produced?

- Fossil-free steel is steel produced using HYBRIT technology using fossil-free hydrogen instead of coal and coke to reduce the oxygen in iron ore. This means the process will emit water instead of carbon dioxide.
- Fossil-free steel is a premium product without a fossil CO₂ footprint. This means no fossil CO₂ emissions during production and that we use fossil-free sponge iron
- Using fossil-free sponge iron as external input material, only internal scrap from fossil-free steel production, fossil-free electricity and no fossil fuels

[LEARN MORE ABOUT HYBRIT](#)



Leading sustainability performance

To be trustworthy in our low-CO₂ steel and soon our fossil-free steel, we need to ensure our own sustainability performance. Safety is our number one responsibility, we will always do our utmost to make sure our colleagues and contractors work in a safe and healthy environment. Circularity is also a priority, making sure resources are used in the most efficient way. Our zero tolerance against corruption is a given.

Safety first: Becoming the world's safest steel company

SSAB is determined to become the world's safest steel company, with the objective of achieving zero accidents, work-related injuries and illnesses. Everyone has the right to a healthy, accident-free work environment in SSAB. Our goal is to prevent all injuries and work-related illnesses. We will minimize health and safety risks everywhere we operate.

Safety at SSAB

Every SSAB employee has a personal responsibility to work safely every day; it is a fundamental requirement for working at SSAB. All SSAB employees are asked to sign SSAB's safety pledge, which is a commitment to always put safety first. Contractors and other partners working at our sites are required to follow the same high standard of safety regulations.

Safety is the most important part of how we operate, and it is integrated into our management system. Safety work at SSAB is guided by SSAB's Group governing documents on safety, which are mandatory for all divisions and companies within SSAB. The H&S principles included in the governing documents comply with or exceed all applicable laws, regulations and SSAB requirements. SSAB's safety management system fulfills the requirements of international standard OHSAS 18001/ISO 45001 and is implemented at all SSAB sites.

Cooperation in health and safety across the Group is ensured by two cross-divisional safety groups. The Group-level Health and Safety Council (H&SC) has primary responsibility to coordinate, cooperate and propose policy recommendations and strategic initiatives to the Group Executive Committee (GEC). The H&SC is the decision-making body on operational safety issues relevant for SSAB. The H&SC is also responsible for promoting a positive safety culture within the company. The H&SC consists of senior representatives from all SSAB divisions, as well as subsidiaries Tibnor, Ruukki Construction and Merox.

The Safety Expert Group shares information on divisional safety programs, achieved results, best practices, information on serious incidents, and recommendations on preventive actions. The group also proposes company-wide safety initiatives to the Health and Safety Council.

Safety first

Becoming the world's safest steel company



SAFETY CULTURE AND LEADERSHIP

PROCESS SAFETY MANAGEMENT

OCCUPATIONAL SAFETY MANAGEMENT

OCCUPATIONAL HEALTH MANAGEMENT

During 2020, we were challenged by a global pandemic that forced us to take unprecedented measures.

Our absolute top priority in this regard was to keep our employees safe from Covid-19 and to ensure production stability.

-12% decrease in Lost Time Injury Frequency

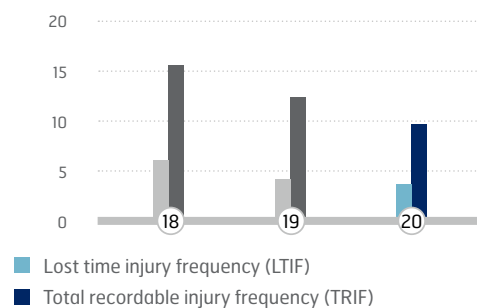
-22% decrease in Total Recordable Injury Frequency in 2020

The line organization has the overall responsibility for managing and developing health and safety work and ensuring compliance with all applicable legal and other safety requirements. The line organization is also responsible for carrying out risk assessments, supported by safety organization and the employees of the evaluated areas.

SSAB applies occupational health and safety programs as required by local legislation in each of the countries where we operate. Safety programs are normally developed by occupational health and safety committees consisting of representatives of the local management and employees. In Sweden and Finland, SSAB has health and safety committees at all workplaces where more than 50 employees are working on a regular basis. In the US, SSAB has a variety of safety committees, which provide employees an opportunity to participate in worker health and safety issues.

All SSAB units and sites are required to create and maintain processes, procedures and necessary tools to identify systematically safety hazards arising from work, the working environment, machines and tools and working conditions, to regularly assess the risks arising from the identified hazards, to plan and carry out corrective and preventive actions to eliminate or minimize those risks and to maintain and update

Injury frequency



the risk assessment data at all times. The five most common causes of serious safety incidents in the steel industry are: moving machinery, falling from height, falling objects, gas and asphyxiation, and moving cranes.

Risk assessments cover all existing, new and modified systems, processes and operations. The results of risk assessments must be widely communicated to all internal and external employees who may need the information. All risk assessments are documented. This documentation and all related data is maintained according to division/unit level procedures. Risk assessment documentation and data are available for review purposes at all times. Risk assessments are reviewed and updated when



necessary. The recommendation is to check risk assessments at least every 3 years and every time whenever changes have been made.

Work on process safety is an important part of preventive health and safety work. At SSAB, process safety is defined as a blend of engineering, operations and fatalities management skills focused on preventing

catastrophic accidents and near misses, particularly structural collapse, explosions, fires and toxic releases associated with loss of containment of energy or dangerous substances such as chemicals and petroleum products.

Every year, hundreds of employees from external companies work at SSAB, particularly in the areas of maintenance and repairs. Contractor companies



CASE: PROCESS SAFETY IS AN IMPORTANT PART OF OUR SAFETY

In 2020, the focus of safety work at SSAB Hämeenlinna was on process safety. Process safety is based on processes not causing a hazard to people or the environment at any stage. In addition, process safety protects employees and also includes protection of the environment, property and the surrounding community. A process that is as uninterrupted and well designed as possible reduces the risk of accident. At SSAB Hämeenlinna, our goal is to prevent process safety accidents such as explosion, fire and emissions of toxic substances. Because the site involves process safety risks, it is very important that everyone working at the site knows what a state of emergency is and how to act in one.

“For a few years now, we have been compiling all safety observations and near-miss incidents related to process safety at SSAB Hämeenlinna to get an idea of the big picture. By monitoring deviations, we gain a better picture of the matters in process safety that we particularly need to address. Deviations in process safety are also monitored at the divisional level,” says Tommi Nisula, Safety Manager at SSAB Hämeenlinna.

are screened for strong safety practices. SSAB also provides contractors with safety training sessions and discussion forums in order to increase their safety awareness. All contractor accidents are included in SSAB's safety statistics.

The safety of our products has been ensured by adhering closely to all legal requirements relevant to our products. If any non-compliance should arise, corrective actions would be defined and executed, and customers affected by this non-conformity would be informed. No such cases occurred in 2020. SSAB also regularly informs customers regarding legislation like

RoHS, REACH and Conflict Minerals, about SSAB's approach and actions to ensure compliance with the requirements. SSAB has also published Environmental Product Declarations for all its product categories with information about the chemical composition, lifecycle effects and safe use of the products.

SSAB's key performance indicator (KPI) for safety is lost time injury frequency (LTIF) and total recordable injury frequency (TRIF). All divisions have annual safety targets including both LTIF and TRIF, and report monthly on safety performance to the GEC.

Safety performance in 2020

SSAB's lost time injury frequency resulting in an absence of more than one day (LTIF) in 2020 was 3.7 (4.2), with a total of 101 (126) injuries among SSAB's employees and contractors. SSAB's own employees' LTIF was 3.2 (4.0) and for contractors it was 6.1 (12.7). In 2020, a total of 73 (102) injuries (LTIs) were incurred by SSAB's employees and 28 (24) by contractors. Overall, the development in safety was positive, particularly in SSAB Special Steels and Ruukki Construction. SSAB Europe was experiencing challenges and therefore started a special program in order to improve the situation, with good results as the number of accidents decreased strongly during the last part of the year.

The most general types of accident at SSAB are injuries to fingers and eyes, and musculoskeletal injuries such as knee, ankle or back injuries. The commonest injuries sustained are wounds or other superficial injuries, sprains, strains, bone fractures or concussion.

Focus areas and key safety actions in 2020

The long-term work to improve safety continued throughout 2020 with many activities. In addition to continuous safety management procedures, the work includes the following:

- New Group-level safety targets were defined and set as part of the new sustainability strategy
- Preparation of a new two-week safety training program in SSAB Europe continued, but due to the Covid-19 pandemic, the program had to be postponed and several planned pilots were cancelled. The intention is to run the program in 2021. The objective of the program is to ensure a culture where safety and health are always prioritized
- Development of more engaging safety communication to better engage our employees in safety work. Part of this entails increasing safety communication toward a more people-centric and human approach
- Further strengthening cooperation and information sharing across the company
- An even stronger focus on fully integrating safety work into the SSAB One management philosophy

Normal safety audits and hazard assessments continued to mitigate the risks of the main causes of serious incidents in the steel industry. Risks also will be reduced by further improving information sharing about serious incidents within the company.

Safety work is also being enhanced by aiming to improve incident data collection and tracking, as well as by utilizing a more systematic approach to analyzing the root causes of incidents.

Health

During 2020, SSAB implemented several measures to prevent the spread of Covid-19 and to safeguard the health of our employees and contractors. Examples of these measures include a ban on all business travel, employees working from home where possible, not allowing external visitors at sites and restricting face-to-face meetings. During pandemic, the company has paid extra attention in supporting managers in taking responsibility of their employees mental wellbeing and ergonomics when remote working. SSAB has contingency plans in place for all production sites and key functions. SSAB is monitoring the situation closely and is prepared to take additional actions where required.

SSAB focuses on health and wellness to promote the overall wellbeing of employees. Wellbeing is a joint responsibility between the employer and the employee facilitated by SSAB's framework for health:

- Our Code of Conduct provides the framework for how we act and how we make our employees feel engaged and included
- SSAB One, our management philosophy, allows us to improve, learn and achieve results that are built on everyone's skills and contribution
- A leadership that is built upon our manager criteria, where the individual is recognized and feedback is essential
- Regular employee surveys allow identification of both strengths and improvement areas, and provide a solid base for planned actions of improvement
- Occupational healthcare services are provided to employees as required by the law and regulations in each operating country. At our major sites, occupational healthcare services are provided by professional service providers at SSAB's premises
- Monitoring sick leaves and ascertaining the reasons for them. Sickness absence rates are continuously monitored and preventive actions are taken as needed by the line organization
- Supporting a healthy lifestyle (exercise and other recreational activities). SSAB offers applicable recreational activities and health promotion services in different countries. These include e.g. support for physical exercise
- The absentee rate at SSAB was 4.8% (2.3%) (employees in Sweden and Finland)

Disclosure 403-9: Work-related injuries

	2020	2019	2018
Total			
LTI's	101	126	184
LTIF	3.7	4.2	6.1
TRIF	9.7	12.4	15.6
Employees			
Fatal accidents	0	0	0
High consequence LTIs	9	7	7
Serious incidents	368	445	465
Total LTIs	73	102	153
LTIF	3.2	4.0	5.9
TRIF	9.7	12.4	12.4
Worked hours	22,767,926	25,474,602	25,942,824
Contractors			
Fatal accidents	0	0	0
High consequence LTIs	4	0	3
Total LTIs	28	24	31
LTIF	7.7	5.6	7.2
Worked hours	3,654,969	4,319,125	4,329,246

The numbers include Ruukki Building Systems until April 30, 2020.

LTIF by country/region (incl. employees and contractors)

	2020	2019	2018
Sweden	3.3	3.7	6.6
Finland	5.5	5.4	8.2
USA	1.9	2.7	1.4
Rest of Europe	3.2	3.2	5.4
Rest of the world	2.4	3.4	5.2

TRIF by country/region (employees)

	2020	2019	2018
Sweden	10.6	15.4	20.2
Finland	12.6	12.1	17.0
USA	4.0	8.2	8.0
Rest of Europe	5.4	6.6	5.9
Rest of the world	8.7	20.0	16.2

LTIF = Number of injuries resulting in an absence of more than one day per million working hours. Lost time injury (LTI) is any work-related injury, resulting in the employee not being able to return to work for the next calendar day
 TRIF = Total Recordable Injury Frequency per million working hours. Recordable injury means the sum of reported lost time injuries, medical treatment injuries and alternate duty cases.
 Serious incident = incidents involving moving machinery, cranes, falling objects, working at heights, on-site traffic, electric shocks. Units may use their own definitions if they are a requirement from the local authority.
 LTI severity rate = The number of absence days divided by the number of LTI's as R12 months cumulative
 High consequence LTI = Injuries from which the worker cannot recover (e.g., amputation of a limb), or does not or is not expected to recover fully to pre-injury health status within 6 months (e.g., fracture with complications)

Resource efficient operations

SSAB is committed to minimizing any adverse environmental impacts from our operations. Therefore, SSAB focuses on continuous improvement to minimize emissions and improve productivity, as well as material and energy efficiency. SSAB is also working toward a fossil-free steelmaking process through the HYBRIT initiative, and by eliminating other fossil related emissions, with a goal to offering fossil-free steel in 2026 and fossil-free operations by 2045.

CO₂ efficient steel production

At SSAB, steelmaking processes have been continuously advanced and improved. As a result, SSAB's blast furnaces today are among the most efficient in the world in terms of minimizing emissions from steel production. Still, SSAB's operations account for 10% of Sweden's and 7% of Finland's CO₂ emissions. In the US, our scrap-based EAF steel mills use close to 100% recycled steel as a raw material, thereby resulting in much lower direct CO₂ emissions compared to blast furnace-based steel making.

Direct CO₂ emission reductions through further improvements in resource efficiency

Steel production is resource intensive and generates carbon dioxide (CO₂) emissions. In 2020, SSAB's total direct CO₂ emissions were 8,844 (9,582) thousand tonnes. Around 90% of SSAB's direct CO₂ emissions are generated by iron ore-based steel production at our sites in Luleå, Oxelösund and Raahé, in particular our blast

furnaces. Approximately 98% of these emissions are related to metallurgical processes, i.e., to the use of coke and coal as reducing agents. In 2020, direct CO₂ emissions from Nordic steel production were 8,105 (8,873) thousand tonnes and emissions intensity (tonnes of CO₂ emissions/tonne crude steel) was 1.64 (1.75). CO₂ emissions generated in Nordic steel production are within the scope of the European Emissions Trading System.

Our iron ore-based steel production in the Nordics is among the most CO₂ efficient in the world owing to the use of high-grade iron-ore pellet and, high-quality coke, as well as efficient and uninterrupted processes. The possibilities to further reduce CO₂ emissions from current steelmaking processes are limited, but emissions can be controlled and to some extent further reduced by continuously striving to improve material and energy efficiency (read more on p. 76 and 78). SSAB's target was to achieve

a lasting reduction of 300,000 tonnes in CO₂ emissions (Scope 1) by the end of 2020, compared to the 2014 baseline. By the end of 2020, we achieved 310,000 tonnes or 103% of this target. We have taken several measures to reach the targeted reductions, such as the following:

- Switching from heavy fuel oil to LNG in Borlänge
- Increasing yield within the production of prime slabs in Luleå. This is based on an overall better yield improvement of prime slab production, improved raw material utilization for prime productions

In 2020, direct CO₂ emissions from the scrap-based steel production in the US were 722 (697) thousand tonnes and emissions intensity (tonnes of CO₂ emissions/tonne crude steel) was 0.68 (0.68).

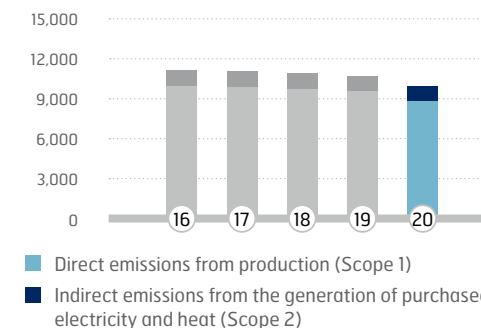
8.8 million tonnes of direct CO₂ emissions in 2020

1.3 tonne of CO₂ / tonne crude steel in CO₂ intensity in 2020

Environmental targets for 2020 were overachieved and new targets were set for the coming years.

Carbon dioxide emissions

Thousand tonnes





CASE: ENERGY4HYBRIT BIOMATERIAL SIDESTREAM PREFEASIBILITY STUDY IN FINLAND

The Energy4HYBRIT prefeasibility study, part of SSAB's plan to be fossil free by 2045, was completed in December 2020. In this prefeasibility study, SSAB investigated the use of fossil-free energy sources, primarily biomaterial sidestreams, to replace fossil fuels in certain steelmaking processes, for example rolling processes. The prefeasibility study indicates that it would be possible to replace a significant amount of fossil fuel consumption with felling and other bio-based sidestream components at the Raahemill. Ironmaking accounts for around 90% of SSAB's carbon dioxide emissions. The University of Oulu and VTT studied and modelled all energy flows at the mill as part of the prefeasibility study. The prefeasibility study was carried out by SSAB with Gasum, Neste and St1 and was supported by Business Finland. The energy companies were studying the use and availability of alternative energy sources. The Energy4HYBRIT prefeasibility study and the planned follow-up projects based on it will focus on the 10% of carbon dioxide emissions remaining after the reduction of iron ore, originating in numerous other steelmaking processes than ironmaking.

Indirect CO₂ emissions

Indirect CO₂ emissions (Scope 2) from energy occur from the generation of purchased electricity and heat. In 2020, SSAB's indirect CO₂ emissions were 1,145 (1,173) thousand tonnes. Energy indirect CO₂ emissions from the scrap-based steel production in US are larger than the direct CO₂ emissions, because electricity is used to melt the scrap metal in the electric arc furnaces.

SSAB's other indirect (Scope 3) CO₂ emissions in 2019 were an estimated 5.6 million tonnes (Scope 3 emissions are calculated every other reporting year, last measured in 2019). The majority of Scope 3 emissions are generated in the processing of sold products, which account for 40% of the total Scope 3 emissions. Of the other Scope 3 emissions, 38% are production of purchased raw materials and services, 7% are upstream emissions of purchased fuels and electricity (not included in Scope 1 and 2 emissions) and 9% are generated in the downstream transportation and distribution. The share of Scope 3 emissions of SSAB's total CO₂ emissions was 34 % in 2019.

SSAB'S CLIMATE GOALS ARE APPROVED BY THE SCIENCE BASED TARGETS INITIATIVE

The approved science based target means that SSAB commits to reducing greenhouse gas emissions by 35 % by 2032 (compared to 2018 and measured as CO₂ e). The target applies to both direct and indirect emissions (Scope 1 and 2) and is in line with the Paris Agreement and the objective of keeping global warming well below 2°C. We have set annual targets leading up to a 35% reduction. SSAB's overarching goal is to be fossil-free by 2045. Read more on p. [63](#).

About the Science Based Targets Initiative

The Science Based Targets initiative is an organization that encourages companies to set science-based goals that increase their competitiveness in the transition to a low-emission society. The organization is a collaboration between CDP, the UN Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

305-1, 305-2: Greenhouse gas emissions ¹⁾

Thousand tonnes	2020	2019	2018	2017	2016
305-1: Direct greenhouse gas (GHG) emissions (Scope 1) ²⁾					
Iron ore-based steel production in Nordics	8,105	8,873	9,005	9,156	9,323
Sweden	4,687	5,489	4,903	5,281	5,102
Finland	3,418	3,384	4,102	3,875	4,221
Scrap-based steel production in US	722	692	725	690	644
Other reported sites	17	17	19	21	22
Total	8,844	9,582	9,749	9,867	9,989
305-2: Indirect emissions from the generation of purchased electricity and heating (Scope 2) ³⁾					
Iron ore-based steel production in Nordics	165	196	167	167	185
Sweden	100	132	107	100	112
Finland	64	64	60	67	73
Scrap-based steel production in US	968	964	1,007	1,032	964
Other reported sites	12	13	15	16	16
Total	1,145	1,173	1,189	1,216	1,165

¹⁾ Only CO₂ is included in the calculation. Biogenic CO₂ emissions are not relevant for SSAB and therefore not included in reporting.

²⁾ Generation of electricity from process gases is included in the direct emissions (Scope 1). The direct CO₂ emissions are calculated in accordance with the procedures in the WBCSD GHG Protocol, together with additional guidelines from the EU and/or national authorities. The Scope 1 emissions for the Nordics in 2020 are preliminary. EU-ETS verification of GHG emission reports may result in minor adjustments.

³⁾ For electricity, indirect CO₂ (Scope 2) emissions are calculated using grid average emission factors. Specific emission factors are used for the generation of the purchased heat.

305-4: Greenhouse gas emissions intensity

Tonnes of CO ₂ emissions/tonne crude steel	2020	2019	2018	2017	2016
Iron ore-based steel production in Nordics	1.64	1.75	1.67	1.68	1.68
Scrap-based steel production in US	0.68	0.68	0.68	0.71	0.69
Average	1.32	1.41	1.36	1.38	1.39

The GHG intensity is reported as product emission intensity (tonnes of CO₂ emissions per tonne of crude steel produced). It is calculated as the sum of Scope 1 and Scope 2 emissions for all SSAB iron and steel production sites and rolling mills, divided by the total crude steel production in tonnes.

305-3: Other indirect (Scope 3) GHG emissions

Thousand tonnes CO ₂ e	2019	% of Scope 3	2018	% of Scope 3	2017
1. Purchased raw materials, goods and services	2,142	38 %	2,142	64 %	1,827
3. Fuel and energy related activities	370	7 %	370	11 %	395
4. Upstream transportation (inbound)	236	4 %	236	7 %	-
5. Waste generated in operations	43	1 %	43	1 %	51
6. Business travel	8	0 %	8	0 %	7
7. Employee commuting	36	1 %	36	1 %	36
9. Downstream transportation and distribution (outbound)	501	9 %	501	15 %	512
10. Processing of sold products	2,268	40 %	-	-	-
Total Scope 3 emissions	5,604	100 %	3,336	100 %	2,826

Scope 3 calculation was performed following the requirements of Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WRI & WBCSD 2011). Greenhouse gas emissions are calculated as CO₂ equivalents. Biogenic emissions are not included in the calculation.

In 2018 reporting, Category 4 "Upstream transportation" was included. Scope 3 emissions are calculated every other reporting year, last measured in 2018.

In 2019 reporting, Category 10 "Processing of sold products" was included. Scope 3 emissions are calculated every other reporting year, last measured in 2019.

The Scope 3 calculation principles can be found in the Scope 3 report on [SSAB.COM](https://ssab.com)

Climate risks

Transitional risks, emissions trading and increasing carbon costs

Transitional risks, such as regulatory changes (especially regulations related to EU Emissions Trading System (EU-ETS)), have increased the need for more CO₂ efficient production and increasingly influence investment decisions. The EU-ETS is the largest mandatory international system for trading greenhouse gas emission allowances, and a major element of the EU's efforts to combat global warming. The greenhouse gases emitted in SSAB's Nordic steel production are within the scope of the EU ETS, currently in the third trading period of 2013–2020. Compared to previous trading periods, both the cap on total annual emissions in the EU and the amount of free emission rights allocated to the industry are being gradually reduced. Due to the foreseen revision of the system, especially changes in the free allocation of emission allowances, and the fact that the market price for allowances could rise, there will be increasing costs for the steel industry due to the need to purchase additional emission allowances. SSAB is among the most efficient steel producers in Europe and also has a smaller deficit of emission rights than the industry average, hence the cost increase will be less pronounced.

The European Steel Association (EUROFER) has estimated that the European steel industry

will see an average shortfall of 26% in free allocations during the period 2021–2030. This shortfall is likely to increase to around 37% by 2030. Using the same calculation method and based on current technology, SSAB's estimated shortfall will average 24% during the period and is likely to increase to 27% by 2030. Currently, SSAB has some saved allowances and has started to purchase ETS allowances to ensure a proper balance.

In addition to the direct costs, the steel industry is impacted by the indirect carbon costs passed on in electricity prices. The Finnish government has declared their willingness to compensate energy intensive industry for higher electricity costs by 37.5% in 2019 and 2020. No such statement has been made by the Swedish government.

Physical risks caused by climate change

SSAB's operations are, to some extent, exposed to physical risks caused by climate change, and these risks are part of the risk matrix, however currently not with high likelihood nor high financial impact on SSAB as a company on a short-medium perspective. Physical risks caused by climate change include rising temperatures, rising sea levels and increased severity of extreme weather events, such as hurricanes and flooding, especially near our American mills where plans for mitigating impact of hurricanes are reviewed regularly. For example, higher temperatures of



incoming water in rolling processes can lead to increased energy consumption due to the higher cooling water flow needed to obtain the same cooling capacity. Extreme weather can cause problems with transportation by rail or sea, which could lead to reduced revenue from decreased production and supply chain interruptions. Rising sea levels could cause instability in the foundations of buildings and facilities at sites that are directly connected to the sea, leading to increased capital expenditure.

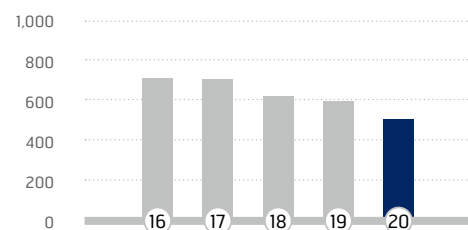
In addition to climate change mitigation actions, we also aim to better adapt our operations to the changing climate and weather conditions, taking the physical climate change risks into consideration in new investments, process development and supply chain and production planning.

Other emissions to air

In addition to CO₂, the most emissions generated are particulate matter (PM), sulfur oxides (SO_x) and nitrogen oxides (NO_x). Particulate emissions

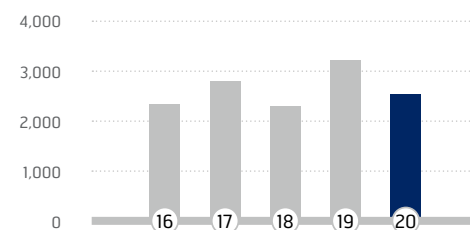
Particulate emissions

Tonnes



Sulfur dioxides emissions

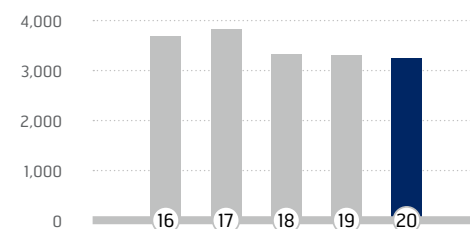
Tonnes



contain metals, which originate mainly from iron ore pellets, coking coal and from residuals and processing of the steel products. Sulfur oxide emissions originate from the raw materials and fuels containing sulfur. Nitrogen oxide emissions mainly are formed in the combustion processes in the coke plants and rolling mills. We monitor emissions arising from our operations both at production sites and in their vicinities to ensure compliance with emissions limits and to improve local air quality. The emissions are monitored in compliance with the requirements of the local environmental authorities at each site.

Nitrogen oxides emissions

Tonnes



305-7: Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions

Tonnes	2020	2019	2018	2017	2016
Particulate matter (PM)	505	596	623	705	711
Sulfur dioxide emissions (SO _x)	2,549	3,242	2,306	2,809	2,347
Nitrogen oxides emissions (NO _x)	3,253	3,308	3,323	3,805	3,672

Material efficiency and recycling

SSAB strives for resource efficiency. We recirculate much of the material generated from our production back into our own processes, thereby reducing the need for virgin raw materials, CO₂ emissions and waste. The use of recycled steel in the production of new steel has a big impact on lowering the environmental footprint of the product's lifecycle.

Materials used in steelmaking

The key raw materials needed in steelmaking include iron ore, coal, limestone, alloys and scrap steel. Iron ore and coal are the main raw materials required for SSAB's steel production operations in Sweden and Finland. Scrap metal is the most important raw material for SSAB's steel production operations in the US. In 2020, SSAB used a total of 14.1 (14.6) million tonnes of raw materials.

Maximizing the recirculation of materials

The production of iron and steel gives rise to a range of residuals (e.g. slag, sludge and dust). Recirculating materials back into the steelmaking process reduces the need for virgin raw materials. This in turn reduces CO₂ emissions and waste. Materials that cannot be recirculated internally can be processed into byproducts and sold externally, thereby reducing



301-1: Materials used by weight

Thousand tonnes	2020	2019	2018	2017	2016
Iron ore pellets	6,417	6,813	7,130	7,128	7,325
Scrap (external + internal)	3,689	3,658	3,803	3,852	3,644
Reducing agents ¹⁾	2,309	2,525	2,526	2,582	2,562
Recycled materials	823	767	914	968	1,005
Slag formers ²⁾	661	699	756	728	765
Alloys	101	111	119	117	116
Metal and organic coatings	57	52	54	56	58
Non-renewable materials, total	14,057	14,626	15,303	15,431	15,476

¹⁾ Coke, coal and other reducing agents, such as oil

²⁾ Limestone, burnt lime, dolomite, carbide, etc.

CO₂ emissions by substituting natural resources in other industries. For example, blast furnace slag is used to replace cement, enabling the cement industry to significantly reduce their CO₂ emissions. In 2020, 3.6 (3.3) million tonnes of residuals from the iron ore-based steel production were utilized, internally or externally. This is about 92% (90%) of all residuals produced in the iron ore-based production. In 2020, 1.4 (1.3) million tonnes of byproducts were sold externally.

One of SSAB's environmental targets was to achieve a lasting improvement in residual

utilization by 50,000 tonnes, reducing the amount of material being sent to a landfill by the end of 2020, compared to the 2014 baseline. By the end of 2020, SSAB achieved 62,000 tonnes or 124% of this target. Examples of measures taken to reach the target are the following:

- Utilization of blast furnace sludge and basic oxygen steelmaking (BOF) sludge in briquettes for use as a raw material instead of being landfilled in Luleå
- Utilization of ladle slag in the blast furnaces in the Nordics

Scrap used in steel production

Recycled steel replaces the iron ore as input material in iron and steel-making increasing material efficiency and reducing CO₂ emissions. In 2020, SSAB used 2.8 (2.7) million tonnes of external scrap and 0.9 (0.9) million tonnes of internally recycled scrap, which equals an average of 46% of recycled steel used in all of SSAB's steel production. SSAB uses approximately 20% of scrap metal in conjunction with steel production in the Nordics, and nearly 100% in the US.

Minimizing waste

SSAB focuses on reducing the volume of material sent to landfills. The key to waste reduction is the recirculation of materials described earlier. However, there are waste products from the production processes for which there is currently no environmentally or economically justifiable application and which therefore need to be removed from the processing cycle. Waste that originates from SSAB's operations and requires either being sent to a landfill or to an external waste recipient is processed in compliance with valid regulations. Focus is on hazardous waste, such as oily waste, including used oil, grease, sludge and emulsions, which are often disposed of through combustion. The management and monitoring of the company's landfill sites are strictly regulated by applicable laws and governmental authorities.



Residuals from steel production, waste included

Thousand tonnes	2020	2019	2018	2017	2016
Residuals from ore-based steel production					
Residuals, total	3,897	3,648	3,659	4,054	4,045
Utilized internally or externally	3,578	3,300	3,271	3,836	3,648
Residuals from scrap-based steel production					
Residuals, total	762	719	696	756	718
Utilized internally or externally	685	644	626	689	659

306-2: Total weight of waste by type

Thousand tonnes	2020	2019	2018	2017	2016
Industrial waste to landfill	331	366	356	441	399
Hazardous waste	51	52	53	50	48
Non-hazardous waste	63	69	66	70	54

92% of all residuals from iron-based production utilized

1.4 million tonnes of by-products sold

Energy efficiency

SSAB's production processes are energy intensive. Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at steel mills, ensure efficient use of energy and lower emissions.

Continuous work to improve energy efficiency

Energy efficiency management is systematically promoted at all of our production sites, mainly as part of an ISO 14001 system.

SSAB's energy savings target is to reduce the use of purchased energy by 400 GWh by the end of 2020 (corresponding to ~5% of purchased energy in 2014, the base year). By the end of 2020, we achieved approximately 483 GWh or 121% of this target. During the target period, we have taken several measures to reach the targeted savings, such as the following:

- A new, more efficient blast machine for the blast furnace in Luleå reduces electricity consumption
- Optimized media systems for compressed air and hydraulics, as well as furnace control systems at several SSAB sites
- Oxygen lancing in a reheating furnace in Borlänge

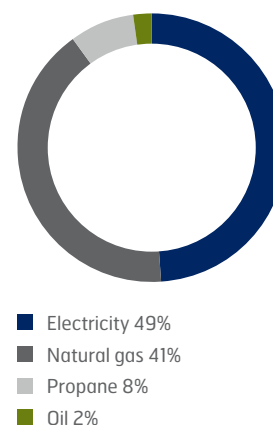
- Replacement of old lighting fixtures with LED technology in Oxelösund, Luleå, Borlänge, Mobile and Montpelier
- A new power plant with higher efficiency in Raahе

In 2020, SSAB's total energy consumption (including electricity, purchased fuels and purchased heat) was 9,083 (9,088) GWh and SSAB's energy intensity was 1,203 (1,188) kWh/tonne crude steel (including electricity and purchased fuels). In 2020, SSAB's crude steel production was 7,535 (7,623) thousand tonnes. Also production stability impacts the efficiency of energy usage.

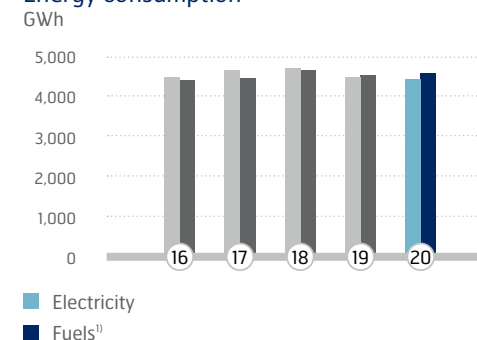
Energy sources – our long-term aim is to switch to fossil-free energy

The main fuels used at SSAB's production sites are process gases, natural gas, propane and, for the time being, heavy fuel oil. Process gases from SSAB's coke oven plants and blast furnaces are used primarily to replace external fuels in

Energy sources



Energy consumption



¹⁾ Includes natural gas (NG), liquefied petroleum gas (LPG), oil and biogas. Coal and coke excluded

ovens and secondarily to produce electricity in power plants. Natural gas, propane and oil are used to heat up furnaces. Currently, SSAB does not consume renewable fuels in production processes, but as part of our long-term goal to become fossil-free in our operations by 2045, one important goal is to eliminate fuel-related emissions. This will be achieved through the electrification of processes and increased use of biofuels.

Today, electricity is our largest energy source, accounting for ~50% of the total energy consumption. At our US sites, electricity is

the most important energy source used in the electric arc furnaces to melt recycled steel. In line with SSAB's global ambitions, the company anticipates that our operations in Iowa, USA, which utilize scrap-based electric arc furnace technology, will be powered completely by renewable electricity by 2022 (primarily wind energy). SSAB in the US also will be able to offer fossil-free steel products starting in 2026, utilizing sponge iron developed through the HYBRIT initiative in Sweden.

Energy recovery at steel mills decreases CO₂ emissions

To improve energy efficiency, energy flows are recycled in the production process (see the illustration). Process gases like blast furnace gas, coke oven gas and converter gas are generated in the iron- and steelmaking processes. Steam and hot water are also produced. These energy flows can be fully recovered to

generate electricity and heat, thereby saving fuel resources and decreasing CO₂ emissions. Recovered heat has been used to produce district heating in Luleå, Oxelösund and Raahé since the 1980s, accounting for about 90% of local district heating needs. In 2020, 1,184 (1,056) GWh of electricity was produced from recovered energy and SSAB delivered 1,097 (1,165) GWh of district heating.

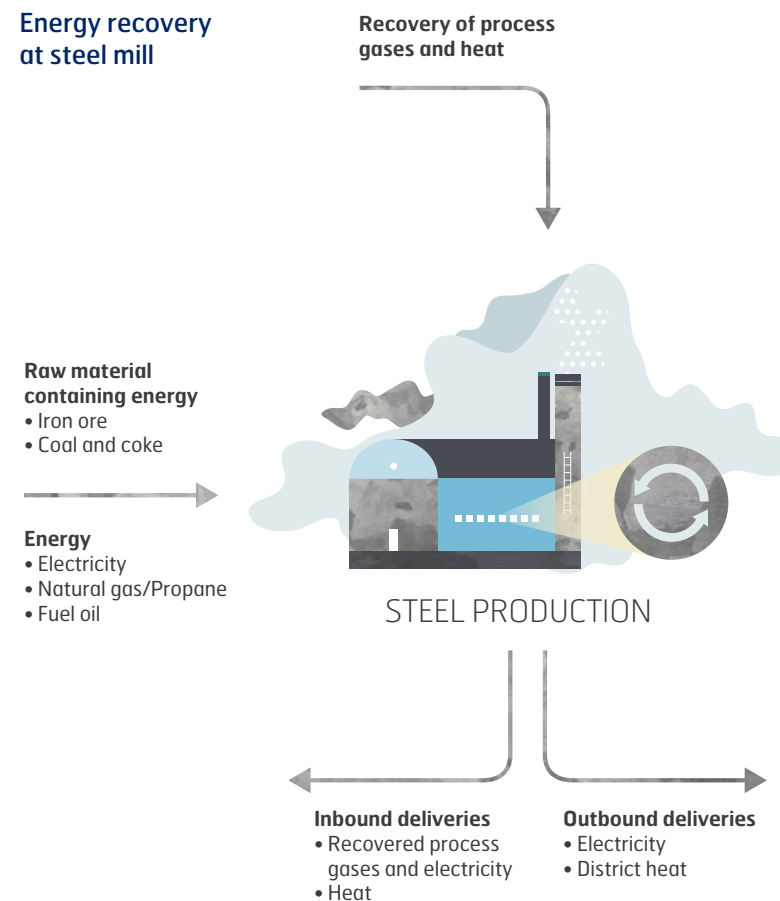
302-1: Energy consumption within the organization

GWh	2020	2019	2018	2017	2016
Fuels					
Natural gas	3,708	3,361	3,211	3,101	3,073
Propane	684	818	1,174	1,171	1,099
Fuel oil	215	376	309	206	277
Total non-renewable fuels	4,607	4,554	4,694	4,478	4,450
Electricity, heat and steam					
Electricity, purchased ¹⁾	3,270	3,449	3,311	3,301	3,316
Heat, purchased	21	28	28	31	26
Electricity generated from process gases	1,184	1,056	1,418	1,400	1,195
Gross energy consumption	9,083	9,088	9,452	9,210	8,986
Electricity and heat sold					
Heat, sold	1,097	1,165	1,173	1,169	1,101
Net total energy consumption ²⁾	7,985	7,923	8,279	8,041	7,885

¹⁾ Including external companies within the industrial area

²⁾ The figure excludes the fuels used in transportation and vehicles, nor does it include employee travel and transportation.

Energy recovery at steel mill



Water recirculation in the production process

Access to water is crucial for steel production, particularly in quenching, where water is used for the direct cooling of hot-rolled steel. Most of the water used in SSAB's production processes is recirculated in cooling systems.

Surface water for cooling purposes

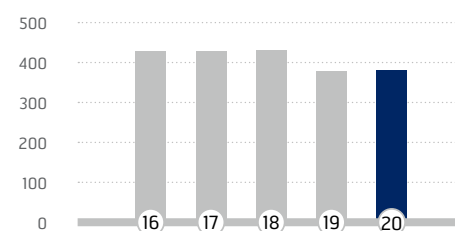
SSAB's operations are located in areas where there is currently no scarcity of water, and no water sources are significantly affected by water withdrawal by SSAB's operations.

SSAB uses surface water at all of its production sites, including both sea water and fresh water. Water is used mostly in processing, cooling and in scrubbing flue gases at the steel works and rolling mills. Water is also needed for electricity production and in slag granulation.

Effluent discharge into waterways

All of SSAB's sites take actions to prevent the risk of contaminating local water resources and to reduce effluent discharge into waterways. Discharges of effluent into the waterways consist of suspended solids, which contain calcium,

Water consumption
Million m³



magnesium and silicon compounds, and originate from the steel plants and blast furnaces. Oily emissions originate from the rolling processes. There are also some discharges of nitrogen and iron into the waterways. All SSAB operations are subject to environmental permits and guidelines regarding discharged water.



303-1: Water withdrawal by source

Million m ³	2020	2019	2018	2017	2016
Surface water (inlands)	180	180	206	203	203
Surface water (sea)	198	198	225	226	225
Municipal water	1	1	2	2	1
Total water withdrawal	379	379	433	431	429

Effluent discharge into waterways

Tonnes	2020	2019	2018	2017	2016
Suspended solids	76	196	230	322	286
Mineral oil	2	2	8	6	6

Responsible sourcing

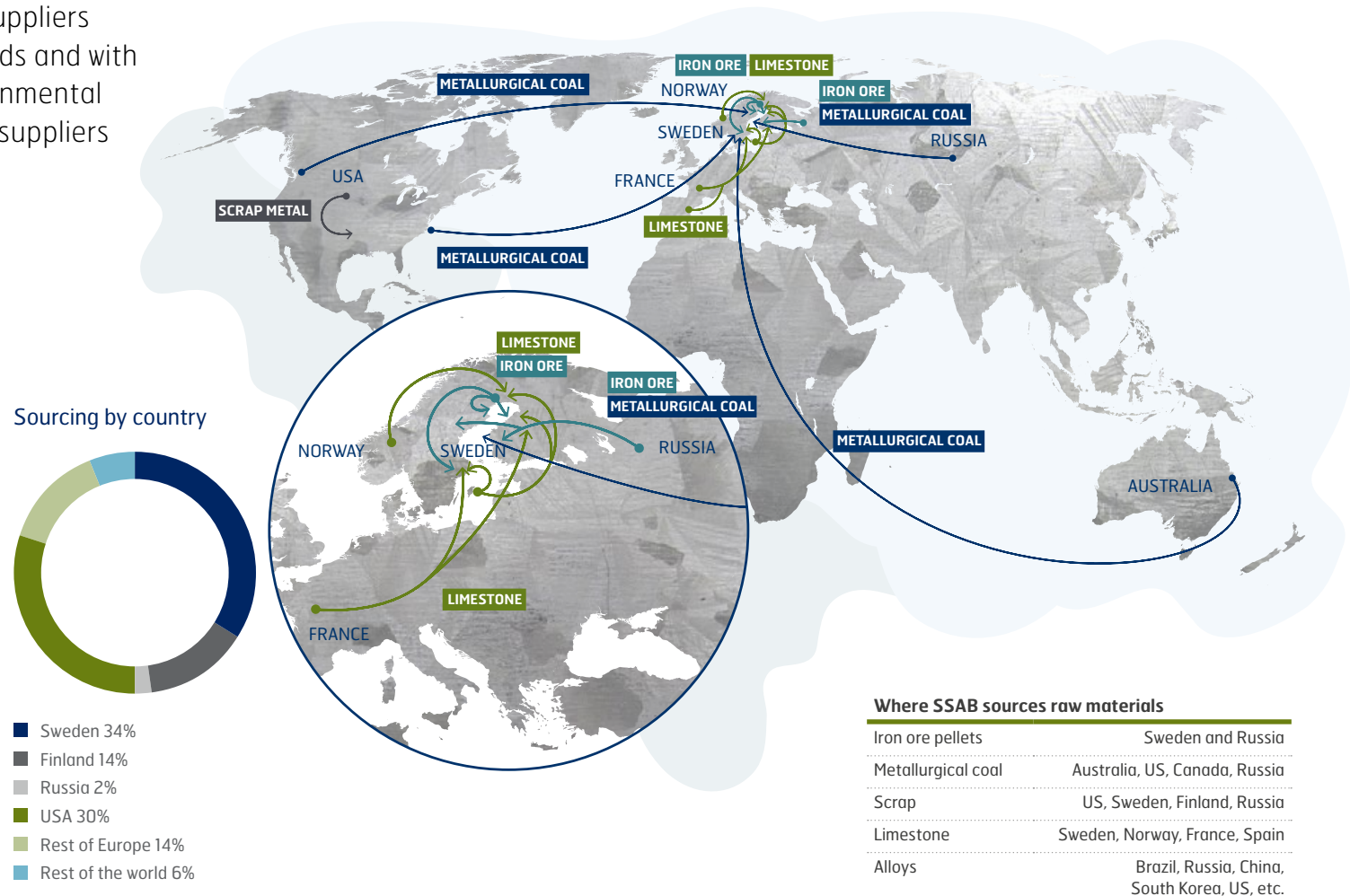
SSAB has approximately 20,000 active suppliers in more than 60 different countries. Suppliers must comply both with SSAB's standards and with international ethical, social and environmental guidelines in order to remain qualified suppliers for SSAB.

Efficient and responsible sourcing of goods and services

SSAB buys raw materials, products and services ranging from goods like scrap, iron ore, coal and alloys to gas, refractories, zinc, paint, maintenance services and spare parts. In 2020, SSAB sourced products, materials and services worth an estimated SEK 50 billion.

At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management. We assess suppliers based on quality, delivery performance, cost and sustainability.

Main flows of raw materials



Targets and results

Focus area	KPI	Target 2020	Result 2020
Ensure supplier compliance with SSAB's Supplier Sustainability Policy	Share of total spend sustainability assessed (categorized/identified and self-assessment done)	95%	96%
	Share of new suppliers sustainability assessed (GRI 414-1) ¹⁾	100%	93%
	Onsite visits including social and environmental performance of suppliers	24	16 ²⁾
	Third-party sustainability audits	3	3 ²⁾

¹⁾ New suppliers with spend above SEK 1 million included

²⁾ Of which 13 were performed remotely

Sustainability is incorporated in sourcing

SSAB has a Supplier Sustainability Policy based on the UN Global Compact principles to which SSAB is a signatory. The purpose of the policy is to ensure that SSAB collaborates with suppliers who share our sustainability values. The Supplier Sustainability Policy applies to all suppliers providing products and/or services to any SSAB Group company and includes requirements on labor and human rights, health and safety, anti-corruption and the environment. Regarding the policy, SSAB also reserves the right to conduct reviews of our direct suppliers or onsite audits to ensure compliance with the policy. All new or updated contracts from 2017 and onward refer to the Supplier Sustainability Policy or similar, and the same reference is included in our purchase orders, for all main SSAB sites.

Compliance Program

SSAB follows its suppliers' sustainability compliance through a systematic process





Identification and evaluation of supplier risks

SSAB classifies first-tier suppliers and assesses potential risks. For sustainability assessments, we use Verisk Maplecroft’s risk indices for human rights, political and environmental risks per specific region. Corruption assessments are based on Transparency International’s Corruption Perceptions index.

Suppliers identified as medium- or high-risk suppliers must complete a self-assessment questionnaire containing questions about governance, social conditions and environmental performance. SSAB investigates and follows up on identified areas of non-compliance. In 2020, 96% (93%) of SSAB’s total spend was sustainability assessed (classified/identified in terms of sustainability risks and self-assessment done) and 93% of new suppliers were screened using social criteria.

Site visits and audits

The year 2020 was characterized by restrictions in traveling and possibilities to perform onsite visits due to Covid-19. This meant that a majority of the 2020 onsite visits and audits were performed remotely.

In 2020, SSAB conducted 16 onsite visits and 3 extensive audits to suppliers related to sustainability matters. Evaluation is based on SSAB’s Sustainable Supplier Policy and conducted by a procurement commodity manager, an internal SSAB auditor or a third-party auditor. Suppliers selected for onsite visits and third-party audits are identified in the annual audit plan, and based on a number

of criteria, including a pre-evaluation of the supplier’s social and environmental risk profile, taking into consideration geographical location, product category and spend volume.

This year’s onsite visits were conducted at suppliers located in Europe and North America covering different categories including raw materials, maintenance and production related material. The main improvement areas identified were linked to work environment and safety.

SSAB also conducted three third-party sustainability audits during the year – one in Kazakhstan, one in Ukraine and a follow-up audit in Brazil. SSAB works with a leading audit company to conduct the audits. The audits revealed non-conformances primarily related to safety, work environment and governance. SSAB follows up with the respective suppliers regarding these observations. In the follow-up audit in Brazil, most of the earlier deviations could be closed.

Monitoring raw material traders

SSAB also sources alloys, coal and refractories through agents and traders. SSAB requires these suppliers to monitor their sources for sustainability commitment and we have an adapted assessment process by which these suppliers must declare how they monitor social and environmental compliance in their supply chain.

HSEQ cluster for joint evaluations of contractors

SSAB is member of an HSEQ (health, safety, environment and quality) cluster for common

Risk based approach

LOW RISK	<ul style="list-style-type: none">Sustainability clause in contracts*
MID LEVEL RISK	<ul style="list-style-type: none">Sustainability clause in contracts*Self-assessment questionnaire
HIGH RISK	<ul style="list-style-type: none">Sustainability clause in contracts*Self-assessment questionnaireSite visit and third party sustainability audits (selected in annual audit plan, risk-based approach)

* Refers to SSABs Supplier Sustainability Policy

evaluations of contractors. Several of SSAB’s contractors working on SSAB’s sites are audited annually by a third party through this cluster. In 2020, 5 HSEQ evaluations of contractors were conducted in Sweden and Finland. Also, this is an activity that Covid-19 has restricted.

Actions against modern slavery

SSAB supports and respects internationally proclaimed human rights and has taken a variety of actions to verify the absence of child labor, forced labor, slavery and human trafficking in our supply chain. These actions include sustainability principles for our suppliers, sustainability risk

assessments, onsite visits and audits and training of our employees.

No conflict minerals in SSAB’s steel

“Conflict minerals” is a term used for minerals derived from conflict-ridden regions or countries where the mining of certain minerals risks contributing to, or financing, continued conflict and violation of human rights. SSAB does not use conflict minerals (including gold, tin, tungsten and tantalum) and, upon request, provides customers with a certificate affirming this

Zero tolerance for bribery and corruption

By providing a framework for business ethics and compliance, SSAB continues to focus on creating a mature organizational culture that encourages ethical conduct. This framework provides the required support and tools to meet SSAB's expectation that each and every employee acts with honesty, integrity and responsibility in their job. The framework also ensures that we collaborate with business partners who share our ethical values.

Ethics and Compliance function

SSAB has an Ethics and Compliance function, which includes strategic responsibility for business ethics, anti-corruption and human rights, as well as for implementing new legislation and international guidelines in this area. Essential components of the ethics and compliance program are risk assessments and employee training to prevent and detect corruption and mitigate legal and ethical risks.

SSAB works actively to prevent corruption in our business.

Sustainability strategy

SSAB has zero tolerance for bribery and corruption and this is clearly communicated by top management. One top priority is to ensure ethical conduct in line with SSAB's corporate culture and to increase knowledge about the Code of Conduct and the Ethics Line.

How we measure progress:

- Share of employees who have access to the Ethics Line
- Share of new employees covered by the onboarding process; including signing the Code of Conduct statement and e-learning in business ethics
- Share of employees who have completed global e-learning in business ethics

Respect & Integrity

Zero tolerance for bribery and corruption



CODE OF CONDUCT

- The Code of Conduct is the way we act. It forms the basis for our ethical, environmental and social responsibility
- Tone from the top is clearly communicated. All employees must take an e-learning in business ethics



ANTI-CORRUPTION

- SSAB has zero tolerance for bribery and corruption
- Clear instructions guide us in our daily operations and how we act in relation to business partners



ETHICS LINE

- Global whistleblower (Ethics Line) available online or by calling a global hotline, open 24/7
- Allowing employees to raise concerns anonymously

Governing documents

SSAB has several governing documents that support the ethics and compliance program:

- Company-wide Code of Conduct
- Instructions regarding anti-corruption providing information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners

- Instructions for review of business partners describing the risk assessment process for reviewing business partners within risk areas for corruption
- Instructions regarding the Ethics Line defining complaint procedures and explaining how a report is investigated



Code of Conduct

The Code of Conduct is part of “The SSAB Way” (see page 15), which is our way of describing the culture that has made and continues to make us successful. The Code of Conduct is described as the way we act. The Code of Conduct is SSAB’s ethical compass and outlines guidelines for SSAB’s behavior with stakeholders and in the market. It helps us translate our values into action and forms the basis for our ethical, environmental and social responsibility commitments. The Code of Conduct covers areas such as health and safety, environment, employee relations, human rights and business practices.

Competition Law Program

SSAB has a web-based learning course on competition law aimed primarily at management teams, employees who attend trade association meetings, and the sales and procurement organization with the purpose of raising awareness of competition issues and explaining the basics of SSAB’s governing documents on competition rules. By year-end, 95% (93%) of targeted employees had completed the training.

Anti-corruption

SSAB works actively to prevent corruption in our business. SSAB’s governing document for

anti-corruption defines SSAB’s zero tolerance approach to bribery and corruption, and sets out guidance for our daily operations.

During 2020, SSAB became a member of Transparency International’s Corporate Supporters Forum. This membership demonstrates SSAB’s top level commitment to anti-corruption and business integrity, and provides an opportunity to collaborate with other members and share knowledge and expertise.

E-learning in business ethics

All employees are expected to comply with SSAB’s Code of Conduct, the governing document for anti-corruption, and to have knowledge of how to report non-compliances through the Ethics Line. Communication and training are organized through a global e-learning module for all employees in order to provide training, available in six languages, in business ethics and to implement anti-corruption efforts.

By the end of 2020, 91% (91%) of the employees (13,226 employees, including both office and production employees) had completed the training module. 91% of employees in Sweden, 86% in Finland and 98% in North-America had completed the training. All 11 members of the Group Executive Committee have completed the training.

Tone from the top

Ethics has everything to do with management and a clear tone from the top needs to be communicated to all employees. Each member of SSAB’s top management team has an important role to promote a corporate culture where ethics are embedded in all aspects of our business. In addition to the global e-learning in business ethics, these managers were also asked to sign a Code of Conduct statement in 2019 and 2020. By the end of 2020, 100% of the 62 invited managers had completed the two activities.

Onboarding process

New SSAB employees are expected to complete the e-learning in business ethics and to sign

a Code of Conduct statement within the first few weeks of employment. This provides new employees with an understanding of our governing documents and expectations of our employees. By the end of the year 75% (72%) of new employees in 2020 had started the process to sign the Code of Conduct statement and take the e-learning in business ethics.

Face-to-face training in business ethics

Internal training on business ethics is ongoing and is mainly provided to employees in management, sales and procurement, those who are most at risk of being exposed to corruption and bribery risks. Training is based on SSAB's values and governing documents, and teaches participants what is meant by corruption and bribery, and how SSAB's ethics and compliance program is structured. This is followed by a discussion focused on practical, real-life examples and dilemma discussions. Training requirements are continuously monitored and evaluated based on business needs and the legal and ethical risk context. During 2020, several training sessions were held for Ruukki Construction's management and sales teams.

Review of integrity of business partners

SSAB has an instruction document for business ethics reviews that mainly covers agents and distributors in high-risk areas. SSAB may not

SSAB's global reporting tool, Ethics Line, provides employees with an avenue to raise their concerns.

enter into or renew agreements with business partners that are within the typical risk areas for corruption, before an initial assessment showing that such partners respect our fundamental rules of business ethics.

Suppliers

Contracts with suppliers refer to the Supplier Sustainability Policy, which states that all forms of corruption and bribery are unacceptable and that suppliers should work against all forms of corruption and bribery. SSAB entered into or renewed 70 raw material contracts during 2018–2020 and 55 (79%) of these contracts refer to the Supplier Sustainability Policy and the other contracts contain similar wording (data refers to the Nordic part of the procurement organization).

Hardox Wearparts Network

Contracts with companies in the Hardox Wearparts Network include an anti-corruption clause and reference to SSAB's Code of Conduct and governing documents for anti-corruption. Companies confirm that they respect and comply with the principles laid out in these documents. SSAB updated the Hardox Wearparts contract during 2017 and entered into 310 Hardox Wearparts contracts (including the anti-corruption clause) during 2017 to 2020.

Ethics Line

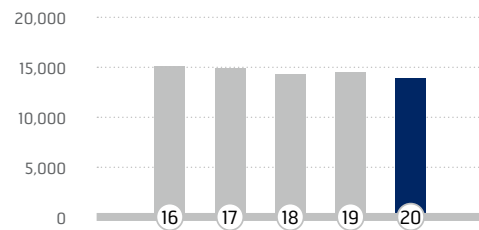
SSAB's global reporting tool, Ethics Line, provides employees with an avenue to raise their concerns. All employees are urged to report suspected breaches of the Code of Conduct. Employees can file a report anonymously online or by calling a global hotline 24 hours a day, seven days a week. The Ethics Line has been implemented in 14 countries. Awareness of the Ethics Line has been promoted through employee communications and web-based training. By the end of 2020, 95% (95%) of our employees had access to the Ethics Line. In 2020, 9 (14) incidents were reported through the Ethics Line. The reports related to concerns including corruption, discrimination and harassment. Following investigation actions were taken in 3 cases.



High-performing organization

A key element of SSAB's business strategy is to build a high-performing organization with strong employee engagement globally. SSAB will continue to work with leadership and competence development, and strive to enhance diversity in the workforce.

Employees¹⁾



¹⁾ Permanent employees at year end

Employees by region¹⁾



■ Sweden 42%
 ■ Finland 32%
 ■ USA 9%
 ■ Rest of Europe 13%
 ■ Rest of the world 3%

¹⁾ Permanent employees at year end

Workforce: Attract, hire and promote a diverse workforce for the future

A preferred employer

The success of our organization is based on a strong company culture, powered by a

diverse, continuously learning, multi-skilled workforce. To ensure both the current and future success of SSAB, we need to be able to attract, retain, develop and motivate qualified employees both in the short-term and long-term.

Respect & Integrity

We are inclusive and diverse



WORKFORCE

→ Attract, hire and promote a diverse workforce for the future

→ Focus areas

- Equal career opportunities
- Hiring practices with broader outreach for searching candidates
- Transparent internal recruiting processes



WORKPLACE

→ Develop an inclusive and innovative workplace

→ Focus areas

- Working with SSAB One to create involvement and engagement
- Trainings on inclusion, diversity and non-discrimination
- Mentoring programs and networks



COMMUNITY

→ Be a responsible partner and enhance our reputation as a company and employer

→ Focus areas

- Partnership with key schools
- Employer branding
- Relevant Inclusion & Diversity initiatives locally

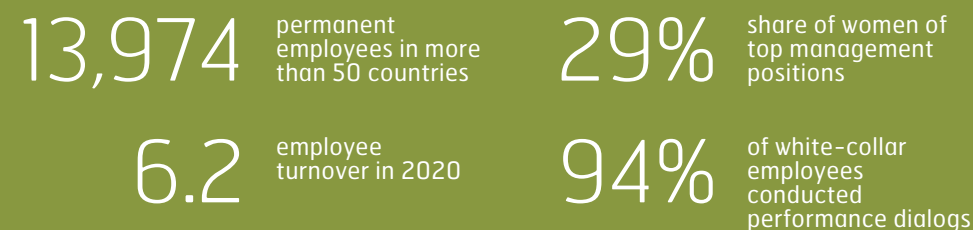
We target our employer branding and recruitment efforts at diverse groups of potential candidates with relevant competences. Collaboration with selected educational institutions is via long-term partnerships. We also work together with companies in the

same geographical and competency areas to increase the attractiveness of the industry, especially in Sweden, Finland and the US. Joint efforts within the metal industry include projects such as Female Leader Engineer (Sweden), Teknisksprånget (Sweden), Women in Tech



CASE: THE TRANSITION TO FOSSIL-FREE STEEL PRODUCTION MOTIVATES YOUNG PROFESSIONALS

SSAB has been participating in a Swedish initiative, Female Leader Engineer, for 6 years. The program aims to highlight and develop female engineers in the workforce in the belief that gender equality in the workplace contributes to a variety of relevant competences and inclusion in the workplaces. This year, the winner of Female Leader Engineer 2017 Cecilia Svennberg chose to take her traineeship at SSAB. After this, she was hired by SSAB's joint-venture company Hybrit Development. For SSAB, the Female Leader Engineer program is one of the diversity and talent acquisition initiatives that the company runs in different geographies to ensure continued success in recruiting diverse and skilled top talents to work with steel, now and in the future. Cecilia's choice to take the traineeship at SSAB also illustrates the growing interest among young professionals to be part of the implementation of SSAB's fossil-free steel agenda.



(Finland) and the Association of Women in the Metal Industries (USA). These initiatives also contribute to diversity within the industry. In 2020, 777 (1,050) new employees joined SSAB. Employee turnover in 2020 was 6.2% (6.1%).

Diversity, inclusion and gender equality

SSAB is diverse in many ways: we operate in more than 50 countries and the combination of different backgrounds, service years and ages ensures diverse capabilities. For SSAB, diversity means not only building a diverse workforce with a relevant competence base, but also creating an inclusive workplace. Inclusion, meaning equal opportunities and respectful treatment of all employees, is a ground rule for every part of SSAB's organization.

Diversity is taken into account in all human resources processes and in every aspect of

our business. We have zero tolerance for any kind of discrimination, whether it is based on ethnic origin, nationality, religion, political views, gender, sexual orientation or age. SSAB is taking numerous actions to enhance diversity, with most initiatives driven at the local level. For example, in recruitment, some divisions have developed processes related to ensuring diverse sets of candidates. Some sites have chosen to work with specific diversity projects, such as a 50-50 gender ratio among summer workers, or working with the local institutions to provide internships for immigrants.

SSAB is aiming to increase the number of women in top management positions. At the end of 2020, women held 29% (27%) of SSAB's top management positions. There was a positive trend in the total managerial population, where women accounted for 19.3% (18.7%) of all managers.

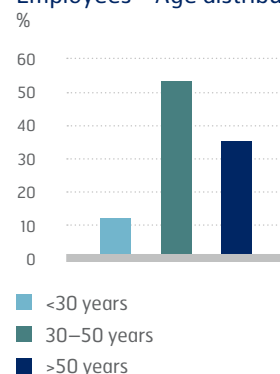
From April onwards, the company used different working time cuts and personnel cost adjustment to mitigate the impacts of Covid-19.

Changes in the organization in 2020

At the end of 2020, SSAB had 13,974 (14,514) permanent employees, which was 540 employees less than in 2019. The 2020 number includes 433 employees in Abraservices, which was acquired in the end of 2019, and was not included in the 2019 numbers. In addition, the divestment of Ruukki Building Systems decreased the number of employees by 520 compared to 2019. Temporary personnel accounted for about 3.8% (3.3%) of all employees.

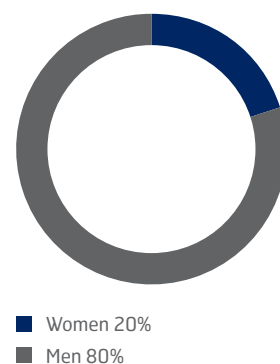
Since March 2020, Covid-19 has had significant impacts on our operations. Starting at the beginning of April, the company used different working time cuts and personnel cost adjustment measures, also utilizing the government support package where possible. In situations involving workforce reductions, SSAB collaborates with the authorities in the countries concerned and utilizes the means available locally to support employability.

Employees – Age distribution¹⁾



¹⁾ Permanent employees at year end

Employees – Gender distribution¹⁾



¹⁾ Permanent employees at year end



Workplace: Develop an inclusive and innovative workplace

SSAB ONE and continuous improvement

SSAB ONE is our internal approach to continuous improvement, based on lean methodology. During the strategy deployment process, we define targets and cascade them from the top of the organization down to teams and individuals across the company. Over the past year, the top priorities for all divisions have been to improve both safety and production stability. In addition, improvement projects are identified at all sites with the aim to improve quality, delivery performance and cost efficiency. Cross-functional teamwork that includes employees from different levels of the company is key to successfully discovering and solving the root causes of our

challenges. We will continue to work this way as we move ahead, creating opportunities for cross-learning and sharing best practices.

Employee engagement and competence development

During 2020, SSAB moved ahead with implementing The SSAB Way concept, a corporate culture framework with the purpose of bringing our vision, values and strategy together, and clarifying how they all connect to strengthen our common culture. Implementation aims to further strengthen engagement and our company culture. Employer Branding activities, recruitment, leadership development, employee performance management and talent selection processes were updated along the lines of The SSAB Way. We also continued to gather feedback from our employees

in the form of lighter follow-up engagement surveys, which were adjusted to measure also the Covid-19 implications for our employees.

High-level competence and engaged employees are necessities for success. During the coronavirus pandemic, we made some targeted efforts in competence development to complement the ongoing competency updates. For example in Sweden and in Finland, 874 employees participated in online language courses and we implemented safety training programs at some at production sites before Covid-19 precautions had to be applied. Safety training will continue in 2021.

SSAB continued to work systematically to identify and meet the demands for critical competences and to implement competence development programs at different organizational levels. Our programs also support talent retention and include the following:

- Technical specialist and business development programs
- Middle manager training focusing on change management, team leadership and financial understanding
- In-house mentoring programs
- Management programs for new line managers
- Competency program for Fossil-Free Steel 2045

In addition to globally coordinated programs, our sites are responsible for organizing programs to improve professional competencies and to ensure mandatory training is completed.

SSAB maintains a group talent pool for future leaders, which includes candidates from all parts of the organization. Talent pool candidates are offered personal competence development plans, including leadership training, coaching, mentoring and on-the-job learning. The talent pool is based on nominations by division and functional leaders.

Annual performance dialogs are the key process for ensuring that competence development plans are in place, setting performance goals, providing a basis for continuous performance feedback and for cascading the group level strategic targets down to divisional, team and individual targets. For office workers, the annual rate of performance dialogs conducted in 2020 was 94% (95%).

To support engagement and talent retention, the company has a pay-for-performance compensation approach, which means that compensation is to a certain extent, based on job requirements and employee performance. The different compensation and benefits programs are reviewed as needed.

Community: Be a responsible partner and enhance our reputation as a company and employer

In locations where SSAB operates, the company plays a significant role in the local and regional community as an employer, taxpayer, buyer of regional goods and services, and charitable benefactor. Contributing to the communities in which we operate is an integral part of the way we do business.

Active engagement in local communities

SSAB strives to develop and maintain good relationships with various stakeholders in our society and actively engages with the communities in which we operate. Local community engagement is defined by each site at the local level. SSAB is also an important partner for local educational institutions and research. We offer opportunities for internships and thesis projects to college students. SSAB also works with local environmental regulators on site-specific issues. In addition to ongoing collaboration with local authorities, SSAB works together with cities and associations to monitor environmental conditions such as air quality and waterways. Every year, SSAB hosts important visitors from the community, such as students, customers, subcontractors, government officials, inspectors and regulators.

Supporting local activities in Sweden and Finland

In the communities in which SSAB operates in Sweden and Finland, we contribute to creating a wide range of recreational activities in which SSAB's employees, their families and also the local community can participate. Examples include sponsorships of local sports organizations and exchange of knowledge with schools. SSAB also supports associations in which employees are involved, primarily within sports and culture.

Strong community involvement in SSAB Americas

SSAB Americas has a long tradition of community involvement. This takes place not only in the form of financial contributions, but also through participation in various charity initiatives and projects. SSAB is an important partner for local educational institutions and research. SSAB Americas sponsors an annual scholarship at the University of South Alabama, which benefits full-time junior and senior students in the University's College of Engineering. SSAB Americas also supports primary education through the SSAB Foundation for Education. Employees also participate in numerous activities throughout the year to benefit their communities, including food drives, fundraising events and volunteer opportunities.

102-8 Information on employees and other workers

Number of employees by gender (at end of period)

	2020	2019	2018
Women	2,833	2,859	2,883
% of which are permanent	94.2%	95.2%	91.5%
% of which are temporary	5.8%	4.8%	8.5%
% of which are full-time	98.3%	96.3%	96.7%
% of which are part-time	1.7%	3.7%	3.3%
Employee turnover ²⁾	1.3%	1.1%	1.5%
Men	11,695	12,155	12,340
% of which are permanent	96.7%	97.0%	94.6%
% of which are temporary	3.3%	3.0%	5.4%
% of which are full-time	98.4%	97.4%	97.7%
% of which are part-time	1.6%	2.6%	2.3%
Employee turnover ²⁾	5.0%	5.0%	5.6%
Total workforce	14,528	15,014	15,223
% of which are permanent	96.2%	96.7%	94.0%
% of which are temporary	3.8%	3.3%	6.0%
% of which are full-time	98.4%	97.3%	97.5%
% of which are part-time	1.6%	2.7%	2.5%
Employee turnover ²⁾	6.2%	6.1%	7.1%

Number of employees by region and gender and employee turnover (at end of period)¹⁾

	2020	2019	2018
Sweden	6,083	6,252	6,482
% of which are women	21.2%	21.0%	21.0%
% of which are men	78.8%	79.0%	79.0%
Employee turnover ²⁾	3.0%	2.4%	2.8%
Finland	4,687	5,075	5,172
% of which are women	15.6%	15.2%	15.0%
% of which are men	84.4%	84.8%	85.0%
Employee turnover ²⁾	1.7%	1.7%	1.7%
USA	1,302	1,310	1,296
% of which are women	12.4%	12.9%	13.3%
% of which are men	87.6%	87.1%	86.7%
Employee turnover ²⁾	0.6%	0.6%	0.7%
Other Europe	1,962	1,949	1,843
% of which are women	26.8%	25.2%	24.9%
% of which are men	73.2%	74.8%	75.2%
Employee turnover ²⁾	0.8%	1.0%	1.7%
Rest of the world	494	428	430
% of which are women	24.9%	26.6%	26.7%
% of which are men	75.1%	73.4%	73.3%
Employee turnover ²⁾	0.2%	0.3%	0.2%

¹⁾ Permanent and temporary

²⁾ Permanent

405-1 Diversity of governance bodies and employees

Percentage of individuals within the organization's governance bodies in the diversity categories gender and age group

	2020		2019		2018	
	Board of Directors ¹⁾	Group Executive Committee	Board of Directors ¹⁾	Group Executive Committee	Board of Directors ¹⁾	Group Executive Committee
Total number	8	11	8	11	8	11
Women	50%	27%	38%	27%	38%	27%
Men	50%	73%	63%	73%	63%	73%
<30 years	0	0	0%	0%	0%	0%
30–50 years	13%	36%	13%	36%	0%	45%
>50 years	88%	64%	88%	64%	100%	55%

¹⁾ Alternate members (6) not included

Percentage of total number of employees per employee category and diversity categories gender and age

	2020			2019			2018		
	Frontline workers	Office employees	Total	Frontline workers	Office employees	Total	Frontline workers	Office employees	Total
Women	11%	33%	20%	10%	32%	18%	10%	32%	18%
Men	89%	67%	80%	90%	68%	82%	90%	68%	82%
<30 years	15%	8%	12%	14%	5%	10%	13%	5%	10%
30–50 years	51%	57%	53%	50%	59%	54%	51%	60%	54%
>50 years	34%	35%	35%	36%	36%	36%	36%	35%	36%

Human rights and fair labor conditions

SSAB's commitment to human rights is confirmed in our Code of Conduct and in our Supplier Sustainability Policy. We have zero tolerance for forced or compulsory labor and child labor. We focus on providing a safe work environment where employees are free from harassment and discrimination

All SSAB's employees in Sweden and Finland are covered by collective bargaining agreements and approximately 70% of our employees in Sweden and Finland are represented by trade unions.

Other countries have different arrangements according to country-specific practices, traditions and labor legislation. SSAB respects employee rights to, if they so choose, organize in accordance with the legislation and provisions in each respective country of residence. SSAB provides channels for employees to engage in the company's activities and express their opinions. Local management in each country is responsible for creating opportunities for employee engagement. The company also encourages direct interaction between supervisors and their teams.

The unions at SSAB in Europe have a European Works Council (EWC). The purpose of an EWC is to bring together employee representatives

from the different European countries in which a multinational company has operations. During EWC meetings, these representatives are informed and consulted by central management on transnational issues of concern to the company's employees.

To mitigate human rights risks, we continuously work to ensure compliance with local law and international standards on human rights. We have conducted a human rights risk assessment where representatives from sales, procurement, health and safety, environment and HR participated. External human rights expertise facilitated two internal workshops to raise awareness of human rights and identify key human rights risks and mitigation actions for the involved functions and their processes. The overall conclusion is that SSAB performs well.

Human rights are important aspects when evaluating suppliers. Read more on p. [81](#).





GRI Report Supplement

SSAB's 2020 Annual Report consists of the business review, sustainability report, financial reports 2020 and corporate governance report. This GRI report supplement contains information and data not reported elsewhere in the SSAB's 2020 Annual Report, but required in GRI Standards or by the Swedish Annual Accounts Act on the disclosure of sustainability information.

Reporting practice

SSAB's Sustainability Report 2020 is prepared in accordance with the GRI Standard: Core. Sustainability disclosure requirements in the Swedish Annual Accounts Act are covered by the GRI Disclosures. The 2020 Annual Report also constitutes SSAB's Communication on Progress (CoP) for the UN Global Compact.

SSAB's 2020 Annual Report consists of the business review, sustainability report, financial reports 2020 and corporate governance report. This GRI report supplement contains information and data not reported elsewhere in the SSAB's 2020 Annual Report, but required in GRI Standards or by the Swedish Annual Accounts Act on the disclosure of sustainability information. The GRI index specifies where the information for each topic and indicator can be found and explains any omissions to the reported data. The information disclosed in this report focuses on material information and data, whereas more comprehensive information about sustainability is available on SSAB's sustainability website. SSAB's 2020 Annual Report is published in English and Swedish in PDF format and is available on SSAB's website.

Assurance of reporting

EY has provided limited assurance on SSAB's sustainability report in accordance with GRI Standards and expressed an opinion on the statutory sustainability report in accordance with

the Swedish Annual Accounts Act. See p. 115 for the assurance report.

Scope of data

The financial information in this report is based on SSAB's consolidated financial statements and is subject to audit. Unless otherwise stated, the financial data referred to in this report covers the whole SSAB Group. Information about personnel (HR data) has been collected from the company's corporate-wide personnel information systems. Unless otherwise stated, the HR data referred to in this report covers the whole SSAB Group. Reporting does not cover associated companies and joint ventures or subcontractors and suppliers of goods and services, unless otherwise stated.

Regarding environmental data, the following production sites are included in the environmental reporting scope in 2020, which form the material scope for reporting:

- SSAB Special Steels: Oxelösund and Virsbo in Sweden

- SSAB Europe:
 - Luleå, Borlänge and Finspång in Sweden
 - Raahе, Hämeenlinna, Kankaanpää, Lappohja, Oulainen, Pulkila, Toijala in Finland
- SSAB Americas:
 - Mobile in Alabama and Montpelier in Iowa, USA
- Ruukki Construction
 - Peräseinäjoki and Ylivieska in Finland
 - Järforsen in Sweden
 - Gargzdai in Lithuania and Oborniki in Poland
- Tibnor:
 - Köping in Sweden

These sites cover the following operations: all steel mills, all rolling mills, all coating lines and all tube mills as well cut-to-length (CTL) lines if located at the sites mentioned above.

Significant changes to the organization

In 2020, Ruukki Construction completed the divestment of its Building Systems business.

Building Systems employed some 500 persons, who were transferred to the service of the new owner under their existing terms and conditions of employment.

Sustainability governance

Sustainability governance at SSAB is based on the company's vision, values and Code of Conduct complemented by our governing documents. Sustainability, including climate issues, is an integral part of SSAB's strategy. The Board of Directors has the highest decision-making authority in these matters. SSAB's Board of Directors is collectively responsible for strategically managing climate issues and SSAB's transformation to fossil-free company.

Organization of sustainability work

SSAB's Board of Directors approves the Code of Conduct, as well as the sustainability strategy and monitors SSAB's sustainability performance, including climate-related issues. The Board of Directors approves Group performance targets, including sustainability and climate-related targets. SSAB's Group Executive Committee (GEC) is responsible for outlining the company's strategic approach to sustainability, including adopting material topics, and monitors how sustainability is implemented in the divisions, subsidiaries and support functions. Sustainability issues are frequently on SSAB's Group Executive Committee's agenda to ensure the close involvement of top management.

The Head of Sustainability is a member of the Group Executive Committee and is responsible for strategy development and coordination of sustainability at Group level as well as health and

safety and ethics and compliance for the Group. The Head of Sustainability leads a Sustainability management team, which is a network of people with expertise in different sustainability areas, including representation from the divisions and subsidiaries, with the responsibility to coordinate and drive SSAB's sustainability initiatives.

In the Group Executive Committee, there are several executives responsible for implementing different parts of SSAB's fossil-free transition. For example, the Executive Vice President (EVP) and Head of Technical Development manages the HYBRIT implementation and also has a seat on the Board of HYBRIT Development AB, a joint venture aiming for fossil-free steelmaking. The EVP and Head of Sustainability manages operational initiatives towards SSAB becoming fossil free, the EVP and Head of Strategy manages SSAB's Risk Enterprise Management process, which includes climate risks, and the EVP



and Chief Financial Officer manages investments and financial matters related to climate change mitigation and adaptation.

To support work related to environmental issues, SSAB has environmental councils, which include representatives from divisions, main production sites and from SSAB's subsidiaries, Ruukki Construction and Tibnor. In issues related to responsible sourcing, there is a procurement council, whose mission is to enhance global procurement processes and projects, and to collaborate on sustainability and continue our strong focus on responsible sourcing. In 2019, a health and safety council was established with representatives from the business, with the responsibility to coordinate, cooperate and propose policy and strategy initiatives and changes to the GEC.

SSAB links sustainability issues to compensation. For example, internal safety and SSAB's transition to becoming fossil-free are part of incentive plans for selected employee groups and top management. Individual performance targets might also include targets for emissions reductions or other sustainability related topics for selected employee groups.

At SSAB, risk management is integrated in the annual strategy process and includes the involvement of the Group Executive Committee,

the Audit Committee and the Board of Directors. Sustainability risks, including climate change risks, are integrated into our Risk Enterprise Management process, which is presented to the Board annually. Read more on p. 149 in Financial Reports 2020. The management approaches of the material sustainability topics are described on p. 102–109.

Governing documents and principles for sustainability

The SSAB Way and company's core values define who we are and how we should act. The Code of Conduct, the sustainability strategy and the governing documents at Group-level regarding sustainability (e.g. environment and safety), are our most important documents. There are also local governing documents to further elaborate on internal rules. All these documents are regularly reviewed and updated. Our sustainability governing documents are available on ssab.com.

Management systems and risk management

Management systems and action plans ensure that SSAB systematically works on critical aspects of sustainability. Several different management systems and tools, both developed in-house and third-party certified, are used to effectively control operations in accordance with SSAB's Code of Conduct and governing

documents. Safety management systems for systematic health and safety work, according to OHSAS 18001 or ISO 45001:2018 (which will replace OHSAS in 2021), have been implemented at all production sites. Environmental and climate work take place primarily within the scope of the ISO 14001 environmental management standard and via local energy management systems.

Global Compact

SSAB is a signatory to the UN Global Compact and we continually enhance our efforts to protect and respect its 10 principles, and promote its spirit within the areas of human rights, labor standards, the environment and anti-corruption. SSAB also supports the International Bill of Human Rights, ILO Core Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.



Stakeholder engagement

Key stakeholder groups

SSAB's key stakeholders are those who are impacted by SSAB's operations and activities, and who similarly impact SSAB. The following are SSAB's most important stakeholder groups:

- Existing and potential customers
- Existing and potential employees
- Shareholders, investors and financiers
- Existing and potential suppliers
- Local communities near SSAB's production sites
- Public agencies and organizations

Other stakeholders SSAB interacts actively with include the media, analysts, regulators, various research bodies and partner organizations, research institutes, universities and vocational schools.

Approach to stakeholder engagement

SSAB aims for regular, honest and transparent interaction with our stakeholders. We actively maintain and develop stakeholder relations and draw on information obtained from them when developing our operations, products and services. Transparent and continuous dialog increases the trust in SSAB's ability to manage risks and utilize opportunities, which at the same time enhances the development of the company.

Key stakeholders, engagement, topics and concerns raised (GRI 102-43,44)

Stakeholder group	Examples of engagement	Key concerns, expectations	SSAB's response/actions
Existing and potential customers	<ul style="list-style-type: none"> • Materiality analysis survey • Dialog on how to decrease customers' climate impact • Personal sales work and meetings with customers • Technical support • Knowledge Service Center • Customer seminars and training • Trade fairs • Site visits • Swedish Steel Prize 	<ul style="list-style-type: none"> • Input on material aspects • Using stronger and lighter materials • High quality, sustainable products • Reliability • Services • R&D cooperation and support 	<ul style="list-style-type: none"> • We ask our stakeholders to give their opinion on SSAB's material aspects • By using stronger and lighter materials, customers' climate impact is decreased as well as their costs in the use phase • We offer our customers a broad range of high-strength and wear-resistant steels that enable improved efficiency and sustainability benefits in the applications they are used • We have developed the SSAB EcoUpgraded concept, which highlights the environmental benefits of upgrading to high-strength steel • Through close customer collaboration, we continuously develop new products, services and applications • Good delivery performance is our highest priority
Existing and potential employees	<ul style="list-style-type: none"> • Materiality analysis survey • Performance dialogs • Coaching and training • Site safety committees • Info screens, intranet • Employee surveys • Cooperation with local universities and schools to engage potential future employees • Regular dialogs with unions, centrally and locally 	<ul style="list-style-type: none"> • Input on material aspects • Healthy and safe work place • Equal treatment and open communication • Job security and incentivizing compensation • Opportunities for professional development • Responsible and sustainable operations • Employee related sustainability matters 	<ul style="list-style-type: none"> • We ask our stakeholders to give their opinion on SSAB's material aspects • We operate in line with our vision, values and Code of Conduct • We promote a high-performing organization • Our long-term safety goal is zero accidents and we are committed to striving for this through our safety work • Our employee compensation is based on standardized principles • We work toward having a more diverse workforce and becoming a more attractive employer • We value constructive dialog with our unions

Key topics discussed with stakeholders in 2020:

- SSAB's new sustainability strategy and target setting
- First in fossil-free steel and our leading sustainability performance
- CO₂ emissions and how SSAB works to reduce our carbon footprint incl. Science Based Targets
- HYBRIT (Hydrogen Breakthrough Iron Making Technology) initiative
- Safety in SSAB's operations
- Covid-19 and its impact on our employees and operations
- Responsible and sustainable supply chain
- Anti-corruption and ethics compliance

Corporate climate policy engagement

SSAB's corporate climate policy engagement is based on SSAB's commitment to be a fossil-free company by 2045 and aim to be the first to offer fossil-free steel to the market in 2026. SSAB's targets for greenhouse gas emissions including carbon dioxide have been approved by the Science Based Targets initiative and in line with the objective of keeping global warming well below 2°C. SSAB's engagement with policy- and decision makers globally, in the EU and nationally, aim to inform on the opportunities, challenges and needs connected to industrial decarbonization, and especially for the steel industry. Among the policy areas of specific interest to SSAB are climate policy, energy policy, and industrial policy, as well as issues related to public funding and efficient

Key stakeholders, engagement, topics and concerns raised (GRI 102-43,44)

Stakeholder group	Examples of engagement	Key concerns, expectations	SSAB's response/actions
Shareholders, investors and financiers	<ul style="list-style-type: none"> • Materiality analysis survey • Annual General Meeting • Result conferences and webcasts • Capital Markets Day • Investor meetings 	<ul style="list-style-type: none"> • Long-term value creation • Climate impacts and risks • Responsible governance • Sustainable operations (CO₂ emissions, resource efficiency) • Safety • Transparency and reliable reporting 	<ul style="list-style-type: none"> • We updated our sustainability strategy, including targets, in 2020 following a materiality analysis conducted in 2019 • Our strategic growth targets were adopted in 2017 and their realization is ongoing • We are committed to achieving our financial targets • We take economic, social and environmental responsibility into consideration in our business • We are committed to reducing CO₂ emissions both short and long-term • Our long-term safety goal is zero accidents and we are committed to striving for this through our safety work
Existing and potential Suppliers	<ul style="list-style-type: none"> • Materiality analysis survey • Supplier management process including: audits, development meetings, price and other negotiations • Visits to suppliers • Training, supplier days 	<ul style="list-style-type: none"> • Input on material aspects • Good financial position • Fair and equal treatment of suppliers • Long-term business relations • Responsible operations 	<ul style="list-style-type: none"> • We ask our stakeholders to give their opinion on SSAB's material aspects • We operate in line with our vision, values and Code of Conduct • We implement responsible sourcing practices • We manage supplier relationships in a systematic manner • We train contractors in work safety
Local communities near SSAB's production sites	<ul style="list-style-type: none"> • Materiality analysis survey • Locally, engagement with politicians, regulators, the media and the general public, people living close to the production sites 	<ul style="list-style-type: none"> • Input on material aspects • Creating well-being locally through employment, local purchasing and taxes • Operational safety • Reducing emissions, noise and other inconveniences close to production sites • Open communication and interaction 	<ul style="list-style-type: none"> • We ask our stakeholders to give their opinion on SSAB's material aspects • We have a significant role in the local and regional community as an employer, tax payer, buyer of regional goods and services • We promote sustainable development of the local communities, participate in local initiatives, and sponsor selected local activities
Public agencies and organizations	<ul style="list-style-type: none"> • Materiality analysis survey • Involvement in many research projects to drive technological developments • Collaboration with industry associations on many topics 	<ul style="list-style-type: none"> • Input on material aspects • Climate change, reducing CO₂ emissions and other environmental impacts • Responsible and sustainable operations 	<ul style="list-style-type: none"> • We ask our stakeholders to give their opinion on SSAB's material aspects • We communicate openly and we actively engage in a dialog with different organizations about key issues

permit processes. For our out-reach activities in the European Union, SSAB is registered in the EU Transparency Register.

SSAB's corporate climate policy engagement and outreach strategy is decided by the group executive management and executed by our experts. SSAB pursues this engagement directly, and sometimes indirectly through the industry associations or other organizations in which SSAB is a member.

Memberships of Associations and National or International Advocacy Organizations (GRI 102-13)

The following table lists SSAB's key memberships by country or area.

Area or country	Organizations
Globally	The Leadership Group for Industry Transition (LeadIT), Energy Transitions Commission (ETC)
Europe	Eurofer, Euroslag, Eurometal, Corporate Leadership Group (CLG) (indirectly, through the membership of Hybrit Development AB)
North America	American Iron and Steel institute (AISI), National Association of Manufacturers (NAM), Steel Manufacturers Association (SMA)
Sweden	Jernkontoret, Svenskt Näringsliv (Confederation of Swedish Enterprise), SKGS (Skogen, Kemin, Gruvorna och Stålet), Steel and Metal Wholesalers Association, the Swedish Institute of Steel Construction, Swedish Mineral Processing Research Association, Swedish Cement and Concrete Research Institute, Swedish Leadership for Sustainable Development, Fossilfritt Sverige (Fossil-free Sweden)
Finland	Finnish Metal Producers, Suomen ElFi (Finnish Large Electricity Consumers), Finnish Constructional Steelwork Association, Confederations of Finnish Construction Industries, the Federation of Finnish Technology Industries, Finnish Coal Info

Materiality assessment

In 2019, SSAB conducted a new materiality analysis to determine our most relevant and material sustainability topics to define a new sustainability strategy and targets, as well as the content of SSAB's GRI reporting. Material topics were identified and prioritized in a process that involved external and internal stakeholders. The GRI principles – stakeholder inclusiveness, sustainability context, materiality and completeness – were taken into consideration throughout the process.

As a first step, SSAB conducted a background analysis to identify industry trends and global drivers. This analysis, as well as SSAB's previous materiality analysis (2014) and existing SSAB's sustainability strategy, served as a basis to identify relevant topics throughout SSAB's value chain.

As a second step, the topics identified in the background analysis were evaluated and ranked according to importance from the perspectives of both SSAB and external stakeholders. This was done through interviews with external stakeholders (customers, suppliers, investors, NGOs and industry associations) and an online survey with key external and internal stakeholders to further prioritize the topics. The results of the dialog with internal and external stakeholders were evaluated in workshops with

internal experts, and confirmed by SSAB's Group Executive Committee.

The material topics included in SSAB's 2020 reporting are based on this materiality analysis. The list of material topics, their boundaries, as well as management approaches are presented in the tables on the following pages. For a full list of reported GRI indicators see also GRI index on p. [110](#).



Material topics and Management Approach Disclosures (GRI 103-1)

SSAB's strategic sustainability themes and material sustainability topics, as well as the management approaches for them are presented in the following tables or there is a reference to pages where the information can be found in SSAB's 2020 Annual Report.

BR = Business Review 2020

SR = Sustainability Report 2020

CGR = Corporate Governance Report 2020

FR = Financial Reports 2020

First in fossil-free steel

Use better steel

- Benefit from leading CO₂ efficient production
- Reduce your footprint with low CO₂ steel

Material topics	Reduced GHG emissions (CO ₂)
Why the topic is material	Coke and coal are used in blast furnaces to reduce iron ore in the production of crude iron/hot metal. With the current technology, it is impossible to produce steel without generating CO ₂ emissions. The process, has been continually developed and improved to become highly efficient, and the residual energy is recovered in the form of district heating and electricity production. SSAB's blast furnace-based production is among the most CO ₂ efficient in the world. This gives a competitive advantage to SSAB and its customers. Scrap-based steel production at SSAB's US mills emits significantly less CO ₂ . Since there is not enough scrap available to meet the demand for steel, ore-based steel production using blast furnaces is still needed. Today, scrap-based steel production meets 25% of the global demand for steel.
GRI material topics	GRI 305: Emissions
SDG	7, 9, 12, 13 and 17
Reported GRI indicators	305-1: Direct (Scope 1) GHG emissions, 305-2: Energy indirect (Scope 2) GHG emissions, 305-3: Other indirect (Scope 3) GHG emissions, 305-4: GHG emissions intensity, 305-5: Reduction of GHG emissions
SDG	
Policies, management systems	<p>Group's governing documents regarding environment establish the most important ambitions for SSAB's environmental work and cover those environmental topics, which play a key role in the sustainable development of SSAB's business. The governing documents regarding environment support the day-to-day work across the organization. SSAB's environmental governing document is available on ssab.com.</p> <p>SSAB's environmental management is based on the international environmental management system standard, ISO 14001. In 2020, all of SSAB's manufacturing sites had third party certification for the ISO 14001 standard.</p> <p>SSAB's operations are subject to environmental permits containing numerous environmental conditions governing various parameters regarding production levels, air emissions, discharge water effluent, and waste management. SSAB records all environmental damage and other environmental non-compliances and reports them to the appropriate authorities.</p>
Goals and targets	SSAB's sustainability strategy includes a Greenhouse gas emissions (CO ₂ e) reduction target until 2032, which has been approved by the Science Based Targets initiative (SBTi). Read more in SR p. 49 .
Responsibilities	SSAB's Executive Vice President and Head of Technical Development is responsible for environmental issues (including climate change). He also acts as the Chairman of the Board of HYBRIT Development AB, a joint venture aiming for fossil-free steel making. To support work related to environmental issues, SSAB has Environmental Councils, which include representatives from divisions, main production sites and from SSAB's subsidiaries, Ruukki Construction and Tibnor. Divisions, subsidiaries and sites are responsible for putting environmental protection into practice. Each production site has an environmental team or manager responsible for monitoring compliance with legislation and handling permits. Internal and external audits at sites ensure that everyday practices comply with set targets.
Specific actions	SR 57–58, 63–65, 71–75
Main risks related to the topic	Environmental risks are included in the enterprise risk management process. Emissions from normal operating conditions are controlled and subject to environmental permit limits. Regular risk assessments cover possible emissions in the event of disruption or accident. The results of this assessment serve as the basis for preventive measures and corrective actions at the relevant levels. The main environmental risks are reported in FR 149–156 .
Monitoring the effectiveness of our approach	SSAB ensures continuous development by monitoring environmental performance against environmental targets and the environmental management system. SSAB conducts external audits regularly at all sites to verify continuous improvements according to the ISO standards.
Topic boundaries	SSAB's production sites, SR 95 for more information on sites included in the environmental data.

First in fossil-free steel

Use steel better

- SSAB steel makes products lighter and stronger
- Reduce CO₂ emissions in the use phase

Material topics	Lower energy consumption/Higher productivity for customers
Why the topic is material	Although an increased availability of steel scrap in the future will enable an increase in scrap-based steel production, the increasing global demand for steel can only be met by continuing to utilize ore-based iron production. To align with a transition to a low-carbon economy, the steel industry will require a step-change in emissions reductions through alternative steelmaking processes.
How the topic is managed	<p>SSAB works with our customers to upgrade their products using high-strength steels. This means using less steel while reducing weight, improving fuel economy and extending product lifetime – all of which significantly contribute to reducing a product's environmental footprint.</p> <p>SSAB's vision – "A stronger, lighter and more sustainable world" – serves as the basis for how we manage this topic. Our vision means that together with our customers, we will go further than anyone else in realizing the full potential of lighter, stronger and more durable steel products.</p> <p>SSAB's "Taking the Lead" strategy continues to drive the strategic decisions and actions of the company. One of the main themes in the strategy is the "Global leadership in high-strength steels." Read more in BR 23.</p> <p>SSAB's sustainability strategy that supports SSAB's "Taking the Lead" strategy with two focus areas – First in fossil-free steel and Leading sustainability performance. Read more in SR 46.</p> <p>By using SSAB's high-strength steels, which result in lower weight and improved fuel economy, customers can achieve significant CO₂ savings during their end products' use-phase. The objective is that, by the end of 2021 (earlier 2020, pushed back due to Covid-19 impacts), these annual customer CO₂ savings will reach 10 million tonnes, which is slightly more than SSAB's own direct CO₂ emissions.</p> <p>To remain at the forefront in the industry, SSAB will continue to invest in research and development, technical customer support and joint innovation initiatives to get the most out of SSAB's high-strength and advanced high-strength steels, and premium steels.</p>
GRI material topics	No relevant topic in GRI
SDG	7, 9, 12, 13 and 17
Reported GRI indicators	No relevant indicators in GRI. Environmental benefits from using SSAB's special steels are described in SR 59 . Sales and tonnes of delivered high-strength steels, BR 24
Goals and targets	<p>SSAB's strategic growth targets for Special Steels volumes and Automotive AHSS volumes, BR 24.</p> <p>For high-strength steels we have set a target for annual customer CO₂ savings. This was originally set for 2020, but has been pushed back to 2021 due to the Covid-19 impacts. This target will eventually be replaced by a target on resource efficiency in the use phase. Read more in SR 48. These targets will contribute to SSAB's vision of a stronger, lighter and more sustainable world.</p>
Responsibilities	<p>Sustainability governance SR 96. SSAB's Group Executive Committee is responsible for outlining the company's strategy, including "Global leadership in high-strength steels" and "Use steel better," setting targets and monitoring how they are implemented in the divisions, subsidiaries and support functions.</p> <ul style="list-style-type: none"> • Executive Vice President and Head of Research and Innovation is responsible for managing SSAB-level R&D functions. Technology and product development are managed by the respective technology organizations of the divisions, supported by the sales and marketing functions.
Specific actions	BR 25–26, 30–31 and 33–34 (Strategy, SSAB Special Steels, SSAB Europe)
Main risks related to the topic	Main risks are described in the risks section in FR 149–156 .
Monitoring the effectiveness of our approach	The management approach is assessed continuously as part of our business operations, and processes are improved accordingly to ensure that the set targets are achieved.
Topic boundaries	SSAB Group, SSAB's customers

First in fossil-free steel**Go fossil-free**

- Be part of a fossil-free value chain
- Be the first to offer fossil-free products

Material topics	First in fossil-free steel
Why the topic is material	Although an increased availability of steel scrap in the future will enable an increase in scrap-based steel production, the increasing global demand for steel can only be met by continuing to utilize ore-based iron production. To align with a transition to a low-carbon economy, the steel industry will require a step-change in emissions reductions through alternative steelmaking processes.
How the topic is managed	SSAB's overall goal is to become fossil free by 2045. Our ambition is to be the first to offer the market fossil-free steel as early as 2026, and over time to convert all production sites to become fossil free. This transformation will be done through HYBRIT (Hydrogen Breakthrough Ironmaking Technology), a joint venture between SSAB, LKAB, and Vattenfall. We see HYBRIT and our transformation as an opportunity to revolutionize steel production throughout the lifecycle – from steelmaking, to end use and 100% recyclability. By cooperating with LKAB, our iron ore pellets supplier, and Vattenfall our electricity supplier, we also ensure a value chain perspective.
GRI material topics	GRI 305: Emissions
SDG	7, 9, 12, 13 and 17
Reported GRI indicators	305-1: Direct (Scope 1) GHG emissions, 305-2: Energy indirect (Scope 2) GHG emissions, 305-3: Other indirect (Scope 3) GHG emissions, 305-4: GHG emissions intensity, 305-5: Reduction of GHG emissions
Goals and targets	SSAB is working toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal to offering fossil-free steel in 2026 and fossil-free operations by 2045. Read more in SR 71 .
Responsibilities	SSAB's Board of Directors is collectively responsible for climate issues and SSAB's transformation to fossil-free company. In the Group Executive Committee, there are several executives responsible for implementing different parts of the transformation. For example, the Executive Vice President (EVP) and Head of Technical Development manages the HYBRIT implementation and also has a seat on the the Board of HYBRIT Development AB, a joint venture aiming for fossil-free steel making. The EVP and Head of Sustainability manages operational initiatives towards SSAB becoming fossil-free, the EVP and Head of Strategy manages SSAB's Risk Enterprise Management process, which includes climate risks, and the CFO manages investments and financial matters related to climate change mitigation and adaptation.
Specific actions	SR 63–65, 71–75
Main risks related to the topic	Main risks are described in SR 74 and the risks section in FR 149–156 .
Monitoring the effectiveness of our approach	The management approach is assessed continuously as part of our business operations, and processes are improved accordingly to ensure that the set targets are achieved.
Topic boundaries	SSAB Group, SSAB's customers, SSAB's suppliers

Leading sustainability performance

Safety first

- Becoming the world's safest steel company

Material topics	Occupational Health & Safety Process safety
Why the topic is material	SSAB is determined to become the world's safest steel company, with the objective of achieving zero accidents, work-related injuries and illnesses. Everyone in SSAB has the right to a healthy, accident free work environment. Our goal is to prevent all injuries and work-related illnesses. We will minimize, as far as possible, health and safety risks everywhere we operate.
GRI material topics	GRI 403: Occupational health and safety
SDG	3
Reported GRI indicators	403-1 Occupational health and safety management system, 403-2 Hazard identification, risk assessment, and incident investigation, 403-3 Occupational health services, 403-4 Worker participation, consultation, and communication on occupational health and safety, 403-5 Worker training on occupational health and safety, 403-6 Promotion of worker health, 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships, 403-9 Work-related injuries
Policies, management systems	SSAB's Group governing documents on safety, SSAB's safety management system fulfils the requirements of international standard OHSAS 18001/ISO 45001 and is implemented at all SSAB sites. SR 67
Commitments	The ILO Declaration on Fundamental Principles and Rights at Work, UN Global Compact, UN Sustainable Development Goals, OECD Guidelines for Multilateral Enterprises all include provisions related to safety
Goals and targets	SSAB strives to be the world's safest steel company, with an objective to achieve zero accidents, work-related injuries or illnesses. SSAB has set several targets and KPI's to measure the progress toward SSAB's goal of becoming the world's safest steel company. Read more in SR 50 .
Responsibilities	Every SSAB employee has a personal responsibility to work safely every day; it is a fundamental requirement for working at SSAB. SSAB has a Group-level Health and Safety Council role to coordinate, cooperate and propose policy and strategy initiatives, and changes to the Group Executive Committee (GEC). The H&SC is the decision-making body on safety issues relevant for SSAB.
Specific actions	The long-term work to improve safety continued throughout 2020. For more information on SSAB's safety work, refer to SR 69 .
Main risks related to the topic	Serious safety hazards and personnel accident(s) is one of the main internal risks identified for SSAB. Read more in the risks section in FR 149–156 .
Monitoring the effectiveness of our approach	SSAB ensures continuous development by monitoring following up performance against our targets and the safety management system.
Topic boundaries	SSAB Group, SSAB's contractors

Leading sustainability performance

Efficiency & Responsibility: Resource efficient operations

Material topics	Circularity
Why the topic is material	<p>The production of iron and steel creates a range of residuals. Recirculating ferrous material back into the steelmaking process reduces the need for virgin raw materials. This, in turn, reduces CO₂ emissions and saves costs. Materials that cannot be recirculated internally can be processed and sold externally to create new revenue streams while reducing CO₂ emissions by substituting natural resources in other industries. For example, the use of blast furnace slag enables the cement industry to significantly reduce their CO₂ emissions. Increasing internal recirculation of residuals and external sales of by-products will lead to reduced waste and less material being sent to a landfill. A critical element in reducing carbon emissions originating in the steel lifecycle is to optimize steel recycling. Steel is unique in its capacity to be infinitely recycled without loss of properties or performance. Steel is the most recycled material in the world today.</p> <p>Energy efficiency is aimed at reducing the amount of energy required to produce products and provide services. Steel companies can reduce costs by finding alternative energy sources that create less emissions, by using less purchased energy and by feeding surplus energy into the grid. From a lifecycle perspective, this also creates positive effects and saves natural resources, thereby reducing CO₂ emissions.</p>
How the topic is managed	<p>SSAB works to optimize the value of its by-products, scrap and waste with a focus on sustainability and value creation. SSAB's recycling operations cover the entire value chain from R&D and production to marketing and sales. The operations consist primarily of recirculation of materials to SSAB's own production, processing and selling products externally and managing waste that cannot be recirculated or processed into new products in a sustainable way. This includes the handling of materials sent to a landfill in the Nordics. SSAB delivers by-products globally.</p> <p>Energy efficiency is improved through systematic energy management and energy recovery. To improve energy efficiency, energy flows are recycled in the production process. Process gases like blast furnace gas, coke oven gas and converter gas are generated in the iron- and steelmaking processes. Steam and hot water are also produced. These energy flows can be fully recovered to generate electricity and heat, thereby saving fuel resources and decreasing CO₂ emissions. Recovered heat has been used to produce district heating in Luleå, Raähe and Oxelösund since the 1980s, accounting for about 90% of local district heating needs.</p> <p>In addition to the material environmental topics addressed in the SSAB Group target setting (i.e. greenhouse gas emissions and circularity), a wider range of environmental topics are addressed at the division and site levels, including other air emissions and water issues.</p>
GRI material topics	GRI 302: Energy, GRI 301: Materials, GRI 306: Effluents and Waste
SDG	9,12, 13
Reported GRI indicators	301-1 Materials used by weight or volume, 301-2 Recycled input materials used, 306-2: Waste by type and disposal method, 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions, 302-1 Energy consumption within the organization, 302-3 Energy intensity, 302-4 Reduction of energy consumption, 303-1 Water withdrawal by source
Policies, management systems	<p>Group's governing documents regarding environment establish the most important ambitions for SSAB's environmental work and cover those environmental topics, which play a key role in the sustainable development of SSAB's business. The governing documents regarding environment support the day-to-day work across the organization. SSAB's environmental governing document is available on ssab.com.</p> <p>SSAB's environmental management is based on the international environmental management system standard, ISO 14001. In 2020, all of SSAB's manufacturing sites had third party certification for the ISO 14001 standard.</p> <p>SSAB's operations are subject to environmental permits containing numerous environmental conditions governing various parameters regarding production levels, air emissions, discharge water effluent, and waste management. SSAB records all environmental damage and other environmental non-compliances and reports them to the appropriate authorities.</p>
Goals and targets	SSAB's sustainability strategy includes environmental targets related to CO ₂ emissions and circularity (use of recycled steel and slag utilization). Read more in SR 49 .
Responsibilities	SSAB's Executive Vice President and Head of Technical Development is responsible for environmental issues (including climate change). He also has a seat on the Board of HYBRIT Development AB, a joint venture aiming for fossil-free steel making. To support work related to environmental issues, SSAB has Environmental Councils, which include representatives from divisions, main production sites and from SSAB's subsidiaries, Ruukki Construction and Tibnor. Divisions, subsidiaries and sites are responsible for putting environmental protection into practice. Each production site has an environmental team or manager responsible for monitoring compliance with legislation and handling permits. Internal and external audits at sites ensure that everyday practices comply with set targets.
Specific actions	SR 76 , 78
Main risks related to the topic	Environmental risks are included in the enterprise risk management process. Emissions from normal operating conditions are controlled and subject to environmental permit limits. Regular risk assessments cover possible emissions in the event of disruption or accident. The results of this assessment serve as the basis for preventive measures and corrective actions at the relevant levels. The main environmental risks are reported in FR 149–156 .
Monitoring the effectiveness of our approach	SSAB ensures continuous development by monitoring environmental performance against environmental targets and the environmental management system. SSAB conducts external audits regularly at all sites to verify continuous improvements according to the ISO standards.
Topic boundaries	SSAB's production sites. SR 95 for more information on sites included in the environmental data.

Leading sustainability performance

Efficiency & Responsibility: Responsible sourcing

Material topics	Social and environmental responsibility at suppliers
Why the topic is material	SSAB has an extensive supply chain of approximately 20,000 active suppliers in more than 60 different countries. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management. Suppliers must comply both with SSAB's own standards and with international social and environmental guidelines in order to remain qualified suppliers for SSAB. We assess suppliers based on quality, delivery reliability, cost and sustainability.
GRI material topics	GRI 414: Supplier social assessment
SDG	5, 7, 9, 12, 13, 16
Reported GRI indicators	414–1 New suppliers that were screened using social criteria
Policies, management systems	SSAB has a Supplier Sustainability Policy based on the UN Global Compact principles to which SSAB is a signatory. The Supplier Sustainability Policy applies to all suppliers providing products and/or services to any SSAB group company and includes requirements on labor and human rights, health and safety, anti-corruption and the environment. Read more in SR 82 .
Commitments	UN Global Compact
Goals and targets	SSAB has set targets and KPIs to ensure supplier compliance with SSAB's Supplier Sustainability Policy. Read more SR 50, 82 .
Responsibilities	SSAB's Chief Procurement Officer is responsible for sourcing related issues. SSAB has a procurement council, whose mission is to enhance global procurement processes and projects, and to collaborate on sustainability and continue our strong focus on responsible sourcing.
Specific actions	Read about identification and evaluation of supplier risks, supplier audits, site visits and other actions taken in SR 83 .
Main risks related to the topic	Failure or disruption at key suppliers of input materials is one of the main internal risks identified for SSAB. Read more in the risks section in FR 149–156 .
Monitoring the effectiveness of our approach	SSAB assesses the impact of our processes and tools concerning responsible sourcing. We have a systematic method for supplier sustainability assessment. Based on the supplier sustainability risk assessment, we may request that our suppliers self-assess their sustainability performance and management. The self-assessment may lead to a supplier audit conducted by an independent third party and SSAB. With the process, we aim to enhance risk management and ensure compliance with our Supplier Sustainability Policy.
Topic boundaries	SSAB's suppliers

Respect and Integrity

Zero tolerance for bribery and corruption

Material topics	Business ethics
Why the topic is material	In today's globalized world, anti-corruption and business ethics have become increasingly important for companies. Failure to address corruption, bribery and other issues related to business ethics could have negative impacts on the company's reputation and brand and increase the risk for financial sanctions.
GRI material topics	GRI 205: Anti-corruption
SDG	16
Reported GRI indicators	205-2 Communication and training about anti-corruption policies and procedures
Policies, management systems	<p>SSAB's governing document for anti-corruption and business ethics define SSAB's zero tolerance approach to bribery and corruption, and sets out guidance for our daily operations.</p> <ul style="list-style-type: none"> • Group wide Code of Conduct • Instructions regarding anti-corruption providing information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners • Instructions for review of business partners describing the risk assessment process for reviewing business partners within risk areas for corruption • Instructions regarding the Ethics Line defining complaint procedures and explaining how a report is investigated. <p>SSAB has a learning management system in place to ensure that employees are trained on our policies and critical business ethics aspects and has implemented a global whistleblower-reporting tool, the Ethics Line. Read more in SR 86.</p>
Commitments	UN Global Compact, International Bill of Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises, the UN Guiding principles on business and human rights and the UN Sustainable Development Goals all include provisions related to business ethics.
Goals and targets	SSAB has set targets to ensure ethical conduct in line with SSAB's corporate culture and to increase knowledge about the Code of Conduct and Ethics Line. Read more in SR 51 .
Responsibilities	SSAB has an Ethics and Compliance function, which includes strategic responsibility for business ethics, anti-corruption and human rights, as well as for implementing new legislation and international guidelines in this area. Read more in SR 84 .
Specific actions	Essential components of the ethics and compliance program are risk assessments and employee training to prevent and detect corruption and mitigate legal and ethical risks. Read more in SR 85 .
Main risks related to the topic	Risks related to anti-corruption and business ethics are described in the risks section in FR 149–156 .
Monitoring the effectiveness of our approach	<p>SSAB measures progress and effectiveness by assessing the following:</p> <ul style="list-style-type: none"> • Share of employees who have access to the Ethics Line • Share of new employees covered by onboarding process (including signing the Code of Conduct statement and e-learning in business ethics) • Share of employees who have completed global e-learning in business ethics. <p>Read more in SR 84.</p>
Topic boundaries	SSAB Group, SSAB's suppliers and partners

Respect and Integrity

We are inclusive and diverse

Material topics	Inclusion and Diversity
Why the topic is material	For us, a diverse workforce provides a wide range of abilities, competences and experience. Diversity means heterogeneity of our workforce including age, gender, race, ethnicity, physical abilities, political and religious beliefs, and other attributes. We strive for inclusion to ensure the full and equal participation of everyone across the full spectrum of diversity within the organization.
GRI material topics	GRI 405: Diversity and equal opportunity
SDG	5, 16
Reported GRI indicators	405-1 Diversity of governance bodies and employees
Policies, management systems	At SSAB, we expect our leaders to continuously strive to create an inclusive workplace and to build a diverse workforce – for the good of our culture, increased engagement and to drive our overall performance and results as a high-performing organization.
Commitments	The ILO Declaration on Fundamental Principles and rights at Work
Goals and targets	SSAB is aiming to increase the number of women in top management positions. Read more in SR 51 .
Responsibilities	The Human Resources function defines and guides the processes surrounding competence and leadership development, diversity and inclusion, compensation and benefits, and other human resource related topics. <ul style="list-style-type: none"> Executive Vice President and Head of People, Culture and Communication is responsible for Human Resources at SSAB; she is a member of the SSAB Group Executive Team and reports to the CEO. VP and Head of Group HR Compliance and Operations is responsible for processes related to talent attraction and development, including learning programs, talent reviews and successor plans. She is also responsible for processes related to diversity and inclusion.
Specific actions	Read about projects and actions taken to strengthen inclusion and diversity in SR 88 .
Main risks related to the topic	Main risks regarding employee related issues are described in the risks section in FR 149–156 .
Monitoring the effectiveness of our approach	We assess the impact of our processes and tools on human resources related topics. We use regular assessment and reporting tools, including our employee engagement survey, performance dialogs, HR reporting to enhance the positive impacts and to avoid, mitigate and remediate any negative impacts on our material topics.
Topic boundaries	SSAB Group

GRI index

This report has been prepared in accordance with the GRI Standards: Core option. Topic-specific Standards are reported with respect to the material topics for SSAB. This table specifies where you will find more information on the sustainability disclosures. The report also constitutes Communication on Progress (CoP) reporting to the UN's Global Compact.

BR = Business Review 2020
 SR = Sustainability Report 2020
 CGR = Corporate Governance Report 2020
 FR = Financial Reports 2020

Code		Description	Location in the report	Comments and omissions
GRI 102: General disclosures				
Organizational profile	102-1	Name of the organization	See comments	SSAB AB
	102-2	Activities, brands, products, and services	BR 12, 28–42	
	102-3	Location of headquarters	See comments	Stockholm
	102-4	Location of operations	BR 13	
	102-5	Ownership and legal form	See comments	SSAB AB is a public company. SSAB is listed on the NASDAQ Stockholm and NASDAQ Helsinki exchanges.
	102-6	Markets served	BR 13, 22	
	102-7	Scale of the organization	BR 9, 14; FR 135	
	102-8	Information on employees and other workers	SR 87–92	SSAB does not hold information about external staff/contractors in its global reporting system.
	102-9	Supply chain	BR 17, SR 54, 81	
	102-10	Significant changes to the organization and its supply chain	SR 95	
	102-11	Precautionary Principle or approach	FR 149–156	
	102-12	External initiatives	SR 63, 85, 97	
	102-13	Membership of associations	SR 100	
Strategy	102-14	Statement from senior decision-maker	BR 5–6	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	BR 15, 16; SR 84	

Code		Description	Location in the report	Comments and omissions
Governance structure	102-18	Governance structure	CGR	
Stakeholder engagement	102-40	List of stakeholder groups	SR 98	
	102-41	Collective bargaining agreements	SR 93	
	102-42	Identifying and selecting stakeholders	SR 98	
	102-43	Approach to stakeholder engagement	SR 98	
	102-44	Key topics and concerns raised	SR 98–99	
Reporting practice	102-45	Entities included in the consolidated financial statements	FR 196	The entities included in SSAB's Consolidated Financial Statements are listed in Note 8 to the Consolidated Financial Statements.
	102-46	Defining report content and topic boundaries	SR 97–102	
	102-47	List of material topics	SR 97–102	
	102-48	Restatements of information	See comments	No restatements
	102-49	Changes in reporting	See comments	The material topics included in SSAB's 2020 reporting are based on the new materiality analysis conducted in 2019. The list of material topics, their boundaries, as well as management approaches are presented in the tables p. 102–109 .
	102-50	Reporting period	See comments	January 1, 2020–December 31, 2020
	102-51	Date of most recent report	See comments	March 18, 2019
	102-52	Reporting cycle	See comments	Annual
	102-53	Contact point for questions regarding the report	See comments	Christina Friborg: christina.friborg@ssab.com
	102-54	Claims of reporting in accordance with the SR Standards	SR 95	
	102-55	GRI content index	SR 110	
	102-56	External assurance	SR 95, 115	
GRI 103: Management approach	103-1	Explanation of the material topic and its boundary	SR 102–109	
	103-2	The management approach and its components	SR 102–109	
	103-3	Evaluation of the management approach	SR 102–109	

Code		Description	Location in the report	Comments and omissions
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	SR 84	
ENVIRONMENTAL STANDARDS				
GRI 301: Materials	301-1	Materials used by weight or volume	SR 76	
	301-2	Recycled input materials used	SR 76–77	
GRI 302: Energy	302-1	Energy consumption within the organization	SR 79	
	302-3	Energy intensity	SR 78	
	302-4	Reduction of energy consumption	SR 78	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	SR 71, 73	
	305-2	Energy indirect (Scope 2) GHG emissions	SR 72–73	
	305-3	Other indirect (Scope 3) GHG emissions	SR 72–73	
	305-4	GHG emissions intensity	SR 73	
	305-5	Reduction of GHG emissions	SR 71	
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	SR 75	
GRI 306: Effluents and waste	306-2	Waste by type and disposal method	SR 77	At a group level information on disposal methods is not available. Reporting is being developed and the aim is to report it in the coming years.
SOCIAL STANDARDS				
GRI 401: Employment	401-1	New employee hires and employee turnover	SR 91	

Code		Description	Location in the report	Comments and omissions
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	SR 67–68	
	403-2	Hazard identification, risk assessment, and incident investigation	SR 67–68	
	403-3	Occupational health services	SR 70	
	403-4	Worker participation, consultation, and communication on occupational health and safety	SR 67–68	
	403-5	Worker training on occupational health and safety	SR 69	
	403-6	Promotion of worker health	SR 70	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR 69	
	403-9	Work-related injuries	SR 70	
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	SR 89	
	404-3	Percentage of employees receiving regular performance and career development reviews	SR 90	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR 92	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	SR 82	

Sustainability disclosures

All of the sustainability disclosure requirements in the Swedish Annual Accounts Act are covered by the GRI Disclosures and the table specifies where they are found in the Annual Report.

Sustainability disclosures

Business model	Environmental matters	Social and employee-related matters	Protection of human rights	Anti-corruption
Business Review	SR 48–49, 57–65, 71–80, 102–104, 106, 114	SR 50, 51, 67–70, 87–92, 109	SR 50–51, 93, 82–83, 105, 107	SR 51, 84–86, 108

Climate-related financial disclosures (TCFD) index

The Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) recommends a framework for disclosing climate-related risks and opportunities that goes beyond current practices. In the index table below, we list our disclosures with reference to TCFD recommendations, and refer to the locations where these issues are addressed in our annual reporting.

While climate related matters are highly prioritized within SSAB and in our fossil-free 2045 agenda, we acknowledge that our reporting in-line with TCFD is not yet complete. We continue to implement the recommendation step-by-step.

Area	Recommended TCFD disclosures	Source of information in SSAB's reporting /comments
Governance		
Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	SR 96 Sustainability governance, CGR 119 Board of Directors
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	SR 96 Sustainability governance, CGR 127 Group Executive Committee
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	SR 74 Transitional risks, emissions trading and increasing carbon costs, Physical risks caused by climate change, FR 149–156 Risk management, SR 63 Fossil-free steel
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	SR 74 Transitional risks, emissions trading and increasing carbon costs, Physical risks caused by climate change, FR 149–156 Risk management, SR 63 Fossil-free steel
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SSAB has not proceeded yet to the scenario work.
Risk Management		
Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	SR 96 Sustainability governance, FR 149–156 Risk management
	b) Describe the organization's processes for managing climate-related risks.	SR 96 Sustainability governance, FR 149–156 Risk management
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	SR 96 Sustainability governance, FR 149–156 Risk management
Metrics & Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	SR 46, 48–49 Sustainability strategy and targets, SR 71 CO ₂ efficient steel production
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	SR 71–73 CO ₂ efficient steel production
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	SR 48–49 Sustainability strategy and targets, SR 71 CO ₂ efficient steel production

Auditor's Combined Assurance Report on SSAB AB (publ)'s Sustainability Report and statement regarding the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish.

To SSAB AB (publ), corp id 556016-3429

Introduction

We have been engaged by the Board of SSAB AB (publ) to undertake a limited assurance engagement of SSAB AB (publ)'s Sustainability Report for the year 2020. The scope of the Sustainability Report has been defined on [p. 110–113](#). The Statutory Sustainability Report is defined on [p. 113](#).

Responsibilities of the Board and Executive Management

The Board of Directors and Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on [page 95](#) in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on our limited assurance procedures and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented in this document and does therefore not include future oriented information.

We have conducted our engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and an examination according to RevR 12 are different from and substantially less in scope than reasonable assurance conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SSAB AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a limited review and an examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. The conclusion based on limited assurance procedures and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on reasonable assurance.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 1 March 2021

Ernst & Young AB

Rickard Andersson
Authorized Public
Accountant

Outi Alestalo
Expert member of FAR



CORPORATE GOVERNANCE REPORT

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Corporate Governance Report 2020

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

Organization as at December 31, 2020

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

The diagram below shows SSAB's corporate governance framework as at December 31, 2020, and how the central bodies operate.

Derogations from the Corporate Code

There are no derogations to report from the Corporate Code for 2020.

Shareholders

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

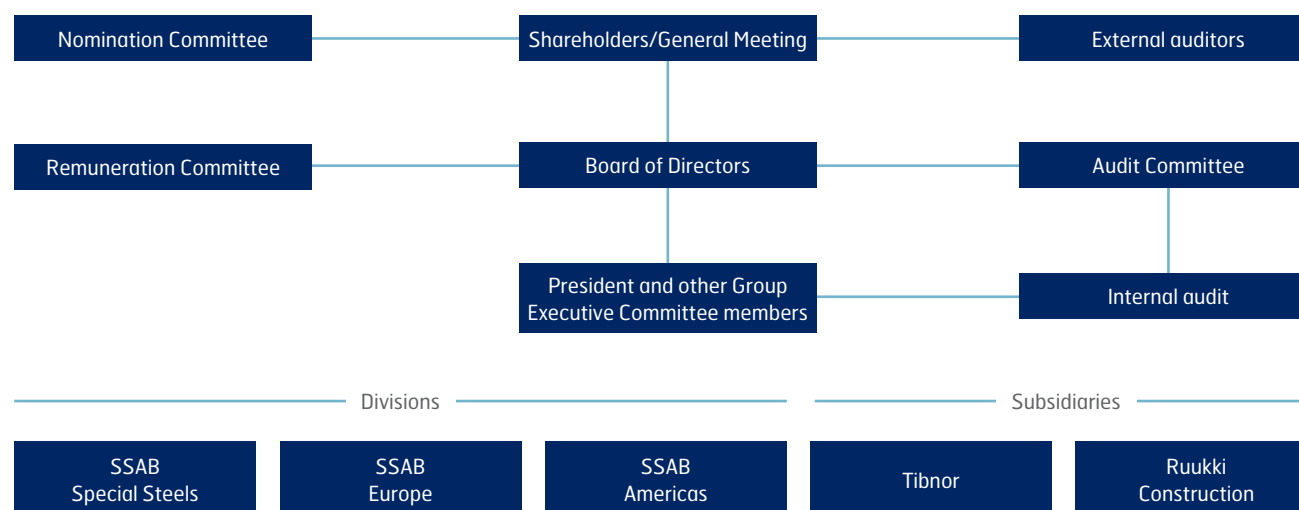
Important external and internal rules and policies which affect corporate governance:

Significant internal rules and policies

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

Significant external rules

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



As at December 31, 2020, there were a total of 121,136 shareholders. Industrivärden was the largest shareholder in terms of voting rights, followed by LKAB, Solidium Oy, Lannebo Funds, Vanguard, Folksam, BlackRock, Carnegie Funds, Svea Ekonomi AB and Dimensional Fund Advisors. The ten largest identified owners together owned approximately 41.9% of the votes and 34.9% of the capital at the end of December 2020. Owners outside Sweden and Finland accounted for 29.6% of votes and 21.5% of the capital. See Shares and shareholders for more information about the ownership structure.

General meeting

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

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

2020 Annual General Meeting

The 2020 Annual General Meeting adopted the annual report and consolidated financial statements for 2019 released by the Board of Directors and the CEO, decided on the allocation of the company's profit and granted the directors and CEO discharge from liability. In addition, the Chairman of the Nomination Committee presented the Committee's work during the year and the rationale behind the proposals presented. The general meeting decided on the remuneration to the Board and the auditors in accordance with the Nomination Committee's proposals. It was further resolved that the Board will comprise eight directors and accordingly Bo Annvik, Petra Einarsson, Marika Fredriksson, Marie Grönberg, Bengt Kjell (who was elected Chairman of the Board), Pasi Laine, Martin Lindqvist (President and CEO), were re-elected as Board members. Annareetta Lumme-Timonen was elected as new Board member. Matti Lievonon had declined re-election to the Board.

Upon proposal by the Nomination Committee, it was decided that the number of auditors should be one registered auditing company and Ernst & Young AB was reelected as auditors for one year until the Annual

Owners as of December 31, 2020

	% of votes	% of capital
Industrivärden	11.77	4.31
LKAB	10.5	10.5
Solidium Oy	9.8	12.6
Lannebo Funds	2.5	1.2
Vanguard	2.4	2.2
Folksam	1.2	1.2
BlackRock	1.1	1.1
Carnegie Funds	1.1	0.4
Svea Ekonomi AB	0.9	0.6
Dimensional Fund Advisors	0.8	0.9
Other shareholders	58.1	65.1
Total	100.0	100.0
Whereof foreign-registered shareholders*	29.6	21.5

* Includes shareholders outside Sweden and Finland

Source: Modular Finance

General Meeting 2021. The Board of Director's revised proposal pursuant to the allocation of the company's earnings was presented to the Annual General Meeting. In accordance with the proposal by the Board of Directors and the CEO it was resolved that no dividends should be paid for the financial year 2019. The General Meeting resolved in accordance with the Board's proposal on remuneration guidelines for senior executives. The General Meeting also resolved on a new instruction for the Nomination Committee.

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

In order to limit the number of participants present at the Annual General Meeting and thereby reduce the risk of spreading the Covid-19, the Board was represented only by the Chairman of the Board. For the same reason the company's CEO was attending by phone. The principal auditor was present at the meeting. The minutes of the Annual General Meeting may be viewed at www.ssab.com.

Nomination committee

Duties of the Nomination Committee

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

Procedure for the appointment of the Nomination Committee

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

At the 2020 Annual General Meeting, a new instruction was adopted for the Nomination Committee. The changes compared with the previous version mainly relate to how any conflicts of interest in the Nomination Committee are to be handled, and how the Nomination Committee is to act when a shareholder who has appointed a member has sold parts of his holding of SSAB shares and no longer constitutes one of the major shareholders.

There may be no more than six members in total. The member representing the largest shareholder in terms of votes shall be Chairman of the Nomination Committee. The composition of the Nomination Committee was announced on www.ssab.com on August 20, 2020. Shareholders were able to submit proposals to the Nomination Committee by, for example, email, until December 31, 2020. The Nomination Committee's proposals will be published no later than in conjunction with the notice of the Annual General Meeting.

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

Nomination committee ahead of the 2021 Annual General Meeting

Appointed by, name	Share (%) of votes at 31 december 2020
Lars Pettersson, Industrivärden (Chairman of the Nomination Committee)	11.8
Pierre Heeroma, LKAB	10.5
Petter Söderström, Solidium Oy	9.8
Charlotta Faxén, Lannebo Funds	2.5
Bengt Kjell (Chairman of the Board of Directors)	-

Work of the Nomination Committee ahead of the 2021 Annual General Meeting

The Nomination Committee has convened three times in 2020 since it was appointed in August 2020. Additional meetings are planned before the Annual General Meeting.

The Board's evaluation process and the outcome of the evaluation was presented at the Nomination Committee's meeting in October. Further, the outcome of the evaluation of the Chairman of the Board was presented for the Nomination Committee. The Nomination Committee has discussed the composition of the Board, and agreed on the fundamental Board member requirements, including the requirements on independent members. The Nomination Committee particularly took into account in its Board proposal, the need for diversity and breadth, and the requirements to strive for gender balance on the Board.

The Nomination Committee engages in continuous work in identifying and evaluating potential new directors. In submitting proposals for fees to the Board of Directors and its committees, the Nomination Committee, among other things, conducted an overview of Board fees in similar companies. Prior to the election of an auditor at the Annual General Meeting 2021, the Audit Committee has conducted an evaluation of the audit performance presented to the Nomination Committee on its December meeting. At the same meeting, the committee's recommendation regarding both election of auditors and fees was presented. The Nomination Committee followed the Audit Committee's recommendation when presenting its proposals to the 2021 Annual General Meeting.

Board of directors

Responsibilities of the Board

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

When applicable, the Board prepares proposals for guidelines regarding the determination of salary and other remuneration to the CEO and other members of the company's senior management for decision at the Annual General Meeting.

Rules of procedure of the Board

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

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

Chairman of the Board

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

Composition of the Board

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

The Board of Directors' diversity policy

SSAB works actively to further diversity within the company. As a part of this work, the company, through the Nomination Committee, applies rule 4.1 in the Swedish Corporate Governance Code (the Corporate Code) as its diversity policy. In accordance with rule 4.1 in the Corporate Code, the Board is to have a composition appropriate

to the company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is also to strive for gender balance on the Board.

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

During the financial year 2020, the Board of Directors' diversity policy has mainly been implemented and applied in connection with the Nomination Committee's work ahead of the 2020 Annual General Meeting and the 2021 Annual General Meeting. This has resulted in a diversified and appropriate Board composition with Board members that possess the qualifications and experience required for SSAB's operations.

Work of the Board in 2020

In 2020, the Board of Directors held 14 meetings at which minutes were taken and at which the Board was quorate at all times. SSAB's General Counsel, who is not a director, served as secretary to the Board.

Safety work has top priority across the group and at every meeting the Board keeps close track of the accident and injury frequency and the corrective actions implemented by the company. The Board also follows the company's sustainability performances with regular follow-ups of achievements of the targets set out. The first quarter of 2020 was marked by a slight recovery due to a weaker fourth quarter in 2019. The Covid-19 virus had significantly started to spread in Europe by the end of the first quarter, and the spread worsened dramatically during the second quarter when also the American continent got affected. The effects of the virus spread brought negative consequences for principle all SSAB's customer segments, where the standard steel segments were particularly exposed for volume- and downward pressure on prices. After a somewhat calmer summer, the virus spread increased once again during the fall bringing new uncertainty on the global steel market as a consequence. The Board's focus during the greater part of 2020 has therefore been to monitor the company's work with handling the stressed steel market with cost-saving measures, including production and staff adjustments.

Alongside the work to mitigate the effects of Covid-19, the company's strategic development efforts has naturally continued, albeit to somewhat smaller format. The Board monitors the strategic work as well as the company's key operating challenges such as methods and ways of working for continuous improvement in productivity. In addition to this, the Board has also addressed matters concerning digitalization, IT security, R&D, control functions, corporate governance etc.

An external consultant was engaged to carry out the annual evaluation of the Board. As a first step in the evaluation, each Board Member responded to a relatively wide questionnaire. The Member's responses and comments were thereafter compiled, and constituted the basis for the evaluation discussion taking place on the Board meeting in October. The external consultant presented the evaluation process and the outcome of the evaluation on the Nomination committee meeting in October.

Board of Directors – appointed by the annual general meeting

**BENGT KJELL** (1954)

Chairman since 2015
MBA, Stockholm School of Economics
Nationality: Swedish

Elected to the board

2015

Shareholding¹⁾

40,000 B shares

**BO ANNVIK** (1965)

MSc (Eng.) Business Administration.
Nationality: Swedish

2019

0

**PETRA EINARSSON** (1967)

BSc (Business Administration and Economics)
Nationality: Swedish

2014

18,750 B shares

**MARIKA FREDRIKSSON** (1963)

MBA
Nationality: Swedish

2016

1,000 B shares

**MARIE GRÖNBORG** (1970)

MSc (Eng.) Chemical Engineering
Nationality: Swedish

2019

0

**PASI LAINE** (1963)

MSc (Eng.)
Nationality: Finnish

2017

712 A shares, 4,931 B shares

Current appointments

Board Chairman: Amasten Fastighets AB

Vice Chairman of the Board:
Indutrade AB and Pandox AB
Director: AB Industrivärden

Board Chairman: Abdon Group
President and CEO: Indutrade AB

Director: Alimak Group AB

CFO & Group Executive Vice
President: Vestas Wind Systems A/S
(since 2013)
Director: Sandvik AB and AB
Industrivärden

President and CEO: Purac AB
Director: Permascand Top Holding AB

President and CEO of Valmet Oyj
(since 2013)
Director: Ilmarinen Mutual Pension
Insurance Company

Previous appointments

Acting President: AB Industrivärden
CEO: AB Handel och Industri
Vice President: AB Industrivärden
Senior partner: Navet AB
Board Chairman: Kungsleden AB,
Skånska Byggvaror Holding AB,
Nyfosa AB and Hemfosa Fastigheter AB
Director: Höganäs AB, Skanska AB,
Munters AB, ICA Gruppen AB and
SSM Holding AB

President and CEO: Haldex AB
Senior positions: Volvo Cars, SKF and
Outokumpu

CEO: BillerudKorsnäs AB
Business Area Manager: Sandvik
Materials Technology
Product Area Manager Tube: Sandvik
Materials Technology
Product Area Manager Strip: Sandvik
Materials Technology
CFO: Sandvik Materials Technology
Director: Swedish Association
of Industrial Employers and
Confederation of Swedish Enterprise
Member of the Council: Swedish
Steel Producers' Association

Director: ÅF AB
CFO: Gambro AB, Autoliv Inc.
(Stockholm, Sweden), Volvo
Construction Equipment (Brussels,
Belgium) and Volvo Construction
Equipment International AB

EVP: Perstorp Group, Business Area
Specialties & Solutions
Senior positions: Perstorp Group och
Formox AB

Director: HKScan Oyj and Tamfelt Oyj
Several senior positions: Metso
group, including President of Pulp,
Paper and Power Technology,
President of Metso Automation

¹⁾ Shareholdings include shares owned by closely-related persons

Board of Directors – appointed by the annual general meeting

**MARTIN LINDQVIST** (1962)

President and CEO
BSc (Economics)
Nationality: Swedish

Elected to the board

2011

Shareholding¹⁾

11,709 A shares, 21,023 B shares

Current appointments

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

Previous appointments

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

**ANNAREETTA LUMME-TIMONEN** (1967)

Doctor of Science (Technology), Aalto
University
Nationality: Finnish

2020

142 A shares, 1,775 B shares

Investment Director and member of the
Group Management: Solidium Oy
Chairman of the Shareholders' Nomination
Board: Metso Outotec Oyj

Investment manager: 3i Nordic plc, Helsinki
Director: start-up fund Vera Oy
Director: the Finnish Sustainable
Investment Forum (Finsif)
Sustainability Advisory Board, Aalto
University

¹⁾ Shareholdings include
shares owned by
closely-related persons

Board of Directors – appointed by the employees

**STURE BERGVALL** (1956)

Elected to the Board
2005

Current appointments

Electrician, SSAB Europe

**TOMAS KARLSSON** (1962)

Elected to the Board
2015

Maintenance mechanic, SSAB
Europe

**PATRICK SJÖHOLM** (1965)

Elected to the Board
2011

Automation engineer, SSAB Special
Steels

Alternates

**MIKAEL HENRIKSSON** (1961)

Elected to the Board
2017

Current appointments

Furnace operator, SSAB Special
Steels

**TOMAS JANSSON** (1966)

Elected to the Board
2014

Sales Coordinator, SSAB Europe

**TOMAS WESTMAN** (1955)

Elected to the Board
2015

RM-coordinator, SSAB Europe

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

Auditors

SSAB must have one or two external auditors, or one or two registered public accounting firms, under its Articles of Association. It was decided on the Annual General Meeting 2020 that Ernst & Young AB should be reelected auditor for the company until the Annual General Meeting in 2021. Rickard Andersson is the principal auditor.

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

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

Audit committee

Duties

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

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

Attendance statistics 2020					Independent of	
Member of the board	Elected to the board	Board meetings	Remuneration Committee	Audit Committee	The company and its management	The company's largest shareholders
Elected by the AGM ¹⁾						
Bengt Kjell, Chairman since 2015	2015	14	3	4	Yes	No, Board member of Industrivärden
Bo Annvik	2019	14	2		Yes	Yes
Petra Einarsson	2014	14	3	4	Yes	Yes
Marika Fredriksson	2016	14		6	Yes	No, Board member of Industrivärden
Marie Grönborg	2019	14		6	Yes	Yes
Pasi Laine	2017	14			Yes	Yes
Annareetta Lumme-Timonen ²⁾	2020	9		4	Yes	No, member of the management group of Solidium Oy
Martin Lindqvist, President and CEO	2011	14			No, CEO at the company	Yes
Employee representatives						
Sture Bergvall	2005	14			-	-
Tomas Karlsson	2015	14			-	-
Patrick Sjöholm	2011	14			-	-
Alternate members						
Mikael Henriksson	2017	14			-	-
Tomas Jansson	2014	14			-	-
Tomas Westman	2015	14			-	-

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

²⁾ Elected new board member on the Annual General Meeting on the 1th of April 2020

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

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

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

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

Work in 2020

During 2020 great focus for the Audit Committee has been the company's liquidity and funding matters, with respect to the uncertainty Covid-19 has caused to the financial markets. Also, IT-security and the company's tax position, including the ongoing tax audit in Sweden, are other matters which the Committee has placed great emphasis to during the year. The Audit Committee took part of, and analyzed together with the external auditors, the risk analysis and audit plan which the auditors had established constituting the basis for the statutory audit.

The Audit Committee's members were since the Annual General Meeting Petra Einarsson (Chairman), Marika Fredriksson, Marie Grönborg, Bengt Kjell and Annareetta Lumme-Timonen. In 2020, the Audit Committee held six meetings at which minutes were taken.

Remuneration committee

Duties

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

Work in 2020

During 2020, the Remuneration Committee held three meetings at which minutes were taken. The Remuneration Committee comprised of Bo Annvik, Petra Einarsson and Bengt Kjell (Chairman). The CEO is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

Group Executive Committee

**MARTIN LINDQVIST** (1962)

President and CEO
Nationality: Swedish

Member of the group executive committee

2001

**OLAVI HUHTALA** (1962)

Executive Vice President and Head of SSAB Europe
Nationality: Finnish

2014

**CHARLES SCHMITT** (1959)

Executive Vice President and Head of SSAB Americas
Nationality: American

2011

**JOHNNY SJÖSTRÖM** (1974)

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

2019

**JONAS BERGSTRAND** (1965)

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

2006

**HÅKAN FOLIN** (1976)

Executive Vice President and CFO
Nationality: Swedish

2013

Shareholding¹⁾

11,709 A shares
21,023 B shares

17,578 A shares
77,873 B shares

3,000 B shares

8,000 A shares

24,125 B shares

15,000 B shares

Education

BSc (Economics), Uppsala University

BSc (Engineering)

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

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

LLM, Uppsala University

MSc, KTH Royal Institute of Technology, Stockholm

Background

Employed at SSAB since 1998.

Employed at Rautaruukki/SSAB since 1987.

Employed at IPSCO/SSAB since 1990.

Employed at SSAB between 2012–2014 and since 2019.

Employed at SSAB since 2006.

Employed at SSAB since 2006.

Previously:

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

Previously:

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

Previously:

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

Previously:

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

Previously:

Corporate counsel: ABB, OM Gruppen and Ericsson Radio Systems

Previously:

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

¹⁾ Shareholdings include shares held by closely-related persons

Group Executive Committee



MARIA LÅNGBERG (1970)

Executive Vice President and Head of People, Culture and Communication

Nationality: Swedish



MARTIN PEI (1963)

Executive Vice President and CTO

Nationality: Swedish



CHRISTINA FRIBORG (1969)

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

Nationality: Swedish



EVA PETURSSON (1968)

Executive Vice President and Head of Research and Innovation

Nationality: Swedish



VIKTOR STRÖMBERG (1973)

Executive Vice President and Head of Strategy, IT and Digitalization

Nationality: Swedish

Member of the group executive committee

2016	2007	2018	2018	2018
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Shareholding¹⁾

14,000 B shares	300 A shares 700 B shares	6,700 B shares	165 A shares 6,500 B shares	4,000 B shares
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Education

BSc (Business Administration), Uppsala University MBA, Stockholm School of Economics	PhD, KTH Royal Institute of Technology, Stockholm	LLM, Uppsala University	Civil engineer and PhD in Steel Structures, Luleå University of technology	MBA, INSEAD, France and MSc in Industrial Engineering & Management, Linköping University
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Background

Employed at SSAB since 2013. Previously: President Merox and VP Group Sustainability, SSAB, EVP & Head of Group Communications, SSAB, Senior Consultant, JKL, SVP Group Communications, Gambro	Employed at SSAB since 2001. Previously: EVP, Head of business area: SSAB APAC; EVP & Head of Technical Development: SSAB; General Manager Slab Production: SSAB Plate Division; Manager R&D Primary Products: SSAB Plate Division	Employed at SSAB since 2018. Previously: Head of Sustainable Business at Sandvik, founder and partner at Ethos International and various positions at Sida, UNHCR and OSCE	Employed at SSAB since 2005. Previously: Design specialist and research leader at SSAB Knowledge Service Center, Head of Strategic R&D at SSAB. Assistant professor in Steel Structures at Luleå University of Technology	Employed at SSAB since 2011. Previously: VP and Head of Strategy at SSAB AB. Associate Partner at McKinsey & Company, product manager at SAP and consultant at IBM
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¹⁾ Shareholdings include shares held by closely-related persons

Group Executive Committee

Group Executive Committee's work and responsibilities

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

The CEO is responsible for the day-to-day management of the company in accordance with the Board of Directors' instructions and guidelines. As at December 31, 2020, the Group Executive Committee comprised, in addition to the CEO, the heads of SSAB Europe, SSAB Americas and SSAB Special Steels, the Chief Financial Officer, the Head of Legal, M&A and Procurement, the Chief Technical Officer, the Head of People, Culture and Communication, the Head of Research and Innovation, the Head of Strategy and Digitalization and the Head of Sustainability.

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

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

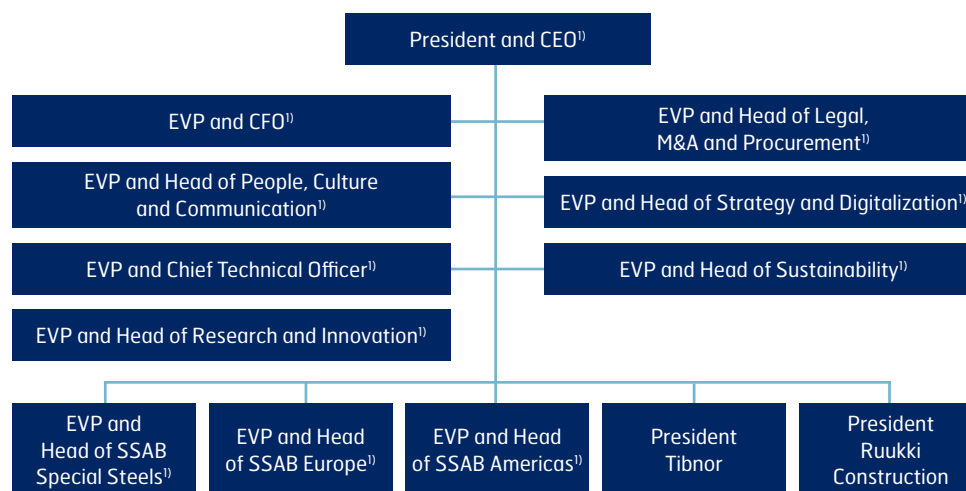
Remuneration guidelines

Guidelines for remuneration to the CEO and other senior executives were decided on the 2020 Annual General Meeting. For information of the content of the decided guidelines, see [Note 2](#) in Financial reports.

Incentive program for senior executives

In 2011, a long-term incentive program was introduced for the entire Group. At the time the program covered a maximum of 100 (now 150) key employees, including the CEO and other senior executives. The program runs for

Group operational management structure



¹⁾ Member of Group Executive Committee

rolling three-year periods, is cash based, and linked to the total return on SSAB's share compared to a benchmark group of the company's competitors and SSAB's financial targets. The program was introduced to promote the company's ability to recruit and retain key employees. Reference is made to [Note 2](#) in Financial reports for more information about current remuneration. The company has no share-related incentive programs.

Internal control

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

Risk management

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

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

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

Framework for internal control as regards financial reporting

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

Control environment

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

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

Work on communicating the group's Code of Conduct continued during 2020 and by the turn of 2020/2021, over 91% of the employees had completed the group's internal training module on business ethics.

Risk assessment

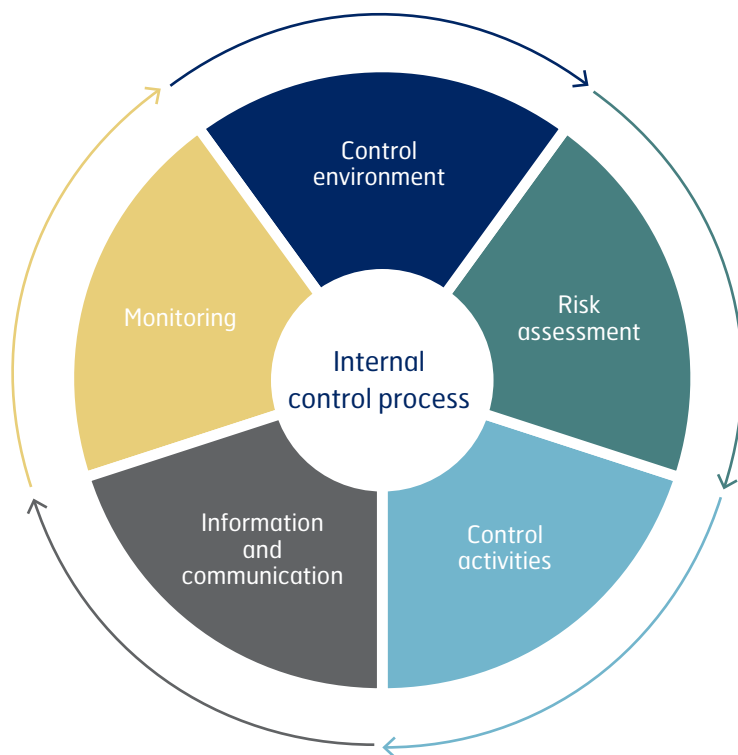
Risks associated with the financial reporting mainly concern accounting errors at the valuation of assets and liabilities, income and expenses and derogations from disclosure obligations. Fraud, loss/misappropriation of assets and deficiencies in business ethics are further risks assessed and managed,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

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

Control activities

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

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



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

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

Information and communication

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

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

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

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

Monitoring

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

Internal audit

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

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

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

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

During 2020, internal audit conducted regular, independent and objective audits of the group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The reviews were conducted in accordance with an adopted audit process and formally completed with a report and a planned follow-up. The result has been regularly submitted to divisional heads and the Audit Committee as regards observations, measures taken and implementation status.

During the year, internal audit also conducted a number of audits on subsidiaries where the company's manual for audits of risks concerning fraud and corruption was a part of the audit scope. The audits did not reveal any concrete irregularities; however, possibilities to reduce risks were identified. The identified improvement possibilities are implemented in accordance with established action plans. Due to Covid-19, and the accompanying traveling restrictions, a significant part of the audit of the subsidiaries was undertaken remotely.

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

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

- Of the company's shareholders, Industrivärden and LKAB, has direct or indirect shareholdings representing at least one tenth (1/10) of the voting rights carried by all shares in the company. As at December 31, 2020, Industrivärden's holding accounted for 11.8% of the total voting rights and 4.3% of the total number of shares. As at December 31, 2020, LKAB's holding accounted for 10.5% of the total voting rights and 10.5% of the total number of shares.
- There are no restrictions on the number of votes that each shareholder may cast at a general meeting.
- The Articles of Association contain no provisions regarding the removal of directors or the amendment of the Articles of Association.
- The general meeting has not granted the Board of Directors authority to decide that the company may purchase its own shares.

Further information

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

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

Auditor's report on the corporate governance statement

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

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages [116-131](#) and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm March 1, 2021

Ernst & Young AB

Rickard Andersson

Authorized Public Accountant

FINANCIAL REPORTS 2020

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Board of Directors Report

SSAB AB (publ) Registration number 556016-3429

- Revenue was SEK 65,396 (76,485) million
- Operating profit before depreciation/amortization and items affecting comparability was SEK 3,364 (6,375) million
- Operating profit/loss, excluding items affecting comparability, was SEK -325 (2,159) million
- Operating profit/loss, including items affecting comparability, was SEK -325 (1,961) million
- Earnings per share was SEK -0.50 (1.04)
- Operating cash flow was SEK 3,460 (5,194) million
- Net debt/equity ratio was 19% (19%)

Key figures

SEK millions	2020	2019
Revenue	65,396	76,485
Operating profit before depreciation and amortization EBITDA ¹⁾	3,364	6,375
Operating profit ¹⁾	-325	2,159
Operating profit, IFRS	-325	1,961
Profit after financial items ¹⁾	-802	1,770
Profit after tax ¹⁾	-490	1,279
Earnings per share (SEK)	-0.50	1.04
Operating cash flow	3,460	5,194
Net debt, including IFRS 16	10,278	11,696
Net debt/equity ratio (%)	19	19

¹⁾ Excluding items affecting comparability. For 2019, these amounted to SEK -197 million. For description and amounts, see p. 139

The market

According to the World Steel Association, global crude steel production for 2020 amounted to 1,829 (1,846) million tonnes, down 0.9% compared to 2019. Chinese steel production increased by more than 5%. Steel production decreased in North America by 16% and in the EU-28 by 12%.

In North America, demand for heavy plate was relatively weak already in the first quarter, a situation made worse by Covid-19 during the second and third quarters. During the fourth quarter, demand improved in most customer segments, including distributors, whose inventory levels were at low during the second half of the year.

In Europe, market demand was good during the beginning of the year, but weakened sharply during the second and third quarters as a result of the pandemic. Most customer segments, such as Automotive and Heavy Transport, closed down all or parts of production. Also, steel producers around Europe cut capacity. Customer activity levels picked up again during the fourth quarter and this impacted demand positively. Imports into Europe were at a relatively low level throughout 2020.

Global demand for high-strength steel was also negatively affected by the pandemic. For some segments, primarily Materials Handling, there was good demand for most of the year. There were also geographical differences in demand, with China being negatively affected in the first quarter already but showing good demand for the rest of the year.

In North America, market prices for heavy plate decreased somewhat during the first half of the year, but then rose sharply, especially during the fourth quarter. In Europe, market prices for strip and heavy plate rose at the start of the year but fell during the second quarter with the sharp decline in demand. During the fourth quarter, prices increased substantially and closed the year at a significantly higher level at the end of the year than at the beginning. Market prices for strip and heavy plate in China showed the same trend as in Europe during 2020.

Revenue and operating profit

Revenue for the full year 2020 were SEK 65,396 (76,485) million, down SEK 11,088 million or 15% compared with 2019.

The operating result, excluding items affecting comparability, for the full year was SEK -325 (2,159) million, down SEK 2,484 million compared with the full year of 2019. This decrease was primarily attributable to SSAB Americas, although earnings decreased in SSAB Europe as well. Operating result, including items affecting comparability, amounted to SEK -325 (1,961) million.

Analysis of total change in revenue and operating profit*

Revenue		Operating profit ¹⁾	
	Change vs. 2019, %		Change vs. 2019, SEK millions
Volume	-2	Price and product mix	-6,850
Price	-8	Volume	-510
Product mix	0	Variable costs	-3,680
Currency effects	-2	Fixed costs	1,630
Other sales	-2	Currency effects	-600
		Capacity utilization	-10
		Other	176
Total	-14		-2,484

¹⁾ Excluding items affecting comparability

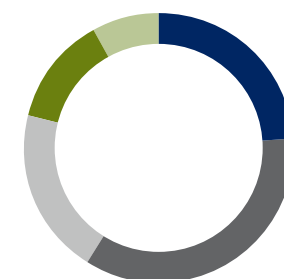
* Estimated changed, the numbers in the table are rounded

Items affecting comparability

During 2020, SSAB did not report any items affecting comparability. In 2019, items affecting comparability amounted to SEK -186 million. In operating profit, these amounted to SEK -197 million, which was primarily related to the restructuring program in Tibnor and write-down to net realizable value of assets and liabilities held for sale regarding the divestment of Ruukki Construction's project operations, Building Systems. Items affecting comparability of SEK 11 million have been included in tax expenses 2019.

Share of external revenue 2020

%



- SSAB Special Steels 24% (23%)
- SSAB Europe 35% (34%)
- SSAB Americas 20% (23%)
- Tibnor 13% (12%)
- Ruukki Construction 8% (8%)

Share of EBITDA 2020

%



- SSAB Special Steels 56% (32%)
- SSAB Europe 14% (15%)
- SSAB Americas 11% (44%)
- Tibnor 6% (2%)
- Ruukki Construction 13% (7%)

External revenue on the largest markets

SEK millions	2020	Share, %	2019	Share, %
Geographical areas				
Sweden	10,059	15	11,517	15
Finland	6,687	10	8,294	11
Denmark	3,122	5	3,035	4
Germany	3,125	5	3,965	5
Poland	3,090	5	3,449	5
Italy	1,937	3	2,067	3
Other EU-27	7,905	12	8,602	11
Norway	2,396	4	2,709	4
Great Britain	1,324	2	1,733	2
Other Europe	2,022	3	1,975	3
USA	15,704	24	21,305	28
Canada	2,195	3	1,964	3
Rest of the world	5,831	9	5,869	8
Total	65,396	100	76,485	100

Profit after financial net

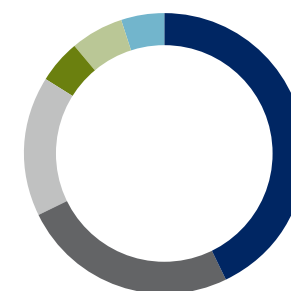
The financial net for 2020 amounted to SEK -477 (-389) million and result after financial net amounted to SEK -802 (1,572) million.

Result after tax and earnings per share

The result after tax (attributable to shareholders in the parent company) for 2020 was SEK -510 (1,075) million, equating to SEK -0.50 (1.04) per share. Tax was SEK 312 (-479) million. Positive tax was attributable to the negative result.

The Group's cost structure

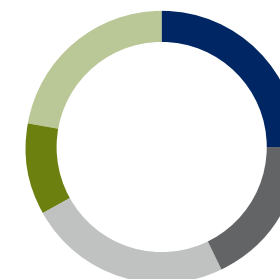
SEK 66.5 (75.9) billion



- Input materials 43% (43%)
- Manufacturing costs 25% (25%)
- Personnel costs 16% (16%)
- Energy 5% (5%)
- Purchased products 6% (6%)
- Depreciation/Amortization 5% (6%)

Input materials

SEK 28.5 (32.5) billion



- Iron ore, pellets 25% (27%)
- Coal 18% (20%)
- Scrap 24% (23%)
- Alloys 11% (12%)
- Other 22% (18%)

Major maintenance outages

The table below shows all major planned maintenance outages for 2020 and 2019. The costs for 2020 was lower than normal, partly due to that the maintenance could to greater extent be carried out with own resources due to a lower production level during the second and third quarter of 2020. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

Major maintenance outages in 2019 and 2020

SEK millions	2020 Q1	2019 Q1	2020 Q2	2019 Q2	2020 Q3	2019 Q3	2020 Q4	2019 Q4	2020 Full year	2019 Full year
SSAB Special Steels	-	-	-	-	250	-	-	300	250	300
SSAB Europe	-	-	-	-	250	285	85	135	335	420
SSAB Americas	-	-	50	-	170	-	-	415	220	415
Total	-	-	50	-	670	285	85	850	805	1,135

Raw materials

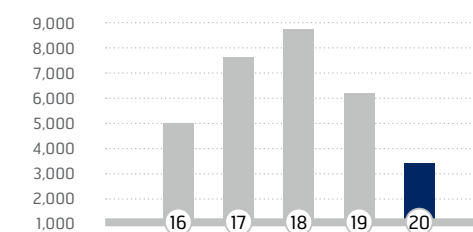
SSAB sources iron ore from LKAB in Sweden and from Severstal in Russia and prices vary depending on the market index. SSAB sources coking coal from Australia, the USA and Canada, usually on annual supply contracts with monthly pricing. SSAB Americas regularly purchases scrap metal on the spot market as a raw material for their production.

Change in SSAB's average purchase prices, 2020

% change	Change vs. 2019	
	USD	SEK
Iron ore	-9%	-12%
Coking coal	-36%	-38%
Scrap metal	0%	-3%

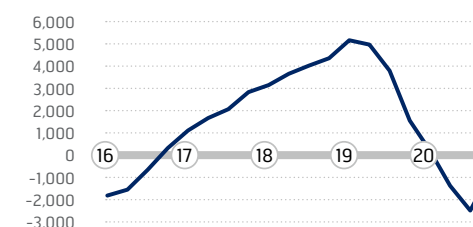
EBITDA

SEK millions



Profit/loss after financial items

SEK millions



— Rolling four quarters (including items affecting comparability)

Production and shipments

Crude steel production in 2020 was 1% down compared to 2019, whereas rolling production for 2020 was unchanged compared with 2019. During 2020, SSAB's steel shipments were 6,460 (6,560) thousand tonnes, down 2% compared with 2019.

Production and shipments

Thousand tonnes	2020	2019
Crude steel production	7,535	7,623
Rolling production	6,936	6,994
Steel shipments	6,460	6,560

Cash flow, financing and liquidity

Operating cash flow for the full year 2020 amounted to SEK 3,460 (5,194) million. Compared with 2019, cash flow was impacted primarily by a lower operating result. Net cash flow amounted to SEK 2,180 (-289) million. The full year of 2019 was impacted among other things by Tibnor's acquisition of Sanistål's Danish distribution business and the payment of a dividend to shareholders. Net debt at December 31, 2020 was SEK 10,278 (11,696) million.

The term to maturity of the total loan portfolio at December 31 averaged 4.7 (7.1) years, with an average fixed interest period of 0.9 (1.1) years.

Cash and cash equivalents were SEK 7,051 (3,597) million and non-utilized credit facilities were SEK 14,471 (6,727) million, which combined corresponds to 33% (14%) of rolling 12-months' revenue.

Operating cash flow and net debt

SEK millions	2020	2019
Operating profit before depreciation/amortization	3,364	6,177
Change in working capital	1,570	896
Maintenance expenditures	-1,622	-1,875
Other	147	-4
Operating cash flow	3,460	5,194
Financial items	-545	-432
Taxes	-56	-1,315
Cash flow from current operations	2,859	3,447
Strategic expenditures in plant and machinery	-582	-1,035
Acquisitions of shares and operations	-231	-1,221
Divestments of shares and operations	143	118
Cash flow before dividend	2,189	1,309
Dividend paid to shareholders	-	-1,545
Dividend, non-controlling interest	-9	-7
Acquisition shares from non-controlling interest	-	-46
Net cash flow	2,180	-289
Net debt at beginning of period	-11,696	-8,582
Adjustment net cash flow, IFRS 16	-	-1,945
Net cash flow	2,180	-289
Revaluation of liabilities against equity ¹⁾	778	-287
Other ²⁾	-1,540	-593
Net debt at the end of period	-10,278	-11,696

¹⁾ Revaluation of hedges of currency risks in foreign operations.

²⁾ Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial instruments in foreign currency as well as during 2019, acquired net debt.

Return on capital employed/equity

Return on capital employed before tax for the full year 2020 was 2% and return on equity after tax was -1%, whereas the corresponding figures for the full year 2019 were 3% and 2% respectively.

Equity

With earnings of SEK -510 (1,075) million and other comprehensive income (mostly consisting of translation differences) of SEK -5,817 (1,365) million, shareholders' equity in the company amounted to SEK 53,987 (60,314) million, equating to SEK 52.42 (58.57) per share.

Assets with undeterminable useful life

Consolidated assets with undeterminable useful life are allocated to the Group's cash-generating units as shown in the table below:

Assets with an undeterminable useful life per cash-generating unit

SEK millions	2020 31 Dec	2019 31 Dec
SSAB North America (incl. in the SSAB Americas division)	22,325	25,388
SSAB Special Steels	2,813	3,046
SSAB Europe	2,085	2,171
Tibnor	512	533
Ruukki Construction	140	140
Total goodwill	27,872	31,279
Ruukki Construction (Rautaruukki tradename)	397	467
Total assets with an undeterminable useful life¹⁾	28,269	31,746

¹⁾ The change in values compared to the previous year is mainly due to currency effects, but also due to that the PPA of Abraservice Holding SAS was completed during 2020.

Assets with an undeterminable useful life are tested for impairment each year towards the end of the fourth quarter and in the case of an indication of decline in value. The impairment test showed no need for an impairment charge. For more information about goodwill, see [Note 6](#).

Dividend and allocation of profit

A dividend is proposed of SEK 0.00 (0.00) per share. Consideration relating to proposed allocation of profit in [Note 34](#). Proposed allocation of profit on p. [236](#) is part of the Board of Director's Report.

Business segments

SSAB has been organized into five reportable business segments with a clear profit responsibility. The business segments consist of the three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas as well as the fully owned subsidiaries Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries.

SSAB Special Steels

SSAB Special Steels has global responsibility for the marketing and sales of all SSAB's quenched and tempered steels (Q&T) and hot-rolled, advanced high-strength steels with yield strengths of 700 MPa and above. SSAB Special Steels is responsible for steel and rolling production in Oxelösund (Sweden), and for sales of the above products produced in Mobile (USA), Raahelä (Finland) and Borlänge (Sweden). When SSAB Special Steels sells steels made by another division, the revenue is reported by SSAB Special Steels and the accounts are settled between the divisions at the cost of goods sold.

SSAB Europe

SSAB Europe has responsibility for strip, plate and tubular products in Europe, and global profit responsibility for the Automotive segment. SSAB Europe is responsible for steel and plate production in Raahelä and Hämeenlinna (Finland), and in Luleå and Borlänge (Sweden).

SSAB Americas

SSAB Americas has profit responsibility for heavy plate in North America, and for steel and plate production in Montpelier and Mobile, USA.

Tibnor

Tibnor is the Group's distributor of a full range of steel and non-ferrous metals in the Nordic region and Baltics. Tibnor buys and sells materials produced both by SSAB and other suppliers.

Ruukki Construction

Ruukki Construction is responsible for the sales and production of energy-efficient building and construction solutions, with a focus on northern and eastern Europe. Ruukki Construction includes Planija.

Revenue and operating profit by business segment

SEK millions	Revenue			Operating profit		
	2020	2019	Change	2020	2019 ¹⁾	Change
SSAB Special Steels	16,143	18,495	-2,352	1,506	1,454	52
SSAB Europe	27,954	31,730	-3,777	-1,113	-677	-436
SSAB Americas	13,266	17,460	-4,194	-293	2,128	-2,421
Tibnor	8,241	9,149	-908	96	30	65
Ruukki Construction	5,516	6,510	-994	314	283	32
Other	-	-	-	-489	-233	-256
Depreciation/Amortization surplus values	-	-	-	-346	-827	480
Group adjustments	-5,722	-6,859	1,137	-	-	-
Total	65,396	76,485	-11,088	-325	2,159	-2,484

¹⁾ For 2019, excluding items affecting comparability

Items affecting comparability, per quarter and business segment

SEK millions	1/19	2/19	3/19	4/19	1/20	2/20	3/20	4/20
SSAB Special Steels	-	-	-	-	-	-	-	-
SSAB Europe	-	-	-	-	-	-	-	-
SSAB Americas	-	-	-	-	-	-	-	-
Tibnor	-	-	-	-52	-	-	-	-
Ruukki Construction	-	-	-	-	-	-	-	-
Other	-	-	-150	5	-	-	-	-
Total	-	-	-150	-47	-	-	-	-

During 2019, items affecting comparability relate to restructuring programs in Tibnor and write-down of net assets at net realizable value of assets and liabilities held for sale.

The information in the tables on p. 140–144 excludes the depreciation/amortization on surplus values on tangible and intangible assets relating to the acquisitions of IPSCO and Rautaruukki and excludes items affecting comparability. For more information about business segments, see [Note 28](#).

SSAB Special Steels

Full year in brief

- Demand was negatively affected by Covid-19 and shipments decreased to 1,127 (1,224) thousand tonnes
- EBITDA margin up to 13.2% (11.3%), cost reductions and stable production contributed positively
- Operating result increased to SEK 1,506 (1,454) million

Key figures

SEK millions	2020	2019
Revenue	16,143	18,495
Operating profit before depreciation/amortization, EBITDA	2,126	2,081
Operating profit	1,506	1,454
Operating profit according to IFRS	1,506	1,454
Operating cash flow	2,179	668
Number of employees at end of period ¹⁾	3,228	2,886

¹⁾ Employees in Abraservices are included in the number of employees for 2020, they were not included in 2019.

Revenue and operating result

Revenue for 2020 were down 13% compared with 2019 and amounted to SEK 16,143 (18,495) million. Lower volumes had a negative impact of 8 percentage points, currency effects had a negative effect of 4 percentage points and lower prices had a negative effect of 1 percentage point.

The operating result for 2020 was SEK 1,506 (1,454) million, up SEK 52 million compared with 2019. Lower variable and fixed costs affected positively, but counteracted by lower prices, negative currency effects, lower volumes and lower capacity utilization.

Market trend

The good start to the year was followed by a sharp slowdown during the second quarter as a result of the global pandemic. The larger customer segments such as Heavy Transport and Construction Machinery, which largely comprises OEMs, were hit the hardest. During the autumn, demand recovered, first in Heavy Transport and later also in Construction Machinery. The Material Handling customer segment, which includes mining equipment, was at a good level during 2020.

Production and shipments

Crude steel production for 2020 was down 18% compared with 2019. During 2019, both blast furnaces in Oxelösund were operating during the first nine months. Rolling production for 2020 was down with 2% compared with 2019.

External shipments of steel during 2020 were down 8% compared with 2019.

Production and shipments

Thousand tonnes	2020	2019
Crude steel production	1,000	1,225
Rolling production	484	493
Steel shipments	1,127	1,224

Figures for steel shipments include high-strength steel produced at SSAB Europe's and SSAB Americas' steel mills but sold by SSAB Special Steels.

Cash flow and capital expenditure

Operating cash flow for the full year 2020 was SEK 2 179 (668) million. Cash flow was impacted positively by operating profit and by lower working capital.

Capital expenditure payments during 2020 were SEK 458 (504) million, of which SEK 111 (66) million were strategic investments. In 2019, the shares in Abraservices were acquired for SEK 405 million.

SSAB Europe

Full year in brief

- Market was negatively affected by Covid-19 and shipments decreased to 3,314 (3,362) thousand tonnes
- Operating result fell to SEK -1,113 (677) million
- Cost savings contributed positively

Key figures

SEK millions	2020	2019
Revenue	27,954	31,730
Operating profit before depreciation/amortization, EBITDA	554	945
Operating loss	-1,113	-677
Operating loss according to IFRS	-1,356	-921
Operating cash flow	702	182
Number of employees at end of period	6,701	6,853

¹⁾ Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK 243 (244) million during 2020.

Revenue and operating result

Revenue was down 12% compared with 2019 and amounted to SEK 27,954 (31,730) million. Lower prices had a negative impact of 6 percentage points, other revenue had a negative impact of 4 percentage points, currency effects a negative effect of 1 percentage point and lower volumes had a negative impact of 1 percentage point.

The operating result for 2020 fell to SEK -1,113 (-677) million, down SEK 436 million compared with 2019. Lower prices, lower volumes and currency effects had a negative impact, but counteracted by lower variable and fixed costs as well as higher capacity utilization.

Market trend

The market was affected by Covid-19, among other things by a quick downturn during the second quarter. All larger customer segments were affected, although Construction showed good development with steady demand during the year. During the fourth quarter, the market recovered in several customer segments like Automotive and Heavy Transport, driven both by underlying demand and by inventory restocking.

Production and shipments

Crude steel production during 2020 was up 2% compared with 2019 but rolling production was down 3% compared with the full year of 2019.

External shipments of steel during 2020 were down 1% compared with 2019.

Production and shipments

Thousand tonnes	2020	2019
Crude steel production	4,046	3,969
Rolling production	4,111	4,217
Shipments	3,314	3,362

Production figures include high-strength steel made for SSAB Special Steels. These volumes are not included in SSAB Europe's shipments.

Cash flow and capital expenditure

Operating cash flow for the full year of 2020 amounted to SEK 702 (182) million. Cash flow was impacted positively by lower working capital.

Capital expenditure payments during the full year of 2020 were SEK 1,280 (1,584) million, of which SEK 230 (518) million were strategic investments.

SSAB Americas

Full year in brief

- Shipments amounted to 2,019 (1,974) thousand tonnes
- Operating result amounted to SEK -293 (2,128) million, lower margins affected negatively
- Cost savings contributed positively

Key figures

SEK millions	2020	2019
Revenue	13,266	17,460
Operating profit before depreciation/amortization, EBITDA	415	2,852
Operating profit ¹⁾	-293	2,128
Operating profit according to IFRS	-372	1,564
Operating cash flow	415	3,540
Number of employees at end of period	1,211	1,254

¹⁾ Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of IPSCO. Depreciation/amortization on surplus values was SEK 79 (564) million during 2020.

Revenue and operating result

Revenue was down 24% compared with 2019 and amounted to SEK 13,266 (17,460) million. Lower prices had a negative effect of 24 percentage points and currency effects a negative effect of 2 percentage points. Higher volumes had a positive effect of 2 percentage points.

The operating result for 2020 was SEK -293 (2,128) million, down SEK 2,421 million compared with 2019. Lower earnings were mainly attributable to lower prices, but was counteracted by lower variable and fixed costs.

Market trend

The North American heavy plate market was affected by the pandemic during 2020 with a squeeze on prices, especially during the second and third quarters. Demand was weak in Oil & Gas (part of the Energy segment) and Construction and also generally within the manufacturing industry. Demand in other parts (wind power and power transmission) of the Energy segment, which refers to renewable energy production, which was at a good level throughout the year. A slight recovery was seen during the fourth quarter and shipments improved, for example in Construction Machinery and Steel Service Centers (distributors), which started to restock.

Production and shipments

Crude steel production during 2020 was up 2% compared with 2019 and rolling production was up 3% compared with 2019.

External shipments of steel were up 2% compared with 2019.

Production and shipments

Thousand tonnes	2020	2019
Crude steel production	2,489	2,429
Rolling production	2,343	2,285
Shipments	2,019	1,974

Production figures include high-strength steel made for SSAB Special Steels. These volumes are not included in SSAB America's shipments.

Cash flow and capital expenditure

Operating cash flow during 2020 amounted to SEK 415 (3,540) million. The cash flow was impacted positively by lower working capital, but was counteracted by lower operating result.

Capital expenditure payments during the full year of 2020 amounted to SEK 304 (646) million, of which SEK 189 (363) million was strategic investments.

Tibnor

Full year in brief

- Market negatively affected by Covid-19
- The restructuring program contributed to improved result
- The operating result rose to SEK 96 (30) million

Key figures

SEK millions	2020	2019
Revenue	8,241	9,149
Operating profit before depreciation/amortization, EBITDA	240	206
Operating profit ¹⁾	96	30
Operating profit/loss according to IFRS	70	-47
Operating cash flow	186	348
Shipments, thousand tonnes	781	786
Number of employees at end of period	981	1,133

¹⁾ Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK 25 (25) million during 2020.

Revenue and operating result

Revenue was down 10% compared to 2019 and amounted to SEK 8,241 (9,149) million. The decline was attributable to lower volumes and lower prices.

The operating result for 2020 was SEK 96 (30) million, up SEK 66 million compared with 2019. Higher earnings were primarily attributable to lower variable and fixed costs.

Market trend

The market improved during the start of 2020 compared to the fourth quarter of 2019. This was followed by a sharp weakening in demand during the second and third quarter, because of the pandemic. During the fourth quarter, demand recovered, especially in Sweden and Finland, and grew gradually stronger. The automotive and engineering industries drove the upswing. As far as the full-year 2020 was concerned, the markets in Finland and the Baltics were less affected by the pandemic compared with the rest of the Nordics.

Cash flow and capital expenditure

Operating cash flow for the full year of 2020 amounted to SEK 186 (348) million. Cash flow was impacted positively by a lower working capital and by the operating profit.

Capital expenditure payments during the full year 2020 amounted to SEK 53 (108) million, of which SEK 7 (47) million were strategic investments. In 2019, Tibnor acquired Sanistål for SEK 523 million.

Ruukki Construction

Full year in brief

- Stable demand
- Operating result up to SEK 314 (283) million
- Divestment of Building Systems completed in 2020

Key figures

SEK millions	2020	2019
Revenue	5,516	6,510
Operating profit before depreciation/amortization, EBITDA	484	466
Operating profit ¹⁾	314	283
Operating profit according to IFRS	318	293
Operating cash flow	481	348
Number of employees at end of period	1,362	1,841

¹⁾ Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK -4 (-10) million during 2020.

Revenue and operating result

Revenue of comparable units was relatively unchanged compared to 2019. The reported revenue was down 15% compared with 2019 and amounted to SEK 5,516 (6,510) million, due to the divestment of Building Systems, which is included in the figures until the end of April 2020.

Operating result for 2020 amounted to SEK 314 (283) million. The improvement compared to 2019 was partly due to improved margins for the product business (Roofing and Building Envelopes).

During the second quarter of 2020, the divestment of Building Systems was completed. Ruukki Construction's divested project business, Building Systems, had revenue of around SEK 1.5 billion in 2019 and a minor positive operating profit. During the first four months of 2020, Building Systems had revenue of SEK 0.6 billion and a minor positive operating profit. For more information, see [note 26](#).

Market trend

During the full year of 2020, demand was at a good level and in most geographical markets. Covid-19 had a certain negative impact, especially in the markets in central and east of Europe and the Baltics.

Cash flow and capital expenditure

Operating cash flow for 2020 amounted to SEK 481 (348) million. Cash flow during the quarter was impacted positively by operating profit but affected negatively by higher working capital.

Capital expenditure payments during the full year amounted to SEK 88 (113) million, of which SEK 45 (41) million were strategic investments. During 2019, 67% of the shares in Piristeel was acquired for SEK 180 million.

Capital expenditures, research and development

Capital expenditures

Capital expenditures payments during 2020 amounted to SEK 2,292 (4,013) million, of which SEK 670 (2,256) million were strategic investments, including acquisitions and divestments of businesses and operations.

Research and development

Research and development activities are focusing on areas that aim at increasing the profitability of SSAB. Close collaboration with strategic customers and customer segments providing conditions for a market-driven product development that creates increased value also for the end-customers. This is particularly evident for SSAB's high-strength steels, where also technical customer support is an important part of research and development. Continuous work is also carried out with the development of the processes for increased cost efficiency, sustainable processes and energy conservation. During the year, research and development investments amounted to SEK 312 (336) million.

Environment

Steel production is an energy intensive process that affects the environment, including carbon dioxide emissions. In Sweden and Finland, SSAB's blast furnaces are among the largest sources of carbon dioxide emissions in each country. At the same time, SSAB's blast furnaces are among the most efficient in the world in terms of minimizing emissions from steel production. The impact on the local environment in the vicinity of SSAB's plants has decreased significantly in recent decades. Technical development and increasingly stringent external demands dictate constant improvements in the operations.

The most important environmental aspects for SSAB are:

- Air emissions reductions of carbon dioxide, nitrogen oxides, sulfur oxides and particulate matter
- Water effluent reductions of nitrogen and suspended substances
- Efficient use of raw materials and energy
- Landfill waste minimization

SSAB's operations are subject to environmental permits with hundreds of environmental conditions governing among other things production levels, emissions into the air and water, noise levels, and rules regarding landfill sites.

Permitted production at the Swedish plants¹⁾

Thousand tonnes	Location	Permitted production	Production 2020	Production 2019
Coke	Luleå	800	668	710
	Oxelösund	530	349	357
Hot metal	Luleå ²⁾	-	1,963	1,996
	Oxelösund	2,000	883	1,176
Steel slabs	Luleå	2,500	1,890	1,893
	Oxelösund	1,900	941	1,138
Hot-rolled steel	Borlänge	3,200	1,932	2,032
	Oxelösund ³⁾	1,000	486	518
Pickled steel	Borlänge	2,500	1,133	1,169
Cold-rolled steel	Borlänge	1,400	577	590
Annealed steel	Borlänge	900	504	526
Organic-coated products	Köping	30	19	14
	Finspång ⁴⁾	40	31	31
Steel tubes	Virso	125	16	16

¹⁾ In North America, the permitted production levels are determined through maximum permitted hourly production volumes and not applicable for Finnish sites.

²⁾ Not regulated

³⁾ Delivery of plate

⁴⁾ Unit million m²

Sustainability report

In accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, SSAB AB has chosen to establish the statutory sustainability report as a separate report. Sustainability report covers SSAB AB Group and it is on p. [44–115](#) in this annual report.

Personnel

At year-end 2020, the number of employees (excluding temporary employees) amounted to 13,974 (14,514). The total compensation to employees, including social security expenses and pension cost, amounted to SEK 9,755 (10,896) million. Additional information about compensation to employees, see [Note 2](#).

Number of employees per business segment at year-end

	2020	2019
SSAB Special Steels ¹⁾	3,228	2,886
SSAB Europe	6,701	6,853
SSAB Americas	1,206	1,254
Tibnor	981	1,133
Ruukki Construction	1,362	1,841
Other	496	547
Total	13,974	14,514

¹⁾ Employees in Abraservices are included in the number of employees for 2020, they were not included in 2019.

Remuneration guidelines for senior executives

These remuneration guidelines include the CEO and other senior executives. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

SSAB's business strategy aims to establish the company as an industry leader in terms of both profitability and sustainability among comparable companies. SSAB's stated objective is to become the safest steel company in the world to work in, and shall in addition adhere to high environmental standards and be a responsible partner to all stakeholders. A more detailed description of the business strategy can be found on the company's website. A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests require that the company can recruit and retain qualified employees. For this, the company must be able to offer competitive remuneration in the labor market on which the executive operates. These guidelines

are intended to offer senior executives a competitive total remuneration, which in turn promotes the company's business strategy, long-term interests and sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration consisting of a short-term variable component ("STI") and a long-term variable component ("LTI"), pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for variable cash remuneration shall be measured over a period of one year for STI and three years for LTI. STI may amount to not more than 75 percent of the fixed annual cash salary for the CEO and not more than 50 per cent for other senior executives. LTI may amount to not more than 30 per cent of the fixed annual cash salary for the CEO and other senior executives.

For the CEO and other senior executives pension benefits shall be contribution-based except in those cases where so provided in the rules of a general pension plan (e.g. the Swedish ITP2 plan). The retirement age should be set individually, however, in no case earlier than the age of 62. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension. Variable cash remuneration shall not qualify for pension benefits, except in those cases where so provided in the rules of a general pension plan. The pension premiums shall amount to not more than 50 per cent of the annual pensionable salary.

Other benefits may include, for example, health insurance, medical insurance and company cars. Premiums and other costs relating to such benefits may amount to not more than 10 per cent of the fixed annual cash salary.

Remuneration under employment subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

Upon termination of an employment, the notice period may not exceed twelve months. Fixed salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed salary for 24 months for the CEO and 18 months for the other senior executives. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

For senior executives outside Sweden, the termination period and severance pay may deviate from the above stated due to legislation or local market practice.

Criteria for variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including sustainability.

The criteria for STI are set annually and shall consist of group objectives, of unit objectives (i.e. objectives related to a particular division, a certain subsidiary or a certain function) and of individual objectives, with distribution as follows.

Group objectives may be financial and non-financial. The financial objectives shall comprise at least 60 per cent of the group objectives and shall be linked to EBITDA margins in relation to a comparison group of the company's competitors, own EBITDA level or margin, return on capital employed, the company's cash flow or the company's stock turnover. The non-financial group objectives shall be linked to sustainability.

The unit objectives may be different for different units. For units with clear profit responsibility, the unit objectives shall comprise to at least 50 per cent of financial objectives that shall be linked to sales, volumes, operating profit, operating margins, cost savings, return on capital employed or cash flows. The remaining part of the unit objectives shall consist of operational objectives linked to sustainability and fulfillment of the unit's strategic plan. For other units, the unit objectives shall be designed so that they clearly contribute to the fulfillment of the respective unit's strategy, including sustainability.

Individual objectives shall consist of quantitative or qualitative objectives aimed at increased value creation for the company.

For the CEO, STI shall comprise at least 85 per cent of group objectives and the remainder of individual objectives. For senior executives with clear own profit responsibility, STI shall comprise at least 45 per cent of unit objectives, up to a maximum of 15 per cent of individual objectives and the remaining part of group objectives. For other senior executives, STI shall consist of at least 70 per cent of group objectives, up to a maximum of 15 per cent of individual objectives and the remaining part of unit objectives.

LTI shall to 40–60 per cent be linked to the total return on the SSAB share in relation to a comparison group of the company's competitors and the remaining part shall be linked to a group-wide financial objective such as return on capital employed, own EBITDA level or EBITDA margin. However, for employees in division Americas, 20–40 per cent of LTI shall be linked to SSAB Americas own earnings and return on capital employed.

The objectives of LTI are to create a common interest for the company management and shareholders to drive the business towards long-term good return on the SSAB-shares and to promote the company's ability to recruit and retain key employees.

The variable cash compensation programs shall be structured such that the board of directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable cash compensations, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the company's responsibilities to its shareholders, employees and other stakeholders.

To which extent the objectives for variable cash remuneration has been satisfied shall be evaluated when the measurement period has ended. Following a proposal from the remuneration committee, the board of directors is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the remuneration committee is responsible for the evaluation in consultation with the CEO. When the board of directors assesses how the financial objectives have been met, this should be done against the latest published financial information with any adjustments that the board of directors considers necessary or appropriate.

Before the payment of variable cash compensation is effected, the board of directors must verify that the objectives linked to the remuneration have been met and that the remuneration has been calculated correctly.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the board of directors' and the remuneration committee's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of these remuneration guidelines as well as the current remuneration structures and compensation levels in the company. The CEO and other senior executives do not participate in the board of directors' or the remuneration committee's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is motivated to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters, including also preparation of resolutions to derogate from the guidelines.

Risk management

SSAB's earnings and financial position are affected by many factors, several of which are beyond the company's control. These include: general political, sustainability and economic conditions. Many of these factors can impact SSAB positively or negatively. Risk management supports the achievement of strategic objectives and targets. It ensures the continuity of operations also in changing circumstances.

Risk governance and management process

Responsibility for the long-term, overall management of strategic risks is dictated by the company's delegation policy, namely from the Board of Directors to the CEO and from the CEO to the heads of each division and subsidiary. SSAB's decentralized organization means that divisions and subsidiaries are primarily responsible for managing the operational risks in the Group. Risk mapping of the Group's internal and external risks is carried out as an integrated part of the annual strategy process. The divisional and subsidiary managers conduct an annual risk assessment as part of their strategy process, and the results of this work are combined into a group-level risk map and reported to the Audit Committee and to the Board of Directors.

SSAB's insurance function is tasked with procuring group-wide protection for the insurable risks. The management of financial risks is centralized on the Group's treasury function. SSAB has an internal control function that supports operations in identifying risk areas and, based on a risk analysis, establishes control processes to mitigate identified risk areas. Also, SSAB has an internal audit unit which, among other tasks, based on a risk analysis conducts audits of internal controls and processes followed by recommendations for improvements within these areas. The internal audit unit reports directly to the Audit Committee. For full information about the Group's internal audit function, see the [Corporate Governance Report](#).

Sustainability risks are integrated into the strategy and risk management processes. All SSAB production sites are certified according to ISO 14001, in which risks are addressed. Certification also means that all our sites have been audited by a third party.

Risk assessment

The enterprise risk assessment is embedded in SSAB's yearly strategy process with the purpose of achieving SSAB's strategies and targets and ensuring business continuity, even in the event of turbulence in the global steel market. In the risk assessment, two types of risks are assessed.

- 1. Internal risks:** originate from activities and situations that SSAB has influence over. Risk areas cover: Sales/ Customer, Operational, People, Sustainability and own Financial risks.
- 2. External risks:** based on external developments over which SSAB has no or limited control. Risk areas cover: Market, Industry, Regulatory, Financial risks and Other risks, including climate change related risks.

The risk level of a certain risk is calculated based on the estimated impact (financial/reputational) and likelihood (probability of occurrence) based on a specific classification system.

Operational risks

Internal risks

The top internal risks are briefly commented and presented in order of magnitude including associated planned and ongoing mitigation activities.

Risk factor	Risk description	Mitigation
Major production disruption at one of the seven steel mills	The steel production process is dependent on the continuous operation of critical production equipment, and production downtime may occur as a result of unanticipated mechanical failures or other events. Disruptions to this production process chain could have a material adverse effect on SSAB's operations and customer service levels.	<p>Mitigating actions for mechanical failures include preventive equipment and system risk assessments, and keeping spare parts to reduce the downtime. Mitigations to process risks include maintaining stocks of crucial raw materials, products in progress and finished products as well as analyzing our vendors and incoming flows.</p> <p>In order to minimize costs, if this kind of risk still occurs, there are business continuity plans as well as property damage insurance and business disruption insurance in place. Continuity plans also include measures to protect personnel within critical functions, for example during a pandemic.</p>
Serious safety hazards and personnel accident(s)	SSAB is subject to the risk of industrial accidents that could lead to production stoppages, the loss of key assets and employees (and those of subcontractors and suppliers) or injuries to persons living near affected sites.	Fundamental safety measures are continuously taken and constitute the practices and actions mentioned in SSAB One (e.g. risk assessments, continuous preventive training of employees and contractors, and many others). Additionally at the Group level a "Group Safety Plan" is being implemented to harmonize safety management. Read more about safety management on p. 67–70 .

Operational risks cont.

Risk factor	Risk description	Mitigation
Information system (IT) security breaches and breakdowns	SSAB is dependent on an efficient IT infrastructure in its operations around the world. SSAB's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or successful hacking.	SSAB has progressed well with its cyber-security programs to reduce the probability and impact of this risk, including e.g. risk assessments to legacy systems, training and awareness activities, and building and installed a Security Operation Center (SOC) as well as tools to detect any malicious attempts or anomalies.
Failure to attract, retain and develop needed competencies and talents	SSAB's ability to continue to maintain and grow its business as well as provide high-quality products depend on the contributions of its management team and motivated qualified employees throughout the organization.	<p>SSAB is running several programs to improve SSAB's attractiveness as an employer, e.g. through collaborations with universities, nurturing talents with long-term career planning, and active succession planning. Further utilizing the positive attention from the HYBRIT initiative will boost the SSAB brand perception as a technology and sustainability leader.</p> <p>SSAB also conducts a regular engagement survey covering all employees in the company. This enables quick initiation of new activities.</p>

Operational risks cont.

Risk factor	Risk description	Mitigation
Reputational risk, if a product deviates from customer expectations due to material problem or human design error	Given the nature of steel production, with many integrated processes and finely-tuned steps, deviations from the normal production process can lead to product failure.	The risk is tightly connected to production issues and processes that are in place, and the risk probability increases when a deviation occurs. To manage this, ongoing work around improved quality management, enforcing clear guidelines and appropriate checks in the production process, and ensuring right competences at the right place in the quality assurance process, are in place.
Failure or disruption at key suppliers of input materials	Steel production requires substantial amounts of raw materials, including iron ore, scrap metal, metallurgical coal, injection coal, coke and alloys. Failure to secure availability of raw materials could have an adverse effect on SSAB's operational and financial results.	To mitigate this risk, the purchasing function continues to work to diversify raw material sourcing i.e. avoid single sourcing of material, but also to form closer collaboration with suppliers to better understand disturbances and identify redundancy plans for critical input materials. Read more about sustainable sourcing on p. 81–83 .
Insufficient delivery performance to customers	The lead time to customers is heavily dependent on the steel production process is running well. Production disturbances can affect the delivery performance to customers.	SSAB has taken several measures to reduce the probability of this occurring. Work will continue to improve production stability and forecasting, accurate order handling, and increasing mill-to-mill flexibility.

Operational risks cont.

Risk factor	Risk description	Mitigation
Employees committing fraud and/or engaged in corruption activities	In today's globalized world, anti-corruption and business ethics have become increasingly important for companies. Failure to address corruption, bribery and other issues related to business ethics could have negative impacts on SSAB's reputation and brand.	<p>Anti-corruption and business ethics at SSAB are governed by SSAB's Code of Conduct and SSAB's governing document for anti-corruption (Read more on p. 84–86)</p> <p>Actions to minimize the risk include defined and enforced policies, continuous compliance training, including internal governance and close follow-ups of various controls.</p>
Loss of major customer and market share	In a cyclical business like steel, an economic downturn can deeply impact our existing customer portfolio as the steel industry cycle goes hand in hand with that of our customers.	To reduce the risk, SSAB's sales organizations continue to work on customer mix and segments, and maintain close collaboration with our customers to understand demand swings and new needs.
Environmental risks, such as leakage of hazardous substance or pollution into the air and/or water	Steel production requires input material that can have a negative environmental impact if unforeseen or sudden events occur that result in spills of hazardous material.	Ongoing mitigation activities include: various preventive maintenance efforts to identify the risks early, planned responses to minimize the likelihood of a repeat occurrence, and process safety work and drills.

Operational risks cont.

External risks

By their very nature, these external risks are harder to mitigate although certain mitigations can limit their impact. The external risks are briefly commented and presented in order of magnitude below.

Risk factor	Risk description	Mitigation
Economic downturn/worsened steel demand in SSAB markets	The steel industry is sensitive to fluctuations in the business cycle, where changing demand combined with relatively fixed capacity leads to rapid movements in prices and margins.	SSAB focuses on specific markets where the company can be the customers' supplier of choice in all business cycles. This includes the company's home markets, namely the Nordics and North America, as well as high-strength steels segments globally, where demand is typically more stable. A continuous focus on developing special and premium niche products will enable SSAB to maintain and strengthen its position in relation to its competitors.
	The Covid-19 pandemic is having a major impact on demands in our markets and puts pressure on profitability.	In recent years, SSAB has strengthened its balance sheet and is now more resilient to a possible downturn, such as the one induced by the Covid-19 pandemic during 2020.
Fluctuating/increasing raw material and energy prices	Raw materials are priced in the world market and prices generally vary in accordance with the availability of such raw materials and the demand for steel.	Price volatility has increased in recent years primarily as a result of fluctuating customer demand globally, supply shortages of raw materials and price speculation. SSAB aims to develop raw material supplies, e.g. various scrap grades, and secure dual source supply where possible.
Steel price volatility	The development of steel prices directly affects SSAB's profitability. Steel prices fluctuate according to macroeconomic factors, and are largely sensitive to the cyclical nature of the business sectors that are the principal consumers of steel.	To lower the impact of decreasing steel prices, SSAB aims to secure a proper mix of contract business and to create an appealing image as a premium steel supplier to improve the ability to move the price volatility downstream.

Operational risks cont.

Risk factor	Risk description	Mitigation
Risks in the global trade system	SSAB's core markets continue to be exposed to global trade and pricing practices. Potential unfair trading practices, such as dumping and/or government subsidies, may impact SSAB's ability to compete with other producers and affect SSAB's operational and financial performance.	Actions by SSAB include publicly advocating fair and free trade, and amending our sales strategy based on trade policy to secure SSAB's market position in core markets.
EU and/or Swedish national CO₂ reduction goals significantly impact costs for blast furnace-based steel making	In both Sweden and Finland, SSAB's blast furnaces are significant emitters of carbon dioxide gases. Changes to the current EU Emissions Trading System (EU-ETS) could result in increased costs from the potential need to purchase more emission allowances.	SSAB's steel mills are among the most efficient in the world in terms of CO ₂ emissions, and as a consequence will be less impacted than competitors by changes in regulations. Longer term, SSAB is planning to eliminate CO ₂ emissions altogether through, for example, the HYBRIT initiative, and planned conversion to electric arc furnaces (EAF). Read more on p. 7 and 63–65 .
Competitor activities/innovation severely impacting the competitiveness of SSAB's offering	The markets in which steel companies operate are highly competitive. SSAB may be affected by new production technologies, products, services and customer offerings developed by competitors.	To remain competitive, SSAB invests in new production technologies and R&D to spur product development, which is the responsibility of all divisions. Furthermore, SSAB continues with our home market strategies and automotive focus, but also works on downstream joint ventures and acquisitions.

Operational risks cont.

Risk factor	Risk description	Mitigation
Global steel overcapacity continues to grow	Excess steel production capacity has been impacting steel industry dynamics since the financial crisis of 2008.	SSAB's mitigating strategies include participating in industry associations to promote the steel message, work with the customer mix and invest in downstream activities.
Increased environmental regulation - energy, water, landfills, etc.	As environmental legislation and regulations are amended, the costs of compliance with new and more stringent regulations may be imposed on SSAB.	To mitigate this challenge, SSAB continues government relations work, legislative tracking and participation in discussions to provide input on potential new regulations.
Climate change related events	Extreme weather, hurricanes, forest fires, and flooding can have a negative impact on SSAB operations, and on the demand for SSAB products.	SSAB has ambitious plans to reduce greenhouse gas emissions throughout the value chain to combat climate change. Read more on page 74 . Internally SSAB also has various plans in place to secure safe operations in the event of extreme weather.

Financial risks and sensitivity analysis

SSAB's financial risks are presented in more detail in [Note 29](#) to the financial statements.

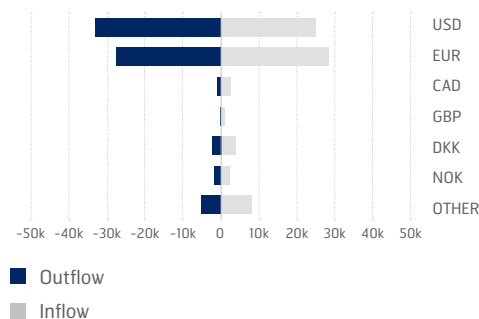
Risk factor	Risk description	Mitigation
Refinancing risk/liquidity risk	Refinancing risk/liquidity risk means the risk of SSAB being unable to pay its obligations due to insufficient liquidity or difficulties in raising new loans.	The borrowing strategy is focused on securing the Group's needs for loan financing with regard to long-term loans and SSAB's day-to-day payment obligations to its lenders and suppliers. Borrowing takes place primarily through the Parent Company, taking into consideration the Group's financial targets. In order to minimize the refinancing risk, the objective is that long-term loans will have an even maturity and an average term to maturity in excess of three years. The liquidity buffer (i.e. non-utilized, binding credit facilities, as well as cash and cash equivalents) shall depending on the net debt/equity ratio, exceed 5%-10% of the Group's sales.

Financial risks cont.

Risk factor	Risk description	Mitigation
Market risk	Market risks comprise the risk of the Group's earnings or financial position being affected by movements in market prices, such as interest rates and exchange rates.	<p>Interest rate risks: The Group's interest rate risks relate to movements in market interest rates and their impact on the debt portfolio. The average fixed-rate term in the total debt portfolio should be approximately 1 year, but is permitted to vary between 0.5 and 2.5 years.</p> <p>Currency risks: SSAB's currency exposure related to translation exposure, largely relates to the translation risk regarding net assets of foreign subsidiaries. This exposure is partly hedged through borrowing in foreign currency. The objective is to minimize the foreign exchange impact on the net debt/equity ratio. The Swedish krona (SEK) is the base currency. In order to manage the transaction risk, contracted commercial currency flows are hedged. Major investments and projects decided upon in foreign currency are hedged. The net currency inflow in 2020 was SEK 0.5 (3.7) billion. The Group's most important currency flows are shown in the adjacent diagram.</p>

Currency flow 2020

SEK millions



Financial risks cont.

Risk factor	Risk description	Mitigation
Credit risk	Credit risk means the risk of losses due to the Group's customers or counterparties in financial contracts being unable to perform their payment obligations.	Financial counterparties are selected based on Standard & Poor's and Moody's current ratings for long-term borrowing and taking into account the Group's reciprocal commercial relations with the relevant counterparty. The minimum acceptable ratings for financial instruments are A- from Standard & Poor's or A3 from Moody's. Credit risks associated with accounts receivable and other claims are managed in each division and subsidiary, taking into account the Group's credit directive.

Sensitivity analysis

The approximate full year effect on the profit after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

	Change, %	Effect on profit/loss before tax, SEK millions	Effect on earnings per share, SEK ²⁾	Effect on equity, SEK million ²⁾
Steel price – steel operations	+/- 10	+/- 5,150	+/- 3.93	+/- 4,048
Volume – steel operation ¹⁾	+/- 10	+/- 720	+/- 0.55	+/- 566
Iron ore prices	+/- 10	+/- 730	+/- 0.56	+/- 574
Coal prices	+/- 10	+/- 400	+/- 0.31	+/- 314
Scrap metal prices	+/- 10	+/- 690	+/- 0.53	+/- 542
Interest rate	+/- 1%-point	+/- 60	+/- 0.05	+/- 47
Swedish Krona ³⁾	+/- 5	+/- 320	+/- 0.24	+/- 252

¹⁾ Excluding the effect of lower capacity utilization (underabsorption).

²⁾ Calculated based on a 21.4% tax rate.

³⁾ Calculated on SSAB's exposure without currency hedging. Any weakening of the Swedish krona entails a positive effect.

Shares

SSAB is listed on the Nasdaq Stockholm and Nasdaq Helsinki exchange.

Share capital

As of December 31, 2020, there are in total 1,029,835,326 shares in SSAB, of which 304,183,270 class A shares, corresponding to 304,183,270 votes, and 725,652,056 class B shares, corresponding to 72,565,205.6 votes, 376,748,475.6 votes in total. Each class A share carries one vote and each class B share carries one tenth of one vote. SSAB's share capital is SEK 9,063 million. The quotient value per share is SEK 8.80.

Ownership structure

At year-end 2020, SSAB had 121,136 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2020 were:

- Industrivärden 11.8%
- LKAB 10.5%
- Solidium 9.8%

The ten largest identified owners together owned approximately 41.9% of the voting capital and 34.9% of the share capital at the end of December 2020. Owners outside Sweden and Finland accounted for 29.6% of voting rights and 21.5% of the total number of shares. More information on page [243](#).

Corporate Governance Report

The Corporate Governance Report is not part of the Board of Director's Report. The Corporate Governance Report and the related auditor's report are available on page [116](#) in Annual Report 2020.

Outlook

Demand for steel during the first quarter of 2021 is estimated to be good, driven both by underlying demand and by customer restocking. Nevertheless, there is still uncertainty as to how the development of Covid-19 will affect demand. Global demand for high-strength steel is estimated to be good during the first quarter.

Special Steels' shipments are expected to increase during the first quarter of 2021, compared to the fourth quarter of 2020, whereas SSAB Europe's shipments are also expected to increase, but to a somewhat lesser

extent. SSAB Americas' shipments are expected to continue at a good level during the first quarter of 2021, but to be somewhat lower than in the fourth quarter of 2020, mainly due to low opening balance of slab inventories in the first quarter of 2021.

Prices realized by SSAB Americas and SSAB Europe are expected to increase significantly on average compared with the fourth quarter of 2020. For SSAB Special Steels, prices are expected to increase in the first quarter of 2021 compared to the fourth quarter of 2020. At the same time, costs for raw material will be higher in the first quarter of 2021, compared to the fourth quarter of 2020.

Major planned maintenance outages 2021

The Group's total maintenance costs for 2021 are expected to be SEK 1,200 million, compared to SEK 805 million in 2020. The increase can partly be explained by the fact that costs in 2020 were lower than normal, because maintenance could to a larger extent be carried out using our own resources due to a lower level of production. In addition, 2021 will see maintenance take place at SSAB's mill in Mobile, where among other things, the quenching and tempering (Q&T) lines will make this more comprehensive than the maintenance at Montpellier in 2020. The table below shows the major planned maintenance outages for 2021 and the costs of outages completed during 2020 and 2019. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

Major planned maintenance outages in 2021

SEK millions	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 Full year	2020 Full year	2019 Full year
SSAB Special Steels	-	-	320	-	320	250	300
SSAB Europe	-	-	300	145	445	335	420
SSAB Americas	-	-	-	435	435	220	415
Total	-	-	620	580	1,200	805	1,135

Subsequent events after the financial year

During the fourth quarter of 2020, SSAB announced that it was in discussions with Tata Steel concerning a possible acquisition of the IJmuiden steel mill and related downstream assets. After deeper analysis and discussions, it became clear that there were limited possibilities to integrate IJmuiden into the SSAB strategic framework. Discussions with Tata Steel were therefore concluded in the end of January 2021.

Statements

Consolidated statement of profit or loss

SEK millions	Note	2020	2019
Revenue	1	65,396	76,485
Costs of goods sold	2	-61,617	-70,191
Gross profit		3,780	6,293
Selling expenses	2	-1,975	-2,363
Administrative expenses	2	-2,099	-2,593
Other operating income	1	769	1,221
Other operating expenses	2	-799	-661
Shares in earnings of affiliated companies and joint ventures after tax	3	-1	64
Operating profit		-325	1,961
Financial income	4	2,130	504
Financial expenses	4	-2,607	-893
Profit after financial items		-802	1,572
Taxes	5	312	-479
Profit for the year		-490	1,093
Of which attributable to:			
- Parent Company's shareholders		-510	1,075
- Non-controlling interests		20	18
Earnings per share¹⁾	12	-0.50	1.04
Dividends per share, 2020 – proposal	34	-	-

¹⁾ There are no outstanding share instruments and thus no dilution is relevant.

²⁾ Hedging is structured such that the net/equity ratio is unchanged in the event of changed exchange rates.

Consolidated statement of comprehensive income

SEK millions	Note	2020	2019
Profit for the year		-490	1,093
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Translation differences	12	-6,252	1,990
Cash flow hedges	12	-131	-239
Hedging of currency risks in foreign operations ²⁾	12	778	-287
Share in other comprehensive income of associated companies and joint ventures		-	8
Tax attributable to items that may be subsequently reclassified to the income statement	5, 12	-181	-68
Reclassification items that will not be reclassified to the income statement	12	-	-88
Total items that may be subsequently reclassified to the income statement		-5,787	1,316
Items that will not be reclassified to the income statement			
Remeasurement of the net defined benefit liability		-35	-54
Tax attributable to items that will not be reclassified to the income statement	5	2	12
Reclassification items that may be subsequently reclassified to the income statement		-	88
Total items that will not be reclassified to the income statement		-36	46
Total other comprehensive income for the year, net after tax		-5,823	1,362
Total comprehensive income for the year		-6,312	2,455
Of which attributable to:			
• Parent Company's shareholders		-6,327	2,440
• Non-controlling interest		15	15

Consolidated statement of financial position

SEK millions	Note	2020 31 Dec	2019 31 Dec
ASSETS			
Fixed assets			
Other intangible assets	6	28,896	32,508
Tangible fixed assets	7	22,022	23,987
Right-of-use assets	21	2,344	2,545
Financial assets	3, 8, 13	1,348	1,260
Deferred tax receivables	14	233	254
Total fixed assets		54,843	60,554
Current assets			
Inventories	9	17,444	20,391
Accounts receivable	29	6,905	6,945
Prepaid expenses and accrued income	10	661	699
Current tax receivables		417	422
Other current interest-bearing receivables	11, 19	896	206
Other current receivables	29	385	506
Cash and cash equivalents	11, 19	7,051	3,591
Total current assets		33,759	32,760
Assets held for sale	30	-	664
TOTAL ASSETS		88,601	93,978

SEK millions	Note	2020 31 Dec	2019 31 Dec
EQUITY AND LIABILITIES			
Equity			
Share capital	12	9,063	9,063
Other contributed funds		23,022	23,022
Reserves	12	1,247	7,028
Retained earnings including profit for the year		20,655	21,202
Total equity for the shareholders in the Parent Company		53,987	60,314
Non-controlling interests		109	103
TOTAL EQUITY		54,096	60,417
Long-term liabilities			
Pension provisions	13, 19	492	514
Deferred tax liabilities	14	376	581
Other long-term provisions	15	166	151
Long-term interest-bearing liabilities	16, 19	9,031	9,853
Other long-term non-interest-bearing liabilities	17	316	320
Lease liabilities	21	1,801	2,025
Total long-term liabilities		12,181	13,444
Current liabilities			
Short-term provisions	15	56	205
Short-term interest-bearing liabilities	16, 19	5,960	2,756
Lease liabilities	21	652	604
Accounts payable	29	11,068	12,067
Current tax liabilities		233	114
Other current liabilities	29	836	822
Invoiced but not accrued sale		209	142
Accrued expenses and deferred income	18, 29	3,311	3,036
Total current liabilities		22,324	19,746
Liabilities held for sale	30	-	371
TOTAL EQUITY AND LIABILITIES		88,601	93,978

Consolidated statement of changes in equity

SEK millions	Note	2020							2019						
		Equity attributable to the Parent Company's shareholders							Equity attributable to the Parent Company's shareholders						
		Share capital	Other contributed funds	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interest	Total equity	Share capital	Other contributed funds	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interest	Total equity
Equity, January 1		9,063	23,022	7,028	21,202	60,314	103	60,417	9,063	23,022	5,715	21,638	59,437	78	59,514
Translation differences		-	-	-6,246	-	-6,246	-5	-6,252	-	-	1,992	-	1,992	-3	1,990
Cash flow hedges		-	-	-131	-	-131	-	-131	-	-	-239	-	-239	-	-239
Tax attributable to cash flow hedges	5	-	-	26	-	26	-	26	-	-	49	-	49	-	49
Hedging of currency risks in foreign operations		-	-	778	-	778	-	778	-	-	-287	-	-287	-	-287
Tax on hedging of currency risks in foreign operations	5	-	-	-207	-	-207	-	-207	-	-	-117	-	-117	-	-117
Remeasurement of the net defined benefit liability	13	-	-	-	-38	-38	-	-38	-	-	-	-54	-54	-	-54
Tax on remeasurements of the net defined benefit liability	5	-	-	-	2	2	-	2	-	-	-	12	12	-	12
Share in other comprehensive income of associated companies and joint ventures		-	-	-	-	-	-	-	-	-	8	-	8	-	8
Reclassification within other comprehensive income		-	-	-	-	-	-	-	-	-	-88	88	-	-	-
Profit for the year		-	-	-	-510	-510	20	-490	-	-	-	1,075	1,075	18	1,093
Total comprehensive income		-	-	-5,781	-545	-6,327	15	-6,312	-	-	1,317	1,122	2,440	15	2,455
Non-controlling interest through business acquisition		-	-	-	-	-	-	-	-	-	-	-	-	47	47
Investments, non-controlling interest		-	-	-	-	-	-	-	-	-	-3	-14	-17	-30	-47
Dividend, Parent Company's shareholders		-	-	-	-	-	-	-	-	-	-	-1,545	-1,545	-	-1,545
Dividend, non-controlling interest		-	-	-	-	-	-9	-9	-	-	-	-	-	-7	-7
Equity, December 31		9,063	23,022	1,247	20,655	53,987	109	54,096	9,063	23,022	7,028	21,202	60,314	103	60,417

Consolidated statement of cash flows

SEK millions	Note	2020	2019
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit		-325	1,961
Reversal of non-cash items			
• Non distributed shares in affiliated companies' earnings		-9	-41
• Depreciation, amortization and write-down of fixed assets	6, 7	3,689	4,216
• Profit/loss upon sale of fixed assets		46	15
• Profit/loss upon sale of shares and operations		-15	-25
• Change in provisions		-136	-43
• Other reversals		146	132
Interest received		111	239
Interest paid		-655	-694
Tax paid		-56	-1,315
		2,796	4,446
Working capital			
Inventories (+ decrease)		2,101	149
Accounts receivable (+ decrease)		-415	1,865
Accounts payable (+increase)		-447	-1,459
Other current receivables (+ decrease)		177	512
Other current liabilities (+ increase)		154	-172
		1,570	896
CASH FLOW FROM OPERATING ACTIVITIES		4,366	5,341

SEK millions	Note	2020	2019
INVESTING ACTIVITIES			
Investments in plant and machinery	6, 7	-2,204	-2,939
Divestment of plant and machinery		114	15
Investments/acquisitions of shares and operations	25	-233	-1,140
Divested shares and operations		143	118
Other investing activities (+ decrease)		1	-4
CASH FLOW FROM INVESTING ACTIVITIES		-2,178	-3,950
FINANCING ACTIVITIES			
Dividend, to shareholders		-	-1,545
Dividend, non-controlling interest		-9	-7
Investments, non-controlling interest		-	-46
New loans	26	13,924	7,594
Repayment/amortization of loans	26	-10,622	-8,255
Financial investments		-715	2,074
Other financing (+ increase)		-1,893	-235
CASH FLOW FROM FINANCING ACTIVITIES		685	-421
CASH AND CASH EQUIVALENTS			
Balance, January 1		3,597	2,598
Cash flow from operating activities		4,366	5,341
Cash flow from investing activities		-2,178	-3,950
Cash flow from financing activities		685	-421
Translation differences, cash and cash equivalents		581	28
CASH AND CASH EQUIVALENTS, December 31	11	7,051	3,597
Contracted, non-utilized overdraft facilities		14,471	6,727
DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)		21,522	10,324

Parent Company's statement of profit or loss

SEK million	Note	2020	2019
Gross profit			
Selling and administrative expenses	2	-315	-385
Other operating income	1	166	175
Other operating expenses	2	-2	-1
Operating loss		-150	-211
Result from shares in subsidiaries and affiliated companies	4	-537	3,552
Other interest expenses and similar items	4	497	-594
Profit after financial items		-190	2,747
Appropriations	24	-312	218
Profit before tax		-502	2,964
Tax	5	-14	58
Profit for the year		-516	3,023

Parent Company's statement of comprehensive income

SEK millions	Note	2020	2019
Profit for the year		-516	3,023
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Cash flow hedges		-5	1
Tax attributable to other comprehensive income	5	1	0
Total items that may be subsequently reclassified to the income statement		-4	1
Total other comprehensive income for the year, net after tax		-4	1
Total comprehensive income for the year		-520	3,024

Parent Company's statement of financial position

SEK millions	Note	2020 31 Dec	2019 31 Dec
ASSETS			
Fixed assets			
Intangible fixed assets	6	2	3
Tangible fixed assets	7	3	4
Financial assets	8	66,373	67,025
Long-term receivables from subsidiaries	19	8,639	5,022
Deferred tax receivables	14	79	92
Total fixed assets		75,096	72,146
Current assets			
Accounts receivable	29	3	1
Current receivables from subsidiaries		6,989	10,611
Current tax receivables		7	4
Other current interest-bearing receivables	11, 19	823	-
Other current receivables	29	8	12
Prepaid expenses and accrued income	10	255	72
Cash and cash equivalents	11, 19	5,662	2,066
Total current assets		13,747	12,766
TOTAL ASSETS		88,842	84,912

SEK millions	Note	2020 31 Dec	2019 31 Dec
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
• Share capital		9,063	9,063
• Statutory reserve		902	902
Unrestricted equity			
• Retained earnings		54,463	51,444
• Profit for the year		-516	3,023
TOTAL EQUITY		63,911	64,431
Provisions			
Pension provisions	13, 19	2	2
Other long-term provisions	15	43	33
Total provisions		45	35
Long-term liabilities			
Liabilities to subsidiaries		4	1
Long-term interest-bearing liabilities	16, 19	6,941	7,334
Long-term non-interest-bearing liabilities	17	65	10
Total long-term liabilities		7,010	7,345
Current liabilities			
Short-term interest-bearing liabilities	16, 19	5,797	2,214
Accounts payable	29	13	15
Current tax liabilities		1	3
Liabilities to subsidiaries		11,473	10,405
Other current liabilities	29	53	84
Accrued expenses and deferred income	18, 29	533	370
Short-term provisions	15	7	11
Total current liabilities		17,876	13,102
TOTAL EQUITY AND LIABILITIES		88,842	84,912

Parent Company's statement of changes in equity

SEK millions	Note	2020							2019						
		Restricted equity		Unrestricted equity				Total	Restricted equity		Unrestricted equity				Total
		Share capital	Statutory reserve	Share premium	Reserve for fair value	Retained earnings	Profit for the year		Share capital	Statutory reserve	Share premium	Reserve for fair value	Retained earnings	Profit for the year	
Equity, January 1	12	9,063	902	22,469	-3	28,978	3,023	64,431	9,063	902	22,469	-4	28,889	1,634	62,952
Cash flow hedges		-	-	-	-5	-	-	-5	-	-	-	1	-	-	1
Tax on cash flow hedges		-	-	-	1	-	-	1	-	-	-	0	-	-	0
Profit for the year		-	-	-	-	-	-516	-516	-	-	-	-	-	3,023	3,023
Total comprehensive income		-	-	-	-4	-	-516	-520	-	-	-	1	-	3,023	3,024
Retained earnings from previous year		-	-	-	-	3,023	-3,023	-	-	-	-	-	1,634	-1,634	-
Dividend to shareholders	12	-	-	-	-	-	-	-	-	-	-	-	-1,545	-	-1,545
Equity, December 31		9,063	902	22,469	-7	32,001	-516	63,911	9,063	902	22,469	-3	28,978	3,023	64,431

Parent Company's statement of cash flows

SEK millions	Note	2020	2019
BUSINESS OPERATIONS			
Profit from operating activities			
Operating loss		-150	-211
Reversal of non-cash items			
• Depreciation of tangible fixed assets	7	2	2
• Change in provisions		6	-3
• Other reversals		0	2
Interest received		391	597
Interest paid		-479	-588
Tax paid		-4	1
		-235	-200
Working capital			
Accounts receivables (+ decrease)		-1	1
Accounts payable (+ increase)		-2	-5
Other current receivables (+ decrease)		18	1
Other current liabilities (+ increase)		24	149
Commercial intra-group transactions		-60	-114
		-22	32
CASH FLOW FROM OPERATING ACTIVITIES		-256	-168

SEK millions	Note	2020	2019
INVESTING ACTIVITIES			
Investments in fixed assets	7	-	-28
Divestment of facilities		-	28
Dividends from subsidiaries		9	3,224
Received/paid group contributions		218	1,738
Acquisitions/divestiture of shares and operations	25	-236	-116
Divestment of shares and operations	26	-	42
Other investing activities (+ decrease)		-1	0
CASH FLOW FROM INVESTING ACTIVITIES		-10	4,887
FINANCING ACTIVITIES			
Dividend to shareholders		-	-1,545
New loans	27	13,919	7,516
Repayments/amortization of loans	27	-10,260	-8,022
Financial investments		-823	2,255
Financial intra-group transactions		698	-4,485
Other financing (+ increase)		-455	290
CASH FLOW FROM FINANCING ACTIVITIES		3,079	-3,991
CASH AND CASH EQUIVALENTS			
Balance, January 1		2,066	1,553
Cash flow from operating activities		-256	-168
Cash flow from investing activities		-10	4,887
Cash flow from financing activities		3,079	-3,991
Currency effects, cash and cash equivalents		783	-215
CASH AND CASH EQUIVALENTS, December 31	11	5,662	2,066
DISPOSABLE CASH AND CASH EQUIVALENTS			
Contracted, non-utilized overdraft facilities		14,471	6,727
(incl. non-utilized overdraft facilities)		20,133	8,793

5-year summary

Key figures, Group

	2020	2019	2018	2017	2016
Revenue, SEK millions	65,396	76,485	74,941	66,059	55,354
Operating profit/loss, SEK millions	-325	1,961	4,940	3,838	1,213
Profit/loss after financial items, SEK millions	-802	1,572	4,403	2,863	324
Profit/loss after tax for the Parent Company's shareholders, SEK millions	-510	1,075	3,549	2,295	937
Investments in plant and operations, SEK millions	2,437	4,079	2,559	1,614	1,372
Cash flow from current operations, SEK millions	2,859	3,447	4,800	5,319	2,293
Net debt excluding IFRS 16, SEK millions	-	9,880	8,582	11,574	17,887
Net debt including IFRS 16, SEK millions ¹⁾	10,278	11,696	10,527	-	-
Average capital employed, SEK millions	79,059	79,121	74,417	74,947	74,564
Total assets, SEK millions	88,601	93,978	92,487	87,476	90,913
Return on capital employed before tax (%)	2	3	7	6	2
Return on equity after tax (%)	-1	2	6	4	2
Equity ratio (%)	61	64	64	61	58
Net debt/equity ratio excluding IFRS 16, %	-	16	14	22	34
Net debt/equity ratio including IFRS 16, % ¹⁾	19	19	18	-	-
Dividend per share (SEK), 2020 - proposal ²⁾	0.00	0.00	1.50	1.00	0.00
Earnings per share (SEK) ¹⁾	-0.50	1.04	3.45	2.23	1.04
Average number of employees, incl. temporary employees	15,121	15,829	16,133	16,158	16,381
Revenue per average employee, SEK millions	4.3	4.8	4.6	4.1	3.4
Production of crude steel, thousand tonnes	7,535	7,623	8,028	7,995	7,988

¹⁾ Opening balance on January 1 2019 has been adjusted for IFRS 16.

²⁾ Earnings per share and dividend per share has been adjusted based on the bonus issue element in the rights issue 2016.

Accounting and valuation principles

The significant accounting principles applied in the preparation of these consolidated financial statements are set forth below. Unless otherwise stated, these principles have been applied consistently with respect to all presented years.

General information

SSAB AB is a limited liability company with its registered office in Stockholm, Sweden. The Parent Company is listed on Nasdaq Stockholm with a secondary listing on Nasdaq Helsinki.

Principles for preparation of the report

The consolidated financial statements have been prepared in accordance with the Swedish Annual accounts act (1995:1554) as well as International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC), as such have been adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for the Group, has been applied.

Accounting standards and applications introduced during the year have had no material impact on the Group's earnings and financial position.

The consolidated financial statements have been prepared in accordance with the acquisition value method, other than with respect to certain financial assets and liabilities (including derivative instruments) which have been valued at fair value through profit and loss.

The preparation of reports in accordance with IFRS requires the use of a number of important estimations for accounting purposes. In addition, management must make certain assessments in conjunction with the application of the Group's accounting principles. Those areas that include a high degree of assessment, which are complex, or in which assumptions and estimations are of material significance for the consolidated financial statements are stated in [Note 32](#).

The Parent Company applies the same accounting principles as the Group, except where stated below in a particular section. The differences that exist between the principles applied by the Parent Company and the Group are due to limitations on the possibilities to apply IFRS to the Parent Company as a consequence of the provisions of the Swedish Annual Reports Act and the Swedish Pension Obligations (Security) Act and also, in

certain cases, for tax reasons. In addition, the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, has been applied.

Standards, changes and interpretations that entered into force in 2020 and are relevant to the Group

- IFRS 3 (AMENDMENT), BUSINESS COMBINATIONS: DEFINITION OF A BUSINESS. The effective date of the Amendment is January 1, 2020. The Amendment to IFRS 3 refers to a changed definition of a business. The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income. The definition "returns in the form of lower costs and other economic benefits" is excluded. The Group has applied this Amendment from January 1 2020 and the Amendment has not had any impact on the Group's financial statements of 2020 but will possibly result in more future acquisitions being accounted for as asset acquisitions.
- AMENDMENTS: IFRS 7, FINANCIAL INSTRUMENTS; DISCLOSURES AND IFRS 9, FINANCIAL INSTRUMENTS; "INTEREST RATE BENCHMARK REFORM". The effective date of the Amendments is January 1, 2020. The Amendments in IFRS 9 and IFRS 7 provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. Any hedge ineffectiveness should continue to be recorded in the statement of profit or loss. The amendment will affect future financial reports as SSAB's hedges involve IBOR-based contracts.

Standards, changes and interpretations relevant to the group that have been adopted by the EY but have not yet entered into force and have not been applied by the group prematurely

- AMENDMENTS: IFRS 7, FINANCIAL INSTRUMENTS; DISCLOSURES, IFRS 9, FINANCIAL INSTRUMENTS, IFRS 16, LEASING AND IAS 39, FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT AND, "INTEREST RATE BENCHMARK REFORM – PHASE 2". The effective date of the Amendment is January 1, 2021. The Amendment makes it possible to update the hedging documentation for existing hedging relationships to adapt it to the new reference interest rates. The Group will apply this Amendment from January 1, 2021.

Consolidated financial statements

The consolidated financial statements are prepared in accordance with the Group's accounting principles, and include the accounts of the Parent Company, SSAB AB (publ) and all Group companies. The Group companies are consolidated from the time when the Group gains control or a controlling interest over the company. Controlling interest is defined as when the Parent Company has control over the investment object, is exposed to or is entitled to a variable return from its involvement in the investment object and can use its influence over the investment object to influence its return. Divested companies are included in the consolidated financial statements up to the time when the Group don't have the control or a controlling interest over the company. In the SSAB's consolidated financial statements, any intra-group transactions have been eliminated.

Subsidiaries

The Group's annual accounts are prepared in accordance with the acquisition method, entailing that the equity of subsidiaries at the time of acquisition defined as the difference between the fair value of identifiable assets, liabilities and contingent liabilities – is eliminated in its entirety against the acquisition price. Those surpluses that comprise the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities are reported as goodwill. If the acquisition price is lower than the fair value of the net assets of the acquired subsidiary, the difference is reported directly in the report of profit or loss. With respect to each acquisition, the Group determines whether all non-controlling interests in the acquired company shall be reported at fair value or at the proportion of the net assets of the acquired company represented by the holding. Acquisition costs are reported as an expense when they occur.

- Goodwill is initially valued as the amount by which the total purchase price and fair value of non-controlling interests exceeds the fair value of identifiable acquired assets and assumed liabilities. Acquired companies are included in the consolidated financial statements commencing the date on which a controlling influence is obtained, while divested companies are reported up to the date on which the controlling influence ceases.
- Intra-group transactions and unrealized internal profits are eliminated in the consolidated financial statements. Unrealized losses are also eliminated unless the transaction constitutes evidence of impairment of the transferred asset. Where appropriate, the accounting principles for subsidiaries have been changed in order to ensure a consistent application of the Group's accounting principles.

- In the consolidated cash flow statement, the purchase price with respect to acquired or divested operations is reported under the headings "Acquisition of shares and operations" and "Divested shares and operations". Thus, the assets and liabilities of the acquired/divested companies at the time of the acquisition/divestiture are not included in the cash flow statement.

Non-controlling interest

Non-controlling interest is reported as a separate item in the equity of the Group. Acquisition from non-controlling interest is reported as a transaction within equity, between the Parent Company's shareholders and non-controlling interest. Therefore, goodwill does not arise in those transactions. Profit from divestment to non-controlling interest is also reported in equity.

Affiliated companies and joint arrangements

Affiliated companies

SSAB's affiliated companies are all companies in which the Group has significant but not controlling interest, which usually applies to shareholdings comprising between 20% and 50% of the votes. Shares in affiliated companies are reported according to the equity method.

Joint arrangements

A joint arrangement is classified either as joint operation or a joint venture, depending on the contractual rights and obligations of each investor. SSAB's joint arrangements are classified as joint ventures, which means that SSAB and one or several parties have joint controlling interest and are entitled to the net assets. Joint ventures are reported according to the equity method.

Equity method

Affiliated companies and joint operations ventures in the form of joint ventures are reported in accordance with the equity method and valued initially at acquisition value in the Group's statement of financial position. The equity method entails that the Group's book value of the shares in affiliated companies and joint ventures corresponds to the Group's share in the equity of the affiliated companies and joint ventures and, where appropriate, the residual value of surplus values or under-values from a Group perspective, including goodwill. The Group's share in the earnings of affiliated companies and joint ventures which, arises after the acquisition, is reported in the report of profit or loss and the Group's share of other comprehensive income is included in the other comprehensive income for the Group.

In the consolidated statement of profit or loss, "Shares in earnings of affiliated companies and joint ventures after tax" comprise the Group's shares in earnings of affiliated companies and joint ventures, after tax. Dividend from affiliated companies and joint ventures are reported as a decrease of the carrying amount of the investment. Shares in the earnings of affiliated companies and joint ventures are reported in the operating profit when operations in affiliated companies and joint ventures are related to SSAB's operations and considered to be of a business nature. Any intra-group profits are eliminated in relation to the share of equity held.

In the Parent Company, affiliated companies and joint ventures are reported in accordance with the acquisition value method.

Transactions in foreign currencies

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the company in question primarily operates (functional currency). Swedish kronor are used in the consolidated financial statements. This the functional currency and reporting currency of the Parent Company. Transactions in foreign currency are reported at the exchange rate prevailing on the transaction date. In certain cases, the actual rate is approximated to the average rate during a month. At the end of the month, receivables and liabilities in foreign currency are translated in accordance with the closing day rate at that time. Exchange rate differences relating to the business are reported in the operating profit, while differences attributable to financial assets and liabilities are reported as a net sum among financial items.

The statements of profit or losses of foreign subsidiaries are translated into Swedish kronor at the average exchange rates for the year, while their statements of financial position are translated into Swedish kronor at the closing day rates. Any translation differences that arise are transferred directly to the consolidated statement of comprehensive income and reported in the item "Translation reserve".

Loans or other financial instruments taken up in order to hedge net assets in foreign subsidiaries are reported in the consolidated financial statements at the closing day rate. Any exchange rate differences less deferred taxes are transferred directly to other comprehensive income and thereby set off against the translation differences which, arise in conjunction with the translation of these subsidiaries' statements of financial position into Swedish kronor.

Upon sales of foreign subsidiaries, the total translation differences that relate to the foreign subsidiary are reported as a part of capital gains/ losses in the consolidated statement of profit or loss.

Goodwill and adjustments of assets and liabilities to fair value in connection with the acquisition of foreign subsidiaries are treated as assets and liabilities in the foreign operations and thus translated in accordance with the same principles as the foreign subsidiaries.

Revenue recognition

Revenues are recognized when the control of the goods has been transferred to the customer. Revenue is recognized at the transaction price, taking into account any estimated variable amount that the Group is entitled to (expected proceed). The amount corresponds to amounts received for sold goods less value added tax and taking into account discounts and returns. In Revenue, in the consolidated statement of profit or loss, exchange rate differences from forward contracts, which are entered into in order to hedge sales in foreign currency, are included. For information regarding hedge accounting, see [Note 29](#).

The Group recognizes revenue at the point in time when the distinct performance obligation is satisfied and when the customer has obtained the control over the sold good. This can be done at a point in time or over time. The specific criteria for revenue recognition for each of the Group's operations are described below.

Sales of steel

Revenues from sales of steel are recognized after the control has been transferred to the customer, which occurs when the goods sold are transferred to the customer and no disposition right or opportunity to actual control over the goods remains for the Group and when there are no unsatisfied performance obligations outstanding that might affect the customers approval of the goods. In most cases, this means that revenues are reported upon delivery of the goods to the customer in accordance with agreed delivery terms and conditions.

Revenue recognition of projects within Ruukki Construction

The Group applies percentage of completion method when reporting fixed price agreements for projects. When the result of the project and the completion can be reasonably calculated, revenues are reported over the term of the agreement based on the degree of completion. At the end of the project, project

expenditures are reported based on the degree of completion in respect of the activities included in the work. The degree of completion is calculated in accordance to the Input method, where revenue is based on the entity's efforts or input to satisfy the performance obligation (e.g. costs for resources consumed, labor hours expended and other costs incurred) in relation to total expected input for the satisfaction of the performance obligation. When it is likely that the total expenditures on the project will exceed the total revenues, the anticipated loss is reported immediately as an expense. When the result of the project work cannot reasonably be calculated, revenues are recognized only in an amount corresponding to the accrued project expenditures, which are likely to be compensated. During 2020, SSAB divested the project business of Ruukki Construction.

Sales of services

Revenues from sales of services are recognized in the period in which the services are performed.

All intra-group sales are eliminated in the consolidated financial statements.

Interest income and dividends

Interest income is reported in accordance with the effective rate/yield (effective interest rate method). Dividends are reported when the right to receive the dividend has been established.

Regarding dividends from subsidiaries see the section entitled Dividends, the Parent Company.

Pricing between Group companies

Arm's length pricing is applied to deliveries of goods and services between companies in the Group.

Government support

Government support and grants are reported at fair value when there is reasonable certainty that the grant will be received and that the Group will fulfill the conditions attached to the grant. Government support and grants related to cost recovery are accrued and reported in the statement of profit or loss over the same period as the expenses which the grants are intended to reimburse. Grants related to assets are recognized in the statement of financial position through a reduction in the reported value of the assets.

Research and development expenses

Research and development expenses are booked as they are incurred. Development expenses may be capitalized under certain strict conditions. However, this requires, among other things, that future economic benefits can be demonstrated at the time the expenses are incurred. The projects that take place are short-term in nature and do not involve significant amounts, and thus development expenditures are also booked as costs.

Tangible fixed assets

Tangible fixed assets are reported at acquisition value less deduction for accumulated depreciation and any accumulated impairment. Depreciation is based on the acquisition value of the assets and estimated useful life. If major investments include components, an assessment must always be made as to whether the useful life of the component differs from that of the entire facility. The acquisition value includes expenditures directly attributable to the acquisition of the asset. Any borrowing costs in conjunction with the construction and design of fixed assets, a significant portion of which is required for completion for use or sale, are added as a part of the acquisition cost of the asset. Restoration expenses in connection with disposals of fixed assets are included in the acquisition value only where the criteria for making a provision for such restoration expenses may be deemed fulfilled. Additional expenditures for acquiring replacement components are added to the reported value of the fixed asset or recognized as a separate asset only where it is likely that the Group will enjoy the future economic benefits associated with the asset and the acquisition value of the asset can be measured in a reliable manner. The reported value for the replaced part is removed from the statement of financial position. All other forms of repairs and maintenance are recognized as expenses in the statement of profit or loss during the period in which they occur. Land is assumed to have a perpetual period of use and thus is not depreciated. Other tangible fixed assets are classified into groups for calculation of depreciation based on their estimated useful life, in accordance with the following table.

Examples of items	estimated use, years
Vehicles, office equipment and computers	3–5
Light machinery	5–12
Heavy machinery:	
• Relining of blast furnaces	12–15
• Steel furnaces, rolling mills and cranes	15–20
• Blast furnaces and coke ovens	15–20
Land improvement	20
Buildings	25–50

The useful life of the assets is reviewed annually and adjusted where required. The assets are normally depreciated to zero without any remaining residual value. The straight-line depreciation method is used for all types of tangible non-current assets with a limited useful life. Where the book value of an asset exceeds the expected recovery value, the asset is written down to such value.

Capital gains and capital losses upon the sale of tangible non-current assets are determined by comparing the revenue from the sale with the reported value. This is reported in the statement of profit or loss as "Other operating income" or "Other operating expenses".

Intangible assets

Similarly, intangible assets are classified in two groups, with assets with a determinable useful life being amortized over a determined useful life, while assets with an undeterminable useful life are not amortized at all.

Intangible assets with an undeterminable useful life

Goodwill

The compensation transferred in conjunction with a business acquisition is valued at fair value. Goodwill comprises the amount by which the acquisition value (the compensation) exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the time of the acquisition. Goodwill upon the acquisition of a subsidiary is reported as an intangible asset. Goodwill is tested annually to identify any impairment and reported at acquisition value less accumulated impairment. Testing for impairment is also carried out in those cases where there are indications that the asset may have diminished in value. Impairment of goodwill is reported as an expense and not reversed. Profits or losses upon the sale of a unit include the remaining reported value of the goodwill which relates to the sold unit. When testing for any impairment, goodwill is allocated over cash-generating units. The allocation is made on the cash-generating units or groups of cash generating units which are expected to benefit from the business acquisition which gave rise to the goodwill item. Goodwill is monitored on a divisional level.

Trademarks

Acquired trademarks are reported at cost. Trademarks that don't have a determinable useful life are tested annually to identify any impairment and are reported at cost less accumulated impairment. Testing for

impairment is also carried out in those cases where there are indications that the assets may have diminished in value. Impairment of trademark is reported as an expense and not reversed.

Emission rights

Emission rights are reported at cost. Emission rights received for free are reported at nominal value (i.e. at zero). Emission rights with an undeterminable useful life are tested for impairment on a quarterly basis and are reported at cost deducted with accumulated amortization. The need for impairment is also tested in cases where there are indications that the assets may have decreased in value.

Intangible assets with a determinable useful life

Customer relations

Acquired customer relations are reported at cost. Customer relations have a determinable useful life and are reported at cost less accumulated amortization. Straight line amortization is applied to allocate the costs for customer relations over their assessed useful life (six to twelve years).

Trademarks and licenses

Acquired trademarks and licenses are reported at cost. Trademarks and licenses that have a determinable useful life are reported at cost less accumulated amortization. Straight line amortization is applied to allocate the costs for trademarks over their assessed useful life and licenses are amortized over the term of the agreement (five to ten years).

Software

Acquired software licenses are capitalized on the basis of the costs incurred upon acquisition and placement into operation of the relevant software. These capitalized costs are amortized on a straight-line basis over the assessed useful life (three to five years).

Expenses for development and acquisition of new software are capitalized and reported as an intangible asset provided they have a significant value for the Company in the future and they can be deemed to have a useful life in excess of three years. These capitalized expenses are depreciated on a straight-line basis over the assessed useful life (three to five years). Expenses for training and software maintenance are, however, booked directly as costs.

Other intangible assets

Other intangible assets are reported at cost less accumulated amortization. Straight line amortization is applied to allocate the costs over their assessed useful life (five to fifteen years).

Impairment of non-financial assets

Intangible assets with an undeterminable useful life (including goodwill) are not amortized but, rather, tested annually for any impairment or otherwise where signs indicate a decline in value. Other non-financial assets with an undeterminable useful life are tested when signs indicate a decline in value. Amortized assets are tested for impairment when signs indicate a decline in value. Where the estimated recovery value is less than the reported value, the asset is written down to the recovery value. The asset's period of use is then calculated and amortization commences. The recovery value is the asset's fair value reduced by selling expenses, or its useful value, whichever is higher. When testing for impairment, assets are grouped on the lowest levels for which there are separately identifiable cash flows (cash-generating units). With respect to assets other than financial assets and goodwill which have previously been impaired, an annual test is conducted as to whether a reversal should be made.

Leasing – Lessee

The right-of-use asset and lease liability are recognized at the start of the lease term. The lease liability is initially recognized at the present value of future lease payments discounted at the rate implicit in the lease agreement, or where this cannot be determined, the Group's incremental borrowing rate. Subsequent measurement of the lease liability is done by increasing the value to reflect the interest rate and the decrease the value due to payments. In addition, any remeasurements of the lease liability are taken into account.

The acquisition value of the right-of-use asset consists of the initial value of the lease liability plus any advance payments and other initial direct costs. Subsequent measurement of the right-of-use asset is at acquisition value less accumulated depreciation and any accumulated impairment, and taking into account any remeasurements. Depreciation is recognized on a straight-line basis over the lease term or over the economic life of the asset if it is reasonably certain that title will transfer to the Group, for example, through exercising an option to purchase at the end of the lease term.

An exception to the principles that the Group is applying is applicable to low value leases, where no right-of-use asset or lease liability is recognized. These are recognized as a straight-line cost over the lease term. The Group

defines low value leases as, for example, office equipment such as printers, copying machines, coffee machines and other assets having a value of less than around SEK 50 thousand in new condition.

In the Parent Company, all leasing agreements are recognized as a straight-line cost over the lease.

Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. They are reported initially at an acquisition value corresponding to the fair value of the asset plus a supplement for transaction costs, with the exception of assets that are valued at fair value through profit or loss. Reporting thereafter is dependent on the classification of the asset. Financial assets are removed from the statement of financial position when the debt/instrument is finally paid or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

Spot purchases and sales of financial assets are reported on the Settlement day (i.e. the day on which the asset is delivered). Accounts receivable are reported in the statement of financial position when an invoice has been issued. The fair value of listed financial assets corresponds to the asset's listed transaction price on the balance sheet date. The fair value of unlisted financial assets is determined through use of valuation techniques, for example, recently conducted transactions, prices of similar instruments and discounted cash flows.

Financial assets are classified in three valuation categories: "Fair value through profit or loss", "amortized cost" and "fair value through other comprehensive income".

- **FAIR VALUE THROUGH PROFIT OR LOSS:** Assets included in this category are financial assets that do not meet the requirements for valuation at amortized cost or at fair value through other comprehensive income. Financial assets and liabilities held for trading are always classified as "Financial assets at fair value through profit or loss" as well as financial assets that are managed and evaluated based on fair values. Holdings in this category are reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments, except where used for cash flow hedge accounting, are included in this category as well. Assets in this category are valued regularly at fair value and changes in value are reported in the statement of profit or loss. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial

items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

- **AMORTIZED COST:** Financial assets found in this category have a business model to receive contractual cash flows and the contractual cash flows are payments only of principal and interest. Loans and receivables, investments and accounts receivable are financial assets that can be found in this category. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Assets in this category are valued at amortized cost, less write-downs for expected credit losses. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date. Accounts receivable with a maturity of less than 12 months are not recognized at amortized cost, but at the amount that are expected to be received, net after deduction of expected credit losses. They are included in Current assets, except for items with a maturity in excess of 12 months after the closing date, which are reported as fixed assets.
- **FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:** Financial assets (debt instruments) found in this category have a business model to both receive contractual cash flows and sell the asset and the contractual cash flows are payments only of principal and interest. Derivative instruments to which cash flow hedge accounting is applied are included in this category as well. Assets in this category are valued regularly at fair value with changes in value reported in other comprehensive income, except for foreign exchange gains and losses and write-downs of expected credit losses, which are recognized in the statement of profit or loss. Interest income based on the effective interest method is reported in the statement of profit or loss. Upon removal of the investments from the statement of financial position, any accumulated profit or loss previously reported in comprehensive income is reversed to the statement of profit or loss. The accumulated results from the derivatives in equity are reversed to the statement of profit or loss in those periods in which the hedged item affects earnings. The assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

At initial recognition, it is allowed to irrevocably classify equity instruments (shares) that are not held for trading purposes, at fair value through other comprehensive income. The subsequent changes in fair value, both unrealized and realized, are reported in other comprehensive income. The Group applies this for unlisted shares.

Other shares and participations

Consist primarily of investments in equity instruments which do not have a listed market price.

Non-current receivables

Non-current receivables are receivables held without any intention of Trading in the claim. Parts where the outstanding holding period is less than one year are reported among "Other current interest-bearing receivables".

Accounts receivable

Accounts receivable are reported initially at transaction price and accounts receivable in excess of twelve months are reported at amortized cost applying the effective interest rate method, less any provisions for expected credit losses. Accounts receivable are reported at the amount that is expected to be received (i.e. after deductions for bad debts). The Company has had no accounts receivable with a due date in excess of twelve months. Any impairment of accounts receivable takes place in selling expenses in the statement of profit or loss.

The reported accounts receivable include receivables that are subject to a factoring agreement. According to the agreement the Group has sold part of the accounts receivables and received liquid funds. The receivables cannot therefore be sold or pledged. These receivables are included in a pre-determined, defined customer group. The accounts receivables remain in the consolidated accounts with the remaining credit risk that is not transferred to the factoring company. When the accounts receivable is fully paid and no credit risk remains, the balance is derecognized in the consolidated accounts.

Cash and cash equivalents

Cash and cash equivalents include cash, immediately accessible bank balances as well as other short-term deposits with an original term to maturity of less than three months (short-term investments). Investments with an original term to maturity of between three and twelve months are reported under "Other current interestbearing receivables" and classified as assets valued at the fair value via the statement of profit or loss. Overdraft facilities are reported in the statement of financial position as borrowing among "Current interest-bearing liabilities".

Impairment loss model for expected credit losses

The Group applies the simplified approach, that is, the provision will correspond to the expected loss over the entire life of the trade receivable. For other items subject to expected loan losses, a three-stage write-down model is applied. Initially, as well as on each balance sheet date, a loss provision is reported for the next 12 months or for a shorter period of time depending on the remaining maturity (stage 1). If there has been a significant increase in credit risk since the first accounting date, a loss reserve for the remaining maturity of the asset is reported (stage 2). For assets that are deemed to be impaired, credit is still reserved for expected credit losses for the remaining term (stage 3). The Group has defined a receivable as credit impaired if the receivable is delayed for more than 90 days or if other factors indicate that the receivable is credit impaired. Substantial increase in credit risk is defined as delayed payment by more than 30 days, or a significant deterioration in credit rating that does not result in a continued investment grade rating. The valuation of expected credit losses is based on different methods for different credit risk exposures. Provisions for expected credit losses have been made for accounts receivable. In addition, provision requirements for other financial assets are monitored and provision is made if necessary. The Group writes off assets and receivables when there is no longer a probable expectation of receiving additional compensation for the asset or receivable.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value.

The Group applies the FIFO method (first in, first out) or weighted average value method to estimate the acquisition cost. The FIFO method is based on the assumption that goods that are purchased or produced first are sold first and that the units that remain in the warehouse at the end of a period are the ones that are bought or produced most recently. When calculating the acquisition value, a weighted average value is normally used to approximate FIFO.

The method based on weighted average prices means that the cost of each unit is determined from a weighted average of the cost values of similar units at the beginning of the period and of the cost values of the units purchased or produced during the period. The average figures can be calculated periodically or at each additional delivery, depending on the conditions of the individual company.

The net realizable value is normally calculated as the sales price less Production and selling expenses. With respect to products in the trading operations, the replacement cost with an added estimated gross margin is

used as the best gauge of the net realizable value. In respect of raw materials, the replacement cost is used as the best gauge of the net realizable value. However, raw materials are not written down below the acquisition value where the end product in which they are included is expected to be sold at a price which exceeds the manufacturing cost.

Work in progress and finished inventories are valued at the manufacturing cost or the net realizable value, whichever is lower. Necessary provision is made for obsolescence.

The acquisition value of inventories includes all costs for purchasing, Production and other expenses incurred in bringing the goods to their current location and condition.

Employee benefits**Pensions**

Within the Group there are both contribution-based and benefit-based Pension plans. Generally, the plans are financed through payments to insurance companies or manager-administered funds.

In the contribution-based plans, fixed fees are paid to a separate legal entity and there is no obligation, legal or informal, to pay any additional fees. In the contribution-based plans, payments are recognized as an expense during the period when the employees have performed the services to which the fees relate. Blue collar employees in Sweden are covered by such a contribution-based plan.

In the benefit-based plans, compensation is payable to employees and former employees based on salary at the time of retirement and upon termination of employment and the number of years in service. The Group bears the risk that the costs for the promised payments will be higher than estimated.

In the consolidated statement of financial position, the net of the estimated present value of the obligations and fair value of the managed assets is reported either as a long-term provision or as a long-term financial claim. In those cases where a surplus in a plan cannot be utilized in full, only that part of the surplus which can be recovered through reduced future fees or refunds is reported. Set-off of a surplus in one plan against a deficit in another plan takes place only where a right of set-off exists.

Pension expenses and pension obligations for benefit-based plans are calculated in accordance with the Projected Unit Credit Method. The method allocates pension expenses as the employees perform the services that increase their entitlement to future compensation. The obligation is calculated by independent actuaries and constitutes the present value of the anticipated future disbursements. The discount rate that is applied corresponds to the rate of interest on high-quality corporate bonds with a term to maturity which corresponds to the average term for the obligations. The most important actuarial assumptions are stated in [Note 13](#).

Actuarial profits or losses may arise upon determination of the present value of the obligations and the fair value of the managed assets. These arise either as a consequence of the actual result differing from previously-made assumptions, or due to changes in the assumptions. Such actuarial profits and losses are recognized in their entirety in the Group's other comprehensive income when they arise. Net interest on defined benefit plan obligations and managed assets are reported as interest income or interest expense in the profit or loss.

White-collar personnel in Sweden are covered by a collective benefit-based plan, the ITP (supplementary pensions for salaried employees) plan. The ITP plan has been financed through the purchase of pension insurance with the mutual insurance company, Alecta. However, at present no information is available which makes it possible to report this plan as a benefit-based plan. Accordingly, the plan is reported as a contribution-based plan, and thus premiums paid to Alecta during the year are reported as pension expenses.

The Parent Company and other legal entities within the Group report benefit-based pension plans in accordance with the local rules in each country.

Profit shares and variable salary

SSAB employees are covered by a profit-sharing system which entitles them to a share in the profit above a minimum level. The Group Executive Committee and a number of other senior executives have instead salaries which contain a variable element related to the profit level and individually set targets. The costs for these systems are booked as accrued expenses regularly during the year as soon as it is likely that the targets will be met. In 2011, a long-term incentive program was introduced for the Company's senior executives, including the President, which is capped at 25% of fixed salary. The program runs for rolling three-year periods, is cash-based, and is linked to the total return on the SSAB share relative to a comparison group comprised of the

Company's competitors. A percentage of the costs for the program are booked each year, based on a continuous assessment of the outcome for the three-year period.

Compensation upon termination of employment

Compensation upon termination of employment is paid when employment is terminated prior to the normal retirement age or where an employee accepts voluntary retirement in exchange for such compensation. The Group reports severance compensation when the Group is demonstrably obliged either to terminate an employee in accordance with a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made in order to encourage voluntary retirement. Benefits which fall due more than twelve months from the balance sheet date are discounted to present value.

Provisions

Provisions are reported when the Group has an obligation as a result of an event that has occurred and it is likely that payments will be demanded for fulfillment of the obligation. A further requirement is that it is possible to make a reliable estimation of the amount to be paid out. Provisions for restructuring measures are made when a detailed, formal plan for the measures is in place and well-founded expectations have been created among the parties that will be affected by the measure, and this takes place prior to the balance sheet date.

Emission rights

SSAB participates in the EU's emission rights trading system. Provision is made if a shortfall in emission rights is identified between owned rights and those rights which will have to be delivered due to emissions having taken place. The value of any surplus emission rights is reported only when it is realized as an external sale. Emission rights are reported as intangible assets and are booked at acquisition value.

Environmental restoration expenses

Expenses for environmental measures associated with previous operations and which do not contribute to current or future revenue are booked as a cost when incurred. The environmental undertaking is calculated based on interpretations of applicable environmental legislation and regulations and reported when it is likely that payment liability will be incurred and a reasonable estimation can be made of such amount. Provisions have not been made for land clean-up to prepare the industrial areas for other use in the future, since it is not possible to make a reasonable estimation of when such cleanup will take place.

Financial liabilities

Financial liabilities include loan debts, accounts payable and derivative instruments. Reporting thereafter takes place depending on how the liabilities are classified. Financial liabilities are removed from the statement of financial position when the debt/instrument is paid in full or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

Accounts payable

Accounts payable are valued initially at fair value and thereafter at accrued acquisition value.

Loan debts

Loan debts are valued initially at net fair value after transaction costs, and thereafter at amortized cost. The amortized cost is determined based on the effective interest rate which was calculated when the loan was raised. Accordingly, premiums and discounts as well as direct issuance costs are allocated over the loan period. Fees paid for loan facilities are reported as transaction costs for borrowing to the extent that it is probable that part or all of the credit facility will be utilized. In such cases, the charge is recognized during the term when the credit facility is utilized. To the extent there is no evidence that it is probable that some or all of the facility will be utilized, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amounts of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Loans which constitute the hedged object in fair value hedging are valued and booked at fair value.

Derivate instruments and hedging

Currency derivatives in the form of forward contracts and swaps are used to hedge the effect of exchange rates on reported accounts payables and receivables in major currencies, in conjunction with major projects and investments in non-current assets made in foreign currency, to hedge net investments in foreign subsidiaries, and to hedge Swedish kronor payment flows on foreign loans. Derivative instruments in the form of interest swaps are used to hedge exposure to interest rate risks.

- All derivative instruments are reported in the statement of financial position at fair value. The method for reporting accrued profit/loss differs, however, depending on the purpose of the derivative instrument. When a derivative contract is entered into, it is characterized as hedging of the fair value of a reported asset/ liability or of a signed delivery order ("fair value hedging"), hedging of a planned transaction ("cash flow hedging"), hedging of a net investment in a foreign company, or as a derivative instrument which does not meet the requirements for hedging accounting.
- When the transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item, as well as the Group's risk management objectives and risk management strategy as regards the hedging. The Group also documents its assessment, both when hedging is entered into and on a regular basis, of whether the derivative instruments used in hedge transactions are effective in counteracting changes in fair value or cash flows that relate to the hedged items. Assessment of the efficiency is prospective and if possible, it is done on a qualitative basis.
- Information regarding fair value of various derivative instruments used for hedging purposes is set forth in [Note 29](#). Changes in the hedging reserve in equity are set forth in [Note 12](#). The entire fair value of a derivative instrument which constitutes a hedge instrument is classified as a non-current asset or noncurrent liability when the outstanding term of the hedged item exceeds twelve months and as a current asset or current liability when the outstanding term of the hedged item is less than twelve months.
- Fair value hedging: Changes in the fair value of derivative instruments which are categorized as, and meet the requirements for, "fair value hedging" are reported in the statement of profit or loss together with changes in the fair value of the asset/liability or the delivery order to which the hedging relates.

- **Cash flow hedging:** The effective part of changes in fair value of derivative instruments which are identified as, and meet the requirements for, cash flow hedging, is reported in other comprehensive income. The profit or loss attributable to the ineffective part is reported immediately in financial items in the statement of profit or loss. Accumulated amounts in equity are reversed to the statement of profit or loss in those periods in which the hedged item affects earnings. When a hedge instrument lapses or is sold, or when the hedging no longer fulfills the criteria for hedge accounting and there are accumulated profits or losses in equity regarding the hedging, such profits or losses remain in equity and are reported as income at the same time as the forecast transaction is finally reported in the statement of profit or loss. When a forecast transaction is no longer expected to occur, the accumulated profit or loss which is reported in equity is transferred immediately to the statement of profit or loss. Where the transfer relates to cash flow hedging of financial items, it is reported in the statement of profit or loss among financial items.
- **Net investment hedging:** Hedging of net investments in foreign companies is reported in the same manner as cash flow hedging. The effective part of changes in value of derivative instruments and liabilities, which are used as hedge instruments, is reported in other comprehensive income. The ineffective part of changes in value is reported immediately in financial items in the statement of profit or loss. Accumulated profits and losses in equity are reported in the statement of profit or loss when the foreign operations are divested, in whole or in part.
- **Sources of hedge ineffectiveness** that may arise during the term of the hedging relationship are a significant changes in credit risk of one of the parties and, in case of cash flow hedge, change in timing of the payment of the hedged item, or that secured volume based on highly probably forecasts would exceed actual outcomes.
- **Certain derivative transactions** do not meet the formal criteria for hedge accounting, these are reported in the profit or loss. Derivatives for operating items are reported in operating profit/loss, while derivatives of a financial nature are reported among financial items.

Derivative instruments which are reported in hedge accounting and executed in respect of business-related items are reported in operating profit, while derivative instruments of a financial nature are reported in financial items. The fair value of currency forward contracts and currency swaps is calculated based on forward contract

prices on the balance sheet date, while interest rate swaps are valued calculated on the basis of future discounted cash flows.

Taxes

The Group's reported tax expenses consist of tax on the taxable earnings of Group companies for the period as well as any adjustments with respect to tax for previous periods and changes in deferred tax.

Deferred tax

Deferred tax is calculated in order to correspond to the tax effect which arises when final tax is triggered. It corresponds to the net effect of tax on all differences between the tax value of assets and liabilities and their value for accounting purposes (temporary differences), applying the future tax rates already decided upon or announced which will apply when the tax is expected to be realized.

- Temporary differences arise primarily through accelerated depreciation of non-current assets, profits from intra-group inventory transactions, untaxed reserves in the form of tax allocation reserves, non-utilized losses carried forward, as well as fair value adjustments in conjunction with business combinations. A deferred tax receivable due to losses carried forward is, however, recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses.
- In the Parent Company's statement of financial position, the accumulated values of Accelerated depreciation and other untaxed reserves are reported in the item "Untaxed reserves" without deduction of the deferred tax. In the Parent Company's statement of profit or loss, changes in the untaxed reserves are reported on a separate line.

Dividends

Dividends proposed by the Board of Directors do not reduce equity until the annual general meeting has adopted a resolution regarding payment of the dividend.

Dividends, the Parent Company

An anticipated dividend is reported in those cases where the Parent Company is exclusively entitled to decide on the amount of the dividend and the Parent Company, prior to the date on which its financial statements are

published, has decided on the amount of the dividend and ascertained that the dividend will not exceed the dividend capacity of the subsidiary.

Group contributions in the Parent Company

Group contributions received and provided, and the tax consequences thereof, are reported as a transfer to untaxed reserves, and the tax effect as a tax expense /income in the statement of profit or loss.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents in the cash flow statement consist of cash and bank balances as well as short-term investments with a term to maturity of less than three months from the acquisition date, which are exposed to only an insignificant risk of change in value.

Segment reporting

Operating segments

The Group is organized in five reportable operating segments with clear profit responsibility. The operating segments are the three steel divisions: SSAB Special Steels, SSAB Europe, SSAB Americas and the subsidiaries Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective Boards. In addition, there are other operating segments which are not reportable since they do not reach the threshold values in IFRS 8 and they are not monitored separately by the Group Executive Committee. The segment reporting takes place in such a manner that it corresponds to the internal reporting which is submitted to the Group Executive Committee. The Group Executive Committee is the highest Executive decision-making body which is responsible for the allocation of resources and assessment of the results of operating segments, and takes strategic decisions. A more detailed description of the reportable segments and their operations is provided on p. [138–144](#) in [Note 28](#).

Assets and liabilities held for sale

Significant non-current assets (or divestments groups) are classified as Non-current assets held for sale when their reported value will primarily be recovered through a sales transaction and a sale is deemed to be very likely. They are reported at reported value or fair value less selling expenses, whichever is lower, if their book value is primarily recovered through a sales transaction and not through permanent use.

Earnings per share

Earnings per share before dilution are calculated based on the year's earnings in the Group attributable to the Parent Company's ordinary shareholders, and on a weighted average number of shares. When calculating earnings per share after dilution, earnings and the average numbers of shares are adjusted to take into account the effects of dilutive potential ordinary shares. No dilution has taken place during 2020.

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1 Revenue and other operating income

External revenue, Group

SEK millions	2020						2019					
	Business segments						Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Geographical areas												
Sweden	336	5,149	-	3,100	1,474	10,059	343	5,913	-	3,722	1,540	11,517
Finland	235	3,490	-	1,426	1,536	6,687	264	4,299	-	1,567	2,164	8,294
Denmark	104	1,156	1	1,745	116	3,122	134	1,245	-	1,559	97	3,035
Germany	1,018	2,077	-	29	2	3,125	1,554	2,379	-	27	6	3,965
Poland	569	1,731	-	20	771	3,090	694	1,844	-	84	827	3,449
Italy	754	1,182	-	1	0	1,937	842	1,223	-	1	1	2,067
Other EU-27	2,258	4,266	-	455	926	7,905	2,661	4,349	-	453	1,139	8,602
Great Britain	375	942	-	0	6	1,324	549	1,167	-	0	18	1,733
Norway	64	505	-	1,315	512	2,396	83	583	-	1,535	508	2,709
Other Europe	1,208	654	-	17	142	2,022	1,100	693	-	22	161	1,975
USA	3,163	868	11,672	0	1	15,704	3,715	1,277	16,311	0	1	21,305
Canada	873	-	1,320	-	2	2,195	1,055	1	904	-	4	1,964
Rest of the world	4,750	902	164	13	2	5,831	4,944	843	47	30	5	5,869
Total	15,706	22,922	13,158	8,120	5,490	65,396	17,938	25,815	17,262	8,999	6,470	76,485
Product area												
Steel products	15,137	21,338	13,158	-	-	49,632	17,209	23,926	17,251	-	-	58,386
Trading operations	-	-	-	8,120	-	8,120	-	-	-	8,999	-	8,999
Ruukki Construction's operations	-	-	-	-	5,490	5,490	-	-	-	-	6,470	6,470
Slabs, by-products and scrap	258	1,495	-	-	-	1,753	463	1,795	-	-	-	2,259
Other	310	90	-	-	-	400	266	94	11	-	-	371
Total	15,706	22,922	13,158	8,120	5,490	65,396	17,938	25,815	17,262	8,999	6,470	76,485

Contract revenue from agreements which extend over more than twelve months does not amount to a substantial value, therefore it is not disclosed.

Other operating income	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Sales of purchased energy and media	116	142	-	-
Sales of services	26	29	3	2
Net exchange rate differences	440	339	2	2
Profit upon sale of company or business	19	42	-	-
Profit upon sale of fixed assets	6	10	-	-
Investment grants/Government grants	32	35	4	-
Insurance compensation	4	287	-	-
Other	126	336	157	171
Total	769	1,221	166	175

2 Operating expenses

Type of cost	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Raw materials in the steel operations, including change in raw material inventory	26,481	30,178	-	-
Supplies and inputs	2,031	2,314	-	-
Purchased products in the trading operations	2,906	3,451	-	-
Purchased products in the steel operations	1,103	888	-	-
Energy	3,304	3,613	-	-
Change in inventory, work in progress and finished products	1,479	2,159	-	-
Compensation to employees	10,548	11,891	190	218
Material, services and maintenance	6,879	8,916	87	90
Depreciation/amortization	3,691	4,216	2	2
Freight	5,825	5,983	-	-
Other	2,243	2,201	37	75
Total operating expenses	66,490	75,808	317	386

Audit fees and related services	Group		Parent Company	
SEK millions	2020	2019	2020	2019
EY				
Audit fees	20	17	4	2
Audit related services	1	1	1	0
Tax consulting	0	2	-	0
Other services	1	1	1	1
Total	21	19	5	3

During the year EY Sweden invoiced SEK 10 (7) million for audit services. EY Sweden's fees for other services than audit amounts to 8% (20%) compared to EY Sweden's fees for audit. The EY network's fees for other services than audit amount to 4% (16%) compared to the network's invoiced fees for audit services.

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Other				
Audit fees	8	11	-	2
Audit related services	2	5	0	1
Tax consulting	11	9	1	2
Other services	3	14	2	2
Total	24	39	3	7

2 Operating expenses cont.

Operating expenses have been reduced by the following government support and other grants

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Support related to personnel costs	122	-	4	-
Investment grant	-	12	-	-
Other	2	22	-	-
Total grants	124	35	4	-

The Group has received SEK 125 (-) million in government grants related to Covid-19, whereof SEK 4 million have been reported as Other operating income and SEK 121 million have been reported as a reduction of personnel costs (mainly short-time work allowance in the Swedish operations). SSAB AB has received SEK 4 (-) million in government grants related to Covid-19, whereof SEK 4 million have been reported as a reduction of personnel costs.

Compensation to employees

	Group						Parent Company					
	2020			2019			2020			2019		
SEK millions	Wages, salaries and other compensation (of which tantiem)	Social security expenses	(of which pension expenses)	Wages, salaries and other compensation (of which tantiem)	Social security expenses	(of which pension expenses)	Wages, salaries and other compensation (of which tantiem)	Social security expenses	(of which pension expenses)	Wages, salaries and other compensation (of which tantiem)	Social security expenses	(of which pension expenses)
Board, President & Executive Management ¹⁾	82 (24)	39	(20)	73 (15)	32	(17)	57 (15)	34	(16)	49 (6)	30	(14)
Other Employees	7,603	2,031	(778)	8,492	2,298	(908)	52	41	(22)	76	47	(23)
Total	8,565	2,070	(798)	7,685	2,331	(925)	109	75	(40)	125	77	(38)

¹⁾ The Group included 13 members of executive management, of which one only worked part of 2020. The Board consists of seven members. In the Parent Company, only personnel employed and working within the Parent Company is included and seven members of executive management. Personnel in some of the larger subsidiaries are formally employed by the Parent Company but are reported in terms of number and expense in the relevant subsidiary. In the Parent Company expenses for the president of SSAB EMEA AB are also reported.

Board fees

Board of Directors

At the Annual General Meeting (AGM) in April 2020, Bengt Kjell was re-elected as Chairman of the Board. At the AGM, it was decided to leave fees unchanged and that the Chairman's fee should amount to SEK 1,800 thousand, and directors' fees (excluding the President) to SEK 600 thousand each. Members of the Audit Committee should receive a fee of SEK 135 thousand and members of the Remuneration Committee should receive a fee of SEK 110 thousand. The Chairman of the Audit Committee should receive SEK 225 thousand and the Chairman of the Remuneration Committee should receive SEK 170 thousand. In total SEK 6,555 (6,655) thousand was paid in fees to the Board of Directors.

Board members			Fee 2020, SEK thousands ¹⁾		Fee 2019, SEK thousands ¹⁾	
Elected by general meeting ²⁾	Elected	Position	Board fee	Committee fee	Board fee	Committee fee
Bengt Kjell	2015	Chairman	1,800	305	1,800	305
Petra Einarsson	2014	Member	825	110	600	110
Marika Fredriksson	2016	Member	600	135	600	225
Pasi Laine	2017	Member	600	-	600	-
Bo Annvik	2019	Member	600	110	600	135
Marie Grönborg	2019	Member	600	135	600	135
Annareetta Lumme-Timonen	2020	Member	600	135	-	-

¹⁾ The fee relates to the full term.

²⁾ The CEO and Employee Representatives are included in the Board of Directors but do not receive any related compensation.

2 Operating expenses cont.

Salaries and compensation for the president and other senior executives

Resolution of the Annual General Meeting

According to a resolution adopted by the AGM in April 2020, compensation to the President and other members in the company's senior management comprise of fixed salary, possible variable compensation, other benefits such as company car, and pension. "Other members of the Company's senior management" mean members of the Group Executive Committee. The total compensation package shall be at market terms and conditions and competitive in the employment market in which the executive works. Fixed salary and variable compensations shall be related to the executive's responsibilities and authority. The variable compensations shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling in relation to the fixed salary. The variable compensations shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. in the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensations may be included in the basis for pension computation due to legislation or competitive practice in the local market.

The variable compensation programs should be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable compensations, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the company's responsibilities to its shareholders, employees and other stakeholders.

Consultant fees in line with prevailing market conditions may be payable insofar as any director performs work on behalf of the company, in addition to the Board work.

The period of notice of termination of employment for senior executives in Sweden shall be six months in the event of termination by the executive. In the event of termination by the company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 24 months. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice on the local market.

Pension benefits shall be contribution-based with individual retirement ages, in no case earlier than the age of 62. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension.

The Board of Directors shall be entitled to deviate from the guidelines where special reasons exist in an individual case.

Remuneration committee

Within the Board of Directors there is a Remuneration Committee, which makes proposals to the Board regarding the President's salary and other employment terms and conditions, and determines the salary and other employment terms and conditions for the Group Executive Committee in accordance with guidelines decided upon by the AGM. The Committee consists of Bengt Kjell (Chairman), Petra Einarsson and Bo Annvik. The President is a co-opted member of the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

Compensation in 2020

Compensation to the President and other members of the Group Executive Committee consisted of a fixed salary component, a short-term variable salary component, and a long-term variable salary component. There is no share-related compensation.

The short-term variable salary component is related to: A) three Group objectives, 1. EBITDA margin relative to other comparable steel companies (Arcelor Mittal, AK Steel, Nucor, Salzgitter, ThyssenKrupp, US Steel and Tata Steel Europe), 2. net cash flow objective and 3. a sustainability objective established by the Board, measuring injury frequency, combined with B) divisional financial and operational objectives as well as C) one or more individual objectives. The individual objectives account for 15% of the total short-term variable pay. The other 85% relate to SSAB Group objectives and divisional objectives. SSAB Group objectives account for 85% of the President's short-term variable salary. For Executive Vice Presidents of Group functions, SSAB Group objectives account for 70% of short-term variable salary and for divisional Executive Vice Presidents 30–40%. Financial or operational divisional or functional objectives account for the remaining part.

This short-term variable salary component is capped at 75% of fixed salary for the President and at 50% for others. The divisional head of SSAB Americas receives variable compensation which is considered to be competitive in the local market. The target result is 60% of fixed salary but may amount to a maximum of 180% in the event of extremely high performance.

In 2011, a long-term incentive program was introduced covering at the time a maximum of 100 (now 150) key persons throughout the Group, including the company's President and other senior executives. The purpose of the program is to promote the company's ability to recruit and retain key contributors. The program applies for rolling three-year periods, is cash-based and linked to the total return on the SSAB share compared with a comparison group comprising the company's competitors (Arcelor Mittal, AK Steel, Nucor, Salzgitter, ThyssenKrupp and US Steel) and return on capital employed. For participants in the program outside North America, the result is capped at between 18% and 30% of fixed salary. The outcome for participants in North America is capped at between 30% and

2 Operating expenses cont.

135%, for these participants, the program is also linked to SSAB Americas' results and return on capital employed. The total annual cost for the program is SEK 35 million in the event of target realization, and SEK 80 million in the event of maximum realization, of which approximately 41% constitutes the cost for participants in North America.

Payments under the long-term incentive program take place in cash and on condition that the employment remains.

President and Chief Executive Officer

The total paid compensation package, excluding pension, amounted to SEK 18.5 (15.2) million out of which the short-term variable pay amounts to SEK 5.2 (2.3) million, which is 61% of the maximum outcome of the program or 46% of the annual base pay. The retirement age is 62. The pension is based on contributions and is covered by insurance. The cost amounted to 49 (42)% of fixed salary. Earned pension is inviolable but premium payments cease upon termination of employment. There is a 12-month notice period in the event of dismissal by the company. In addition, in such situation, severance compensation is payable equal to 12 months' salary. In the event of the President's resignation, the termination period is 6 months and, in such a situation, there is no entitlement to severance compensation. Variable salary components are earned during the termination period only on condition that the President remains in active service.

Other Group Executive Committee members

Apart from the President, the Group Executive Committee comprised 10 (10) persons. The Group Executive Committee is presented in the [Corporate Governance Report](#).

The total paid compensation package, excluding pension, amounted to SEK 49.7 (47.6) million out of which the short-term variable pay amounts to SEK 13.5 (9.8) million, which is 61% of the maximum outcome of the program.

The minimum retirement age for members of the Group Executive Committee is 62. Pensions are based on contributions, exceptions from this are Olavi Huhtala. He continues to be covered by the benefit-based pension scheme with a retirement age of 60 via Rautaruukin Eläkesäätiö, of which he has long been covered through his employment at Rautaruukki, as well as Charles Schmitt, whose pension scheme is in accordance with US legislation and practice.

The other members of the Group Executive Committee are entitled to 12 months' notice in the event of dismissal by the company. In addition, in such a situation, severance compensation is payable equivalent to 6 months' salary. Members of the Group Executive committee must give 6 months' notice of resignation, whereupon there is no entitlement to severance compensation.

No change of control clause is applied.

Total compensation and benefits are shown in the adjacent table:

Compensation and benefits for the President and other members of the Group Executive Committee ¹⁾	President		Other Group Executive Committee	
	2020	2019	2020	2019
SEK millions				
Fixed salary ²⁾	11.6	12.0	31.3	32.0
Other benefits ³⁾	0.4	0.5	1.6	4.1
Short-term variable salary ⁴⁾	5.2	2.3	13.5	9.8
Long-term variable salary ⁴⁾	1.3	0.4	2.3	1.7
Total compensation	18.5	15.2	48.8	47.6
Pension expenses	5.6	5.1	12.1	10.7
Total	24.1	20.3	60.9	58.3

¹⁾ Includes compensation to 11 (11) members of the Group Executive Committee for the full year.

²⁾ For 2020, includes payment of SEK 0.3 (0.4) million to the President in respect of vacation compensation, as well as cost compensation in respect of company residence in the amount of SEK 0.3 (0.3) million. During the period April to December temporary cost savings were implemented through deductions in salary for the CEO and Group Executive Committee. For the CEO, deduction was SEK 0.9 million and for other members of the Group Executive Committee SEK 2.3 million.

³⁾ Relates primarily to car and gasoline benefits.

⁴⁾ The amounts relate to payments made in the relevant financial year, which were earned in previous years. The compensation for 2020 is not known at the end of the accounting year due to the fact that comparisons are made with competitors who have not yet reported their figures, and also the fact that the Board can decide to reduce the compensation if special reasons exist, compensation in this table is reported only in the year in which payment has taken place. Booked variable salary components for 2020 for the entire Group Executive Committee amounted to SEK 6.0 (25.3) million.

3 Affiliated companies, joint ventures and related party transactions

Share of earnings and sales	Share of earnings after tax		Share of sales	
SEK millions	2020	2019	2020	2019
Lulekraft AB	1	1	122	142
Oxelösunds Hamn AB	15	12	200	196
Blastech Mobile LLC (joint venture)	37	40	136	150
Bet-Ker Oy	10	6	57	47
Helens Rör AB	-	9	-	-
Manga LNG Oy	8	2	121	125
Raahen Voima Oy	-	-	212	295
HYBRIT Development AB (joint venture)	-72	-6	9	4
Bothnia Roof Safety Oy (joint venture)	-	0	-	6
Total	-1	64	855	965

Share of assets and liabilities	Share of assets		Share of liabilities	
SEK millions	2020	2019	2020	2019
Lulekraft AB	94	109	79	94
Oxelösunds Hamn AB	252	240	81	81
Blastech Mobile LLC (joint venture)	96	110	29	38
Bet-Ker Oy	54	50	14	1
Helens Rör AB	-	-	-	-
Manga LNG Oy	262	299	185	226
Raahen Voima Oy	587	622	335	360
HYBRIT Development AB (joint venture)	343	184	67	67
Bothnia Roof Safety Oy (joint venture)	-	0	-	0
Total	1,689	1,614	790	867

Receivables from affiliated companies and joint venture	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Included in balance sheet items:				
Accounts receivable	69	61	3	1
Prepaid expenses and accrued revenue	-	0	-	-
Total	69	61	3	1

Liabilities to affiliated companies and joint venture	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Included in balance sheet items:				
Other current liabilities	49	73	49	73
Accounts payable	72	90	-	-
Total	121	163	49	73

Share of owning and equity share can be found in [Note 8](#).

Related party transactions

The following transactions with affiliated companies and joint ventures occurred during the year:

SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 189 (181) million. Lulekraft purchased gas from SSAB Europe for SEK 180 (229) million and resold electricity for SEK 80 (124) million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 106 (225) million and sold back energy for SEK 154 (226) million. SSAB Europe purchased gas from Manga LNG for SEK 120 (-) million.

Oxelösunds Hamn sold port services to SSAB Europe and SSAB Special Steels for SEK 239 (238) million and purchased other services for SEK 73 (99) million. Helens Rör bought steel from the steel operations for SEK - (153) million and the steel operations bought steel from Helens Rör for SEK - (7) million. SSAB Europe purchased refractory materials from Bet-Ker for SEK 38 (34) million. Hybrit Development purchased services from Ruukki Construction for SEK - (55) million and administrative services from the Parent Company for SEK 2 (4) million. SSAB Europe sold services to Hybrit Development for SEK 4 (-) million and purchased services for SEK 2 (-) million.

4 Financial items

Group		
SEK millions	2020	2019
Financial income		
Interest income according to the effective interest method from interest-bearing receivables recognized at amortized cost	54	78
Interest income, derivative instruments measured at fair value	76	184
Exchange rate differences	1,999	231
Dividends	0	2
Other	1	9
Total	2,130	504
Financial expenses		
Interest expense according to the effective interest method from interest-bearing liabilities recognized at amortized cost ¹⁾	-500	-613
Interest expenses, derivative instruments measured at fair value	-19	-
Exchange rate differences	-1,989	-228
Other	-99	-52
Total	-2,607	-893
Total financial net	-477	-389

¹⁾ Amount of interest expenses related to leasing is specified in [Note 21](#)

Parent Company		
SEK millions	2020	2019
Dividends from subsidiaries	9	3,224
Dividends from affiliated companies	1	1
Sale shares in subsidiaries and associated companies	-	42
Write-down of subsidiary shares	-890	0
Interest income from subsidiaries	429	439
Interest expenses to subsidiaries	-85	-154
Total result from subsidiaries and affiliated companies	-537	3,552
Interest income according to the effective interest method from interest-bearing receivables recognized at amortized cost	25	32
Interest income, derivative instruments measured at fair value	21	46
Interest expense according to the effective interest method from interest-bearing liabilities recognized at amortized cost	-286	-351
Net exchange rate differences	801	-286
Other	-64	-35
Total other financial items	497	-594
Total financial net	-39	2,958

5 Taxes

The tax for the year amounted to SEK 312 (-479) million and the effective tax rate was 38.9 (30.5) %.

Taxes	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Swedish corporate income tax	-31	-59	31	-1
Foreign corporate income tax	-95	-756	0	0
Total current tax expenses	-126	-815	31	-1
Deferred taxes	438	336	-45	60
Total tax in the income statement	312	-479	-14	58
Total tax in other comprehensive income¹⁾	-179	-56	1	0

¹⁾ For details see Consolidated statement of changes in equity on p. 162 and on p. 166 for the Parent Company

Reconciliation of tax rates	Group		Parent Company	
%	2020	2019	2020	2019
Applicable tax rate in Sweden ²⁾	21.4	21.4	21.4	21.4
Tax effect of:				
• non-deductible expenses ³⁾	9.2	-0.4	-38.5	2.2
• non-taxable revenue ³⁾	2.9	-0.5	8.2	-23.6
• other tax rates in foreign subsidiaries ⁴⁾	11.5	1.5	-	-
• taxes relating to earlier periods	-3.7	-0.6	6.1	-
• unbooked deficit credit	-5.7	10.5	-	-
• other	3.3	-1.3	-	-2.1
Effective tax rate	38.9	30.5	-2.8	-2.0

²⁾ The Group has a negative result in year 2020 and the starting point for reconciliation of effective tax rate is 21.4%.

³⁾ In the Parent Company non-deductible expenses mainly consist of write-downs of shares while non-taxable revenue mainly consists of dividends from subsidiaries.

⁴⁾ The Group has operations in countries where tax rate and tax regulation are different from those in Sweden. Thus, the foreign tax rates are affecting the Group's tax rate.

6 Intangible assets

Group	2020							2019						
SEK millions	Customer relations	Trademarks	Emission rights	Other intangible assets	Trademarks with undeterminable useful life	Goodwill	Total intangible assets	Customer relations	Trademarks	Emission rights	Other intangible assets	Trademarks with undeterminable useful life	Goodwill	Total intangible assets
Acquisition value, January 1	9,150	143	1,307	1,769	467	31,618	44,454	8,816	6	1,255	1,639	458	30,327	42,501
Acquisitions	-	0	-	70	-	-	70	-	-	28	124	-	-	152
Increase through acquisition of shares/operations	-	-	-	-	-	-	-	-	141	-	5	-	254	400
Divestments and disposals	-5	-20	-	-35	-48	-2	-110	-	-	-	-34	-	-	-34
Decrease through sale of shares/operations	-	0	-	-16	-	0	-17	-	-	-	-	-	-2	-2
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-7	-	-	-7
Reclassifications	69	-100	-	2	-	-117	-147	-	-	-	-4	-	-	-4
Translation differences	-1,092	3	-52	-135	-23	-3,307	-4,606	334	-4	24	46	9	1,039	1,448
Acquisition value, December 31	8,121	25	1,255	1,654	397	28,192	39,644	9,150	143	1,307	1,769	467	31,618	44,454
Accumulated amortization, January 1	9,067	6	1,166	1,362	-	-	11,601	8,431	5	1,012	1,275	-	-	10,723
Divestments and disposals	-3	-	-	-26	-	-	-30	-	-	-	-34	-	-	-34
Amortization for the year	24	2	-	92	-	-	118	320	-	137	93	-	-	550
Decrease through sale of shares/operations	-	-	-	-16	-	-	-16	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-3	-	-	-3
Reclassifications	0	-	-	0	-	-	0	-	-	-	-6	-	-	-6
Translation differences	-1,085	0	-46	-119	-	-	-1,250	316	1	17	37	-	-	371
Accumulated amortization, December 31	8,003	8	1,120	1,293	-	-	10,424	9,067	6	1,166	1,362	-	-	11,601
Accumulated write-down, January 1	6	-	-	0	-	339	345	6	-	-	1	-	333	340
Write-down for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-1	-	-	-1
Translation differences	0	-	-	0	-	-20	-20	0	-	-	-	-	6	6
Accumulated write-down, December 31	6	-	-	0	-	319	325	6	-	-	0	-	339	345
Book value, December 31	113	17	135	361	397	27,872	28,896	77	137	141	407	467	31,279	32,508

Amortization for the year is included in the income statement in the amount of SEK 59 (493) million in cost of goods sold, SEK 10 (10) million in selling expenses and SEK 49 (47) million in other administrative expenses.

6 Intangible assets cont.

Test of impairment of goodwill and other assets with an undeterminable useful life

Test of impairment of goodwill and other assets with an undeterminable useful life takes place annually towards the end of the fourth quarter or in the case of an indication of decline in value. The Group's most significant assets with an undeterminable useful life is allocated to the Group's cash-generating units below:

Assets with an undeterminable useful life

SEK millions	2020	2019
Goodwill		
SSAB North America (in Division SSAB Americas)	22,325	25,388
SSAB Special Steels	2,813	3,046
SSAB Europe	2,085	2,171
Tibnor	512	533
Ruukki Construction	140	140
Total goodwill	27,872	31,279
Ruukki Construction (Trademark Rautaruukki)	397	467
Total assets with an undeterminable useful life¹⁾	28,269	31,746

¹⁾ The main reason for value changes compared to previous year is due to exchange rate differences as well as the final purchase price allocation of the Abraservice Holding SAS acquisition was completed during 2020.

SSAB North America is included in the SSAB Americas division. For more information about SSAB Americas and the other divisions, see [Note 28](#). Recoverable amounts for cash-generating units are based on value in used calculations. The calculations are based on the company's budget and forecasts regularly produced by the management team. Cash flow beyond a five-year period have been extrapolated applying an assessed rate of growth in accordance with the information below. The rate growth does not exceed the long-term rate of growth for the market in which these cash-generating units operate.

Significant assumptions used in calculations of use value are shown in the table below:

2020	SSAB North America	SSAB Special Steels	SSAB Europe	Tibnor	Ruukki Construction
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	9.9	7.8	7.7	7.9	7.5

2019	SSAB North America	SSAB Special Steels	SSAB Europe	Tibnor	Ruukki Construction
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	11.2	7.8	7.7	7.9	7.6

The assumptions above have been used to analyze the cash-generating unit.

The management has established the budgeted and forecast gross margin based on historical results and expectations regarding market trends and each specific cash-generating unit. The rate of growth used for the margin before depreciation, EBITDA, corresponds to the forecasts available in industry and analyst reports. The discount rate used is stated before tax and reflects specific risks applicable locally for each specific cash-generating unit.

Calculations conducted using the above assumptions have demonstrated that no impairment of goodwill exists at December 31. For a sensitivity analysis, see [Note 32](#).

Emission rights

The estimated consumption of emission rights in 2020 was 8.19 (8.75) million tons. No emission rights were sold in 2020 or 2019. The allocated rights were sufficient for consumption in 2020. The emission rights are reported as intangible assets, with granted emission rights being booked at an acquisition value of SEK 0. At year-end SSAB owned emission rights were valued at SEK 135 (141) million, which are reported as an intangible asset.

6 Intangible assets cont.

Parent Company

SEK millions	2020			2019		
	Emission rights	Software	Total intangible fixed assets	Emission rights	Software	Total intangible fixed assets
Acquisition value, January 1	-	5	5	-	5	5
Acquisitions	-	-	-	28	0	28
Divestments and disposals	-	-	-	-28	-	-28
Acquisition value, December 31	-	5	5	-	5	5
Accumulated amortization, January 1	-	2	2	-	1	1
Amortization for the year	-	1	1	-	1	1
Accumulated amortization, December 31	-	3	3	-	2	2
Book value, December 31	-	2	2	-	3	3



7 Tangible fixed assets

Group													
	2020						2019						
				Equipment, tools, fixtures and fittings	Construction in progress and advances to suppliers	Total tangible fixed assets				Equipment, tools, fixtures and fittings	Leased assets	Construction in progress and advances to suppliers	Total tangible fixed assets
SEK millions	Land and land improvements	Buildings	Machinery				Land and land improvements	Buildings	Machinery				
Acquisition value, January 1	1,253	8,360	45,728	3,326	3,217	61,884	1,003	7,986	43,955	3,057	741	2,386	59,128
Change in accounting principle	-	-	-	-	-	-	-	-	-	-	-741	-	-741
Adjusted acquisition value, January 1	1,253	8,360	45,728	3,326	3,217	61,884	1,003	7,986	46,955	3,057	-	2,386	58,387
Acquisitions	0	89	449	83	1,512	2,134	-	87	487	154	-	2,065	2,793
Increase through acquisitions of shares/operations	-	-	-	-	-	-	163	178	63	23	-	5	432
Divestments and disposals	-74	-8	-284	-53	15	-404	-2	-11	-103	-127	-	-9	-252
Decrease through sale of shares/operations	2	51	30	-1	-1	81	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-10	-162	-59	-16	-	-2	-249
Reclassifications	6	117	1,401	66	-1,555	34	89	140	785	188	-	-1,241	-39
Translation difference	-38	-419	-1,924	-137	-95	-2,615	10	142	600	47	-	13	812
Acquisition value, December 31	1,148	8,189	45,400	3,283	3,093	61,113	1,253	8,360	45,728	3,326	-	3,217	61,884
Accumulated depreciation, January 1	311	3,907	31,620	2,014	-	37,852	279	3,553	28,907	2,094	259	-	35,092
Change in accounting principle	-	-	-	-	-	-	-	-	-	-	-259	-	-259
Adjusted accumulated depreciation, January 1	311	3,907	31,620	2,014	-	37,852	279	3,553	28,907	2,094	-	-	34,833
Divestments and disposals	0	-4	-220	-41	-	-267	-	-10	-83	-119	-	-	-212
Depreciation for the year	26	387	2,274	216	-	2,903	27	365	2,303	220	-	-	2,915
Decrease through sale of shares/operations	-	16	22	-1	-	39	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-45	-38	-11	-	-	-94
Reclassifications	-	2	13	-13	-	2	3	2	228	-198	-	-	35
Translation difference	-8	-162	-1,219	-85	-	-1,473	2	42	303	28	-	-	375
Accumulated depreciation, December 31	329	4,148	32,489	2,089	-	39,056	311	3,907	31,620	2,014	-	-	37,852
Accumulated write-down, January 1	4	13	28	0	-	45	16	13	54	0	-	-	83
Divestments and disposals	-	-	0	0	-	0	-	-1	-5	-1	-	-	-7
Write-down for the year	-	-	-	-	-	-	-	-	4	1	-	-	5
Reclassifications	-	-	-	-	-	-	-13	-2	-27	-	-	-	-42
Translation difference	-1	-5	-4	-	-	-11	1	3	2	-	-	-	6
Accumulated write-down, December 31	3	7	24	0	-	35	4	13	28	-	-	-	45
Book value, December 31	816	4,034	12,887	1,194	3,093	22,022	938	4,440	14,080	1,312	-	3,217	23,987

7 Tangible fixed assets cont.

Depreciations and write-downs for the year are included in the income statement in the amount of SEK 2,837 (2,853) million, in costs of goods sold, SEK 24 (24) million in selling expenses and SEK 44 (43) million in administrative expenses. As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 709 (749) million which were not reported in the financial statements.

Parent Company

SEK millions	2020		2019	
	Equipment, tools, fixtures and fittings	Total tangible fixed assets	Equipment, tools, fixtures and fittings	Total tangible fixed assets
Acquisition value, January 1	13	13	18	18
Acquisitions	-	-	-	-
Divestments and disposals	-	-	-5	-5
Acquisition value, December 31	13	13	13	13
Accumulated depreciation, January 1	9	9	13	13
Divestments and disposals	-	-	-5	-5
Depreciation for the year	1	1	1	1
Accumulated depreciation, December 31	10	10	9	9
Book value, December 31	3	3	4	4

8 Financial assets, shares and participations in affiliated companies and joint venture

Group	2020				2019			
	Other shares and participations	Other long-term receivables	Participations in affiliated companies and JV	Total financial assets	Other shares and participations	Other long-term receivables	Participations in affiliated companies and JV	Total financial assets
SEK millions								
Book value at January 1	284	240	736	1,260	279	329	697	1,305
Investments	32	18	232	283	0	29	116	145
Change in fair value, derivatives	-	-59	-	-59	-	-92	-	-92
Divestments and amortization	-2	-25	0	-27	-5	-31	-90	-126
Impairments	0	0	-	0	1	5	-	6
Shares in profit after tax	-	-	-1	-1	-	-	64	64
Reclassification	0	-4	-	-4	4	-2	-	2
Dividend	-	-	-44	-44	-	-	-63	-63
Translation differences	-12	-22	-24	-59	5	3	12	20
Book value at December 31	302	148	899	1,348	284	240	736	1,260

Other shares and participations consist primarily of unlisted holdings in equity instruments which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. They are valued

at acquisition value. Other long-term receivables are receivables that are classified partially in the category "Financial assets valued at amortized cost" and partially in "Derivatives for hedging classified at fair value".

Parent Company

Parent Company	2020					2019				
	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables	Total financial assets	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables	Total financial assets
SEK millions										
Book value at January 1	66,878	138	8	1	67,024	66,324	22	8	1	66,355
Investments	4	232	-	1	236	554	116	-	-	670
Change in fair value, derivatives	-	-	-	3	3	-	-	-	-1	-1
Impairments	-890	-	-	-	-890	0	-	-	-	0
Book value, December 31	65,992	370	8	4	66,373	66,878	138	8	1	67,024

8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Parent Company's shares and participations in subsidiaries					SEK millions	
Reg. no	Office	Number	% ¹⁾		Book value 2020	Book value 2019
Swedish operating subsidiaries:						
Plannja AB	556121-1417	Luleå	80,000	100	16	16
SSAB EMEA AB	556313-7933	Oxelösund	1,000	100	3,961	3,961
Tibnor AB	556004-4447	Stockholm	1,000,000	100	425	425
SSAB Technology AB	556207-4905	Stockholm	1,000	100	556	554
SSAB Americas Holding AB	556858-6654	Stockholm	50,000	100	13	13
SSAB APAC Holding AB	556858-6647	Stockholm	50,000	100	50	50
Foreign operating subsidiaries:						
SSAB Central Inc.		Canada	1 000	100	361	361
SSAB US Holding Inc.		USA	100	100	25,409	25,408
Rautaruukki Oyj		Finland	138,929,363	100	14,077	14,967
SSAB Finance Ireland		Ireland	130,000,000	100	21,120	21,120
Other ²⁾					5	3
Dormant companies					0	0
Total					65,992	66,878

Other shares and participations				SEK millions	
				Book value 2020	Book value 2019
Tenant-owner rights				8	8
Total, Parent Company's other shares and participations				8	8
Subsidiaries' other shares and participations ²⁾				293	276
Total, Group's other shares and participations				302	284

Parent Company's shares in affiliated companies and joint venture					SEK millions	
Reg. no	Office	Number	% ¹⁾		Book value 2020	Book value 2019
HYBRIT Development AB	559121-9760	Stockholm	500,000	33	359	128
Lulekraft AB	556195-0576	Luleå	100,000	50	10	10
Total, Parent Company's shares in affiliated companies and joint venture					370	138

Subsidiaries' shares and participations in affiliated companies and joint venture					SEK millions	
Reg. no	Office	Number	% ¹⁾		Book value 2020	Book value 2019
Oxelösunds Hamn AB	556207-4913	Oxelösund	50,000	50	171	159
Blastech Mobile LLC		USA		50	66	72
Bet-Ker Oy	1003246-0	Finland	120	44	40	38
Manga LNG Oy	2592122-8	Finland	3,151,042	25	77	73
Raahen Voima Oy	2604933-9	Finland	1,875	75	252	262
Bothnia Roof Safety Oy	2868251-7	Vimpeli	50	50	-	0
					607	605
Equity shares in affiliated companies and joint venture's equity in excess of the book value in the Parent Company					-78	-6
Total, Group participations in affiliated companies and joint venture					899	736

¹⁾ The percentages indicate the equity share which, in all cases, also corresponds to the share of the voting capital. However, the voting share in Raahen Voima is, through a shareholder agreement, limited to 50%

²⁾ A complete specification of other shares and participations is available from SSAB's Group headquarters in Stockholm

8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %
Abraservice Belgium SA	Belgium	100
Abraservice CZ Sro	Czech Republic	100
Abraservice Deutschland GmbH	Germany	100
Abraservice France SAS	France	100
Abraservice Holding SAS	France	100
Abraservice Ibérica INT, SAU	Spain	100
Abraservice Italia SpA	Italy	100
Abraservice Lyon SAS	France	100
Abraservice Nederland BV	Netherlands	100
Abraservice Polska Sp. z.o.o	Poland	100
Abraservice Portugal LDA	Portugal	100
Abraservice UK	Great Britain	100
Abraservice Özel Celik Ltd Si	Turkey	100
Alamentti Oy	Finland	100
BevakningsAB Företagsskydd	Sweden	100
EO Stål AB	Sweden	100
Foncière Saint-Marcel	France	100
Förvaltnings AB Tegelhögen	Sweden	100
G & G Mining Fabrication	Australia	100
Geha Beheer BV	Netherlands	82
Hardox Wearparts Center Gauteng	South Africa	80
Hardox Wearparts Center Stirling Ltd.	Great Britain	100
Kiinteistö Oy Kauhavan Metallitie 4	Finland	100
Linköpings Stål AB	Sweden	100
LLC Ruukki Investment Ukraine	Ukraine	80
LLC Ruukki Ukraine	Ukraine	100
Metform Oy	Finland	100
MS Cité SARL	France	100
Piristeel Oy	Finland	67
Plannja A/S	Norway	100

Name	Office	Ownership %
Plannja A/S	Denmark	100
Plannja Förvaltnings AB	Sweden	100
Plannja Siba AB	Sweden	100
Plannja SP z.o.o	Poland	100
Plannja Steinwalls AB	Sweden	100
Plåtdepån i Borlänge AB	Sweden	100
Presteel Oy	Finland	80
Rannila Üü	Estonia	100
Rautaruukki Üü	Estonia	100
Ruukki Building Components AS	Norway	100
Ruukki Bulgaria EOOD	Bulgaria	100
Ruukki Construction Norge AS	Norway	100
Ruukki Construction Oy	Finland	100
Ruukki CZ s.r.o.	Czech Republic	100
Ruukki d.o.o.	Slovenia	100
Ruukki Engineering Oy	Finland	100
Ruukki Finance B.V.	Netherlands	100
Ruukki Holding AB	Sweden	100
Ruukki Holding B.V.	Netherlands	100
Ruukki Latvia SIA	Latvia	100
Ruukki Metals Trading & Marketing India Private Limited	India	100
Ruukki Polska Sp.zo.o.	Poland	100
Ruukki Products AS	Estonia	100
Ruukki Romania S.R.L.	Romania	100
Ruukki Slovakia s.r.o.	Slovakia	100
Ruukki Sverige AB	Sweden	100
Ruukki UK Ltd	Great Britain	100
SC Plannja SRL, Romania	Romania	100
Smålands Stål AB	Sweden	100

8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %
SSAB Adriatic d.o.o.	Croatia	100
SSAB Alabama Inc.	USA	100
SSAB Argentina SRL	Argentina	100
SSAB Bulgaria Ltd	Bulgaria	100
SSAB Columbia S.A.S.	Colombia	100
SSAB Construction Inc.	USA	100
SSAB Danmark A/S	Denmark	100
SSAB Egypt LLC	Egypt	100
SSAB Enterprises LLC	USA	100
SSAB Europe Oy	Finland	100
SSAB Europe SSC AB	Sweden	100
SSAB Hardox P.R. (SSAB Swedish Steel (Tianjin) Co., Ltd.)	China	100
SSAB Hardox Stahl GmbH	Austria	100
SSAB Holding Danmark A/S	Denmark	100
SSAB Inc	USA	100
SSAB Iowa Inc.	USA	100
SSAB Israel Ltd	Israel	100
SSAB Merox AB	Sweden	100
SSAB Minnesota Inc.	USA	100
SSAB Nordic Steel AB	Sweden	100
SSAB Oxelösund AB Sucursal Del	Peru	100
SSAB Poland Sp.z.o.o., Poland	Poland	100
SSAB Sales Inc.	USA	100
SSAB Saudi Factory LLC	Saudi Arabia	100
SSAB South Africa Pty Ltd	South Africa	100
SSAB Swedish Steel Aceros de Chile Limitada	Chile	100
SSAB Swedish Steel BV	Netherlands	100
SSAB Swedish Steel India CIS	Russia	100
SSAB Swedish Steel (China) Co., Ltd.	China	100
SSAB Swedish Steel Comércio Aço Ltda.	Brazil	100
SSAB Swedish Steel d.o.o.	Serbia	100

Name	Office	Ownership %
SSAB Swedish Steel Eesti OU	Estonia	100
SSAB Swedish Steel FZE	United Arab Emirates	100
SSAB Swedish Steel India PVT Ltd	India	100
SSAB Swedish Steel Indonesia	Indonesia	100
SSAB Swedish Steel Int. Trade (Kunshan) Co	China	100
SSAB Swedish Steel Lda	Portugal	100
SSAB Swedish Steel Lda	Angola	100
SSAB Swedish Steel LLC	Ukraine	99
SSAB Swedish Steel LLC	Uzbekistan	100
SSAB Swedish Steel LLP	Kazakhstan	100
SSAB Swedish Steel Ltd	Canada	100
SSAB Swedish Steel Ltd	Korea	100
SSAB Swedish Steel Ltd. Shanghai	China	100
SSAB Swedish Steel Ltd. UK	Great Britain	100
SSAB Swedish Steel Mepe	Greece	100
SSAB Swedish Steel Pte Ltd.	Singapore	100
SSAB Swedish Steel Pty Ltd.	Australia	100
SSAB Swedish Steel s.r.o.	Czech Republic	100
SSAB Swedish Steel SARL	Morocco	100
SSAB Swedish Steel Sdn Bhd	Malaysia	100
SSAB Swedish Steel SpA	Italy	100
SSAB Swedish Steel SRL	Romania	100
SSAB Swedish Steel Strip Products INT Trade (Kunshan)	China	100
SSAB Swedish Steel Taiwan Ltd.	Taiwan	100
SSAB Swedish Steel (Thailand) Co. Ltd.	Thailand	49
SSAB Swedish Steel Trading Kft	Turkey	100
SSAB Swedish Steel Trading Ltd, Ungern	Hungary	100
SSAB Swedish Steel, Hong Kong	Hong Kong	100
SSAB Swedish Steel, Japan	Japan	100
SSAB Texas Inc.	USA	100

8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %
SSAB Wear Solutions LLC	USA	100
Swedish Steel AB Mexico Sa De CV	Mexico	100
Tappers Stål & Metaller AB	Sweden	100
Tibnor AS	Norway	100
Tibnor AS	Denmark	100
Tibnor Estonia AS	Estonia	100
Tibnor Lanna AB	Sweden	100
Tibnor Latvia SIA	Latvia	100
Tibnor Oy	Finland	100
Tibnor SIA	Latvia	100
UAB Tibnor	Lithuania	100

9 Inventories

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Raw materials, consumables and semi-finished goods	8,084	11,026	-	-
Slabs	1,377	1,583	-	-
Work in progress	763	718	-	-
Stocks of finished goods	7,220	7,064	-	-
Total	17,444	20,391	-	-

SEK 302 (358) million of the inventory value is valued at net realizable value. The share of inventories which is booked as an expense amounts to SEK 61,617 (70,191) million during the period, where SEK 424 (666) million was reported as an expense relating to impairment of inventories.

10 Prepaid expenses and accrued income

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Delivered, non-invoiced goods and services	38	79	-	-
Bonuses, discounts, licenses and similar	59	37	-	-
Prepaid rents	33	26	5	2
Prepaid insurance premiums	45	43	2	0
Derivatives reported in hedge accounting	203	25	195	44
Derivatives not reported in hedge accounting	21	234	24	0
Energy taxes	75	69	-	-
Prepaid bank fees	20	17	20	17
Other prepaid expenses	167	169	8	8
Total	661	699	255	72

11 Other current interest-bearing receivables/Cash and cash equivalents

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Other current interest-bearing receivables				
Restricted funds	818	-	818	-
Other current interest-bearing receivables	77	206	5	-
Total current interest-bearing receivables	896	206	823	-
Cash and cash equivalents				
Cash and bank balances	6,457	3,198	5,130	1,740
Short-term investments (term to maturity of less than three months)	594	393	532	326
Total cash and cash equivalents	7,051	3,591	5,662	2,066
Total	7,946	3,796	6,485	2,066

All short-term investments and current interest-bearing receivables are valued at amortized costs. Short-term investments with terms to maturity of less than three months consist of overnight deposits at banks.

12 Equity

The share capital amounts to SEK 9,063 (9,063) million, divided into 1,029.8 (1,029.8) million shares with a quotient value of SEK 8.80 (8.80) per share. 304.2 (304.2) million of the shares are Class A shares and 725.7 (725.7) million shares are Class B shares. Each Class A share entitles one vote, while each Class B share entitles the holder to one tenth of a vote. No shares are held in treasury by the company or its subsidiaries. The average number of shares was 1,029.8 (1,029.8) million (average number of shares have been adjusted based on the bonus issue element in the rights issue). Other contributed funds amounting to SEK 23,021 (23,021) million and consists of funds paid in by the shareholders in connection with new issues, in excess of the par value of the shares.

Exchange rate differences which arise upon the translation into Swedish kronor of the net investment in foreign subsidiaries are transferred to the translation reserve. The accumulated translation differences amounted to SEK 5,349 (11,595) million. The exchange rate differences in conjunction with the translation of loans or other

financial instruments taken up in order to hedge the exchange rate of net assets in foreign subsidiaries are transferred to the reserve for hedge of foreign operations. The accumulated translation differences amounted to SEK -4,038 (-4,609) million. Exchange rate differences in conjunction with cash flow hedge of significant sales in foreign currency as well as hedge of interest rates from variable to fixed rate are transferred to the reserve for cash flow hedge. The accumulated translation differences amounted to SEK -62 (43) million. The proposed dividend for 2020 amounts to SEK 0.00 (0.00) per share.

Numbers of shares/share capital	Group	
	2020	2019
Numbers of shares in million	1,029.8	1,029.8
Share capital in SEK million	9,063	9,063

Group	2020				2019			
	Reserve for hedge of foreign operations	Reserve for cash flow hedges	Translation reserve	Total reserves	Reserve for hedge of foreign operations	Reserve for cash flow hedges	Translation reserve	Total reserves
SEK millions								
Reserves, January 1	-4,609	43	11,595	7,028	-4,205	318	9,602	5,715
Translation differences during the period	-	-	-6,246	-6,246	-	-	1,992	1,992
Fair value changes during the period	778	-370	-	408	-287	-8	-	-295
Tax related to fair value changes during the period	-207	75	-	-132	61	2	-	63
Transferred to the income statement	-	239	-	239	-	-231	-	-231
Tax related to transferred to the income statement	-	-49	-	-49	-	47	-	47
Transferred within Other comprehensive income	-	-	-	-	-	-88	-	-88
Transferred from Reserves to Balance sheet	-	-	-	-	-178	-	-	-178
Reserves, December 31	-4,038	-62	5,349	1,247	-4,609	43	11,595	7,028

13 Pensions

The Group's employees, former employees and their survivors may be covered by defined contribution and defined benefit plans relating to post-employment benefits. The defined benefit plans cover retirement pension and survivors' pensions. For the defined contributions plans, continuous payments to authority and to independent bodies is done and therefor they take over the obligations towards the employees.

The obligation reported in the balance sheet is derived from the defined benefit plans.

Within the Group, there are both defined contribution and defined benefit pension plans. For defined contribution plans and for pension plans for salaried employees in Sweden who are subscribed to Alecta, the premiums are reported as the year's expense for the past period. The Group's major pension plans are Rautaruukki's Finnish pension scheme (A-säätiö), Finnish defined benefit plans and the Norwegian pension scheme (CCB Pensjonskasse) but there are also smaller pension plans in Sweden and in the US.

Actuarial gains / losses for defined benefit plans are reported in Other comprehensive income. The actuarial gains on pension liabilities net have arisen mainly due to higher return on plan assets, offset by lower discount rates.

The plans are covered by a re-insured provision in the balance sheet and by pension benefit plans and funds. The calculations are based on the Projected Unit Credit Method using the assumptions shown in the table on p. 205. The method distributes the cost of pensions as employees perform services that increase their entitlement to future benefits.

The obligation is calculated by independent actuaries and is the present value of the expected future payments.

SSAB's forecast payment of pensions in relation to defined benefit plans, both funded and unfunded, amounts to SEK 27 million for 2021.

Sweden

Labourers are included in the SAF / LO plan which is a defined contribution pension plan based on collective agreements and that include several employers within several branches. White-collar workers are included in the ITP plan, which also is based on collective agreements and comprises several employers within several branches. The ITP plan has two parts, the ITP1, a defined contribution pension plan which is valid for employees born 1979 or later, as well as ITP2, a defined contribution pension plan which is valid for employees born before 1979. The major part of the ITP2 plan is managed by SSAB within the FPG / PRI system. Financing takes place through a provision which is safeguarded by a credit insurance in Försäkringsbolaget PRI Pension guarantee. One part of the ITP2 plan is safeguarded through an insurance within Alecta. In SSAB AB, there is in excess of above obligations other defined benefit obligations applied to individual pension agreements to earlier employees and pensions to senior executives.

Some of the white-collar workers in Sweden are safeguarded by the ITP2 plan defined benefit pension obligations for age- and family pension (alternative family pension) through an insurance by Alecta. According to a statement from Swedish Financial Reporting Board, UFR 10 the classification for ITP plans, which is financed by insurance by Alecta, this is a defined benefit that comprises several employers. For the financial year 2020 (as in 2019) the company did not have access to all information to be able to disclose their proportional share of the obligation of the plan, the plan assets and the cost of administration, which means that it has not been possible to account for the plans as a defined benefit plan. The pension plan ITP2 which is safeguarded through an insurance by Alecta is therefore accounted as a defined contribution plan. The premium for the defined benefit age- and family pension is individual and calculated based on salary, earlier earned pension and expected remaining period of service. The expected fee for the next reporting period for ITP2 insurances that are with Alecta amount to SEK 52 million.

The collective consolidation level consists of the market value of the assets in Alecta, in percent of insurance obligations calculated in accordance with the insurance technical methods and assumptions by Alecta, which do not correspond with IAS 19. The collective consolidation level shall normally be allowed to vary between 125 and 155 percent. If the collective consolidation level in Alecta is below 125 percent or exceeds 155 percent, action shall be taken in order to make assumptions so the consolidation level will revert to the normal interval. At a low consolidation level, one action can be to increase the agreed fee for new take out and/or increase of existing benefits. At a high consolidation level, one action can be to implement premium reductions. At the end of the year, Alecta's surplus, in the form of a collective consolidation level, was 148 (148) percent.

13 Pensions cont.

The total pension expenses are broken down as follows:

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Fees for contribution-based plans	711	784	19	17
Fees for pension insurance policies with Alecta	116	108	13	12
Pension expenses, benefit-based plans	20	18	-1	0
Special employer's contributions	82	86	9	9
Other	2	-1	-	-
Total pension expenses	932	995	40	38

Following provisions for pension obligations have been made in the balance sheet:

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Funded pension obligations	1,255	1,327	-	-
Fair value of plan assets	-1,204	-1,294	-	-
Pension obligations less plan assets	51	33	-	-
Unfunded pension obligations	380	399	2	2
Pension obligations, net	430	432	2	2

Changes in benefit-based obligations during the year:

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Pension obligations, January 1	1,725	1,624	2	3
Benefits earned during the year	36	43	0	0
Actuarial gains/losses	71	114	-	-
Interest expenses	20	33	0	0
Paid benefits	-124	-129	-1	-1
Curtailments and settlements	0	-3	0	-
Translation differences	-98	43	-	-
Pension obligations, December 31	1,630	1,725	2	2

Changes in the value of the plan assets during the year:

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Plan assets, January 1	1,292	1,270	-	-
Actuarial gains/losses	33	65	-	-
Return during the year	15	12	-	-
Fees from employer	41	35	-	-
Paid benefits	-103	-97	-	-
Curtailments and settlements	-6	-23	-	-
Translation differences	-72	30	-	-
Plan assets, December 31	1,200	1,292	-	-
Pension obligations, net	430	432	2	2

13 Pensions cont.

Net pension obligations in balance sheet	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Pensions provisions	492	514	2	2
Long-term receivables	61	81	-	-
Pension obligations, net	430	432	2	2

Pensions obligations by country, December 31

SEK millions	2020						2019					
	Finland	Norway	USA	Sweden	Other	Total	Finland	Norway	USA	Sweden	Other	Total
Funded pension obligations	917	233	101	4	0	1,255	989	236	98	3	0	1,327
Fair value of plan assets	838	294	71	2	0	1,204	906	318	70	1	0	1,295
Pension obligations less plan assets	79	-61	30	2	0	51	83	-82	28	2	0	33
Unfunded pension obligations	123	15	124	30	86	380	134	16	131	35	83	399
Pension obligations by country, net	203	-46	155	32	86	430	217	-66	159	37	83	432

Specification of plan assets

Distribution, %	2020	2019
Equity instruments	17.9	16.2
Bonds	49.3	42.6
Real estate	10.2	11.3
Cash	2.3	0.8
Investments funds	18.4	26.4
Other	1.9	2.7
Total	100.0	100.0

Exposure to the most significant risks in defined benefit plans

Asset volatility

A large part of the plan's assets is invested in bonds that over time should give less volatility and be less risky than equities.

Discount rate

Defined benefit pension obligations have been calculated using a discount rate based on the interest rate on first-class corporate bonds. A decrease in the bond loan interest rate increases pension liabilities, although this is partly offset by an increase in the value of plan assets.

Inflation risk

Pension liabilities are subject to inflation and an increase in inflation increases pension liabilities.

13 Pensions cont.

The main actuarial assumptions used (in %) are as follows:

%	2020				2019			
	Finland	Norway	USA	Sweden	Finland	Norway	USA	Sweden
Discount rate	0.3	1.3	2.6	0.2	0.7	2.2	3.2	0.6
Inflation	1.2	2.0	2.0	2.0	1.2	3.0	2.0	2.0
Future salary growth	1.8	2.8	3.4	2.0	1.6	3.0	3.4	2.0
Pension increase rate	1.4	0.0	1.8	3.0	1.5	0.5	1.9	3.0
Expected remaining service period (year)	3	9	7	0	4	9	7	1
Life expectancy	Finland: Gompertz' model, with Finnish TyEL parameters 2015 Norway: FNH2013 USA: 100% of CPM 2014 Private Sector Table with Projection Scale CPM-B/PRI2012/MP2020 Sweden: DUS14				Finland: Gompertz' model, with Finnish TyEL parameters 2015 Norway: FNH2013 USA: 100% of CPM 2014 Private Sector Table with Projection Scale CPM-B/PRI2012/MP2020 Sweden: DUS14			
Duration	12	15	19	4	12	17	19	4

Sensitivity analysis impact on the benefit-based obligations, 2020 (+increase/-decrease), per country

Significant actuarial assumptions

SEK millions	2020				
	Finland	Norway	USA	Sweden	Total
Discount rate, +0,5 %	-47.9	-14.5	-23.0	-0.1	-85.4
Discount rate, -0,5 %	53.4	16.0	26.3	0.1	95.8
Life expectancy, +1 year	27.2	7.0	4.2	0.4	38.7

A sensitivity analysis has been done on above actuarial changes since the Group considers that the changes can have a major impact on the benefit obligation. Furthermore, it is likely that changes to the assumptions occurs. Estimations have been done by analyzing every change separately. If there should be any relation between the assumptions, the estimations have not taken this into consideration. The assumptions of a decrease in life expectancy is seen as limited and therefore it has not been estimated in the sensitivity analysis.

14 Deferred tax liabilities and tax receivables

Deferred tax on retained earnings in subsidiaries and affiliated companies is not taken into consideration. To the extent profits are transferred to the Parent Company, such a transfer is normally exempt from taxation. To the extent such a transfer is not exempt from taxation, the Parent Company determines the date of such transfer and such transfer will not take place within the foreseeable future.

Changes in deferred tax (receivables +/liabilities -), Group

SEK millions	2020							2019						
	Accelerated depreciation of fixed assets	Unused tax losses	Pension provisions	Long-term deferred income	Deferred tax on surplus values	Other	Total	Accelerated depreciation of fixed assets	Unused tax losses	Pension provisions	Long-term deferred income	Deferred tax on surplus values	Other	Total
Opening balance, January 1	1,553	259	111	106	-325	1,075	-327	-1,607	8	81	125	-407	1,263	-537
Changes against earnings	-115	80	46	3	69	355	438	61	173	-14	-47	142	19	335
Changes against other comprehensive income	-	-	2	-	-	-181	-179	-	-	5	-	-	-61	-56
Changes against investment grant	-	-	-	-70	-	-	-70	-	-	-	23	-	-	23
Increase due to acquisition of shares/operations	-	-	-	-	-2	-	-2	-	-	-	-	-47	-	-47
Decrease due to disposal of shares/operations	-	-	-	-	7	-	7	-	-	-	-	-	-	-
Translation difference	112	-9	-8	-6	21	-120	-10	-8	78	38	5	-13	-146	-45
Closing balance, December 31, net	-1,556	329	151	33	-230	1,128	-143	-1,553	259	111	106	-325	1,075	-327

14 Deferred tax liabilities and tax receivables cont.

A deferred tax receivable due to losses carried forward is recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses. The Group did not recognize deferred tax receivables on losses carried forward in the amount of SEK 1,433 (2,679) million. SEK 107 (132) million of these will expire within 12 months.

Deferred tax receivables and liabilities are distributed as follows:

Deferred taxes SEK millions	Group	
	2020	2019
Deferred tax liabilities		
• due within 12 months	91	177
• due after more than 12 months	142	76
Total	233	254
Deferred tax liabilities		
• due within 12 months	-	0
• due after more than 12 months	-376	-581
Total	-376	-581
Deferred tax, net	-143	-327

Changes in deferred tax (receivables +/liabilities -), Parent Company

SEK millions	2020				2019			
	Unused tax losses	Pension provisions	Other	Total	Unused tax losses	Pension provisions	Other	Total
Opening balance, January 1	-	26	67	93	-	26	7	33
Change previous year	-	-	30	30	-	-	-	-
Changes against earnings	-	1	-45	-45	-	-	60	60
Changes against other comprehensive income	-	-	1	1	-	-	-	-
Closing balance, December 31	-	27	53	80	-	26	67	93

15 Other provisions

Group															
SEK millions	2020							2019							Total
	Restructuring provision	Warranties provision	Environmental provision	Personnel-related provisions	Calculated result from assets held for sale	Other provisions	Total	Restructuring provision	Warranties provision	Environmental provision	Personnel-related provisions	Calculated result from assets held for sale	Other provisions	Total	
Opening balance, January 1	27	43	38	96	132	21	357	11	53	36	107	-	41	248	
Additional provisions	27	3	5	50	-	5	90	27	4	5	35	132	4	207	
Utilized during the year	-26	-3	-	-35	-132	-10	-206	-16	-11	-1	-66	-	-20	-114	
Reclassification	-	-2	-	-	-	-5	-7	4	-4	-3	17	-	-2	12	
Translation difference	-3	-1	-2	-6	-	-1	-13	1	1	1	3	-	-2	4	
Closing balance, December 31	25	40	42	105	0	11	222	27	43	38	96	132	21	357	

of which reported as:

	2020	2019
• Other long-term provisions	166	151
• Short-term provisions	56	205
Total	222	357

Parent Company

SEK millions	2020		2019	
	Personnel-related provisions	Total	Personnel-related provisions	Total
Opening balance, January 1	44	44	47	47
Additional provisions	36	36	9	9
Utilized during the year	-30	-30	-12	-12
Closing balance, December 31	50	50	44	44

of which reported as:

	2020	2019
• Other long-term provisions	43	33
• Short-term provisions	7	11
Total	50	44

16 Interest-bearing liabilities

Long-term interest-bearing liabilities	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Capital market debt ¹⁾	7,982	8,518	6,123	6,404
Bank loans ²⁾	1,681	2,923	1,308	2,325
Other	1	15	-	-
Total	9,663	11,456	7,432	8,729
Less amortization 2021 vs. 2020	-632	-1,603	-491	-1,395
Total	9,031	9,853	6,941	7,334

¹⁾ For information, see Specification of capital market debt in the adjacent table

²⁾ For description, see Specification of bank loans in the adjacent table

Issued/matures	Interest rate (nominal), %	Group		Parent Company	
Outstanding interest-bearing liabilities					
SEK millions		2020	2019	2020	2019
Specification of capital market debt					
Fixed interest					
2019 - 2024 SEK	2.75	596	598	596	598
2015 - 2025 USD	3.47	67	91	-	-
2009 - 2023 EUR	2.87	1,502	1,555	1,502	1,555
Total capital market debt (fixed interest)		2,165	2,244	2,098	2,153
Variable interest					
2017 - 2024 SEK	Stibor + 2.70 - 3.40	2,394	2,395	2,394	2,395
2010 - 2040 USD	0.12 - 0.18	3,424	3,879	1,632	1,856
Total capital market debt (variable interest)		5,818	6,274	4,025	4,250
Specification of bank loans					
Fixed interest					
2009 - 2023 EUR	2.9 - 3.57	372	537	-	-
Total bank loans, fixed interest		372	537	-	-
Variable interest					
2008 - 2022 USD	Libor + 1.30 - 3.30	1,308	2,325	1,308	2,325
2013 - 2020 EUR	Euribor + 1.68	-	61	-	-
Total bank loans, variable interest		1,308	2,386	1,308	2,325
Total		9,663	11,456	7,432	8,729

16 Interest-bearing liabilities cont.

Repayment of long-term interest-bearing liabilities

SEK millions	2020						2019					
	within 1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	More than 5 years	within 1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	More than 5 years
Group	632	1,982	1,568	1,996	66	3,419	1,630	149	2,076	1,630	1,995	3,977
Parent Company	491	1,816	1,497	1,996	-	1,632	1,395	-	1,928	1,555	1,995	1,856

The Group's exposure, regarding long-term interest-bearing liabilities, to changes in interest rates and contractual dates for interest rate renegotiation was as follows:

Amount falling due for interest rate renegotiation

SEK millions	2020						2019					
	within 1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	More than 5 years	within 1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	More than 5 years
Group	1,810	1,959	1,568	1,996	-	1,698	3,651	150	2,076	1,630	1,996	1,953
Parent Company	-	1,816	1,497	1,996	-	1,632	1,395	-	1,928	1,555	1,995	1,856

Reported amounts, per currency, for the Group's borrowing are set forth in [Note 29](#).

Short-term interest-bearing liabilities

SEK millions	Group		Parent Company	
	2020	2019	2020	2019
Current part of long-term liabilities	632	1,603	491	1,395
Commercial paper	2,297	812	2,297	812
Overdraft facility	4	8	-	-
Other short-term interest-bearing liabilities	3,027	333	3,009	7
Total	5,960	2,756	5,797	2,214

Loan debts are valued at the amortized cost. The majority of the loans in foreign currency are used as hedges for the net investment in SSAB Americas and in Rautaruukki and thus have not been hedged.

17 Long-term non-interest-bearing liabilities

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Investment grant (Alabama tax credit)	42	118	-	-
Other long-term employee benefits	190	186	-	-
Long-term derivatives, not hedge accounted	0	5	11	4
Long-term derivatives, hedge accounted	55	5	31	5
Other items	29	6	24	-
Total	316	320	65	10

18 Accrued expenses and deferred income

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Accrued personnel expenses	1,685	1,843	45	56
Non-invoiced goods and services received	344	494	-	-
Accrued interest expenses	42	88	39	68
Accrued discounts, bonuses and complaints	231	159	-	-
Derivatives reported in hedge accounting	61	9	29	8
Derivatives not reported in hedge accounting	744	249	416	234
Energy taxes	6	3	-	-
Other items	198	192	4	3
Total	3,311	3,036	533	370

19 Net debt

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Interest-bearing assets				
Cash and cash equivalents	6,457	3,198	5,130	1,740
Short-term investments	594	393	532	326
Interest-bearing receivables from subsidiaries	-	-	15,285	15,228
Plan assets, pensions	61	81	-	-
Long-term receivables	83	116	-	-
Other interest-bearing receivables ¹⁾	1,094	401	1,021	4
Total	8,289	4,189	21,969	17,298
Interest-bearing liabilities				
Short-term interest-bearing liabilities	5,960	2,756	5,787	2,207
Long-term interest-bearing liabilities	9,031	9,853	6,941	7,334
Leasing liability	2,453	2,629	-	-
Pension provisions	492	514	2	2
Liabilities to subsidiaries	-	-	11,143	10,388
Other liabilities	633	133	294	126
Total	18,567	15,885	24,167	20,057
Total net debt	10,278	11,696	2,199	2,759

¹⁾ In Other interest-bearing receivables restricted funds are included with an amount of SEK 818 million, in 2019 these were included in the item Cash and bank with an amount of SEK 930 million.

For definitions of Net debt, see [Note 33](#).

20 Average number of employees and gender breakdown

Group	Number of employees		Women, %	
Parent Company	2020	2019	2020	2019
Sweden	81	81	57	47
Total, Parent Company	81	81	57	47
Subsidiaries				
Sweden	6,190	6,650	21	19
Finland	5,004	5,387	16	13
USA	1,320	1,316	12	13
Russia	58	61	62	52
Poland	703	776	28	22
Norway	155	167	21	19
Estonia	170	162	24	23
Lithuania	61	147	18	12
Canada	105	115	17	17
China	91	98	32	31
Ukraine	80	79	20	18
South Africa	60	57	20	16
Czech Republic	58	66	34	33
Italy	68	50	25	28
Germany	88	51	24	29
Great Britain	69	44	25	27
Denmark	139	133	25	28
Netherlands	103	38	22	24
Brazil	30	37	33	24
Australia	73	12	12	33
Chile	29	35	17	17
Latvia	36	35	17	11
France	107	30	25	37
Spain	52	33	17	12
Other < 20 employees	191	216	34	32
Total, subsidiaries	15,040	15,748	19	17
Total, Group	15,121	15,829	17	17

The average number of employees is calculated as an average of the total number of employees at the end of each quarter during the year. Women accounted for 21% (27%) of the members of all Board of Directors in the Group, while the figure for the Board of Directors of the Parent Company was 36% (38%). The percentage of women in the management groups (including Presidents) in the Group was 28% (21%). The Group Executive Committee comprises eight men and three women.

21 Leasing

Group

In the balance sheet, the following amounts are reported related to IFRS 16:

Right-of-use assets

SEK millions	2020						2019					
	Buildings	Land and land improvements	Machinery	Equipment, tools, fixtures and fittings	Vehicles	Total	Buildings	Land and land improvements	Machinery	Equipment, tools, fixtures and fittings	Vehicles	Total
Book value, January 1	1,592	16	576	43	317	2,545	1,480	17	413	58	477	2,445
Book value, December 31	1,327	14	450	33	519	2,344	1,592	16	576	43	317	2,545
Additions Right-of-use assets during the year	92	0	69	10	390	560	293	1	9	1	104	408
Depreciation for the year, Right-of-use assets	-274	-2	-150	-20	-207	-653	-332	-2	-168	-21	-211	-734

The table below is a maturity analysis of the lease liabilities, undiscounted amounts:

Leasing liability as of December 31

SEK millions	2020	2019
Short-term part of leasing liability	652	604
Long-term part of leasing liability	1,801	2,025
Total	2,453	2,629

Maturity analysis

SEK millions	2020	2019
Within one year	672	663
Year two	579	561
Year three	401	499
Year four	331	337
Year five	280	276
Year six and later	756	967
Total	3,020	3,303

21 Leasing cont.

In the Income statement, following amounts are related to leasing:

SEK millions	2020	2019
Expense for low value leases	36	29
Expense for variable leasing fees, not included in the lease liability	146	151
Depreciations for the year	663	733
Interest rate expense	130	128
Total	975	1,041

Total cash outflow for lease agreements during the year amounts to SEK 744 (818) million.

Parent Company

The Parent Company has one material lease which is a rental agreement for office space. Revenue related to sublet of leases amounts to SEK 3 (2) million.

SEK millions	2020	2019
Minimum leasing payments, operational leasing	24	24

Table below is a maturity analysis of the lease liabilities, undiscounted amounts:

SEK millions	2020	2019
Within one year	19	19
Year two	18	19
Year three	18	18
Year four	18	18
Year five	10	18
Year six and later	-	10
Total	83	102

22 Pledged assets

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Real property mortgages	60	62	-	-
Restricted funds ¹⁾	818	0	818	0
Total	878	62	818	0

¹⁾ In 2019, restricted funds are included in cash and cash equivalents

23 Contingent liabilities

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Contingent liabilities regarding subsidiaries' obligations ¹⁾	648	784	2,497	2,806
Other contingent liabilities ²⁾	1,690	1,647	698	455
Total	2,338	2,432	3,195	3,261

¹⁾ The Group's contingent liabilities for subsidiaries' obligations are primarily related to bank guarantees and performance guarantees. Of the Parent Company, SEK 1,844 (2,097) million relates to guarantees for subsidiaries' loan.

²⁾ The Group's Other contingent liabilities consist mainly of guarantees on liabilities of associated companies for which the Group has individual responsibility, forward contracts for emission rights as well as unrecognized pension obligations. Other contingent liabilities for the Parent Company consist primarily of forward contracts for emission rights and unrecognized pension obligations.

Conditions not reported as contingent liability

The Group is involved in a very limited number of legal disputes concerning insurance and warranty matters, as well as complaints. The anticipated outcome of these cases has been taken into consideration in the accounting.

24 Appropriations

	Parent Company	
SEK millions	2020	2019
Group contribution, received	-	218
Group contribution, given	-312	-
Total	-312	218

25 Acquisitions of shares and operations

No acquisitions occurred during 2020. During 2019, SSAB EMEA AB acquired 100% of the shares in Abraservice Holding SAS. The purchase price allocation was finalized during 2020 and is presented in the tables below.

In addition, Ruukki Construction acquired a 67% holding in Piristeel Oy, the purchase price amounted to SEK 176 million and fair value of the acquired net assets amounted to SEK 96 million. Tibnor acquired the steel distribution business of Sanistål A/S, Denmark's second largest steel distributor. The purchase price amounted to SEK 518 million. The two acquisitions affected the Group's cash and cash equivalents with SEK -657 million.

Final purchase price allocation, the acquisition of Abraservice Holding SAS

Final purchase price allocation

SEK millions	Preliminary	Final
Purchase price	401	401
Fair value for the acquired net assets	-356	-347
Total goodwill	45	54

Assets and liabilities at the time of the acquisition

SEK millions	Acquired book value	Preliminary fair value	Final fair value
Intangible assets	-	141	89
Tangible fixed assets	129	129	167
Other fixed assets	7	7	7
Inventory	194	194	194
Other current assets	185	185	185
Long-term liabilities	-68	-115	-110
Short-term liabilities	-185	-185	-185
Total net assets at the time of the acquisition	262	356	347

Change in the Group's cash and cash equivalents at the time of the acquisition

SEK millions	
Purchase price paid	-401
Cash and cash equivalents in the acquired company	46
Total	-355

26 Divested shares and operations

The divestment of Ruukki Construction's project business, Building Systems was completed during 2020. During 2019, related assets and liabilities was classified as Assets and Liabilities held for sale. The divestment contributed with a positive cash flow of SEK 144 million and a gain of SEK 20 million.

During 2019, SSAB divested the participation in the affiliated company, Helens Rör, and the shares in the Norwegian subsidiary, Ringeriksveien 191C AS. The divestments generated a positive cash flow effect of SEK 118 million and a gain of SEK 25 million.

Value of divested assets and liabilities – Building Systems

SEK millions	2020
Fixed assets (Note 6, 7)	265
Current asset	485
Liabilities	-472
Total divested net assets ¹⁾	278
Accumulated exchange rate difference at date of the divesture	-20
Total divested net assets, excluding exchange rate difference	258
Reported gain/loss	-112
of which reported in prior year	-132
Reported gain/loss in the consolidated statement of profit and loss	20
of which transaction costs	-7
Cash and cash equivalents in the divested companies	-2
Net received payment and impact on the Group's cash and cash equivalents	144

¹⁾ Of the net assets, SEK 664 million was reported as Assets held for sale and SEK 371 million as Liabilities held for sale in the balance sheet on December 31, 2019.

Parent Company

No divestments occurred in 2020. During 2019, the shares in the subsidiary, Ringeriksveien 191C AS, was divested.

Result of the divestment

SEK millions	2019
Investment in Ringeriksveien 191C AS	0
Sales proceeds	42
Transaction costs	0
Total gain	42
Net, sales proceeds and impact on the cash and cash equivalents	42

27 Change in liabilities from financial activities

Group

SEK millions	2020				2019				
	Interest-bearing liabilities	Leasing	Other	Total	Interest-bearing liabilities	Financial leasing	Leasing ¹⁾	Other	Total
Opening balance, January 1	12,609	2,629	133	15,371	12,685	531	-	62	13,278
Changed accounting principles	-	-	-	-	-	-531	2,476	-	1,945
Adjusted opening balance, January 1	12,609	2,629	133	15,371	12,685	-	2,476	62	15,223
Cash flows	3,301	-614	549	3,236	-662	-	-690	-228	-1,580
Non-cash flow items									
Change leasing agreements	-	428	-	428	-	-	844	-	844
Revaluations	-919	10	-49	-958	588	-	-1	299	886
Closing balance, December 31	14,991	2,453	633	18,077	12,611	-	2,629	133	15,372

¹⁾ The Group has adjusted the opening balance, January 1, 2019 regarding IFRS 16, Leasing.

Parent Company

SEK millions	2020				2019			
	Interest-bearing liabilities	Liabilities to subsidiaries	Other	Total	Interest-bearing liabilities	Liabilities to subsidiaries	Other	Total
Opening balance, January 1	9,541	10,388	126	20,055	9,762	11,403	57	21,222
Cash flows	3,659	1,234	-10	4,883	-506	-7,628	-7	-8,414
Non-cash flow items								
Revaluations	-471	-479	178	-772	285	6,613	76	6,974
Closing balance, December 31	12,729	11,143	294	24,166	9,541	10,387	126	20,054

28 Business segments

The Group Executive Committee has established the business segments based on the information used for making strategic decisions. SSAB's overriding strategy is that SSAB will be a global leader within high-strength steels, the leading supplier on its domestic markets, and the leader within added value services. The key features of SSAB's strategic plan of action are based on creating a flexible business, a superior customer experience, and a high-performing organization. The Group is organized into five reportable business segments designated as divisions, with a clear profit responsibility. The business segments consist of the three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, as well as the fully owned subsidiaries: Tibnor and Ruukki Construction.

Segment information provided is as follows:

Revenue and results per business segment	Total revenue		of which internal sales		Operating profit/loss	
SEK millions	2020	2019	2020	2019	2020	2019
Business segment:						
SSAB Special Steels	16,143	18,495	437	557	1,506	1,454
SSAB Europe	27,954	31,730	5,031	5,915	-1,113	-677
SSAB Americas	13,266	17,460	108	198	-293	2,128
Tibnor	8,241	9,149	120	150	96	30
Ruukki Construction	5,516	6,510	26	40	314	283
Other	-	-	-	-	-489	-233
Depreciation/amortization on surplus values ¹⁾	-	-	-	-	-346	-827
Items affecting comparability ²⁾	-	-	-	-	-	-197
Group adjustments	-5,722	-6,859	-5,722	-6,859	-	-
Total	65,396	76,485	-	-	-325	1,961

¹⁾ Depreciation and amortization on surplus values for 2020 is related to SSAB Special Steels with SEK 0 (0) million, in SSAB Europe with SEK -243 (-244) million, in SSAB Americas with SEK -79 (-564) million, in Tibnor with SEK -25 (-25) million, in Ruukki Construction with SEK 3 (10) million and in Other with SEK -3 (-3) million.

²⁾ No items affecting comparability during 2020. During 2019, items affecting comparability was related to Tibnor SEK -52 million and Other -145 million.

Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective Boards and act at arm's length in relation to SSAB. For more information about each business segment, see p. 138. In addition, there are other business segments that are not reportable since they do not reach the threshold values set forth in IFRS 8 and they are not monitored separately by the Group Executive Committee. They are included in "Other".

Segment reporting takes place in a manner which corresponds to the internal reporting provided to the Group Executive Committee. The Group Executive Committee is the highest executive decision-maker responsible for the allocation of resources, assessment of the business segments' results, and making strategic decisions.

Balance and cash flow information per business segment	Depreciation and amortization		Maintenance expenditures		Strategic expenditures	
SEK millions	2020	2019	2020	2019	2020	2019
Business segment:						
SSAB Special Steels	619	627	347	435	111	66
SSAB Europe	1,667	1,622	1,049	1,066	230	518
SSAB Americas	708	724	115	283	189	363
Tibnor	144	176	47	60	7	47
Ruukki Construction	170	183	43	72	45	41
Other	34	58	21	-40	-	-
Depreciation/amortization on surplus values ¹⁾	346	827	-	-	-	-
Total	3,689	4,216	1,622	1,875	582	1,035

28 Business segments cont.

Geographical areas

The manufacture of the Group's steel products take place almost exclusively in Sweden, Finland and the United States. For disclosure of revenue per country/geographical area, see [Note 1](#).

The table below shows the reported value of tangible and intangible fixed assets and capital expenditures broken down by geographic areas according to the location of the assets.

Fixed assets and capital expenditures per country/region	Intangible/tangible fixed assets and Right-of-use assets				Capital expenditures in plant and machinery			
	2020	%	2019	%	2020	%	2019	%
SEK millions								
Sweden	8,803	17	8,631	15	1,019	46	1,055	36
Finland	14,491	27	15,646	27	761	35	1,072	36
Denmark	201	0	286	0	11	1	7	0
France	223	0	383	1	2	0	1	0
Poland	355	1	397	1	17	1	17	1
Rest of EU-27	324	1	374	1	55	3	51	2
Norway	282	1	330	1	2	0	42	1
USA	28,088	53	32,389	55	311	14	646	22
Canada	106	0	187	0	3	0	16	1
China	199	0	236	0	2	0	1	0
Rest of the world ¹⁾	190	0	180	0	21	1	32	1
Total	53,262	100	59,039	100	2,204	100	2,939	100

¹⁾ In 2020, Great Britain is included in Rest of the world. In 2019, it is included in Rest of EU-27.

29 Financial risk management

Financial risk management is governed by the Group's Directive of Financial Risk Management. Most financial transactions take place through the Parent Company's finance function in Stockholm and through SSAB Finance Ireland in Ireland. For a detailed description of the Group's financial risks, see p. [156](#).

Refinancing risks (liquidity risks)

At year-end, long-term borrowing amounted to SEK 9,031 (9,853) million. Borrowing takes place primarily through the bank market and through existing note programs. For long-term borrowing up to ten years, a European Medium Term Note program (EMTN) is used, while Swedish and Finnish commercial paper programs are used for borrowing for short terms (< 1 year). The program limit of the EMTN program is EUR 2,000 million, while the Swedish commercial paper program has a limit of SEK 5,000 million and the Finnish commercial paper program has a limit of EUR 500 million.

At year-end, long-term borrowing within the EMTN program amounted to SEK 4,505 (4,567) million, while borrowing within the Swedish commercial paper program amounted to SEK 1,365 (500) million and borrowing within the Finnish commercial paper program amounted to EUR 93 (30) million.

At year-end, the Group's liquidity buffer, consisting of cash and cash equivalents, short-term investments and non-utilized binding credit facilities, amounted to SEK 21,522 (10,318) million, equal to 33% (13%) of revenue.

To the extent surplus liquidity arises, the first priority is to repay loans. If that is not possible, the funds are invested in government securities or deposited with approved banks.

The total loan portfolio at year-end was SEK 14,991 (12,609) million, with an average term to maturity of 4.7 (7.1) years. The maturity structure during the coming years is presented in [Note 16](#).

The contractual payments on the outstanding loan debt, including interest payments and derivative instruments, are shown in the following table:

December 31, 2020

SEK millions	Book value	Contractual cash flow	2021	2022	2023	2024	2025	Later
Loans								
Capital market loans	7,982	8,439	151	1,119	1,600	2,036	71	3,462
Bank loans	1,681	1,716	668	976	73	-	-	-
Other	5,328	5,339	5,339	-	-	-	-	-
Total, loans	14,991	15,494	6,157	2,095	1,672	2,036	71	3,462
Accounts payable	11,068	11,068	11,068	-	-	-	-	-
Derivatives, outflow	860	860	805	26	12	12	5	-
Derivatives, inflow	227	227	224	2	1	0	0	-
Total, including accounts payable and derivatives	26,692	27,195	17,807	2,118	1,683	2,048	76	3,462

Interest flows are calculated based on interest rates and exchange rates at year-end. For contractual cash flows relating to leasing agreements, see [Note 21](#).

29 Financial risk management cont.

Market risks

Market risks are the risk of changes in market prices, such as interest rates and exchange rates, which can affect the Group's earnings or financial position.

Interest rate risk

At year-end, the total interest-bearing loan amounted to SEK 14,991 (12,609) million, of which SEK 6,523 (4,796) million carry is fixed interest or is swapped to fixed interest. Including the interest rate swaps, the average fixed interest term was 0.9 (1.1) years. Given the same net debt as at the end of the year, including interest hedging, a change in market interest rates of 100 basis points (1 percentage point), would change earnings after tax by approximately SEK 48 (37) million. Loans which are subject to rate negotiation in the coming years are shown in [Note 16](#).

At year-end, the value of interest rate swaps converting floating to fixed interest (entered into to secure cash flow in conjunction with interest payments) was SEK -9 (-4) million, which is reported in Other comprehensive income. No inefficiency was identified during the year.

The Group's interest-bearing assets amounted to SEK 8,289 (4,189) million and consisted almost exclusively of cash and cash equivalents at variable interest rates.

Currency risk

According to the finance policy, currency hedging takes place mainly to minimize the translation risk associated with the impact of changes in exchange rates on the net debt/equity ratio. Reported accounts payable and receivables in major currencies (currently EUR, USD and GBP) are hedged in order to minimize the effect of exchange rates to the Group's income statement.

Major investments and projects decided upon in foreign currency are hedged in their entirety. Other commercial currency flows that arise in connection with purchases and sales in foreign currency are short-term in nature and thus no hedging takes place. Instead, they are exchanged on the spot market.

The Group had a total net inflow of foreign currency. The net foreign currency inflow in 2020 was SEK -0.5 (3.7) billion. The Group's most important currency flows are shown in the diagram on p. [157](#).

A five percentage point devaluation including hedges of the Swedish krona against the Group's two most important currencies, USD and EUR, would have a negative impact on earnings after tax of approximately SEK -30 (-130) million with respect to USD and a positive impact of just over SEK 13 (145) million with respect to EUR. Additionally, Equity would be positively affected by the translation effect of foreign subsidiaries, net of equity hedges, with about SEK 1,886 (2,285) million.

In 2020, net exchange rate differences were reported in the amount of SEK -112 (-176) million in operating profit and SEK 10 (3) million in financial items.

As per December 31, the breakdown per currency of account receivables, other current receivables and derivative instruments was as follows:

Breakdown per currency	Group		Parent Company	
SEK millions	2020	2019	2020	2019
SEK	1,133	1,165	10	16
USD	1,867	1,793	188	26
EUR	2,631	2,740	26	3
Other currencies	1,883	2,007	6	12
Total	7,513	7,705	230	58
Of which:				
Accounts receivable	6,905	6,945	3	1
Other current receivables	385	501	8	12
Derivative instruments ¹⁾	224	259	219	45
Total	7,513	7,705	230	58

¹⁾ Derivative instruments are included in the balance sheet item 'Prepaid expenses and accrued income' with the amount of SEK 224 (259) million and, for the Parent Company, SEK 219 (45) million

29 Financial risk management cont.

As of December 31, the breakdown per currency of accounts payable, other current liabilities and derivative instruments was as follows:

Breakdown per currency	Group		Parent Company	
SEK millions	2020	2019	2020	2019
SEK	2,120	2,416	25	27
USD	7,352	8,547	306	216
EUR	2,931	1,989	178	84
Other currencies	306	195	11	4
Total	12,709	13,146	520	331
Of which:				
Accounts payable	11,068	12,067	13	15
Other current liabilities	836	822	62	84
Derivative instruments ¹⁾	805	258	444	232
Total	12,709	13,146	520	331

¹⁾ Derivative instruments are included in the balance sheet item 'Accrued expenses and deferred income' with the amount of SEK 805 (258) million and, for Parent Company, SEK 444 (232) million

Borrowing per currency	Group		Parent Company	
SEK millions	2020	2019	2020	2019
SEK	7,367	3,398	7,367	3,499
USD	4,794	6,295	2,940	4,181
EUR	2,827	2,624	2,431	1,869
Other currencies	4	292	-	-
Total	14,991	12,609	12,738	9,548

Borrowing in EUR and USD has not been hedged separately since the borrowing in itself is a hedge of the net investment in EUR and USD.

Commodity price risk

Information about commodity price risk can be found in the Board of Directors' report, p. [136](#).

Credit risk

The limits for individual counterparties are evaluated continuously and, during the year, were capped at SEK 2,000 (2,000) million. At year-end, the total counterparty risk was SEK 7,081 (3,799) million, of which derivative instruments accounted for SEK 30 (208) million and investments in cash and cash equivalents amounted to SEK 7,051 (3,591) million.

In addition to the above, there are credit risks associated with accounts receivable and other receivables, which are managed in each subsidiary. Prior to write down in respect of impairment, these receivables had a gross value of SEK 7,464 (7,655) million. There is no concentration of credit risk since the risk is allocated over a large number of customers spread throughout the world. In addition, individual credit rating tests are conducted and limits imposed for each customer.

29 Financial risk management cont.

Age analysis regarding Accounts Receivables and Other receivables

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Not due	6,217	6,026	10	13
1 - 30 days	935	1,154	-	-
31 - 120 days	139	237	-	-
121 - 365 days	38	122	-	-
> 365 days	136	116	-	-
Total	7,464	7,655	10	13

Change in loss allowance

	Group		Parent Company	
SEK millions	2020	2019	2020	2019
Opening balance, January 1	-209	-225	-7	-7
Change through acquisition of companies	-	-6	-	-
Confirmed credit losses	25	13	-	-
Change in expected credit losses	37	10	0	-
Translation differences	-26	-1	-	-
Closing balance	-174	-209	-7	-7

The Group calculates expected credit losses on accounts receivable and other receivables. The impairment test is carried out by the respective subsidiary in accordance with the credit risk management process. For receivables with objective evidence of impairment, write-down calculations are made on an individual level, taking into account both historical, prevailing and forward-looking factors. For other receivables, which have a higher credit quality, and receivables of lesser value, a collective calculation is made of expected credit losses based on historical loss level, taking into account current and prospective factors. Expected credit losses in relation to gross amounts of outstanding claims amount to 2.5%. Liquid funds are also subject to the requirement for impairment, but expected credit losses for these holdings are considered immaterial.

29 Financial risk management cont.

Financial instruments and hedge accounting

Hedging of currency risk

Hedging of the net investments is governed by the Directive of Financial Risk Management. The translation exposure is hedged primarily through loans in the same currency, in the absence of which currency derivatives may be used instead. At year-end, these net investments amounted to EUR 872 (861) million and USD 4,617 (4,615) million. Loans and derivatives which were hedged, amounted to EUR 153 (110) million and USD 887 (545) million at year-end. The accumulated change in fair value of hedging reserve for loans and derivatives which has been identified as hedging instruments, amounted to SEK -5,087 (-5,865) million at year end. No inefficiency was identified during 2020.

At year-end, the net investment in USD was hedged with loans amounting to USD 587 (679) million and derivative instruments amounting to USD 300 (134) million. Net investment in EUR at year end was hedged with loans amounting to EUR 185 (205) million and derivative instruments amounting to EUR -32 (-95) million.

Currency derivatives are valued at fair value in the balance sheet. As regards the currency hedging which meets the requirements for hedge accounting pursuant to IFRS 9 and comprises fair value hedging, changes in value of the currency derivatives do not impact on earnings. They are set off in the income statement against corresponding changes in the value of the hedged order. In connection with the delivery of such purchases, the hedged part of the acquired asset is reported at the hedged rate. At year-end, purchase orders for which currency forwards had been contracted had a total value of SEK -0.2 (0.2) billion. At year-end, derivative instruments for 'fair value hedging' had a reported net fair value of SEK -8 (-4) million, while purchase orders subject to hedge accounting and accounts payables related to hedged purchase orders were reported at SEK 8 (4) million. Thus, there was no inefficiency at the end of the accounting year. At year-end, 'fair value hedging' was only applied for major investments in foreign currencies.

Derivative instruments which are not reported in hedge accounting are valued at fair value in the income statement. Hedges related to accounts receivable, accounts payable and major projects are recognized in Other operating profit or loss. Hedges related to financial items are recognized in the financial net. At year-end, these

non-realized derivative instruments amounted to net SEK -723 (12) million, of which SEK -124 (80) million was reported in other operating income and SEK -599 (89) million was reported in financial items.

The Group's total outstanding FX derivatives had an average maturity of 2 (3) months at year end.

Hedging of commodity price risk

Cash flow hedging is applied when hedging price risk of electricity. The electricity derivatives employed by the Group have been defined as cash flow hedges. The relationship between the hedging instrument and the hedged item is documented when the hedging contract is made. Hedge effectiveness is measured both at the start of the hedging relationship and quarterly throughout the duration of the relationship. The effective part of changes in the fair value of the derivatives that are designated as, and qualify for, cash flow hedging is recognized in Other comprehensive income. The ineffective part of changes in the fair value of the derivatives is booked directly to Other operating expenses. The realized result of the effective part of hedges is recognized as an adjustment to the cost for electricity in costs of goods sold, in the period during which the hedged items affect the result.

Electricity price risk relating to forecasted electricity consumption at the mills is partly hedged through standard derivative products listed on the market, partly by physical delivery contracts. At year-end, the amount of forecast purchases in respect of which electricity derivatives had been contracted was 2,232 (1,973) GWh.

At year-end, derivative instruments which relate to forecasted electricity purchases and which meet the requirements for hedge accounting amounted to net SEK -66 (57) million, of which SEK -66 (57) million was reported in Other comprehensive income. There was no inefficiency at the end of the accounting year.

The Group's total outstanding commodity derivatives had an average maturity of 33 (41) months at year end.

29 Financial risk management cont.

Hedging of interest rate risk

Cash flow hedging also takes place in respect of certain loans carrying floating interest rates where a variable to fixed interest rate swap is used. For interest rate derivatives which meet the requirements for hedge accounting pursuant to IFRS 9, changes in the value of the interest rate derivatives do not impact earnings. They are reported in Other comprehensive income. At year-end, such interest rate derivatives had a booked fair value of SEK -9 (-4) million, of which SEK -9 (-4) million was reported in Other comprehensive income. There was no inefficiency at the end of the accounting year.

The Group's total outstanding interest rate derivatives had an average maturity of 26 (27) months at year end.

Effect on financial position and performance for the Group - hedging instrument

	2020				2019			
	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is included	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is included
SEK millions		Assets	Liabilities				Assets	
Cash flow hedges								
Commodity price risk								
Electricity forward contracts	2,232 GWh	11	77	Accrued income/expenses and prepaid income/expenses	1,973 GWh	67	9	Accrued income/expenses and prepaid income/expenses
Interest rate risk								
Interest flows, external debt	1,700	-	9	Accrued income/expenses and prepaid income/expenses	1,000	0	4	Accrued income/expenses and prepaid income/expenses
Fair value hedges								
Foreign exchange risk								
EUR purchases	234	0	9	Accrued income/expenses and prepaid income/expenses	198	1	4	Accrued income/expenses and prepaid income/expenses

Effect on financial position and performance for the Group - hedged item

	2020					2019				
	Fair value adjustment		Line item in the statement of financial position where the hedged item is included	Line item in income statement where fair value adjustment is included	Cash flow hedge/Foreign currency translation reserve (before tax)	Fair value adjustment		Line item in the statement of financial position where the hedged item is included	Line item in income statement where fair value adjustment is included	Cash flow hedge/Foreign currency translation reserve (before tax)
SEK millions	Assets	Liabilities				Assets	Liabilities			
Cash flow hedges										
Commodity price risk										
Electricity forward contracts	-	-	-	-	-66	-	-	-	-	57
Interest rate risk										
Interest flows, external debt	-	-	-	-	-9	-	-	-	-	-4
Fair value hedges										
Foreign exchange risk										
EUR purchases	9	0	Accrued income/expenses and prepaid income/expenses	Other operating income/expenses	-	4	-1	Accrued income/expenses and prepaid income/expenses	Other operating income/expenses	-
Hedges of a net investment in a foreign operation										
Foreign exchange risk										
Equity	-	-	-	-	-5,087	-	-	-	-	-5,825



Effect on financial position and performance for the Group

	2020				2019			
	Change in the value of the hedging instrument recognized in OCI/ income statement (before tax)	Hedge ineffectiveness recognized in Income statement (before tax)	Line item in income statement for ineffectiveness	Amount reclassified from the cash flow hedge/ foreign currency translation reserve to income statement (before tax)	Change in the value of the hedging instrument recognized in OCI/ income statement (before tax)	Hedge ineffectiveness recognized in Income statement (before tax)	Line item in income statement for ineffectiveness	Amount reclassified from the cash flow hedge/ foreign currency translation reserve to income statement (before tax)
SEK millions								
Cash flow hedges								
Commodity price risk								
Electricity forward contracts	-126	-	Other operating income/ expenses	-	-234	-	Other operating income/ expenses	-198
Interest rate risk								
Interest flows, external debt	-5	-	Other operating income/ expenses	-	1	-	Other operating income/ expenses	-
Fair value hedges								
Foreign exchange risk								
EUR purchases	-6	-	Other operating income/ expenses	-	1	-	Other operating income/ expenses	-
Hedges of a net investment in a foreign operation								
Foreign exchange risk								
Equity	778	-	Financial income/ expenses	-	-287	-	Financial income/ expenses	-

29 Financial risk management cont.

Valuation of financial assets and liabilities

Financial assets and liabilities, Group

SEK millions	2020					2019				
	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value
Financial assets										
Financial fixed assets	385	-	-	385	385	482	-	-	482	482
Derivative assets	-	21	207	227	227	-	235	67	302	302
Accounts receivable	6,905	-	-	6,905	6,905	6,945	-	-	6,945	6,945
Other current interest-bearing receivables	69	-	-	69	69	501	-	-	501	501
Cash and cash equivalents	7,051	-	-	7,051	7,051	3,591	-	-	3,591	3,591
Total financial assets	14,410	21	207	14,637	14,637	11,519	235	67	11,821	11,821
Financial liabilities										
Long-term interest-bearing liabilities	9,031	-	-	9,031	9,130	9,853	-	-	9,853	9,952
Short-term interest-bearing liabilities	5,960	-	-	5,960	5,865	2,756	-	-	2,756	2,688
Derivative liabilities	-	752	108	860	860	-	250	18	268	268
Accounts payable	11,068	-	-	11,068	11,068	12,067	-	-	12,067	12,067
Total financial liabilities	26,059	752	108	26,919	26,923	24,675	250	18	24,944	24,975

Derivative assets - and liabilities, Group

SEK millions	2020					2019				
	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value
Derivative assets										
Cash flow hedges	-	-	11	11	11	-	-	66	66	66
Fair value hedges	-	0	-	0	0	-	1	-	1	1
Hedges of net investment	-	-	195	195	195	-	-	0	0	0
Derivatives not subject to hedge accounting	-	21	-	21	21	-	234	-	234	234
Total derivative assets	-	21	207	227	227	-	235	67	302	302
Derivative liabilities										
Cash flow hedges	-	-	87	87	87	-	-	13	13	13
Fair value hedges	-	9	-	9	9	-	4	-	4	4
Hedge of net investment	-	-	22	22	22	-	-	5	5	5
Derivatives not subject to hedge accounting	-	744	-	744	744	-	246	-	246	246
Total derivative liabilities	-	752	108	860	860	-	250	18	268	268

29 Financial risk management cont.

Assessment of fair value of financial instruments

The classification takes place hierarchically on three levels based on the input data used in valuing instruments. On level 1, listed prices on an active market are used, such as stock exchange prices. On level 2, observable market data regarding assets and liabilities, other than listed prices, is used, such as interest rates and return curves. On level 3, the fair value is determined based on an assessment technique which is based on assumptions that are not based on prices or data that are directly observable. The fair value assessment of the financial instruments in SSAB is based on data in accordance with level 2 except electricity derivatives, which fair values are based on listed market values and thus classified on level 1.

Financial assets consist largely of other non-current receivables and are valued at the amount which is expected to be received following an assessment of expected credit losses.

Derivative instruments are valued at fair value, calculated with established valuation models based on observable market data. The fair value on a derivative is defined as the amount to which an instrument would be exchanged to in an orderly financial transaction at reporting date. The fair value of currency derivatives is calculated based on current forward prices at the reporting date. Fair value on commodity price derivatives is calculated based on market prices on applicable exchanges. Fair value of interest rate derivatives is calculated based on the discounted cash flow method. At year-end, the derivatives were valued at SEK 227 (302) million as financial assets and SEK -860 (-268) million as financial liabilities. If full netting had been applied the derivatives had been booked at SEK 30 (208) million as financial assets and SEK -576 (-187) million as financial liabilities.

Accounts receivable are reported in the amount which is expected to be received following an individual and collective assessment of expected credit losses as well as possible provisions for credit losses.

Other current interest-bearing receivables consist of restricted cash with a term to maturity of less than 12 months. Fair value is estimated to be substantially consistent with the acquisition value.

Cash and cash equivalents consist of bank balances and bank deposits with short terms to maturity, and the fair value is estimated to be substantially consistent with the acquisition value.

Long-term interest-bearing liabilities consist primarily of loans that are not subject to hedge accounting and are valued at amortized cost. Fair value has been calculated based on the interest rate for outstanding terms to maturity as applicable at the end of the year.

Short-term interest-bearing liabilities are valued at amortized cost. Fair value has been calculated based on the rate of interest for outstanding terms to maturity as applicable at the end of the year.

Accounts payable are reported in the amount which is expected to be paid and are valued at acquisition value.

Management of capital

The Group's capital management is aimed at ensuring that the operations can continue to be conducted and generate good return for the shareholders. Since the Group's operations are dependent on the business cycle, the target is that the net debt/equity ratio will not normally exceed 35%.

In order to maintain or adapt the capital structure, dividends may be adjusted, share buybacks or redemption may take place, or new issues or divestments of assets may take place in order to reduce liabilities. The dividend target is 30 - 50% of profit after tax.

At year-end, the net debt/equity ratio was 19% (19%).

30 Assets and liabilities held for sale

During 2020, the divestment of Ruukki Construction's project business, Building Systems, was completed. During 2019, the related net assets was classified as Assets and liabilities held for sale. See [Note 26](#) for the effect on the Group's earnings and liquid funds.

Group		
SEK millions	2020	2019
Assets held for sale		
Intangible assets	-	4
Tangible fixed assets	-	162
Financial fixed assets	-	23
Inventories	-	61
Other current receivables	-	415
Total	-	664
Liabilities held for sale		
Accounts payable	-	149
Other current liabilities	-	211
Other long-term liabilities	-	11
Total	-	371
Total assets and liabilities held for sale	-	293

31 Changes in accounting principles

As of January 1, 2019, the Group applies IFRS 16, Leasing. This note explains the effects in the Group's financial statements on the transition to IFRS 16. In accordance with the transitional rules in IFRS 16, the comparative figures for 2018 was not restated. The reclassifications and adjustments arising from the new leasing rules was reported in the opening balance as of January 1, 2019.

An exception to the new principles that the Group is applying is applicable to low value assets, where not right-of-use asset or lease liability is recognized. These are recognized as a straight-line cost over the lease term. The Group defines low value leases as, for example, office equipment such as printers, copying machines, coffee machines and other assets having a value of less than around SEK 50 thousand in new condition.

For more information about leasing, see [Note 21](#).

Transition to IFRS 16

The Group applied the simplified transition approach and did not restate any comparable figures for earlier periods. This means that the right-of-use asset was recognized at the same amount as the lease liability plus the advance payments made immediately prior to transition. Lease liability was calculated by applying the incremental borrowing rate on transition. The Group elected to apply the practical expedient of not reconsidering whether or not a lease exists. The exception regarding recognition of low value leases was also applied at transition. This is an exception which has continued to be applied after the transition.

As at December 31, 2018, the Group's non-cancellable lease commitments (undiscounted) amounted to SEK 2,964 million, of which SEK 656 million were financial leases. In addition, SEK 121 million in lease commitments was attributable to assets of low value. These were recognized as a straight-line cost over the lease term. Regarding the remaining lease commitments, rights of use amounting to SEK 1,961 million and lease liabilities of SEK 1,946 million were recognized as at January 1, 2019. The transition did not affect shareholders' equity since under the transition approach all earlier finance leases was continued to be recognized as leases in accordance with IFRS 16.

31 Changes in accounting principles cont.

The tables below show the impact of transition to IFRS 16:

Transition effect of IFRS 16, Leasing

SEK millions	2019 Jan 1
Total lease commitments as per December 31, 2018	2,964
Previous financial leasing agreements according to IAS 17	-656
Leasing agreements, low value	-121
Variable leasing fees (linked to index or interest)	13
Total impact undiscounted as of January 1, 2019	2,201
Discounting	-255
Impact on lease liability as of January 1, 2019	1,946
Prepayment, leasing fees	15
Impact of right of use as per January 1, 2019	1,961

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 3.74%.

Impact on key figures

Profit/loss after tax 2019 decreased due to the application of the new principles compared to how the profit/loss after tax would have been recognized applying the earlier IAS 17. This is due to the fact that the new standard results in a front-loaded recognition of the costs at the beginning of a contract, which is due to the recognition of the interest expenses. EBITDA increases since the costs for the operating leases were included in EBITDA when applying previous principles, but the depreciation on the right-of use asset and the interest expense on the lease liability are excluded from EBITDA. Operational cash flow increases, while the cash flow from financial activities decreases, but the total cash flow is not affected. However, working capital decreases as net debt while the net debt/equity ratio rises.

The Parent Company applies the exemption rules under RFR 2 and does therefore not apply IFRS 16. The Parent Company continues to recognize all leasing agreements as a straight-line cost over the lease.

Adjusted opening balance as at January 1, 2019:

Transition effect of IFRS 16, Leasing

SEK millions	2018 Dec 31	Adjustment IFRS 16	2019 Jan 1
Assets			
Intangible assets	31,438	-	31,438
Tangible fixed assets	23,953	1,961	25,914
Other fixed assets	1,811	-	1,811
Total fixed assets	57,202	1,961	59,163
Other current receivables	3,894	-15	3,879
Other current assets	31,390	-	31,390
Total current assets	35,284	-15	35,269
Total assets	92,487	1,946	94,432
Equity and liabilities			
Equity for shareholders in the Company	59,437	-	59,437
Non-controlling interest	78	-	78
Total equity	59,514	-	59,514
Long-term interest-bearing liabilities	9,693	1,307	11,000
Other provisions and long-term non-interest-bearing liabilities	1,973	-	1,973
Total long-term liabilities	11,666	1,307	12,973
Short-term interest-bearing liabilities	3,523	638	4,161
Other current liabilities	17,783	-	17,783
Total current liabilities	21,306	638	21,945
Total equity and liabilities	92,487	1,946	94,432

32 Key assessments and assumptions

The Group makes assumptions and assessments about the future. Actual results may differ from the resulting accounting assumptions. The conditions for SSAB's operations are constantly changing, which means that these assumptions change. Management also makes assumptions on the application of the Group's accounting principles.

The assumptions and assessments set out in this note relate to those areas, which involve a higher degree of complexity in assumptions and of items where the risk of inappropriate assumptions and estimates can result in material adjustment.

Important assumptions on the application of the accounting principles

Future restoration of the environment

In the steel operations' industrial areas, there is a need for future land cleanup. In accordance with applicable rules, such cleanup will become relevant only when SSAB ceases to conduct operations in the area. At present, it is not possible to assess if and when operations will cease and, accordingly, no provision has been made for such land cleanup.

Important sources of uncertainty in assessments

Assessment impairment test for goodwill and other intangible assets with undeterminable useful lives

When calculating the recovery amount of cash-generating units to assess any need for impairment of goodwill and other intangible assets with undeterminable useful lives, a number of assumptions about future conditions and estimates of parameters have been made.

At year-end 2020, the annual impairment test was carried out of the goodwill and other intangible assets with undeterminable useful lives. The test showed no need for impairment. The valuation was carried out at a time when the global economy remains characterized by major uncertainty, primarily because of the Covid-19 pandemic, which affected the world outside and demand for steel. Under these circumstances, it is extraordinarily difficult to make an assessment as regards future earning capacity and thereby an assessment of the fair value of assets with undeterminable useful lives.

North American operations reported lower earnings for 2020 compared to prior years. Lower earnings were primarily due to lower prices. However, the negative price impact was somewhat offset by lower variable and fixed costs. European operations, primarily SSAB Europe, were also hit hard by the fallout from Covid-19. Lower prices

and volumes were the main reasons for weaker earnings compared to previous years although the impact of these was partly offset by lower variable and fixed costs.

The calculation of the discount rate is based on the average long-term interest rates during the two-month period November–December. In total, the development in the market and the discount rate meant that the room for deterioration in the estimates concerning the cash-generating unit SSAB North America decreased to around SEK 3.5 (5.5) billion. For other cash-generating units, it is estimated that there is an adequate room for deterioration in the estimates without this leading to any need for impairment. For further information on the impairment test, see [Note 6](#).

Assumptions per cash-generating unit

SSAB North America

A need to start writing down goodwill would arise if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 1.0 (1.6) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 0.9 (2.7) percentage points lower than the assessment made in the forecast. The impairment test was conducted based on the average risk-free long-term rate in the USA for the period of November–December 2020. In other respects, the cash flow valuation has been based on the assumption that the market for heavy plate in the USA remains at a normalized level, where, among other things, the relationship between steel prices and scrap prices would stabilize at a level where it has been over a longer period of time and import volumes on average historical levels.

SSAB Special Steels

A need to start writing down goodwill would arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 1.9 (5.8) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 1.8 (5.2) percentage points lower than the assessment made in the forecast.

SSAB Europe

A need to start writing down goodwill would arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 2.9 (10.9) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 1.9 (6.5) percentage points lower than the assessment made in the forecast.

32 Key assessments and assumptions cont.

Tibnor

A need to start writing down goodwill would arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 4.2 (4.5) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 1.0 (1.6) percentage points lower than the assessment made in the forecast.

Ruukki Construction

A need to start writing down goodwill or other assets with undeterminable useful lives would arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 14.3 (13.0) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 5.5 (5.4) percentage points lower than the assessment made in the forecast.

Deferred tax

The Group conducts operations in several countries, which increases the complexity when determining deferred tax assets and tax liabilities. This requires that assessments and assumptions are made to determine the value of the deferred tax asset and deferred tax liability on the balance sheet date. The company must assess the probability that the deferred tax assets will be utilized to offset future taxable profits. Future changes to taxation legislation and trends in the business climate will impact the company's future taxable profits and thus affect the possibility to utilize deferred tax assets on loss carryforwards and other temporary differences. As at December 31, 2020, SEK -143 (-327) million net was recognized as deferred tax based on best assessment of future taxable profits in the Group. At year-end 2020, the Group also had tax loss carryforwards of SEK 1,433 (2,679) million, for which no deferred tax asset had been recognized. Accordingly, a changed assessment of the probability of future taxable profits could have a positive or negative effect. Key assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks. For further information regarding deferred taxes, see [Note 14](#).

Pension benefits

SSAB provides pension solutions and other benefits to Group employees after termination of their employment. In some countries defined benefit plans exist and the accounting of such plans is complex since i.e. actuarial assumptions such as life expectancy, inflation and discount rates are used to determine the size and cost of the commitment. A large part of the group's pension obligations with respect to white collar staff are benefit-based and insured on a collective basis with Alecta. Since it is not possible at present to obtain information from Alecta regarding the group's share of the obligations and managed assets, the pension plan taken out with Alecta is reported as a contribution-based plan. The funding level reported by Alecta at the end of the year does not indicate the existence of a deficit. However, it is not possible to obtain any detailed information from Alecta regarding the amount of the pension liabilities.

The group's benefit-based plans at the end of the year amounted to SEK 1,630 (1,725) million. The most significant actuarial assumptions applied and a sensitivity analysis can be found in [Note 13](#).

Inventory

Inventory value is affected by assumptions and estimates regarding product costing, application of the Lower of Cost or Market method and estimates of obsolescence. Complex assumptions, such as first-in-first-out (FIFO), are applied in the valuation of inventory. The quantity of certain input materials is complex in size and require assumptions and estimates in the form of volume/weight. SSAB's inventories at year-end amounted to SEK 17,444 (20,391) million, where SEK 302 (358) million were valued at net realizable value. For further information, see [Note 9](#).

Accounts receivable

Expected credit loss is based on assessments of the customers' future payment ability, which by its nature, is difficult to estimate. The group applies the simplified method for calculating expected credit losses. The method involves expected credit losses throughout the term of the receivable being used as the basis for accounts receivable. The item has been the subject of special assessment and, compared with the preceding year, the expected credit losses decreased by SEK 35 million to SEK 174 (209) million, thereby representing 2.5% (2.9%) of outstanding accounts receivable. Despite the major impact of Covid-19 on the global economy, realized credit losses have not increased during the year.

33 Definitions

Capital employed

Total assets less non-interest-bearing current and long-term liabilities.

Cash and cash equivalents

Cash and bank balances, as well as short-term investments with a term to maturity of less than three months on the date of acquisition.

Cash flow from current operations

Operational cash flow less financial items and paid tax.

Earnings per share

Profit for the year attributable to the Parent Company's shareholders divided by the average number of shares.

EBITDA

Operating profit before depreciation and amortization.

EBITDA margin

Operating profit before depreciation and amortization as a percentage of total revenue.

Equity

Total equity according to the consolidated balance sheet.

Equity per share

Equity, excluding minority interests, divided by number of shares at year-end.

Equity ratio

Equity as a percentage of total assets.

Items affecting comparability

Items in the income statement where the result of transactions of a non-recurring nature in the company's operations makes comparison difficult with the result of other periods are treated as items affecting comparability.

Maintenance capital expenditures

Investments involving maintenance, rationalization, replacements or which relate to the environment and are made in order to maintain competitiveness.

Net debt

Interest-bearing liabilities less interest-bearing assets.

Net debt/equity ratio

Net debt as a percentage of equity.

Operating cash flow

Funds generated from operations including change in working capital as well as cash flow for regular maintenance investments, but before financial items and paid tax.

Operating margin

Operating profit/loss as a percentage of total revenue.

P/E ratio

Equity as a percentage of total assets.

Return of equity after tax

Profit for the year after tax as a percentage of average equity per month during the year.

Return on capital employed before tax

Operating profit increased by financial revenue as a percentage of average capital employed per month during the year.

Revenue

Revenue less deduction for value added tax, discounts and returns.

Strategic capital expenditures

Investments that increase the cash flow through acquisitions of shares and operations, investments in plant expansion or new competitiveness-enhancing technology.

Yield

Dividend as a percentage of the share price at year-end.

34 Considerations relating to proposed allocation of profit

At the 2021 Annual General Meeting, the shareholders will, among other things, vote on the dividend proposed by the Board of Directors.

The company's financial position as of December 31, 2020 is stated in this annual report. As of December 31, 2020, the retained earnings of the Group were SEK 20,655 (21,202) million and the Parent Company's unrestricted equity was SEK 53,947 (54,467) million. The equity included unrealized profits resulting from financial instruments being reported at market value in the amount of SEK 0 (0) million.

As of December 31, 2020, net debt amounted to SEK 10,278 (11,696) million, resulting in the net debt/equity ratio unchanged at 19% (19%). Since the Group's operations are dependent on the business cycle, the target is that the net debt/equity ratio will not normally exceed 35%. The Group reported a negative result after tax of SEK -490 (1,093) million. The Group's policy is to distribute 30–50% of the profit after tax.

Due to the negative result, and the fact that the company received governmental support related to Covid-19 during the fourth quarter, the Board proposes to the Annual General Meeting that no dividend be paid.

Proposed allocation of profit

The amount at the disposal of the Annual General Meeting of SSAB AB (publ), reg. no. 556016-3429 is as follows:

Retained earnings	54,463
Loss for the year	-516
SEK millions	53,947

Of this, a share premium reserve comprises SEK 22, 469 million and a fair value reserve comprises SEK -7 million.

The Board of Directors and the President recommend that the profit be allocated as follows:

Carried forward to next year	53,947
SEK millions	53,947

According to the consolidated balance sheet, the Group's retained earnings amounted to SEK 20,655 (21,202) million.

The Board of Directors and the President hereby affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the Parent Company's financial position and earnings. The report of the directors for the Group and the Parent Company provides a true and fair overview of the development of the operations, financial position and earnings of the Group and Parent Company and describes material risks and uncertainty factors facing the Parent Company and the companies included in the Group.

The Annual and Sustainability Report and the consolidated financial statements have been approved for publication by the Board of Directors on March 1, 2021.

The Annual Report also contains the Group's and Parent Company's sustainability reporting in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, see p. [113](#).

Stockholm, March 1, 2021

Bengt Kjell
Chairman

Bo Annvik
Director

Sture Bergvall
Director

Petra Einarsson
Director

Marika Fredriksson
Director

Marie Grönborg
Director

Tomas Karlsson
Director

Pasi Laine
Director

Annareetta Lumme-Timonen
Director

Patrick Sjöholm
Director

Martin Lindqvist
President and CEO

Our auditor's report was submitted on March 1, 2021
Ernst & Young AB

Rickard Andersson
Authorized public accountant

Auditor's report

To the general meeting of the shareholders of SSAB AB, corporate identity number 556016-3429

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of SSAB AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages [132–236](#) in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

	Description	How our audit addressed this key audit matter
Goodwill and trademarks	<p>As per 31 December 2020, Goodwill amounts to 27 872 MSEK, constituting a significant part of SSAB's Total assets. Goodwill amounts are allocated to the group's five cash-generating units (CGUs). The largest as well as the main part is related to CGU North Americas. Further, as per 31 December 2020, there are trademarks with indefinite useful lives in the company amounting to 397 MSEK.</p> <p>Impairment test of goodwill including trademarks with indefinite useful lives, is performed annually, as well as whenever impairment indicators have been identified. Goodwill and trademarks with indefinite useful lives acquired through acquisitions are allocated to company's CGUs which is described note 6.</p> <p>When carrying value exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the higher of the CGUs net realizable value and the value in use, meaning the discounted value of future cash flows. The cash flow projections are based on forecasts for the upcoming five-year period, approved by senior management. As described in note 6, value in use calculations contains a high degree of judgment regarding key assumptions such as sales trends, profit margins and discount rates.</p> <p>Note 32 describes the key assumptions for calculating value in use, including management's sensitivity analysis for significant assumptions. Due to assessments and assumptions necessary for the value in use calculation, we have assessed valuation of goodwill and trademarks with indefinite useful lives as a Key Audit Matter in our audit.</p>	<p>Our audit procedures have amongst other procedures included;</p> <ul style="list-style-type: none"> • Assessment of the company's process on establishing and performing impairment test. • Examination of the company's process on identifying CGUs, and of how the business is internally assessed. • Examination of used discount rate and assumptions on long-term growth for each CGU through comparison to other companies within the same type of business. • Assessment of the valuation and calculation models used aided by our own internal valuation experts. • Assessment of reasonableness of assumptions made. • Analysis of company's sensitivity analyses. • Analysis of the reliability of previous years' forecasts by comparing previous year's forecast to actual outcome. • Audit of the disclosed information in Group annual report.

	Description	How our audit addressed this key audit matter
Inventories	<p>SSAB has stocks of raw material, work in progress and finished goods. Those items are located at a large number of warehouses. Per 31 December 2020, total Inventories amount to 17 444 MSEK, and constitute a significant part of SSAB's total assets.</p> <p>Inventories are valued at the lower of acquisition cost and net realizable value. Inventories accounting- and valuation principles are more thoroughly described in the Accounting and Valuation principles section.</p> <p>Measurement of cost in production- and logistical processes includes a high degree of judgment. The company defines normal production levels and allocates a certain part of direct and indirect costs to products refined in production.</p> <p>Further, on a regular basis, the company assesses the product's net realizable value and identifies slow-moving and obsolete goods for impairment test. The company also uses a high degree of judgment in the Inventories counts, since some goods such as coal and iron ore in certain situations are stored in piles. In such cases, warehouse employees make estimations to conclude on the quantity.</p> <p>Due to subjective assessments and assumptions made, we have assessed valuation of Inventories including concluding on quantities for certain raw material as a Key Audit Matter in our audit.</p>	<p>Our audit procedures have amongst other procedures included;</p> <ul style="list-style-type: none"> • Evaluation of company's process on Inventories valuation, including identification of company's key controls connected to this and evaluation of their design. • Evaluation of company's applied Inventories valuation principles, including determination of net realizable value and obsolete products assessment. • Examination of company's allocation of direct and indirect costs related to work in progress and finished goods. • Participation in several cycle counts performed by the company during the year. • Performing Inventory price testing on a sample of Inventories items.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–131. The remuneration report for financial year 2020 also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistakes.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or mistakes, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistakes and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or mistakes, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from mistakes, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such

disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SSAB AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's loss we examined whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of SSAB AB by the general meeting of the shareholders on the 1 April 2020.

Stockholm 1 March, 2021

Ernst & Young AB

Rickard Andersson

Authorized Public Accountant

Shares and shareholders

SSAB is listed on the Nasdaq Stockholm and Nasdaq Helsinki exchange.

The 2020 closing prices on the Nasdaq

Stockholm Exchange were:

SSAB class A share: SEK 29.30

SSAB class B share: SEK 26.18

Total year-end market capitalization:

SEK 27.9 billion

Share performance during 2020:

SSAB class A share: -10.8%

SSAB class B share: -14.2%

OMX Stockholm 30 index: 5.8%

The highest price was:

SSAB class A share: SEK 35.25, on February 14

SSAB class B share: SEK 32.60, on February 14

The lowest price was:

SSAB class A share: SEK 19.40, on March 16

SSAB class B share: SEK 19.30, on March 16

During the year, SSAB's shares were traded on the Nasdaq Stockholm Exchange for a total of SEK 31.2 billion. Shares were traded on all exchange days and averaged approximately SEK 125 million per day. The volume of A shares traded during the year corresponded to 471% of the average number of outstanding shares. The volume of B shares traded corresponded to 168% of the average number of outstanding shares. Trading in the share in Helsinki (A and B share) averaged 0.58 million shares per day during 2020.

The SSAB share is also traded on multilateral trading facilities (MTF), on market places such as Chi-X and BATS. Of the total volume of traded shares, 88% of the class A shares and 94% of the class B shares were traded on Nasdaq Nordic (Stockholm and Helsinki).

Share capital

As of December 31, 2020, there are in total 1,029,835,326 shares in SSAB, of which 304,183,270 class A shares, corresponding to 304,183,270 votes, and 725,652,056 class B shares, corresponding to 72,565,205.6 votes, 376,748,475.6 votes in total. Each class A share carries one vote and each class B share carries one tenth of one vote. SSAB's share capital is SEK 9,063 million. The quotient value per share is SEK 8.80.

Ownership structure

At year-end 2020, SSAB had 121,136 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2020 were:

- Industrivärden 11.8%
- LKAB 10.5%
- Solidium 9.8%

The ten largest identified owners together owned approximately 41.9% of the voting capital and 34.9% of the share capital at the end of December 2020. Owners outside Sweden and Finland accounted for 29.6% of voting rights and 21.5% of the total number of shares.

Dividend policy and dividends

Dividend target is 30 - 50% of profit after tax. The Board of Directors has resolved to propose to the Annual General Meeting to be held on April 14, 2021 that a dividend of SEK 0.00 per share will be paid. For the 2019 financial year, no dividend was paid.

Investor relations

During 2020, a number of virtual meetings were held with owners, investors and analysts, both in Sweden and outside, mostly in Europe and the United States. Presentations and investor meetings are regularly held in connection with the publication of interim reports and annual results.

Ticker codes

Nasdaq Stockholm: SSABA and SSABB

Nasdaq Helsinki: SSABAH and SSABBH (class A and class B shares respectively)

Share breakdown

Shareholding	Number of shareholders	% of votes	% of share capital
1–500	10,619,949	1.1	1.0
501–1,000	15,101,206	1.5	1.5
1,001–5,000	74,956,872	7.1	7.3
5,001–15,000	61,775,686	4.8	6.0
15,001–20,000	17,945,044	1.3	1.7
20,001–	748,170,538	64.8	72.6
Anonymous ownership	101,266,031	19.4	9.8
Total	1,029,835,326	100.0	100.0

The number of shares and share capital have changed since 1989 as follows:

Year		Change in number of shares	Number of shares	Change in share capital SEK millions	Share capital, SEK millions
1989	Conversion	15,000,000	26,500,000	150	2,650
1994	Conversion	5,500,000	32,000,000	550	3,200
1995	Split 4:1	96,000,000	128,000,000	0	3,200
1998	Redemption	-15,891,199	112,108,801	-397	2,803
2001	Reduction	-11,210,880	100,897,921	-281	2,522
2005	Redemption	-9,968,861	90,929,060	-249	2,273
2006	Redemption	-4,546,453	86,382,607	-114	2,159
2006	Bonus issue	0	86,382,607	121	2,280
2006	Split 3:1	172,765,214	259,147,821	0	2,280
2007	New issue 1:4	64,786,954	323,934,775	571	2,851
2014	New issue	225,310,735	549,245,510	1982	4,833
2016	Rights issue 8:7	480,589,816	1,029,835,326	4,229	9,063

Owners as of December 31, 2019

	% of votes	% of share capital
Industrivärden	11.8	4.3
LKAB	10.5	10.5
Solidium	9.8	12.6
Lannebo Funds	2.5	1.2
Vanguard	2.4	2.2
Folksam	1.2	1.2
BlackRock	1.1	1.1
Carnegie Funds	1.1	0.4
Svea Ekonomi AB	0.9	0.6
Dimensional Fund Advisors	0.8	0.9
Other shareholders	58.1	65.1
Total	100.0	100.0
Whereof foreign-registered shareholders ¹⁾	29.6	21.5

¹⁾ Includes shareholders outside Sweden and Finland

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

Share-related key figures

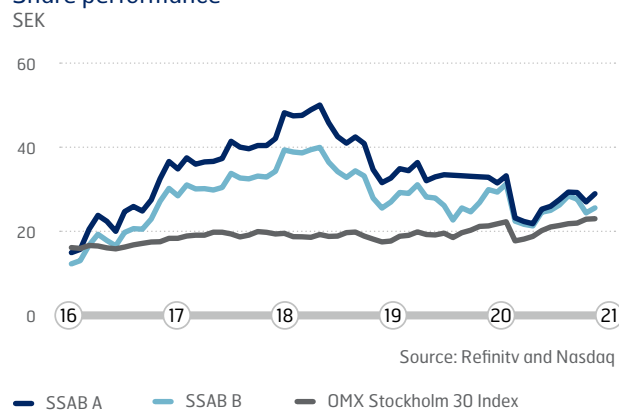
		2020	2019	2018	2017	2016
Share price, at year end, class A share ³⁾	SEK	29.30	32.85	30.49	44.90	34.58
Earnings per share (EPS) ³⁾	SEK	0.50	1.04	3.45	2.23	1.04
Cash flow before dividend and financing per share ³⁾	SEK	2.13	1.27	4.34	4.93	2.19
Equity per share ³⁾	SEK	52.42	58.57	57.71	51.69	51.36
Dividend per share ³⁾	SEK	0.00 ¹⁾	0.00	1.50	1.00	0.00
Average number of shares	million	1,029.8	1,029.8	1,029.8	1,029.8	794.8
Number of shares at year-end	million	1,029.8	1,029.8	1,029.8	1,029.8	1,029.8
Market capitalization at year end	SEK million	27,910	32,139	27,358	40,224	31,410
Valuation						
Direct yield, % ²⁾		0.00 ¹⁾	0.00	4.92	2.23	0.00
P/E ratio ²⁾		55.6	31.59	8.84	20.13	33.25
Price/equity, % ²⁾		56	56	53	87	67

¹⁾ In accordance with the Board's proposal.

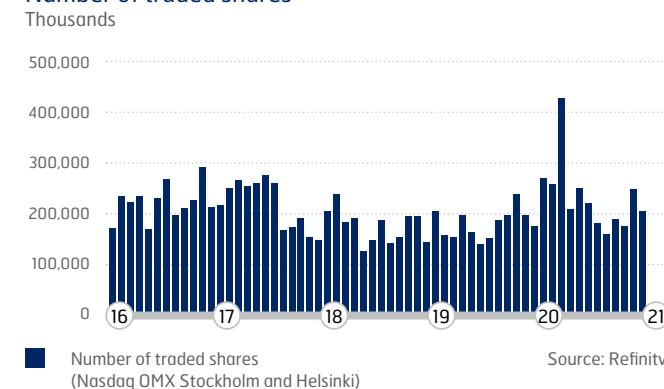
²⁾ Based on closing price for the class A share.

³⁾ Adjusted based on the bonus issue element in the rights issue in 2016.

Share performance



Number of traded shares



Annual General Meeting, Nomination Committee, Calendar

Annual General Meeting

The shareholders of SSAB AB (publ) (company registration number 556016-3429) are hereby given notice to attend the Annual General Meeting to be held on Wednesday, April 14, 2021. Due to the corona virus, the Board of Directors has decided that the Annual General Meeting will be held without the physical presence of shareholders, representatives or third parties, and that the shareholders will only be able to exercise their voting rights in advance through so-called postal voting ahead of the meeting. Information on the resolutions passed at the Annual General Meeting will be disclosed on April 14, 2021, as soon as the outcome of the postal voting has been confirmed.

Participation

A person who wishes to participate in the Annual General Meeting must be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances as per the recording date on Tuesday, April 6, 2021, and give notice of participation by casting its postal vote in accordance with the instructions under the heading "Postal voting" below so that the postal voting form is received by SSAB no later than on Tuesday, April 13, 2021.

The name, personal identification number (or company registration number), address and telephone number of the shareholder must be provided in the notice.

Nominee-registered shares

In order to be entitled to attend the Annual General Meeting, shareholders whose shares are registered in the name of a nominee (including Finnish shareholders that are registered within the Finnish book-entry system at Euroclear Finland Oy) must, in addition to giving notice of participation in the Annual General Meeting by submitting its postal vote, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of the record date Tuesday, April 6, 2021. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines at such a time in advance as decided by the nominee. Voting rights registrations that have been made by the nominee by April 8, 2021 will be taken into account in the presentation of the share register.

Proxies

If the shareholder submits its postal vote by proxy, a power of attorney must be issued for the proxy. Proxies in original and, with respect to a legal entity, a certificate of registration, shall be submitted, together with the postal voting form, in ample time prior to the Annual General Meeting to: SSAB AB (publ), Årsstämma, c/o Euroclear Sweden, Box 191, 101 23 Stockholm, Sweden. A power of attorney is valid one year from its issue date or such longer time period as set out in the power of attorney, however not more than five years. The certificate of registration must reflect the circumstances on the day of the Annual General Meeting and should not be older than one year at the time of the Annual General Meeting. The Company provides proxy forms for shareholders wishing to vote by proxy. The form is available on the Company's website, www.ssab.com, and will be sent to those shareholders who so request and state their mailing address. Order may be placed by telephone on +46 8 45 45 760.

Postal voting

The shareholders may exercise their voting rights only in advance by postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

A special form must be used for the postal vote. The form for postal voting is available on the Company's website, www.ssab.com. The postal vote form is considered as notice to participate in the Annual General Meeting.

The signed form must be received by SSAB by Tuesday, April 13, 2021 at the latest. The form may be sent by email to GeneralMeetingServices@euroclear.com or by mail to SSAB AB, "Årsstämma", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. Shareholders who are natural persons may also cast their votes electronically through verification with BankID via the Euroclear Sweden AB's website. Such electronic votes must be submitted no later than April 13, 2021.

If the shareholder submits its postal vote by proxy, a power of attorney must be attached to the postal voting form. If the shareholder is a legal person, a registration certificate or other authorization document must be attached to the form. The shareholders may not provide special instructions or conditions to the postal vote. If so, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form.

In order to receive the postal voting form by post, please contact SSAB at +46(0)8 45 45 760.

Dividend

The Board of Directors and the President & CEO propose that the Annual General Meeting resolve that no dividend will be paid for 2020.

Nomination Committee

- AB Industrivärden, Lars Pettersson (Chairman of the Nomination Committee)
- LKAB, Pierre Heeroma
- Solidium Oy, Petter Söderström
- Lannebo Funds, Charlotta Faxén
- Bengt Kjell, (Chairman of the Board of Directors)

Among other things, the Nomination Committee submits proposals to the Annual General Meeting for the election of Board members, fees to the Board of Directors and the election of auditors.

Calendar for financial information

SSAB will provide the following information with respect to the 2021 financial year:

- Report for the first quarter, April 26, 2021
- Half-year report, July 21, 2021
- Report for the third quarter, October 25, 2021

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