NOTHING TO HIDE  ■ We make the strictest possible demands of ourselves as an organization, and expect the same from our suppliers. This means that our customers’ supply chains – and, in turn, those of their customers – benefit from our rigorous standards and high transparency. We track our products at every step, and provide continually updated product statements and comprehensive product declarations.
Corporate Governance statement 2017

Regulatory and structural framework

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

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

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

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

Organization structure as of Jan 1, 2018

```
President and CEO
Roeland Baan

Human Resources & Organization Development

Business Transformation & IT

Finance

Communications & IR

Europe

Americas

Long Products

Ferrochrome
```
Composition and Operations of the Board of Directors on December 31, 2017

Chairman of the Board of Directors

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

Work experience
Chairman of the Board: Nokia Corporation 2006–2012
Chairman and Chief Executive Officer: Nokia Corporation 1999–2006
President and Chief Executive Officer: Nokia Corporation 1992–1999

Positions of trust
Chairman of the Board; Xinova Management Company LLC 2016–
Chairman of the Board: Miltton Oy 2015–
Vice Chairman of the Board: Otava Ltd 1996–
Board member: TBG AG 2016–
Board member: Tetra Laval Group 2013–
Board member: University of Helsinki 2009–2017
Advisory Partner: Perella Weinberg Partners 2014–
Independent of the company and its significant shareholders.

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

Work experience
CFO: Metso Oyj 2003–2010
Executive Vice President, Deputy to the President and CEO: Metso Oyj 2003–2010
Member of the Executive Team 1999–2010 and Vice Chairman of the Executive Team 2004–2010: Metso Oyj

Positions of trust
Chairman of the Board: BMH Technology Oy 2017–
Chairman of the Board: Kuusakoski Group Oy 2016–
Vice Chairman of the Board: Kuusakoski Oy 2016–
Board member: Sampo-Rosenlew Oy 2016–
Board member: Black Bruin Oy 2016–
(earlier Sampo-Hydraulics Oy)
Board member: Valmet Automotive Oy 2014–
Independent of the company and its significant shareholders.
Markus Akermann  

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

Work experience  
Chief Executive Officer: Holcim Group 2002–2012  
Chairman of the Board: Holcim Group Support Ltd 2002–2012  
Member of the Board: Holcim Ltd 2002–2013  

Positions of trust  
Member of the Board: Votorantim Cimentos S.A. 2013–  
Member of the Board: ACC Mumbai, India 2005–2012  
Independent of the company and its significant shareholders.  

Roberto Gualdoni  

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

Work experience  
Chief Executive Officer: Styrolution Group 2011–2014  
President, Styrenics: BASF SE 2010–2011  
Senior Vice President, Global Procurement Raw Materials:  
BASF SE 2007–2010  

Positions of trust  
Chairman of the Advisory Board: CABB GmbH 2017–  
Board member: Saudi Basic Industries Corp. 2017–  
Board member: Carmeuse SA 2017–  
Board member: American Aerogel Corp. 2016–  
Independent of the company and its significant shareholders.  

Kati ter Horst  

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

Work experience  
Executive Vice President, Head of Stora Enso Paper 2014–  
Senior Vice President, Paper Sales, Printing and Living: Stora  
Enso 2013–2014  
Senior Vice President, Office Paper Sales, Printing and Reading:  
Stora Enso 2012–2013  

Positions of trust  
Board member: EURO-GRAPH asbl 2017–  
Board member: Finnish Forest Industries Federation 2015–  
Independent of the company and its significant shareholders.
Eeva Sipilä
b. 1973, Finnish citizen
M.Sc. (Econ.), CEFA
Outokumpu Board member 2017–
Member of the Audit Committee

Work experience
Chief Financial Officer and Deputy to the CEO: Metso Corporation 2016–
Executive Vice President and Chief Financial Officer: Cargotec Corporation 2008–2016
SVP, Investor Relations and Communications: Cargotec Corporation 2005–2008
Independent of the company and its significant shareholders.

Full details of work experience and positions of trust

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

Work experience
President and CEO: Posti Group Corporation (formerly Itella Corporation) 2012–
President and CEO: Pöyry PLC 2008–2012
Executive Vice President, Strategy, member of the UPM Executive Team: UPM-Kymmene Corporation, Helsinki, Finland 2006–2008

Positions of trust
Vice Chairman: Service Sector Employers PALTA 2016–
Board member: Realia Group 2017–
Board member: East Office of Finnish Industries 2012–
Independent of the company and its significant shareholders.

Operations and appointment of the Board of Directors

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

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

Outokumpu shares and share-based rights (parent or subsidiaries) owned by each director and his/her controlled corporations on December 31, 2017

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jorma Ollila</td>
<td>60,505</td>
</tr>
<tr>
<td>Olli Vaartimo</td>
<td>32,777</td>
</tr>
<tr>
<td>Markus Akermann</td>
<td>40,929</td>
</tr>
<tr>
<td>Roberto Gualdoni</td>
<td>50,617</td>
</tr>
<tr>
<td>Kati ter Horst</td>
<td>9,169</td>
</tr>
<tr>
<td>Heikki Malinen</td>
<td>28,617</td>
</tr>
<tr>
<td>Eeva Sipilä</td>
<td>7,981</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>230,595</td>
</tr>
</tbody>
</table>
The Board of Directors has established the rules of procedure that define its tasks and operating principles in the Charter of the Board of Directors. The main duties of the Board of Directors are as follows:

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

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

With respect to the preparation of matters to be resolved by the General Meetings of Shareholders:
- Establish a dividend policy and issue a proposal on dividend distribution;
- Make a proposal to the Annual General Meeting concerning the election of an external auditor and auditing fees;
- Make other proposals to General Meetings of Shareholders.

With respect to financial control and risk management:
- Discuss and approve interim reports, statements, and annual accounts;
- Monitor significant risks related to the Group’s operations and the management of such risks;
- Ensure that adequate policies for risk management are in place;
- Monitor financial position, liquidity, and debt maturity structure;
- Monitor the Group’s control environment;
- Reassess its activities on a regular basis.

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

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

Under the company’s Articles of Association, the Board shall have a minimum of five and a maximum of twelve members. A Board consisting of 8 members was elected at the 2017 Annual General Meeting. Saila Miettinen-Lähde stepped down from the Board on June 9, 2017 after which the Board of Directors comprised 7 members. The Board of Directors meets at least five times each year. In 2017, the Board of Directors had 9 meetings, and the average attendance rate was 98.5%.

Breakdown of individual attendance at Board meetings

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jorma Ollila</td>
<td>9/9</td>
</tr>
<tr>
<td>Olli Vaartimo</td>
<td>9/9</td>
</tr>
<tr>
<td>Markus Akermann</td>
<td>9/9</td>
</tr>
<tr>
<td>Roberto Gualdoni</td>
<td>8/9</td>
</tr>
<tr>
<td>Stig Gustavson (until March 21, 2017)</td>
<td>1/1</td>
</tr>
<tr>
<td>Kati ter Horst</td>
<td>9/9</td>
</tr>
<tr>
<td>Heikki Malinen</td>
<td>9/9</td>
</tr>
<tr>
<td>Saila Miettinen-Lähde (until June 9, 2017)</td>
<td>4/4</td>
</tr>
<tr>
<td>Elisabeth Nilsson (until March 21, 2017)</td>
<td>1/1</td>
</tr>
<tr>
<td>Eeva Sipilä (from March 21, 2017)</td>
<td>8/8</td>
</tr>
</tbody>
</table>
Diversity principles of the Board of Directors

Diversity of the Board of Directors supports the vision and long-term objectives of the Group. Outokumpu recognizes the importance of a diverse Board, including but not limited to age, educational and international background, professional expertise and experience from relevant industrial sectors as well as a representation of both genders. The company strives for a Board structure where both genders are represented in a well-balanced manner. The Shareholders’ Nomination Board shall take the Diversity Principles into account when preparing its proposals to the Annual General Meeting and an account of the progress in achieving set objectives shall be disclosed annually. The objective of a well-balanced Board structure in terms of gender representation was achieved in 2017.

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

Composition and operations of the Board committees

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

Audit Committee

The Audit Committee consists of a minimum of three Board members. The rules of procedure for and responsibilities of the Audit Committee have been established in the Charter of the Audit Committee approved by the Board of Directors. The task of the Audit Committee is, in greater detail than is possible for the Board as a whole, to deal with matters relating to financial reports and statements, the company’s financial position, auditing work, fees paid to the auditors, internal controls and compliance matters, the scope of internal and external audits, the Group’s tax position, the Group’s financial policies and other procedures for managing Group risks. In addition, the

Audit Committee prepares a recommendation to the Board of Directors concerning the election of an external auditor and auditing fees at a General Meeting. The Audit Committee met six times during 2017, and the average attendance rate was 96%.

Breakdown of individual attendance at Audit Committee meetings

<table>
<thead>
<tr>
<th>6 meetings in 2017</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olli Vaartimo</td>
<td>6/6</td>
</tr>
<tr>
<td>Markus Akermann (until March 21, 2017)</td>
<td>1/1</td>
</tr>
<tr>
<td>Roberto Gualdoni</td>
<td>5/6</td>
</tr>
<tr>
<td>Kati ter Horst</td>
<td>6/6</td>
</tr>
<tr>
<td>Saila Miettinen-Lähde (until March 21, 2017)</td>
<td>1/1</td>
</tr>
<tr>
<td>Eeva Sipiilä (from March 21, 2017)</td>
<td>5/5</td>
</tr>
</tbody>
</table>

Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board and a minimum of two additional Board members. The rules of procedure for and responsibilities of the Remuneration Committee have been established in the Remuneration Committee Charter approved by the Board of Directors. The tasks of the Remuneration Committee are to discuss and prepare recommendations to the Board regarding new nominations in and compensation principles applicable to the Group’s executive and senior management. The Board of Directors has authorized the Remuneration Committee to determine the terms of service and benefits enjoyed by the Outokumpu Leadership Team members other than the company’s CEO. The Remuneration Committee met four times during 2017, and the average attendance rate was 100%.

Breakdown of individual attendance at Remuneration Committee meetings

<table>
<thead>
<tr>
<th>4 meetings in 2017</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jorma Ollila</td>
<td>4/4</td>
</tr>
<tr>
<td>Markus Akermann (from March 21, 2017)</td>
<td>3/3</td>
</tr>
<tr>
<td>Stig Gustavson (until March 21, 2017)</td>
<td>1/1</td>
</tr>
<tr>
<td>Heikki Malinen</td>
<td>4/4</td>
</tr>
<tr>
<td>Saila Miettinen-Lähde (March 21, 2017 – June 9, 2017)</td>
<td>0/0</td>
</tr>
<tr>
<td>Elisabeth Nilsson (until March 21, 2017)</td>
<td>1/1</td>
</tr>
</tbody>
</table>

Temporary Working groups

To handle specific tasks, the Board of Directors can also set up temporary working groups consisting of Board members. These working groups report to the Board of Directors. No temporary working groups were set up in 2017.
Outokumpu’s Annual General Meeting in 2012 resolved to establish a Shareholders’ Nomination Board to annually prepare proposals to the Annual General Meeting for the election, composition, and compensation of the members of the Board of Directors.

In addition, the Annual General Meeting adopted a Charter of the Shareholders’ Nomination Board, which regulates the nomination and composition, and defines the tasks and duties of the Nomination Board.

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

Holdings by a shareholder who, under the Finnish Securities Markets Act has an obligation to disclose changes in holdings (flagging obligation) that are divided into several funds or registers will be added together when calculating the share of all the voting rights, provided that the shareholder presents a written request to that effect to the Chairman of the Company’s Board of Directors no later than September 30 preceding the Annual General Meeting. If a shareholder does not wish to use their nomination right, the right transfers to the next largest shareholder who would otherwise not have a nomination right.

Shareholders with the right to appoint representatives to the Nomination Board in 2017 were Solidium Oy, Varma Mutual Pension Insurance Company, the Social Insurance Institution of Finland and Ilmarinen Mutual Pension Insurance Company. These shareholders chose the following individuals as their representatives in the Nomination Board: Antti Mäkinen, Managing Director of Solidium Oy; Pekka Pajamo, CFO of Varma Mutual Pension Insurance Company; Tuula Korhonen, Investment Director of the Finnish Social Insurance Institution and Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company. Antti Mäkinen was elected Chairman of the Nomination Board, and Jorma Ollila, Chairman of the Outokumpu Board of Directors, served as an expert member. The Nomination Board convened four times in total, and the attendance rate was 100%. The Nomination Board has submitted its proposals regarding the Board composition and director compensation to Outokumpu’s Board of Directors, and the Board has incorporated these proposals into the notice convening the Outokumpu 2018 Annual General Meeting of Shareholders.
Executive Management

Biographical details of the CEO and the Leadership Team on January 1, 2018

Roeland Baan
b. 1957, Dutch citizen
M.Sc. (Econ.)
President and Chief Executive Officer 2016–
Chairman of the Outokumpu Leadership Team 2016–
Responsibility: Group management; the Ferrochrome business area; legal, corporate affairs and compliance; safety, health and environment, and internal audit
Employed by the Outokumpu Group since 2016

Work experience
President – Europe business area: Outokumpu Oyj 2016–2017
Executive Vice President and CEO: Aleris Europe and Asia 2013–2015
Executive Vice President and CEO, Global Rolled and Extruded Products: Aleris 2011–2013
Executive Vice President and CEO, Europe and Asia: Aleris 2008–2011

Current positions of trust
Vice Chairman: International Stainless Steel Forum 2017–
Board member: World Steel Association 2016–
Board member: Eurofer 2015–
Board member: Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. 2012–, member of Audit Committee 2012–, Chairman of Corporate Governance Committee 2013–2017 and Chairman of Risk Committee 2017– (member 2013–)

Christoph de la Camp
b. 1963, German citizen
MBA, B.Sc. (Eng.)
Chief Financial Officer 2016–
Member of the Outokumpu Leadership Team 2016–
Responsibility: Financial and business controlling and analysis, taxation, treasury, metal and risk management, global business services
Employed by the Outokumpu Group since 2016

Work experience
Chief Financial Officer: INEOS Nova LLC (INEOS Styrenics LLC) 2007–2011

Maciej Gwozdz
b.1975, Polish citizen
Executive MBA, M.Sc. (Econ.)
President – Europe 2018–
Member of the Outokumpu Leadership Team 2016–
Responsibility: The Europe business area
Employed by the Outokumpu Group since 2016

Work experience
Executive Vice President – Operations, Europe: Outokumpu Oyj 2016–2017
Senior Vice President, Steering Europe: ZF Friedrichshafen AG SVP 2016
Vice President, Steering Europe: TRW Automotive/ZF Group 2013–2016
Operations Director Steering Europe: TRW Automotive 2011–2013
Kari Tuutti  
b. 1970, Finnish citizen  
M.Sc. (Econ.)  
President – Long Products 2014–  
Member of the Outokumpu Leadership Team 2012–  
Responsibility: The Long Products business area  
Employed by the Outokumpu Group since 2011  

Work experience  
Executive Vice President – Marketing, Communications and Sustainability: Outokumpu Oyj 2012–2014  
Senior Vice President – Marketing, Communications and IR: Outokumpu Oyj 2011–2012  
Director, Marketing Creation: Nokia 2009–2011  

Positions of trust  

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

Work experience  
Senior Vice President, Strategic Planning & Business Development: United States Steel Corporation 2013–2015  
Senior Vice President, North American Flat-Roll Operations: United States Steel Corporation 2009–2013  
Vice President, Midwest Flat-Roll Operations: United States Steel Corporation 2008–2009  

Positions of trust  
Board Member: Specialty Steel Industry of North America 2015–  
Board Member: Mobile Chamber of Commerce 2017

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

Work experience  
President – Quarto Plate: Outokumpu Oyj 2015–2016  
Senior Vice President – Quarto Plate Europe: Outokumpu Stainless AB 2014–2015  
Vice President – Mergers & Acquisitions: Outokumpu Oyj 2012-2014
Olli-Matti Saksi
b. 1967, Finnish citizen
M.Sc. (Eng.)
Executive Vice President – Sales, Europe 2016–
Member of the Outokumpu Leadership Team 2014–
Responsibility: Sales in the Europe business area
Employed by Outokumpu Group since 2013

Work experience
Senior Vice President – Head of Sales EMEA: Outokumpu
2013–2014
SVP and General Manager, Division Rolled Products: Aleris
2011–2013

Jan Hofmann
b. 1979, German citizen
M.Sc. (Econ.)
Executive Vice President – Business Transformation & IT 2016–
Member of the Outokumpu Leadership Team 2015–
Responsibility: Business transformation and IT
Employed by the Outokumpu Group since 2012

Work experience
Chief Financial Officer – APAC: Outokumpu Oyj 2015
Senior Vice President – Group Strategy and Business Excellence: Outokumpu Oyj 2012–2014

Reeta Kaukiainen
b. 1964, Finnish citizen
M.Sc. (Soc.)
Executive Vice President – Communications and Investor Relations 2017–
Member of the Outokumpu Leadership Team 2017–
Responsibility: Communications, investor relations and marketing
Employed by the Outokumpu Group since 2017

Work experience
Marketing & Communications Country Lead: Accenture Oy
2016–2017
Senior Vice President, Communications: Metsä Group
2012–2015
Vice President, Communications and Investor Relations: Tieto Corporation 2007–2012
Johann Steiner
b. 1966, German citizen
M.Sc. (Econ.)
Executive Vice President – Human Resources and Organization Development 2016–
Member of the Outokumpu Leadership Team 2013–
Responsibility: Human resources and organization development
Employed by the Outokumpu Group since 2013

Work experience
Executive Vice President – Human Resources and IT, Health and Safety: Outokumpu 2013–2016
Executive Vice President – Human Resources and Health, Safety and Sustainability: Outokumpu Oyj 2013
Group HR Director: SAG Group GmbH 2012

Outokumpu shares and share-based rights (parent or subsidiaries) owned by CEO and Leadership Team members and his/her controlled corporations on December 31, 2017

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roeland Baan</td>
<td>774,869</td>
</tr>
<tr>
<td>Christoph de la Camp</td>
<td>171,720</td>
</tr>
<tr>
<td>Liam Bates</td>
<td>70,752</td>
</tr>
<tr>
<td>Maciej Gwozdz</td>
<td>101,324</td>
</tr>
<tr>
<td>Jan Hofmann</td>
<td>74,657</td>
</tr>
<tr>
<td>Reeta Kaukiainen</td>
<td>0</td>
</tr>
<tr>
<td>Olli-Matti Saksi</td>
<td>148,256</td>
</tr>
<tr>
<td>Johann Steiner</td>
<td>84,079</td>
</tr>
<tr>
<td>Kari Tuutti</td>
<td>98,946</td>
</tr>
<tr>
<td>Michael S. Williams</td>
<td>160,637</td>
</tr>
<tr>
<td>Total</td>
<td>1,685,240</td>
</tr>
</tbody>
</table>

More information on compensation can be found on p. 22 in this Governance section and in the separate Remuneration statement.

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

The CEO prepares decisions and other matters for the meetings of the Board of Directors, develops the Group’s operations in line with the targets agreed with the Board of Directors, and ensures the proper implementation of Board decisions. The CEO is also responsible for ensuring that the existing legislation and applicable regulations are observed throughout the Group.

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

Leadership Team
The Outokumpu Leadership Team assists the CEO in the overall management of Outokumpu’s business. The members of the team have extensive authorities in their individual areas of responsibility, and their duty is to develop the Group’s operations in line with the targets set by the Board of Directors and the CEO. At the beginning of 2018, the members of the Outokumpu Leadership Team held the following positions:

- President and Chief Executive Officer (Group management, the Ferrochrome business area, legal, corporate affairs and compliance, safety, health and environment, and internal audit)
- Executive Vice President – Chief Financial Officer (financial and business controlling and analysis taxation, treasury, metal and risk management, global business services)
- President – Europe (the Europe business area)
- President – Americas (the Americas business area)
- Executive Vice President – Sales, Europe (sales in the Europe business area)
- Executive Vice President – Supply Chain Management, Europe (supply chain in the Europe business area)
- Executive Vice President – Business Transformation and IT (business transformation and IT)
- Executive Vice President – Communications and Investor Relations (communications, investor relations and marketing)
- Executive Vice President – Human Resources and Organization Development (human resources and organization development)

The Leadership Team typically meets at least once a month.
Internal control procedures and the main features of risk management systems

Internal control

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

Control environment

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

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

Outokumpu operates in accordance with the risk management policy approved by the Group’s Board of Directors, and the Audit Committee regularly monitors the Group’s risk map. The policy defines the objectives of risk management activities, the approaches to be taken, and areas of responsibility. In addition to supporting the Outokumpu strategy, risk management activities help in defining a balanced risk profile from the perspective of shareholders and other stakeholders, such as customers, suppliers, personnel, and lenders. More information on risk management within Outokumpu can be found in the Risk management section on p. 15 in the Corporate Governance section.

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

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

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

Identification and assessment of risks related to financial reporting

Risks related to the Group’s financial reporting are classified as operational risks and can arise as a consequence of inadequate or failed internal processes, employee actions, systems, or other events such as misconduct or crime. The aim of the Outokumpu risk management process is to identify, evaluate, control, and mitigate such risks.

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

Control activities

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

Information technology and solutions play an important role in guaranteeing that the Group’s internal controls have a solid foundation. The Group’s consolidation system was renewed in 2015 to ensure timely and uniform financial and management reporting from the Group entities and an effective closing process within the whole Group. Outokumpu is also running a business transformation program to develop and improve business capabilities and to renew major parts of its fragmented system environment. This will be achieved mainly by harmonizing and improving the Group’s core business processes and implementing supporting IT systems (e.g. ERP) that will be common to the whole Group. Outokumpu is also in the transition phase to centralize accounting and financial reporting to its global business service centers. As part of this development, internal controls based on systems and processes are being further developed and improvements to the control environment are in the process of being implemented. First rollouts of the ERP will take place during 2018.

Information and communication

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

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

Follow-up

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

Internal audit

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

With a strong commitment to integrity and accountability, Internal Audit provides value to governing bodies and senior management as an objective and direct source of correct, reliable information, and independent advice. Internal Audit also monitors adherence to Group principles, policies, and procedures, and investigates fraudulent and noncompliant behaviors and activities. Internal Audit performs its function on behalf of and directly reports to the Audit Committee and to the Leadership Team, but is functionally assigned to the CEO. The annual internal audit plan is approved by the Audit Committee.

In 2017, Internal Audit performed 18 scheduled operational audits including audits of various entities in Sweden, focused reviews of coil service centers in Eastern Europe and Italy, and audits of the Outokumpu subsidiaries in India and the Far East. The results of all the audits carried out including their risk appraisals are reported and distributed in writing. In view of the Outokumpu Code of Conduct and the Corporate Responsibility Policy, the previously identified potential risk in the context of sales intermediary agreements is deemed to be resolved and controlled adequately. The key risk areas to be focused on in 2018 are the newly established Ferrochrome business area, the procedural control environment at interfaces with global business services in Europe and in the Americas, and the procurement of raw materials and IT soft-/hardware.

The confidential whistleblowing hotline (“Helpline”) available on the company intranet and via the Internet is set up to anonymously inform Internal Audit and the Audit Committee of suspicions of financial misconduct or unethical behavior. Two cases were reported via the Helpline in 2017.

Seven unscheduled investigations of potential misconduct were recognized through other channels. Internal Audit observed cases of unfair behavior, forged company documents and incurred or alleged theft, among them stealing material out of a closed-down melt shop; however, none of these cases were
Compliance

Outokumpu is strongly committed to the highest ethical standards and observes the laws and other regulations of the countries in which it operates, and it complies with agreements and commitments it has made. Outokumpu’s Code of Conduct sets out these ethical standards and provides guidelines for a common way of working with the aim of ensuring that all Outokumpu employees live up to Outokumpu’s ethical standards. Outokumpu’s Legal, Corporate Affairs and Compliance function is responsible for managing and continuously developing Outokumpu’s compliance program. Outokumpu’s compliance program is described in more detail as part of Outokumpu & society at www.outokumpu.com. The Legal, Corporate Affairs, and Compliance function reports to the CEO and also reports to the Outokumpu Leadership Team and directly to the Board Audit Committee on compliance-related matters. Compliance-related matters are also regularly handled in the Compliance Committee, consisting of the CEO, CFO, Head of HR, Corporate General Counsel and Group Compliance Officer. The Compliance Committee met four times in 2017.

Insider management

The company’s Insider Rules and the insider laws and regulations, including the Finnish Securities Act, the Guidelines for Insiders issued by Nasdaq Helsinki Ltd and the Market Abuse Regulation (EU), constitute the primary legal framework for the insider issues relevant to the Group and its employees. Furthermore, the Regulation on Energy Market Integrity and Transparency (EU) sets forth similar requirements as the Market Abuse Regulation on dealing with inside information relating to wholesale energy products. As the company is a participant in the wholesale energy market, the company’s Insider Rules apply to such energy-related inside information, as applicable.

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

Outokumpu applies a restricted period of thirty (30) calendar days before the announcement, as well the day of the announcement, of an interim financial report, interim financial statement and a year-end report (the “Closed Window”). During this period, the Management, the persons subject to trading restrictions and any legally incompetent persons under their custody shall not conduct any transactions, on its own account or for the account of a third party, directly or indirectly, relating to the company’s shares or debt instruments, or derivatives or other financial instruments linked thereto. Separate, non-public, project-specific insider registers are maintained for insider projects. Persons defined as project-specific insiders are those who, in the course of their duties in connection with a project, receive inside information concerning the Group which, if or when realized, is likely to have a significant effect on the value of the company’s publicly traded securities.

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

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

Auditors

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

The Annual General Meeting elects the auditors for a term of office ending at the close of the next Annual General Meeting. A proposal to the Annual General Meeting on the election of auditors that has been made known to the Board of Directors prior to the Annual General Meeting will be made public if it is supported by shareholders holding a minimum of 10% of all the company’s shares and voting rights and the person or company proposed has consented to such nomination. In addition, the Board of Directors has the duty to make a proposal to the Annual General Meeting as to the election and fees of the auditor.

The company’s auditors submit the statutory auditor’s report to the company’s shareholders in connection with the company’s financial statements. The auditors also report their findings to the Board Audit Committee on a regular basis and at least once a year to the full Board of Directors. The parent company, Outokumpu Oyj, is audited by PricewaterhouseCoopers Oy, and the responsible auditor is Janne Rajalahhti, Authorized Public Accountant. PricewaterhouseCoopers Oy is also responsible for overseeing and coordinating the auditing of all Group companies. PricewaterhouseCoopers Oy was elected as the Group Auditor in the Annual General Meeting held on March 21, 2017 after an audit tender process held in 2016. Both Outokumpu and PricewaterhouseCoopers Oy emphasize the requirement that the auditor be independent of the company being audited. The PwC Network Independence policy is based on the International Ethics Standards Board for Accountants’ (IESBA) Code of Ethics for Professional Accountants. For the fiscal years 2006–2016, Outokumpu was audited by KPMG Oy Ab.

Outokumpu’s Board Audit Committee continuously monitored non-audit services purchased by the Group from
PricewaterhouseCoopers Oy at a global level. In 2017, auditors were paid fees totaling EUR 2.5 million, of which non-auditing services accounted for EUR 0.6 million.

**Risk management**

Outokumpu operates in accordance with the risk management policy approved by the company’s Board of Directors. The policy has been reviewed and updated in 2017 and it defines the objectives, approaches, and areas of responsibility in the Group’s risk management activities. In addition to supporting Outokumpu’s strategy, the aim of risk management is identifying, evaluating, and mitigating risks from the perspective of shareholders, customers, suppliers, personnel, creditors, and other stakeholders.

**Risk management organization**

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

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

**Risk management process in Outokumpu**

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

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

**Focus areas**

The focus in risk management in 2017 was in securing the steps to improve Outokumpu’s cost competitiveness as well as continuous improvement of risk management, including actions in safety, securing liquidity, managing project risks and improving the efficiency and controls of Outokumpu’s operations as part of large business transformation program aiming to renew fragmented IT systems going forward. Outokumpu continued its systematic fire safety and loss prevention audit programs, which also included machinery breakdown loss prevention. In total, some twenty fire safety and machinery breakdown loss prevention audits were carried out in 2017 using in-house expertise in cooperation with external advisors. The main realized risks in last year were a fatal accident to a contractor at Degerfors, Sweden in May, risks related to production stability, especially in ferrochrome, and inadequate profitability in the business area Americas.
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