

Rautaruukki Corporation's CORPORATE GOVERNANCE STATEMENT 2011

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Good governance supports business

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

1. Regulatory environment

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

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

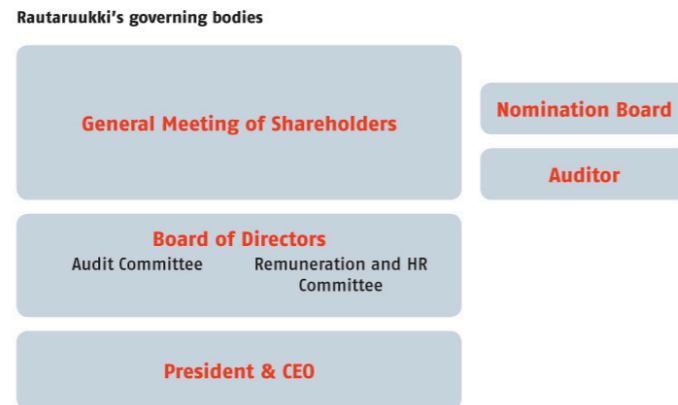
An unofficial English translation of the Finnish Corporate Governance Code is in the public domain and may be viewed on the Securities Market Association website at www.cgfinland.fi.

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

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

2. Administration, governing and supervisory bodies

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



3. Organisational structure of the business

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

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

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

4. General Meeting of Shareholders

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

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

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

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

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

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

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

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

Annual General Meeting 2011

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

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

5. Nomination Board appointed by the Annual General Meeting

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

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

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

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

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

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

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

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

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

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

6. Board of Directors

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

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

6.1 Main tasks of the Board of Directors

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

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

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

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

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

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

6.2 Board of Directors 2011

Board of Directors until 23 March 2011

Chairman Reino Hanhinen MSc (Eng), DSc (Tech) h.c., b.1943

Deputy Chairman Hannu Ryöppönen BA (Business Admin), b.1952

Maarit Aarni-Sirviö MSc (Tech), MBA, b.1953

Pertti Korhonen MSc (Electronics Eng), b.1961

Liisa Leino MSc (Nutrition), b.1960

Matti Lievonon BSc (Eng), eMBA, b.1958

Jaana Tuominen MSc (Chemical Eng), b.1960

Board of Directors since 23 March 2011

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

Chairman Reino Hanhinen

Deputy Chairman Hannu Ryöppönen

Maarit Aarni-Sirviö

Pertti Korhonen

Liisa Leino

Matti Lievonon

Jaana Tuominen

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

The Board of Directors met 10 times during 2011.

Attendance of Board members at meetings

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

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

7. Board of Directors' committees

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

7.1 Audit Committee

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

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

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

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

Audit Committee 2011

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

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

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

The Audit Committee met 6 times in 2011.

7.2 Remuneration and HR Committee

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

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

Remuneration Committee 2011

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

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

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

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

The Remuneration Committee met 6 times in 2011.

8. President & CEO

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

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

9. Corporate Executive Board

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

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

Corporate Executive Board 2011

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

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

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

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

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

The Corporate Executive Board met 30 times during the year.

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

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

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

10. Risk management and internal control system

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

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

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

11. Internal control system

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

11.1 Risk management

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

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

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

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

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

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

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

A more comprehensive description of Rautaruukki’s key risks and the risk management process is shown on the company’s website at www.ruukki.com.

11.2 Control functions

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

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

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

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

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

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

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

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

External disclosure of financial information complies with stock exchange regulations.

11.3 Monitoring

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

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

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

12. Compliance with laws and the Code of Conduct

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

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

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

12.1 Policies

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

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

12.2 Reporting misconduct

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

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

No cases of financial misconduct were reported in 2011.

13. Internal audit

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

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

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

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

14. Audit

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

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

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

Auditor 2011

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

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

15. Insiders and related parties

Insiders

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

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

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

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

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

Related parties

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

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

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

16. Information and communication

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

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

17. Remuneration

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



Board of Directors 31 December 2011

Chairman

Reino Hanhinen b. 1943

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

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

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

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

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

Deputy Chairman

Hannu Ryöppönen b. 1952

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

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

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

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

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

Maarit Aarni-Sirviö b. 1953

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

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

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

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

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

Pertti Korhonen b. 1961

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

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

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

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

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

Liisa Leino b. 1960

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

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

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

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

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

Matti Lievonon b. 1958

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

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

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

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

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

Jaana Tuominen b. 1960

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

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

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

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

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

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



Corporate Executive Board 31 December 2011

Chairman

Sakari Tamminen

b. 1953

MSc (Econ)

President and CEO

Joined the company in 2003

Corporate Executive Board member since 2003

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

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

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

Rautaruukki shares:

1 January 2011: 73,238

31 December 2011: 76,938

Tommi Matomäki

b. 1967

MSc (Tech)

Executive Vice President, Ruukki Construction

Joined the company in 2008

Corporate Executive Board member since 2008

Previous main positions:

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

Elected positions:

Leinovalu Oy, Board member (2010-)

Rautaruukki shares:

1 January 2011: 1,640

31 December 2011: 1,640

Marko Somerma

b. 1966

LicSc (Tech)

Executive Vice President, Ruukki Engineering and CSO

Joined the company in 2004

Corporate Executive Board member since 2005

Previous main positions:

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

Rautaruukki shares:

1 January 2011: 19,190

31 December 2011: 19,190

Olavi Huhtala

b. 1962

BSc (Eng)

Executive Vice President, Ruukki Metals

Joined the company in 1987

Corporate Executive Board member since 2003

Previous main positions:

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

Rautaruukki shares:

1 January 2011: 33,596

31 December 2011: 33,596

Markku Honkasalo

b. 1964

LLM, eMBA

Chief Financial Officer

Joined the company in 2009

Corporate Executive Board member since 2010

Previous main positions:

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

Rautaruukki shares:

1 January 2011: -

31 December 2011: 500

Eija Hakakari

b. 1961

MSc (Educ)

Senior Vice President, HR

Joined the company in 2008

Corporate Executive Board member since 2011

Previous main positions:

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

Rautaruukki shares:

1 January 2011: 400

31 December 2011: 400

Toni Hemminki

b. 1975

MSc (Tech)

Senior Vice President, Technology, Energy and Environment

Joined the company in 2001

Corporate Executive Board member since 2011

Previous main positions:

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

Elected positions:

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

Rautaruukki shares:

1 January 2011: 328

31 December 2011: 328

Taina Kyllönen

b. 1967

MSc (Econ)

Senior Vice President, Marketing and Communications

Joined the company in 2004

Corporate Executive Board member since 2011

Previous main positions:

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

Rautaruukki shares:

1 January 2011: 11,191

31 December 2011: 11,191

Ismo Platan

b. 1953

BSc (IT)

Senior Vice President, IT, SCM and Opex

Joined the company in 2003

Corporate Executive Board member since 2011

Previous main positions:

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

Rautaruukki shares:

1 January 2011: 13,669

31 December 2011: 19,669

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

Information about members of the Corporate Executive Board can be found on the company's website at www.ruukki.com > About Ruukki > Management.