



CORPORATE GOVERNANCE STATEMENT 2009

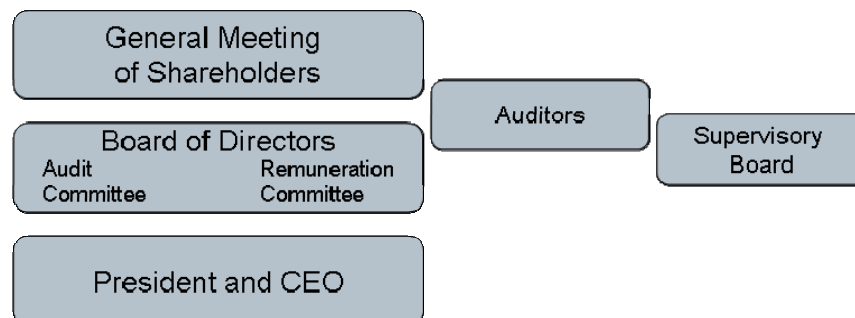
This Corporate Governance Statement has been prepared in accordance with Recommendation 51 of the Finnish Corporate Governance Code 2008 and with Chapter 2, Section 6 of the Securities Markets Act. The Corporate Governance Statement is issued separately from the company's report of operations.

Rautaruukki Corporation is a Finnish limited company and the responsibilities and obligations of its governing 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 regulations 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). Furthermore, Rautaruukki complies with the Finnish Corporate Governance Code 2008 published by the Securities Market Association, with the exception that the Nomination Committee does not comprise exclusively of members of the company's Board of Directors. Nominations for appointments to Rautaruukki's Board of Directors are made by the Nomination Committee appointed by the Annual General Meeting. An unofficial English translation of the Finnish Corporate Governance Code may be viewed on the Securities Market Association website at www.cgfinland.fi.

Executive bodies

Responsibility for administration and operations of the Rautaruukki Group is vested in the executive bodies of the parent company, Rautaruukki Corporation: the General Meeting of Shareholders, the Board of Directors and its committees, the Supervisory Board and the President & CEO.



Organisational structure of the business

The President & CEO, assisted by the Corporate Management Board, is responsible for corporate operating activities and divisional presidents, assisted by their respective management boards, are responsible for divisional operations.

In 2009, the business was, in line with the management organisation, structured into the following reporting divisions: Ruukki Construction, Ruukki Engineering and Ruukki Metals.

The parent company, Rautaruukki Corporation, is responsible for corporate administration, strategic planning, accounting and financing, and provides the divisions with services relating to shared functions.

General Meeting of Shareholders

Ultimate decision-making is vested in the General Meeting of Shareholders, at which shareholders exercise their authority. The Annual General Meeting is held by the end of June each year and transacts the business assigned to it by law and the company's Articles of Association, and considers any shareholder proposals put to the Meeting.

The Board of Directors is responsible for convening general meetings. Notice of general meetings is published in one or more national newspapers and on the company's website no earlier than two months and no later than twenty one days before the meeting.

Decisions made by the Annual General Meeting include:

- adoption of the financial statements
- distribution of profit
- discharge from liability for the Board of Directors, Supervisory Board and for the President & CEO
- election and remuneration of members to the Board of Directors and the Supervisory Board and the
- election and fees of the company's auditors

By law, shareholders are entitled to have considered by the general meeting a matter falling within the remit of the general meeting provided that the matter is presented in writing in time for it to be included in the notice convening the meeting. To be eligible to attend general meetings, shareholders must be on the company's shareholder register maintained by Euroclear Finland Ltd. Nominee-registered shareholders can be temporarily listed in the company's shareholder register for the purpose of attending a general meeting.

2009 Annual General Meeting

The 2009 Annual General Meeting was held on 24 March 2009. The documents relating to the meeting are available on the company's website at www.ruukki.com.

Nomination Committee appointed by the Annual General Meeting

A Nomination Committee was appointed by the Annual General Meeting on 24 March 2009 to prepare nominations for appointments to the Board of Directors and for the remuneration of Board members for presentation to the following Annual General Meeting.

The Nomination Committee consists of representatives of the three largest shareholders, together with the Chairman of the Board of Directors as an expert member and another expert member who is appointed by the Board of Directors from among its members and who is also independent of the company's main shareholders. The right to nominate the members to represent shareholders is vested in the three shareholders whose share of the total votes conveyed by all shares was largest as at 2 November preceding the Annual General Meeting. If a shareholder does not wish to exercise its nomination right, this right passes to the next largest shareholder. The Chairman of the Board of Directors convenes the Committee, which elects a chairman from among its members. The Nomination Committee must submit its proposals to the company's Board of Directors by 1 February preceding the Annual General Meeting.

Nomination Committee 2009

Rautaruukki's three largest registered shareholders as at 2 November 2009 were Solidium Oy, Ilmarinen Mutual Pension Insurance Company and Varma Mutual Pension Insurance Company. These shareholders have chosen their representatives on Rautaruukki's Nomination Committee: Kari Järvinen, Managing Director, Solidium Oy; Timo Ritakallio, Deputy Chief Executive Officer, Ilmarinen Mutual Pension Insurance Company; Matti Vuoria, President and CEO, Varma Mutual Pension Insurance Company. Reino Hanhinen, Chairman of Rautaruukki's Board of Directors, and Hannu Ryöppönen, who was appointed by the Board of Directors, serve as the Nomination Committee's expert members.

The shareholders' Nomination Committee proposed to the Annual General Meeting convening on 23 March 2010, that the current members of the Board of Directors Maarit Aarni-Sirviö, Reino Hanhinen, Liisa Leino and Hannu Ryöppönen be re-elected for a further term of office lasting one year from the 2010 Annual General Meeting to the close of the 2011 Annual General Meeting, and that Pertti Korhonen MSc (Electronics Engineering), President & CEO, Outotec Oy; Matti Lievonen, BSc (Eng) President & CEO, Neste Oil Corporation and Jaana Tuominen, MSc (Eng), CEO and Managing Director, Paulig Ltd be elected to the Board as new members. Furthermore, the Nomination Committee proposed that Reino Hanhinen be re-elected as chairman of the Board of Directors and that Hannu Ryöppönen be elected as deputy chairman. Moreover, the Nomination Committee proposed that the annual fees of the Board of Directors remain unchanged, except that 40 per cent of the annual fee be paid in the form of Rautaruukki Oy shares purchased from the market.

Board of Directors

The Board of Directors is responsible for the company's administration and for the proper organisation of the company's operations. The Board is responsible for ensuring the proper arrangements for and supervision of the company's accounting and financial management. The Annual General Meeting elects the chairman, deputy chairman and between two and six other members of the Board for a term of office which expires at the close of the first Annual General Meeting following appointment. The majority of Board members must be independent of the company and additionally at least two must also be independent of the company's major 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 Board of Directors deals with all matters for which it is responsible by law, other regulations and under the company's Articles of Association. The Board oversees the company's operations and management and decides significant matters relating to the company's strategy, investments, organisation and finance. The principles which the Board applies in its regular work are set out in the working order adopted by the Board. The main tasks of the Board are to

- ensure to arrange the group's administration and proper organisation of its operations
- ensure proper arrangements for and supervision 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 senior management
- approve the financial statements and interim reports
- prepare business to be transacted at 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 of the group's operations and finances. The Board annually evaluates its own efficiency, working practices and performance in the form of self-assessment.

Board of Directors 2009

The 2009 Annual General Meeting elected a chairman, deputy chairman and five ordinary members to the Board of Directors:

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

Board member (2006–) and chairman (2009–)

Remuneration Committee chairman (2009–) and member (2007–)

Independent Board member.

Deputy chairman **Christer Granskog**, b. 1947, MSc (Tech), Managing Director (Oy Piceum Ab)

Board member (2001–) and deputy chairman (2009–)

Remuneration Committee member (2009–)

Independent Board member.

Maarit Aarni-Sirviö, b. 1953, MSc (Tech), MBA, President & CEO (Mint of Finland Ltd)

Board member (2004–)

Remuneration Committee member (2008–)

Independent Board member.

Pirkko Juntti, b. 1945, LL.M.

Board member (2003–)

Independent Board member.

Kalle J. Korhonen, b. 1948, MSc (Tech), Undersecretary of State (Ministry of Employment and the Economy)

Board member (2005–)

Audit Committee member (2008–)

Independent Board member, but not independent of one of the company's major shareholders.

Liisa Leino, b. 1960, MSc (Educ), Chairwoman of the Board (Leinovalu Oy)

Board member (2007–)

Audit Committee member (2007–)

Independent Board member.

Hannu Ryöppönen, b. 1952, BA (Bus Admin)

Board member (2009–)

Audit Committee chairman (2009–)

Independent Board member.

Information about the Board members' main work experience, key elected positions and ownership of Rautaruukki shares may be viewed on the company's website at www.ruukki.com.

The Board of Directors met nine times in 2009 and additionally held one meeting by electronic communications. The average attendance rate at Board meetings was 97 per cent.

Board of Directors' committees

At its meeting held after the Annual General Meeting, the Board of Directors appoints members and a chairperson to the Audit and Remuneration Committees. The Board oversees the work of the committees and has approved working orders for them. These working orders contain the main remits and working principles of the committees. The committees have no independent authority.

Audit Committee

The Board of Directors appoints an Audit Committee to assist it in carrying out its supervisory duties. The Audit Committee comprises a chairperson and between two and four members. Members of the Audit Committee must be independent of the company and the majority of members must be independent of the company's major shareholders. The chairperson must be independent of both the company and of 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 experience of financial accounting, bookkeeping or auditing.

The Board of Directors defines the remit of the Audit Committee in the working order approved by the Board. The Audit Committee assists the Board in carrying out its supervisory duties. The remit of the Audit Committee is 1) to oversee financial reporting, the quality and consistency of the information to be published and the financial reporting process; 2) to evaluate the competence, independence and work of the auditor; 3) to monitor the adequacy of internal control and risk management processes; 4) to monitor the adequacy of internal auditing and 5) to evaluate compliance with the relevant legislation and regulations.

The Audit Committee also monitors the group's financial position and financing development. The work of the Audit Committee also includes preparations relating to the election of the company's auditor, as well as evaluating the audit plan and costs and the auditor's report. The Committee also examines the description of the main features of the internal control and risk management systems relating to the financial reporting process included in the report of the company's corporate governance system.

The Audit Committee reports regularly on its work to the Board of Directors and annually evaluates its own efficiency, working practices and performance in the form of self-assessment.

Audit Committee 2009

In 2009, the Audit Committee comprised the following members of the Board of Directors: Hannu Ryöppönen (chairman), Kalle J. Korhonen and Liisa Leino.

The Audit Committee met six times in 2009 and the attendance rate was 100 per cent.

Remuneration 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 Remuneration Committee is tasked with safeguarding objective decision-making, promoting the achievement of the company's goals by means of bonus schemes and the transparency and systemisation of bonus schemes.

The Board of Directors defines the remit of the Remuneration Committee in the working order approved by the Board. The Remuneration Committee prepares and evaluates the reward scheme and appointments of the company's president & CEO and other members of the Corporate Management Board and reward schemes of other personnel. The Remuneration Committee also assists the entire Board of Directors in making decisions about reward matters. The chairman of the Remuneration Committee convenes Committee meetings when required. He also presents the Committee's proposals to the Board of Directors.

Remuneration Committee 2009

In 2009, the Remuneration Committee comprised the following members of the Board of Directors: Reino Hanhinen (Chairman of the Committee and of the Board of Directors.), Maarit Aarni-Sirviö and Christer Granskog (Deputy Chairman of the Board of Directors).

The Remuneration Committee met twice in 2009 and the attendance rate was 100 per cent.

Supervisory Board

The General Meeting elects the Supervisory Board for a term of office lasting one year at a time. The Supervisory Board has between 5 and 12 members. The Supervisory Board is tasked with overseeing that the company's affairs are managed in accordance with sound business principles and to submit to the Annual General Meeting its statement on the annual financial statements, the consolidated financial statements and the auditors' report. In addition, the Supervisory Board may decide to issue guidance to the Board of Directors on matters of far-reaching or fundamental importance.

Under the company's Articles of Association, founder shareholders in the company, excluding limited liability companies with a majority State holding, are each entitled to appoint and have their own representative elected to the Supervisory Board as long as they own the shares subscribed for when the company was incorporated.

Four representatives appointed by employee groups attend Supervisory Board meetings, at which they have a right to be present and to speak.

Supervisory Board 2009

The 2009 Annual General Meeting elected nine members to the Supervisory Board:

Chairwoman **Marjo Matikainen-Kallström**, b. 1965, Member of Parliament, MSc (Tech)

Deputy Chairwoman **Inkeri Kerola**, b. 1957, Member of Parliament, school teacher

Heikki Allonen, b. 1954, President & CEO, Patria Group, MSc (Eng) (appointed by Fiskars Corporation)

Turo Bergman, b. 1946, LicSocSc

Miapetra Kumpula-Natri, b. 1972, Member of Parliament, BSc (Eng), student of economics

Petteri Orpo, b. 1969, Member of Parliament, MSocSc

Jouko Skinnari, b. 1946, Member of Parliament, LLM

Hans Sohlström, b. 1964, Executive Vice President, UPM-Kymmene Corporation, MSc (Tech), MSc (Econ) (appointed by UPM-Kymmene Corporation)

Tapani Tölli, s. 1951, Member of Parliament, MSocSc

Employee representatives:

Matti Kelloniemi, b. 1950, HRD specialist

Jouko Luttinen, b. 1956, chief shop steward

Markku Pelkkikangas, b. 1950, project manager

Mika Vuoti, b. 1967, chief shop steward, since 1 May 2009 (Eero Raivio, b. 1945, chief shop steward, until 30 April 2009).

The Supervisory Board met four times in 2009 and the average attendance rate was 86.5 per cent.

President & CEO

The Board of Directors appoints the company's President & CEO, who is responsible for managing the company's business in accordance with the Finnish Limited Liability Companies Act, the Articles of Association and the instructions issued by the Board of Directors. The President & CEO is assisted in corporate management by the Corporate Management Board.

President & CEO **Sakari Tamminen**, b. 1953, MSc (Econ)

Joined the company in 2003 -
Member of the Corporate Management Board since 2003

The Board of Directors also appoints a deputy to the president & CEO. The deputy is the company's CFO, Mikko Hietanen.

Corporate Management Board

The Corporate Management Board is mainly tasked with assisting the President & CEO in corporate operative management and business planning. The Board considers and oversees corporate and divisional strategy, investments, finances, divestments, acquisitions, corporate collaboration, organisational structure and control systems. The Corporate Management Board meets regularly. The company's Board of Directors appoints the members of the Corporate Management Board and confirms their fees and other contractual conditions at the proposal of the President & CEO, who chairs the Board.

The Corporate Management Board has six members: the company's President & CEO, divisional presidents, the CFO and the Chief Strategy Officer. The area of responsibility of members of the Corporate Management Board corresponds to their respective remit.

The Extended Management Board comprises the members of the Corporate Management Board and eight members who head corporate business support functions.

Corporate Management Board 2009

Sakari Tamminen, President & CEO; Mikko Hietanen, CFO; Olavi Huhtala, President, Ruukki Metals; Tommi Matomäki, President, Ruukki Engineering; Saku Sipola, President, Ruukki Construction and Marko Somerma, Chief Strategy Officer.

Internal audit

The company's internal audit unit is responsible for internal auditing within the corporation and reports to the President & CEO. All units and organisational levels are subject to internal audit.

Internal audit examines and evaluates the appropriateness and effectiveness of the group's internal control system, 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, internal audit aims at strengthening the development of risk management in different operations. The principles of internal audit are defined in the corporate policies confirmed 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 Board of Directors' Audit Committee and to the Board of Directors. In addition, the chief audit executive attends all Audit Committee meetings.

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 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 accounting records, financial statements and administration. The auditor of the parent company also audits the consolidated financial statements.

The KHT auditor responsible for auditing the parent company also performs, through its own worldwide organisation, its audit across the Group and is responsible for auditing the entire Group.

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 2009

The 2009 Annual General Meeting elected KHT audit firm KPMG Oy Ab as Rautaruukki Corporation's auditor, with Pekka Pajamo KHT as the principal auditor.

Internal control and risk management related to financial reporting

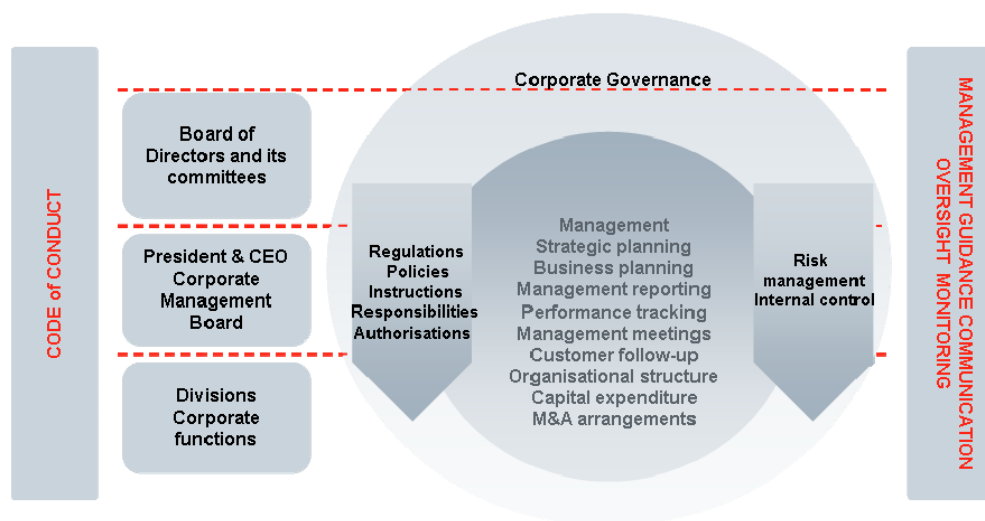
Risk management and internal control process

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 are a continuing 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 accordance with the principles of Ruukki's Code of Conduct and in compliance with all applicable laws and regulations.

Corporate-wide operations are controlled and overseen through the management system described above. The Board of Directors and its Audit Committee regularly evaluate the appropriateness and effectiveness of accounting records, financial management, internal control and risk management. The Board of Directors is also responsible for ensuring the internal control of accounting and financial management has been properly arranged. The Board of Directors' Audit Committee is tasked with strengthening the oversight of financial reporting.

Internal control process

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



Risk management

Total risk management is an integrated part of the management system and the risk aspect is incorporated into all core daily activities and decision-making of the business divisions and corporate support functions. Corporate risk management processes, a summary of the risk reports of the various functions and support in risk management matters are dealt with centrally. The risks in each sector are identified and evaluated in all Rautaruukki's operations and risk management processes are regularly determined accordingly. This takes place in risk evaluation meetings or in conjunction with business planning and management processes. The corporate risk management function assists with evaluations. The evaluation results and key risks are regularly reported to corporate management and to the Board of Directors.

Consistent, comparable risk identification and classification enables effective risk management actions to be created together with the transparency required by the Code of Conduct.

Internal control processes and practices provide management with assurance that risk management is carried out as planned.

Rautaruukki's main risks and risk management processes are described in more detail on the company's website at www.ruukki.com.

Control functions

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 according to standard procedures and processes. Group reporting is based on International Financial Reporting Standards (IFRS), which form part of the Controller's Manual. In external financial reporting, group companies comply with local laws and regulations. Corporate Finance and Control is responsible for development of the financial reporting process and control systems.

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 respective divisional level. Financial reporting at the corporate and divisional level is carried out jointly by these functions. Corporate Management and Control, which underpins the achievement of targets set. Corporate

Finance and Control reports regularly each month to corporate management and to the company's Board of Directors. Reporting includes corporate and divisional key figures and a performance analysis. Corporate Finance and Control supports the divisions and management in the decision-making and analyses required to achieve financial targets.

Communication and information

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

Accounting policies and manuals related to financial reporting can be found on the company's intranet site, which is accessible to everyone involved in financial reporting. In addition, Corporate Finance and Control regularly provides training in reporting processes and practices.

External disclosure of financial information complies with stock exchange regulations.

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.

Each division reports its operations and key figures to corporate management in monthly meetings, at which there are standard agendas to ensure internal control is effected.

The corporate financial report is submitted monthly to the Board of Directors, who regularly considers the financial and market conditions in their meetings. The Board of Directors adopts the interim reports and financial statements for publication.

In addition, internal audit examines the internal control and risk management systems related to the financial reporting process.