

# Corporate Governance Report

## Comments from the Chairman of the Board

**Efficient corporate governance is a prerequisite for generating added value for our shareholders and maintaining confidence amongst our stakeholders at large.**

A group, essentially comprising Swedish institutional investors, have held their shareholding and been long-term owners in Boliden since we were relisted in Sweden 15 years ago and the last few years have seen their ranks joined by a number of large, foreign, institutional owners. There is no clear principal owner, however, and this places special demands on the Board as the owners' ambitions must be "interpreted".

We work in an industry that is characterised by high volatility, i.e. rapid and vigorous fluctuations – both up and down – in profits, and this is something that our shareholders must understand. The volatility also makes significant demands on the company's management and Board in terms of their ability to provide high quality, transparent information and to handle these rapid changes without suffering either from hubris when the trend is upwards or dejection when the trend is downwards.

The Board of Directors and the management must, at the same time, successfully handle large and long-term investment projects. This type of project naturally also entails a large number of risks, which are discussed over a relatively long period of time by the Board before any decision is taken, but is nevertheless vital in terms of the company's ability to generate value.

One of the prerequisites for value-generating work by the Board is that the Board has a firm grasp on the operations and on events in the outside world. We achieve this by, amongst other things, monthly reports and a well-structured body of material for the Board. We also usually visit two of Boliden's operating facilities each year in order to learn about those operations in real depth and to meet with the local management and employees.

In addition, in order to ensure that we spend sufficient time on the more long-term and strategic issues, we agree every year on a number of themes that we incorporate into our Board agenda. The Corporate Governance Report details the themes we have addressed during the past year. Some of them are recurring themes, e.g. CSR issues, which we address specifically at our October meeting, and leadership development, which is the focus of our December meeting.

The evaluation of the Board's work that we carried out in 2017 shows that the Board is functioning efficiently. This evaluation forms the basis for the work of the Nomination Committee and it is an important tool for the Board's efforts to ensure continuous improvement in our work.

February 2018

Anders Ullberg  
Chairman of the Board

## Governance of the Boliden Group

Boliden is a Swedish limited company listed on Nasdaq Stockholm. The Boliden Group has approximately 5,700 employees and runs mines and smelters in Sweden, Finland, Norway and Ireland.

Boliden's corporate governance is based on the Swedish Annual Accounts Act, the Swedish Companies Act, Nasdaq Stockholm's regulations for issuers, the Swedish Code of Corporate Governance, and other applicable legislation and regulations.

In addition to compliance with rules and regulations, Boliden applies internal governance instruments, such as the Group's organisational and operational philosophy, the New Boliden Way, and Boliden's internal control tool, the Boliden Internal Control System (BICS), together with policies in a number of areas such as Boliden's Code of Conduct with which all employees must be familiar and in accordance with which they must conduct themselves. The Group's units also work in accordance with health & safety, environmental, energy, and quality management systems.

## Highlights and events during 2017

The year began with exploration successes in Ireland and at Garpenberg. A new mineralisation with an inferred mineral resource of 10 Mtonnes was identified at the Tara zinc mine in Ireland, and will, assuming the expansion of the tailings pond, enable an extension of the mine's lifespan. Large parts of Garpenberg's mineral resources were also upgraded to reserves. The integration of the Kevitsa mine in Finland, which was acquired in 2016, has been successful, and the mine has developed well, contributing to the raw material supply chain for Harjavalta's nickel production. Construction work on Aitik's new crusher continued and the facility is expected to come on line in 2018. A decision was also taken to increase the capacity of Aitik's tailings pond. An investment in the next phase of the expansion of the Hötjärn tailings pond has also been approved in order to enable continued production in the Boliden Area.

Boliden works continuously on improv-

# 27 April

Welcome to the 2018  
Annual General Meeting!

The 2018 Annual General Meeting will be held in Garpenberg on 27 April.

ing the environmental performance of its units, and to this end, several investments have been approved, including trials and evaluations of electric trucks at Aitik, the dewatering of Kokkola's tailings pond, and a new sulphuric acid plant at Rönnskär with the capacity needed to handle future expansion. Rönnskär is also continuing to work towards completion of the underground storage facility for certain types of waste, and a new silver-zinc separation project has been launched.

On the financial front, a strong cash flow contributed to good current liquidity and a stable capital structure in line with Boliden's financial goals, and has also enabled the faster amortisation of the loan raised for the acquisition of Kevitsa.

The dispute regarding Boliden's deliveries of smelter sludge to Arica in Chile in the 1980s was heard by Skellefteå District Court in the autumn of 2017 in an eight week long hearing. A ruling will be given in March 2018.

## Shareholders and Annual General Meeting

Boliden's biggest shareholders are Swedish and foreign investment funds and institutions. There were a total of 70,416 (69,048) shareholders at the end of the year and the single largest shareholders were Norges Bank and BlackRock. The percentage of foreign ownership fell during the year and was approximately 66% (67) by the end of the year. See pages 54–55 of the Annual Report and Boliden's website for further information on the shareholder structure within Boliden.

Boliden's shareholders exercise their right of decision by submitting proposals to and participating in and voting on the proposals submitted to the Annual General Meeting and any Extraordinary General Meetings. Shareholders may request that a matter be discussed at the Annual General Meeting by submitting a written request to the Board of Directors at the designated time that is sufficiently in advance of the meeting that the matter can be included in the notice convening the

meeting. Shareholders are also welcome to submit enquiries on company issues to the Board and the President, the Auditor and the Remuneration and Audit Committee Chairmen during the General Meeting.

The Annual General Meeting is the company's supreme decision-making body. The duties of the Annual General Meeting include the election of Members of the Board, the Chairman of the Board, and the Nomination Committee. The Annual General Meeting's duties also include the adoption of the Income Statement and Balance Sheet, resolutions on the appropriation of profits and discharge from liability for the Members of the Board and the President of the company, the determination of fees payable to the Members of the Board and to the auditors and the principles governing conditions of employment and remuneration for the President and senior executives, and, where relevant, the amending of Articles of Association and election of auditors.

The Annual General Meetings are regularly held at one of Boliden's facilities in Sweden in order to give the shareholders an insight into the operations. Shareholders are offered the chance of a guided tour of Boliden's mines, concentrators or smelters in conjunction with these meetings in order to deepen their knowledge of the operations and to give them an opportunity to meet with Boliden's employees.

## The 2017 Annual General Meeting

The 2017 Annual General Meeting was held on 25 April in Aitik's truck workshop. 101,393,489 shares were represented at the Meeting by 1,113 shareholders, either in person or through their proxies. The shares represented comprised just over 37% of the total number of shares. The Meeting was attended by most Members of the Board and members of the Group management, and the auditor.

The Meeting resolved, amongst other things, to re-elect all of the Members of the Board, with the exception of Ulla Litzén, who had declined re-election. Pia Rudengren was elected as a new Member of the

Board. Anders Ullberg was re-elected as the Chairman of the Board. The Meeting further resolved:

- To pay a dividend of SEK 5.25 per share, totalling SEK 1,436 m (899), in accordance with the proposal by the Board of Directors.
- To appoint the following persons as members of the Nomination Committee: Jan Andersson (Swedbank Robur fonder), Lars Erik Forsgårdh, Ola Peter Gjessing (Norges Bank Investment Management), Anders Oscarsson (AMF) and Anders Ullberg (Chairman of the Board).
- To raise the Director's fee to the Chairman of the Board by SEK 175,000 to SEK 1,575,000, to raise the fees to Members who are not Boliden employees by SEK 25,000 to SEK 525,000, and to maintain the fees unchanged to members of the Committees at SEK 190,000 payable to the Chairman of the Audit Committee, SEK 90,000 payable to each of the two other members of the Audit Committee, and SEK 50,000 to each of the two members of the Remuneration Committee, all in accordance with the proposal by the Nomination Committee.
- To elect Deloitte AB as the company's auditors for the period up to and including the next Annual General Meeting, in accordance with the proposal by the Nomination Committee and that auditors' fees shall be payable in accordance with the approved invoices received.

The Annual General Meeting also resolved to approve the proposed principles for remuneration to the Group management whereby the remuneration shall comprise a fixed salary, any variable remuneration, other benefits and pensions. The variable remuneration shall be maximised at 60% of the fixed salary for the President and maximised at 40–50% of the fixed salary for other senior executives and shall be based on results in relation to targets set. The variable remuneration shall not entitle to pensionable income.

## BOLIDEN'S GOVERNANCE STRUCTURE



The resolutions passed by the 2017 Annual General Meeting are included in the Minutes of the Meeting published on Boliden's website, where the minutes of previous Annual General Meetings are also published.

#### The Nomination Committee

The Nomination Committee represents Boliden's shareholders and is tasked with preparing and presenting proposals for resolutions that Boliden's shareholders vote on at the Annual General Meeting. The proposals relate to the number and election of Board Members, election of the Chairman of the Board, fees payable to members of the Board and its Committees, election of and fees payable to the company's auditors, and to the process and the criteria that shall govern the appointment of the members of the Nomination Committee ahead of the next Annual General Meeting.

The focus of the Nomination Committee's work is on ensuring that the company's Board of Directors comprises Members who, collectively, possess the knowledge and experience that corresponds to the standards that Boliden's shareholders require of the company's most senior governing body. The Chairman of the Board accordingly presents the Nomination Committee with the evaluation conducted of the work of the Board and the individual Members during the past

year as part of the process of drafting proposals for Board Members. The Company President also presents Boliden's operations and future orientation. The Nomination Committee is also afforded the opportunity to meet Members of the Board. The Nomination Committee, assisted by the Audit Committee, also drafts proposals for the election of auditors. Shareholders can submit proposals to the Nomination Committee in accordance with the instructions presented on Boliden's website.

The Annual General Meeting passes resolutions on the principles governing the appointment and duties of the Nomination Committee. The Nomination Committee shall, in accordance with the Instructions for the Nomination Committee, comprise a minimum of five and a maximum of seven members. Five members shall be elected at the Annual General Meeting, of whom three shall represent the biggest shareholders and one the smaller shareholders, and one of whom shall be the Chairman of the Board. The Nomination Committee may, in order better to reflect the shareholder structure in the event of changes in ownership, offer places on the Committee to other larger shareholders. The Nomination Committee appoints its own Chairman and works in the best interests of all shareholders. The members of the Nomination Committee receive no remuneration for their work.

#### The work of the Nomination Committee in 2017

Jan Andersson (Swedbank Robur fonder), Lars Erik Forsgårdh, Ola Peter Gjessing (Norges Bank Investment Management), Anders Oscarsson (AMF) and Anders Ullberg (Chairman of the Board) were elected to the Nomination Committee at the 2017 Annual General Meeting. In November, the Chairman of the Board convened the members of the Committee, at which time the Nomination Committee, in accordance with its mandate and in order to better reflect the shareholder structure, resolved to appoint an additional member, Hans Ek (SEB Investment Management). Jan Andersson was appointed Chairman of the Nomination Committee. The current composition of the Nomination Committee is also shown on Boliden's website. The Nomination Committee has met twice prior to the 2018 Annual General Meeting and has also had telephone contacts with and held meetings with Members of the Board. These contacts afford the Nomination Committee a good opportunity to form an opinion of the way in which the Chairman of the Board and the individual Members of the Board view the work of the Board, of the executive management, and of the way in which they view Boliden's operations and the challenges faced by the company in the next few years.

In accordance with the provisions of the Code, the Nomination Committee endeavours to ensure an even gender distribution and a Board which – taking account of Boliden's operations, developmental phase, future orientation and overall conditions – provides a fit for purpose composition, with members possessing multifaceted and broad competencies, experiences and backgrounds.

The Nomination Committee's proposals for submission to the 2018 Annual General Meeting will be published in the impending notice convening the Annual General Meeting and on Boliden's website.

### The Board of Directors

The Board of Directors is appointed by the owners to bear ultimate responsibility for the company's organisation and the management of the company's affairs in the best interests of both Boliden and the shareholders. This shall be done in a sustainable way that entails carefully balanced risk-taking, in order to ensure that the company's long-term developmental trend is a positive one.

The Board of Directors shall, under the provisions of the Articles of Association, comprise a minimum of three and a maximum of ten Members, without Deputy Members, elected by the Annual General Meeting. The company's employees have a statutory entitlement to appoint three Members and three Deputy Members to the Board. The Board of Directors, which is elected for one year at a time, has comprised eight Members elected by the Annual General Meeting and three Members appointed by the trade union organisations. The Board Meetings are attended both by the ordinary Members and by the unions' three Deputy Members. The General Counsel Group Legal Affairs is the Board's Secretary. Boliden's Chief Financial Officer (CFO) also usually attends the Meetings as part of the Group management. Other members of the Group management and other executives also attend and present reports on individual issues as required.

The Board Members elected by the Annual General Meeting are all to be regarded as independent in relation to major shareholders and all, with the exception of the President, are to be regarded as independent in relation to the company and the Group management. The Board consequently complies with the requirements of the Code with regard to independent Members. The Members of

the Board are presented on pages 66–68 and on Boliden's website.

The Board sets the company's financial goals and strategy, appoints and evaluates the President and CEO, and ensures that efficient systems are put in place for following up on and monitoring operations, that the company complies with statutory and regulatory requirements, and that information is published in a correct and transparent manner. The Board adopts a Formal Work Plan every year at the statutory Board Meeting, held after the Annual General Meeting. The Formal Work Plan regulates the work and responsibilities of the Board in greater detail, together with the special duties with which the Chairman of the Board is tasked.

The Chairman of the Board presides over the Board's work and the Board Meetings and establishes an open and constructive dialogue. The Chairman's duties also include monitoring and evaluating the expertise and work of the Board Members and the contribution they make to the Board as a whole. Another important component of the Chairman's work is monitoring the operations through an ongoing dialogue with the President. The Chairman of the Board acts as a discussion party and source of support for the President and ensures implementation of and compliance with the Board's decisions, instructions and directives. Prior to every Board Meeting, the Chairman and the President review the issues to be discussed at the meeting. The supporting documents for the Board's discussion of the issues are sent to the Members one week before each Board Meeting. The division of labour between the Board of Directors and the President is clarified in the written "Instructions to the President" adopted by the Board at the Statutory Board Meeting.

### The Board of Directors' work in 2017

The Board of Directors held 7 meetings in 2017, including the Statutory Board Meeting. A number of the Board Meetings are regularly held at the company's operating units in order to give the Members an increased insight into the operations. In 2017, the Board therefore visited Aitik and Odla.

The Board receives ongoing information on the commercial and financial performance and updates on the fulfilment of the company's sustainability goals in the form of monthly reports and at Board Meetings. Every Board Meeting begins

with a review of the operations, the current safety status and of sustainability issues.

The Board also, at the beginning of the year and in addition to these and other customary operations-related issues, sets a number of themes that it particularly wishes to address during the year in order to create an increased understanding of Boliden's opportunities and challenges from a broader perspective. The acquisition of the Kevitsa nickel and copper mine has resulted in a continued focus on the nickel market. The Board has also discussed such issues during the year as prioritising exploration activities, battery technology, the energy market and India as a potential growth market. Efforts to improve and coordinate safety issues have been the subject of ongoing monitoring and follow up work by the Board. Efficient and appropriate environmental permit processes and reasonable operating conditions (License to Operate) are, in light of the nature of Boliden's business, important issues for the company and its Board, and are the subject of recurring discussions. A related area, namely CSR and business ethics concerns have also been addressed.

The Chairman ensures that the Board and its work are evaluated annually and that the results of the evaluation are conveyed to the Nomination Committee. The evaluation is carried out by the Board itself under the guidance of the Chairman or with the help of an independent consultant. The 2017 evaluation was a self-assessment during which the Members answered a number of questions in writing on a range of different subjects.

### The Committees

The overall responsibility of the Board of Directors cannot be delegated but the Board may, within itself, set up committees which prepare issues within their respective spheres. The Board has, accordingly and as in previous years, set up an Audit Committee and a Remuneration Committee in 2017. The Committees' members are appointed at the Board Meeting following the election held after the Annual General Meeting and their work is governed by the Committees' formal work plans and instructions.

### The Audit Committee

The Audit Committee prepares a number of issues for consideration by the Board and thereby supports the Board in its endeavours to fulfil its responsibilities

## THE BOARD OF DIRECTORS' WORK IN 2017

**Recurring business:** Sustainability and health & safety issues, operational review, investments, cost accounting, and theme items. The main matters on the agenda at Board Meetings in 2017 are shown below:

**January:** Extraordinary Board Meeting by reason of a decision to make an investment at Tara.

**February:** Review of the Year-End Report, the Annual Report, the Audit Report, mineral reserves and mineral resources and matters for submission to the Annual

General Meeting. In-depth examinations of the exploration strategy and battery technology.

**April (AGM and Statutory Meeting):** Q1 Interim Report, License to operate and public affairs, structural transactions, review of purchasing issues and cost trends, investment in IT system, and a meeting between the Board of Directors and auditors in the absence of the management. Annual General Meeting and the Statutory Board Meeting.

**July:** Q2 Interim Report and review of the Audit Report, energy issues, strategic orientation for Business Area Mines.

**October:** Q3 Interim Report, strategic orientation for Business Area Smelters, the nickel market, India, risks relating to permit hearings and metal substitution, disputes status, follow-up on the New Boliden Way and Corporate Responsibility (CR).

**December:** Review of strategy, budget and business plan, managerial and Board Member evaluation and refinancing issues.

within the areas of auditing and internal control and with assuring the quality of Boliden's financial reporting. Boliden has an internal control function whose work involves mapping risk areas and following up on work in identified areas, amongst other things. The Committee also oversees the procurement of services from the company's auditors in addition to the actual auditing services and procures auditing services jointly with the Nomination Committee, as necessary. The Audit Committee meets before the publication of every financial report, and as necessary.

As of the 2017 AGM, the Audit Committee comprises Pia Rudengren, (Chairwoman), Tom Erixon and Anders Ullberg. The Committee members have specialist competence, experience of and interest in financial and accounting issues – see Directorships and previous positions, pages 66–67. The Committee's meetings are also attended by Boliden's CFO and the Director of Internal Control. The Committee met five times in 2017. Special attention was paid during the year to internal controls, IT security, and accounting principles. The Committee works on the basis of a set of "Instructions for the Audit Committee" adopted every year by the Board of Directors and reports back to the Board on the results of its work.

### The Remuneration Committee

The Remuneration Committee submits proposals for resolution by the Board regarding salary and other terms of employment for the President, and follows up on and evaluates programmes for variable remuneration for the management.

The Committee also approves proposals regarding salaries and other terms of employment for the Group management, as proposed by the President. The Remuneration Committee is, furthermore, tasked with submitting proposals regarding remuneration principles for the President and Group management – proposals which are then submitted by the Board to the Annual General Meeting for resolution. The application of the guidelines and relevant remuneration structures and levels within the company is also followed up by the Committee and the results of this evaluation are published on the company's website. See Note 3 for an account of the remuneration paid to the Group management.

The Remuneration Committee works on the basis of a set of "Instructions for the Remuneration Committee" adopted every year by the Board of Directors and reports back to the Board on the results of its work. The Remuneration Committee comprises Anders Ullberg (Committee Chairman), and Mikael G:son Löw. The Committee has held two meetings during the year and has also had telephone contacts on a number of occasions.

### The President and Group management

The President has ultimate responsibility for Boliden's strategic orientation and for ensuring the compliance with and implementation of the Board of Directors' decisions, and for ensuring that risk management, steering, systems, organisation and processes are all of a satisfactory standard. The President is supported in his

work by the Group's management team which, in addition to the President, comprises the SVPs for Boliden's two Business Areas, Mines and Smelters, the CFO, and the SVP Corporate Responsibility (CR). The Group management meets once a month to follow up on operations and to discuss Group-wide issues, and to draw up proposals for strategic plans, business plans, and budgets that the President submits to the Board of Directors for their consideration. The areas addressed by the Board have largely reflected the work of the Group management during the year. The Group management also holds two meetings every year on strategy planning. The Group management, together with the management of the respective Business Areas, also meet six times a year to review Business Area-specific issues including a review of budgets and operations. For large scale projects, relevant parts of the Group management form special steering groups, together with project managers and other stakeholders, and meet regularly. The Group management also meets with the company's employee representative Board Members and their deputies ahead of every Board Meeting, at which time the Board Meeting agenda and other topical issues are discussed. See page 68 for a presentation of the Group management team.

### Business management

Management by the Board goes through a chain of command from the President and the Group management to the operating units. Boliden has an organisation in which responsibilities and authority

are delegated within clear frameworks. These frameworks are defined by Boliden's steering documents, budget and strategic plan. The steering documents, which are available on Boliden's internal web site and which comprise the internal framework required for effective management, include the Financial Policy, the Code of Conduct, the Anti-Corruption Policy, the Competition Law Policy, the Communications Policy, the Environmental Policy, the Health & Safety Policy, the Insider Trading Policy, and documentation on sanctions control, delegation and decision-making.

### Sustainability governance in Boliden

Sustainability issues are an integral part of Boliden's operations and the work is conducted from the starting point of the most operationally critical issues. Sustainability issues are discussed at every management group and Board meeting, as is the case at the local management group meetings. One member of the Group management works primarily, furthermore, with CR issues. The day-to-day responsibility is decentralised to the respective units. Central sustainability, environmental, energy and HR functions follow up on the units' work and are responsible for creating a structure and orientation for the work.

The sustainability issues identified by Boliden as material are linked to Boliden's budget and strategy. Factors that form the basis for the prioritisation include Boliden's operations and their impact on people and the environment, the way in which work on these issues can support the operations, expectations of Boliden from internal and external stakeholders, risks and opportunities, external factors, and applicable regulations. The challenges that will be prioritised change over time and are, therefore, regularly reviewed – usually once every year. It is the responsibility of the various controlling parties within the Group to set local goals with regard to the overall issues. In 2013, Boliden set new goals in the sustainability sphere that will apply until 2018, inclusive – see pages 10–11 of the Annual Report.

Boliden's environmental work is value-based, which means that measures are approved not solely on the basis of official requirements, but on the basis of what can be done to improve the environment at the operational sites. This means that investments that yield a substantial environmental benefit for the amount invested are approved and implemented,

independently of external requirements or charges. Investments have, consequently, been approved with regard to, amongst other things, evaluating a change to electric trucks at Aitik, dewatering of Kokkola's tailings pond, and a new sulphuric acid plant at Rönnskär. Work continues on the underground storage facility at Rönnskär, where certain types of waste will be stored.

Viewed over a longer perspective, Boliden's long-term health and safety work has failed to yield the desired result, namely a downwards accident trend. The accident frequency is consistently at a level which is high in comparison to international industry figures, and decisions have consequently been made for further measures in addition to those already initiated. These further measures are, in part, of a technical nature and aim to raise the physical standard and quality of the workplaces, e.g. by separating pedestrians and vehicle traffic, improving signposting and reviewing parking regulations. The measures taken over recent years relating to managerial development that aims to create wider ranging employee commitment, and thereby improved safety culture, continue unabated, and also involve contractors and business partners. Furthermore, a number of investments focusing on the work environment have been approved during the year, including the separation of plastics at Bergsöe. The work environment activities are, in common with the environmental work, value-based, and investments are approved on the basis of risk analyses as well as of mandatory laws and regulations. Boliden also imposes stringent demands on its business partners with regard to respect for, and compliance with, applicable health and safety directives and regulations. Business partners are investigated, selected, and evaluated on the basis of these issues, amongst others.

Efficient and appropriate licensing processes and reasonable operating conditions are, in the light of the nature of Boliden's operations, important issues for the company. Boliden works actively with industry organisations to monitor and promote the interests of the mining industry.

As of 2017, the Sustainability Report is included in the Annual Report. As in previous years, a GRI Report, which is subject to an external review by auditors, is published separately. This review aims, amongst other things, to underline the importance of the sustainability work to Boliden and

to further reinforce the confidence of the market and other stakeholders in the work conducted by the company in this respect.

Matters of business ethics are constantly topical and an area with which the company actively works. During the year, Boliden prioritised a review of the business partner evaluation process and conducting an implementation project relating to the impending General Data Protection Regulation (GDPR). Boliden has also strengthened its work with sanctions compliance and implemented new tools for sanctions monitoring, which are included in the evaluation of business partners. Boliden has a whistle blower function to facilitate the reporting of suspected cases of impropriety. New steering documents in the anti-corruption sphere have been produced during the year. Implementation and rolling out of the updated material and regulations will begin during early 2018 using the web and physical meetings.

### Auditors

The external auditor conducts independent audits of Boliden's accounts in order to ensure that they provide a correct, fair and comprehensive picture of the company's position and results. The auditor also reviews the management by the Board of Directors and the President and presents his/her observations to the Board in the absence of the management. The auditor has been in contact with the Group management in 2017 in conjunction with audits or issues arising. The auditor is a regular attendee at the Audit Committee's meetings and has also met with the Board in the absence of the management on one occasion in 2017. The auditor also reports to the shareholders at the Annual General Meeting.

The accounting firm of Deloitte AB was elected at the 2017 Annual General Meeting to serve as the company's auditors until the conclusion of the 2018 Annual General Meeting. Authorised Public Accountant, Jan Berntsson, is the auditor in charge. He is a partner in and CEO of Deloitte Sweden and his other audit engagements include Kinnevik. Remuneration to the company's auditors is payable in accordance with the approved invoices. See Note 4 for information on remuneration disbursed in 2017.

## THE BOARD OF DIRECTORS



Name	Anders Ullberg Chairman of the Board	Marie Berglund Member of the Board	Tom Erixon Member of the Board	Lennart Evrell Member of the Board
Position	–	Vice President, Raw Materials and Environment, NCC Industry	President & CEO, Alfa Laval	President & CEO of Boliden
Education	M.Sc. Economics	M.Sc. Biology	LL.B, MBA	M.Sc. Engineering, Economics
Elected	2005	2003	2013	2008
Born	1946	1958	1960	1954
Directorships	Chairman of the Boards of Enequist Consulting and Studsvik. Member of the Boards of Atlas Copco, Beijer Alma, Epiroc and Valedo Partners. Chairman of the Swedish Financial Reporting Board, and Member of the Board of the European Financial Reporting Advisory Group	Chairman of the Board of Eurocon Consulting. Member of the Boards of Baltic Sea 2020, the Water Delegation of the Gulf of Bothnia's Water District, and the Advisory Council of the County Administrative Board of Västernorrland		Chairman of the Board of the Employers' Association of the Swedish Mining Industry. Member of the Boards of Epiroc, SCA, SveMin, and the Confederation of Swedish Enterprise
Previous positions	CFO of Svenska Varv, CFO, Executive Vice President, and President and CEO of SSAB	Group Ecologist in the former MoDo Group, Environmental Manager of Botniabanan AB, President of BioEndev (consultant)	Managing partner Boston Consulting Group, a variety of senior positions within Sandvik, and President and CEO of Ovako	President & CEO of Sapa and Munters, and a variety of senior positions within ASEA, Atlas Copco and Sphinx Gustavsberg
Number of shares <sup>1)</sup>	45,000	1,250	6,900	43,435
Meetings attended	7 of 7	6 of 7	7 of 7	7 of 7
Committee work (present)	Audit Committee 5 of 5	Remuneration Committee 2 of 2	–	Audit Committee 5 of 5
Director's fees, SEK	1,575,000	525,000	525,000	–
Committee fees, SEK	90,000	50,000	–	90,000
Combined fees	1,715,000	525,000	615,000	–
Independent from the company and management	Yes	Yes	Yes	No
Independent from major shareholders	Yes	Yes	Yes	Yes



Name	Peter Baltzari Employee Representative	Marie Holmberg Employee Representative	Kenneth Ståhl Employee Representative
Position	Member of the Board since 2017, Representative in Boliden's Group Council, Deputy Member of the Board since 2014	Member of the Board since 2008, Deputy Member of the Board 2005–2008, Representative of the Swedish Association of Graduate Engineers	Member of the Board since 2014, Process operator, Representative of IF Metall (the Swedish Metalworkers' Union), Chairman of the IF Metall Bergsöe branch
Elected	2014	2008	2014
Born	1953	1963	1973
Number of shares <sup>1)</sup>	1,424	50	0
Meetings attended	6 of 7	7 of 7	7 of 7

## THE BOARD OF DIRECTORS



Name	Michael G:son Löw Member of the Board	Elisabeth Nilsson Member of the Board	Pia Rudengren Member of the Board	Pekka Vauramo Member of the Board
Position	–	The County Governor of the County of Östergötland	–	President & CEO, Finnair
Education	M.Sc. Economics	M.Sc. Engineering	M.Sc. Economics	M.Sc. Engineering
Elected	2010	2015	2017	2016
Born	1951	1953	1965	1957
Directorships	Chairman of the Boards of Recon-Oil. Member of the Boards of Concordia Maritime, Preem, Stena Bulk, and AP Sten Sweden. Deputy Chairman of the Boards of the Swedish Chamber of Commerce for Russia & CIS, and the Swedish Association for Energy Economics. Member of Royal Swedish Academy of Engineering Sciences	Chairman of the Board of Göta Kanalbolaget. Member of the Board of EKN, member of Skandia's council	Chairman of the Board of Social Initiative. Member of the Boards of Duni, WeMind, Academedia, KappAhl and Tikkurila	Chairman of the Board of Palta (Finland's Service Sector Employers). Member of the Boards of Ilmarinen, Glaston Plc and I.S. Mäkinen
Previous positions	A variety of senior positions within Conoco Inc. in Stockholm, Houston, Copenhagen, Bangkok, Prague, and London. President & CEO of Preem	CEO of Jernkontoret (the Swedish Steel Producers' Association) and a variety of senior positions within the SSAB Group. CEO of SSAB Merox	CFO of Investor and Vice President of W Capital Management	A variety of senior positions within Sandvik Mining and Cargotec
Number of shares <sup>1)</sup>	100	200	0	1,000
Meetings attended	7 of 7	7 of 7	4 of 4	5 of 7
Committee work (present)	Remuneration Committee 2 of 2	–	Audit Committee (3 of 3)	–
Director's fees, SEK	525,000	525,000	525,000	525,000
Committee fees, SEK	50,000	–	190,000	–
Combined fees	575,000	525,000	715,000	525,000
Independent from the company and management	Yes	Yes	Yes	Yes
Independent from major shareholders	Yes	Yes	Yes	Yes



Name	Lars Engström Employee Representative	Ola Holmström Employee Representative	Jussi Lehtinen Employee Representative
Position	Deputy Member of the Board since 2015, Representative of the Unionen trade union, Deputy Chairman of the Unionen Boliden office branch. Member of Boliden's Council for Negotiation and Cooperation as well as Boliden's Group Council	Deputy Member of the Board since 2017, Representative of IF Metall (the Swedish Metalworkers' Union), Chairman of the IF Metall Kristineberg branch, FSG (Trade union cooperation), Boliden's Group Council	Deputy Member of the Board since 2016, Representative of the Trade Union Pro, Production engineer at Harjavalta
Elected	2015	2017	2016
Born	1966	1965	1978
Number of shares <sup>1)</sup>	174	170	0
Meetings attended	7 av 7	4 av 4	7 av 7

<sup>1)</sup> Own holdings and those of related legal or natural persons, on 31 December 2017.

## GROUP MANAGEMENT



Name	Lennart Evrell	Kerstin Konradsson	Mikael Staffas
Position	President & CEO of Boliden	President Boliden Smelters	President Boliden Mines
Education	M.Sc. Engineering, Economics	M.Sc. Engineering	M.Sc. Engineering, MBA
Employed	2007	2012	2011
Born	1954	1967	1965
Directorships	Chairman of the Board of the Employers' Association of the Swedish Mining Industry. Member of the Boards of Epiroc, SCA, SveMin, and the Confederation of Swedish Enterprise	Member of the Board of Höganäs	Member of the Boards of Sjö, the Employers' Association of the Swedish Mining Industry, and SveMin
Previous positions	President & CEO of Sapa and Munters, and a variety of senior positions within ASEA, Atlas Copco, and Sphinx Gustavsberg	Business Area President and CEO within the Åkers Group and a variety of senior positions within SSAB	CFO of Södra Skogsägarna, Partner at McKinsey & Co
Number of shares <sup>1)</sup>	43,435	2,000	8,700



Name	Håkan Gabrielsson	Thomas Söderqvist
Position	CFO	Senior Vice President – Corporate Responsibility
Education	M.Sc. Business Administration and Economics	Mining Engineer
Employed	2009–2011, 2016	2012
Born	1967	1957
Directorships	–	–
Previous positions	CFO of Fagerhult, Director Group Controlling at Boliden, and a variety of positions within Sapa, Ericsson and Electrolux	Area Manager for the Boliden Area and a variety of senior positions within Sandvik
Number of shares <sup>1)</sup>	600	475

<sup>1)</sup> Own holdings and those of related legal or natural persons, on 31 December 2017.

### Internal control report by the Board of Directors

The purpose of internal control over financial reporting is to provide reasonable assurance with regard to the reliability of the external financial reporting and to ensure that the reports are produced in accordance with generally accepted accounting principles, applicable legislation and statutes, and with other requirements imposed on listed companies.

The Board of Directors has overall responsibility for ensuring that an efficient internal control system exists within the Boliden Group. The President is responsible for the existence of a process and organisation that ensure internal control and the quality of the internal and external financial reporting.

### Internal control function

Boliden has an internal control function responsible for implementing processes and frameworks that secure internal control and ensure the quality of the financial reporting. The internal control function reports to the CFO and presents reports on issues relating to internal control at the Audit Committee's meetings.

### Control environment

The control environment within Boliden is characterised by the fact that the Group has relatively few but large operating units that have carried out their operations for many years, using well-established processes and control activities. A structure of steering documents in the form of binding policies and guidelines for the organisation's delegated responsibilities has been established to ensure a collective attitude and methodology within the Group.

The starting point is the New Boliden Way, which includes the Code of Conduct, decision-making and authorisation instructions, and a financial manual covering financial policy, accounting and reporting instructions. Local management systems with more detailed instructions and descriptions of important processes have also been set up.

Boliden has a uniform and standardised internal control framework known as the Boliden Internal Control System (BICS).

### Risk analysis

The operating units conduct ongoing risk analyses with regard to financial reporting. The risks inherent in the various accounting and reporting processes are identified, analysed and documented in BICS.

### Control activities

Various types of control activities are carried out within the Group and within every different aspect of the accounting and reporting process on an ongoing basis. The control activities are carried out in order to manage known risks and to detect and rectify any errors and discrepancies in the financial reporting.

Documentation of significant control activities within the accounting and reporting process continued in BICS in 2017. For every risk identified, the controls that manage the risk are documented.

### Information and communication

Information on policies, guidelines and manuals is available on Boliden's intranet. Information on updates and changes to reporting and accounting principles is issued via email and at the regular treasury and controller meetings. External commu-

nication is conducted in accordance with the Group's Communications Policy. All information must be communicated in a discerning, open and transparent manner.

### Follow-ups

Work on follow-ups of, improvements to and development of systems, processes and controls within the Group is ongoing. Annual testing of documented controls within the framework of BICS has been conducted since 2009, both by internal resources and external auditors. Areas where scope for improvement is identified in conjunction with audits are documented, analysed and actioned.

### Control activity

Compliance with Boliden's accounting manual

Control of consolidated results

Analysis and follow-up work

Budget and forecasts

Correct financial reporting controls

Tax control

### Responsible

Group accounting/Controller department

Group accounting/Controller department

Business Areas/Controller department

Business Areas/Controller department

Operating units/Business Areas

Operating units

### Follow-up

Group management

Group management

Group management

Group management

Group accounting/Internal control/Controller department

Group Tax Director