

# Corporate Governance Report

## Corporate Governance Report

**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 been long-term owners in Boliden since we were relisted in Sweden nearly twenty 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, that is, 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, for example, 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 2018 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 2019

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 5,800 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 Rule Book 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 2018

As with the rest of the world, sustainability is a priority issue for Boliden, and its importance is evident not least in the fact that investments' approval by the Board of Directors and company management is contingent upon them being value creating in terms both of financial returns and of sustainable development in a broader sense. Several of the investments approved by the Board had a clear and quantifiable environmental focus, such as the decision to invest SEK 750 m in a leaching plant at Rönnskär in order both to extract more metal from waste materials and to reduce the amount of waste. The ongoing construction of underground storage at Rönnskär is also driven by environmental requirements and considerations, and is another element of the total of SEK 1,400 m being invested in Rönnskär. The investment programme, which began in 2015 and will end in 2020, is designed to further increase the copper smelter's capacity. Boliden's decision to invest almost SEK 900 m in new mine trucks for Kevitsa and Aitik was another of the Group's major

# 3 May

Welcome to the 2019  
Annual General Meeting!  
The 2019 Annual General Meeting  
will be held in Boliden on 3 May.

investments during the year. The trucks are “electric-ready” which will, in the long term, generate a substantial reduction in emissions. The investment is in line with the pilot project Boliden is conducting in partnership with a number of other industry and research parties, with the support of the Swedish Energy Agency, aimed at developing technology that enables a reduced reliance on fossil fuels.

Boliden continued to invest in its Finnish units during the year, and by 2020, SEK 800 m will have been invested in the Kevitsa mine in order to increase its annual production from 7.5 to 9.5 Mtonnes. Additional investments are also being made in increasing copper production at the Harjavalta and Pori smelters within the framework of an ongoing investment programme. This programme, which began in 2017 and will end in 2019, will see over SEK 2,000 m invested in, amongst other, a new sulphuric acid plant and the modernisation of smelting furnaces.

Other significant events during the year included the new crusher at Aitik coming on line which has, as planned, helped improve production stability. Many years’ of dedicated safety work have also yielded positive results and the number of accidents at work fell in 2018.

At the beginning of the year, Mikael Staffas was appointed to succeed Lennart Evrell as President & CEO on 1 June.

## Shareholders and Annual General Meeting

Boliden’s biggest shareholders are Swedish and foreign investment funds and institutions. There were a total of 77,354 (70,416) shareholders at the end of the year and the single largest shareholders were Swedbank Robur and BlackRock. The percentage of foreign ownership fell during the year and was approximately 60% (66) by the end of the year. See pages 54–55 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 2018 Annual General Meeting

The Annual General Meeting was held on 27 April in Garpenberg. 103,075,722 shares were represented at the Meeting by 1,189 shareholders, either in person or through their proxies. The shares represented comprised just over 38% 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 Lennart Evrell, who had declined re-election following his announcement that he would step down as President. The Meeting resolved that the President would not become a 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 8.25 per share, totalling SEK 2,256 m (1,436), in accordance with the proposal by the Board of Directors.

- To disburse just under SEK 1,573 m to the shareholders, in addition to the ordinary dividend, corresponding to SEK 5.75 per share, in the form of an automatic redemption procedure. This, coupled with the ordinary dividend, resulted in a total payment to the shareholders of almost SEK 3,829 m.
- 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 75,000 to SEK 1,650,000, to raise the fees to Members who are not Boliden employees by SEK 25,000 to SEK 550,000, and to maintain the fees unchanged to members of the Committees at SEK 190,000 payable to the Chairman of the Audit Committee and 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 2018 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.

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 2018

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 2018 Annual General Meeting. In

November, the Chairman of the Board convened the Committee members, 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, Tommi Saukkoriipi (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 three times prior to the 2019 Annual General Meeting, and has at the same time also met with two of the Members of the Board and the President. The Committee has also had telephone contacts. 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 2019 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 seven members elected by the Annual General Meeting and three Members appointed by the trade union organisations since the 2018 Annual General Meeting. 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 President and CEO as well as the Chief Financial Officer (CFO) also usually attend the Meetings as members 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 are all 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 66–67 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 2018

The Board of Directors held eight meetings in 2018, 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 2018, the Board therefore visited Garpenberg and Harjavalta.

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. Accordingly, the Board's discussions in 2018 have focused on automation and technological development, battery metals, the potential opportunities and possible threats that the move to electric cars can entail for Boliden, and the prospective opportunities for partnerships with so-called junior companies (companies working

with projects or assets in the early phases of development). As previously mentioned, the Board has decided on a number of major investments during the year, including the investments in Rönnskär, Aitik, Kevitsa and Harjavalta/Pori.

A major concentrate transaction designed to secure raw material supplies for Boliden's copper smelters in Finland was also discussed and approved by the Board. Follow-up work on the project involving the development of the new mineralisation at the Tara zinc mine in Ireland that would extend the mine's lifespan continued during the year, and the prioritisation of exploration measures was addressed. The Board also resolved to propose that the Annual General Meeting approve a redemption programme designed to disburse funds to the company's shareholders, over and above the ordinary dividend. The Board discussed financing issues in the spring and autumn and resolved to refinance Boliden's credit facilities and set up a new bond loan programme in order to increase flexibility.

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 2018 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 2018. 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 BOARD OF DIRECTORS' WORK IN 2018

**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 2018 are shown below:

**February:** Extraordinary Board Meeting to decide on the appointment of a new President and CEO.

**February:** Review of the Year-End Report, the Annual Report, the Audit Report, the dividend proposal and the share redemption proposal and matters for submission to the Annual General Meeting. Mineral Resources and Mineral Reserves, financing issues, expansion investments,

License to operate, public affairs, status of major disputes.

**April (Ordinary and Statutory Meeting):**

Q1 Interim Report, in-depth analysis of technological development and automation, battery technology and battery metals, trading companies and business logic, securing concentrate supplies and concentrate transactions, structural transactions within the mining industry, investments, IT security, refinancing of revolving credit facility, purchasing issues and cost trends. Meeting between the Board of Directors and auditors in the absence of the management. AGM and Statutory Board Meeting.

**May:** Extraordinary Board Meeting by reason of a concentrate transaction.

**July:** Q2 Interim Report and review of the Audit Report, junior companies, concentrate supplies, investments.

**October: Q3 Interim Report,** strategic orientation for Business Area Mines and Business Area Smelters, follow-up of the New Boliden Way, Corporate Responsibility (CR) and Group policies.

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

### 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 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 2018 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 2018. 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 4 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 Michael G:son Löw. The Committee has held one meeting 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 website and which comprise the internal framework required for effective management, include the Code of Conduct, the Financial Policy, the Tax Policy, the Insider Trading Policy, the Whistleblower Policy, and documentation on sanctions control, delegation and decision-making, anti-corruption and conflicts of interest, competition law issues, supplier evaluation and code of conduct, communications, privacy and GDPR, and a large number of steering documents relating to environmental, health, and safety issues.

### 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.

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. Extensive investments have, consequently, been approved with regard to, amongst other things, modernisation of the truck fleets at Aitik and Kevitsa, a new leaching plant for processing residual products at Rönnskär and rebuilding the plastic separation facility at Bergsöe. Work has already commenced on the dewatering of Kokkola's tailings pond and on a new sulphuric acid plant at Harjavalta. Work is being completed on the underground storage facility at Rönnskär, where certain types of waste will be stored.

Following a couple of years with a higher number of accidents, Boliden's focused work on safety culture and safety issues is now yielding results, with fewer accidents reported than in previous years. In order to maintain this positive trend, our work on safety will continue relentlessly. These measures are, in part, of a technical nature and aim to raise the physical standard and quality of the workplaces, for example, by separating pedestrians and vehicle traffic, improving signposting and reviewing parking regulations. The measures taken over recent years relating to managerial development and improved safety culture continue unabated and also involve contractors and business partners. 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.

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 conducted a project implementing the 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, complemented with class room-based and electronic training programmes involving managers and office staff. Implementation and roll-out of the updated regulatory framework will be done via the web and via physical meetings starting in the new year.

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.

### Auditors

The external auditor conducts independent audits of Boliden's accounts in order to ensure that they, in all material respects, 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 is in contact with the Group management 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 2018. The auditor also reports to the shareholders at the Annual General Meeting.

The accounting firm of Deloitte AB was elected at the 2018 Annual General Meeting to serve as the company's auditors until the conclusion of the 2019 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 5 for information on remuneration disbursed in 2018.

## THE BOARD OF DIRECTORS



Name	Anders Ullberg Chairman of the Board	Marie Berglund Member of the Board	Tom Erixon Member of the Board
Position	–	Vice President, Raw Materials and Environment, NCC Industry	President & CEO, Alfa Laval
Education	M.Sc. Economics	M.Sc. Biology	LL.B, MBA.
Elected	2005	2003	2013
Born	1946	1958	1960
Directorships	Chairman of the Boards of Eneqvist 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, and the Advisory Council of the County Administrative Board of Västernorrland	
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
Number of shares <sup>1)</sup>	45,000	1,250	6,900
Meetings attended	8 of 8	8 of 8	7 of 8
Committee work (present)	Audit Committee 5 of 5	Remuneration Committee 1 of 1	–
Director's fees, SEK	1,650,000	550,000	550,000
Committee fees, SEK	90,000	50,000	–
Combined fees	1,790,000	550,000	640,000
Independent from the company and management	Yes	Yes	Yes
Independent from major shareholders	Yes	Yes	Yes



Name	Marie Holmberg Employee Representative	Kenneth Ståhl Employee Representative	Cathrin Öderyd Employee Representative
Position	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 Bergsöle branch	Member of the Board since 2018, Chairwoman of IF Metall (the Swedish Metalworkers' Union) Aitik branch, member of the Boliden Workers' Council
Elected	2008	2014	2018
Born	1963	1973	1975
Number of shares <sup>1)</sup>	50	0	5
Meetings attended	8 of 8	8 of 8	3 of 5

## THE BOARD OF DIRECTORS



Name	Michael G:son Löw	Elisabeth Nilsson	Pia Rudengren	Pekka Vauramo
	Member of the Board	Member of the Board	Member of the Board	Member of the Board
Position	–	Dr.h.c. Luleå University of Technology, Special Government Investigator	–	President and CEO of Metso
Education	M.Sc. Economics	M.Sc. Engineering	M.Sc. Economics	M.Sc. Engineering
Elected	2010	2015	2017	2016
Born	1951	1953	1965	1957
Other directorships	Chairman of the Board of Recon-dOil. Member of the Boards of Concordia Maritime, Preem, Sterna Bulk, and Naturstenkompaniet International. Deputy Chairman of the Boards of the Swedish Chamber of Commerce for Russia & CIS, and the Swedish Association for Energy Economics. Member of the Royal Swedish Academy of Engineering Sciences	Chairman of the Board of Göta Kanalbolaget. Member of the Board of EKN, member of Skandia's council, member of the Royal Swedish Academy of Engineering Sciences, member of Hanaholmen's Executive Board	Chairman of the Board of Social Initiative. Member of the Boards of Duni, Academedia, KappAhl and Tikkurila	Member of the Boards of Nokia Tyres Plc and I.S. Makinen Oy
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, CEO of Finnair
Number of shares <sup>1)</sup>	100	200	0	1,000
Meetings attended	8 of 8	8 of 8	8 of 8	6 of 8
Committee work (present)	Remuneration Committee 1 of 1	–	Audit Committee 5 of 5	–
Director's fees, SEK	550,000	550,000	550,000	550,000
Committee fees, SEK	50,000	–	190,000	–
Combined fees	600,000	550,000	740,000	550,000
Independent from the company and management	Yes	Yes	Yes	Yes
Independent from major shareholders	Yes	Yes	Yes	Yes



Name	Magnus Filipsson	Gard Folkvord	Ola Holmström
	Employee Representative	Employee Representative	Employee Representative
Position	Deputy Member of the Board since 2018, Chairman of the Unionen trade union branch for Aitik, the Boliden Area and the Stockholm office	Deputy Member of the Board since 2018, Specialist operator, Chairman of Odda Kjemiske Arbeiderforening. Member of the Industri Energi trade union Competency Committee, Member of the Odda Municipal Executive Committee representing the Norwegian Labour Party, Chairman of the Board of Oddaprodukt AS	Deputy Member of the Board since 2017, Chairman of the IF Metall (the Swedish Metalworkers' Union) Kristineberg branch, FSG (Trade union cooperation), member of the Boliden Workers' Council
Elected	2018	2018	2017
Born	1974	1969	1965
Number of shares <sup>1)</sup>	0	101	170
Meetings attended	3 of 5	4 of 5	8 of 8

1) Own holdings and those of related legal or natural persons, on 31 December 2018.

## GROUP MANAGEMENT



Name	Mikael Staffas	Kerstin Konradsson	Stefan Romedahl
Position	President & CEO	President Boliden Smelters	President Boliden Mines
Education	M.Sc. Engineering, MBA	M.Sc. Engineering	M.Sc. Engineering
Employed	2011	2012	2018
Born	1965	1967	1967
Directorships	Chairman of the Boards of Eurometaux, the Employers' Association of the Swedish Mining Industry, and Deputy Chairman of the Board of SveMin. Member of the Boards of the International Zinc Association, the International Copper Association and the Swedish Association of Industrial Employers	Member of the Board of Höganäs, Member of the Royal Swedish Academy of Engineering Sciences	Member of the Boards of the Employers' Association of the Swedish Mining Industry, SveMin and Euromines
Previous positions	CFO of Södra Skogsägarna, Partner at McKinsey & Co	Business Area President and CEO within the Åkers Group and a variety of senior positions within SSAB	Vice President of LKAB Northern Division, CEO of Zinkgruvan, Project Manager of Swedish Nuclear Fuel and Waste Management Company (SKB) and a variety of senior positions within Boliden
Number of shares <sup>1)</sup>	12,700	4,400	0



Name	Håkan Gabrielsson	Åsa Jackson
Position	CFO	Senior Vice President – Corporate Responsibility <sup>2)</sup>
Education	M.Sc. Business Administration and Economics	M.Sc. Economics
Employed	2009–2011, 2016	2019
Born	1967	1964
Directorships	–	–
Previous positions	CFO of Fagerhult, Director Group Controlling at Boliden, and a variety of positions within Sapa, Ericsson and Electrolux	President HR, Health & Safety, Ahlstrom-Munksjö, President HR and Sustainable Development and other senior positions within ABB Sweden
Number of shares <sup>1)</sup>	1,230	0

1) Own holdings and those of related legal or natural persons, on 31 December 2018.

2) Thomas Söderqvist was SVP Corporate Responsibility until 31 December 2018, inclusive.

### 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 2018. 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 is conducted, 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