

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 held their shareholding and been long-term owners in Boliden since we were relisted in Sweden almost 15 years ago, but there is no clear principal owner. 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 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, such as the upscaling of our Garpenberg operations. The decision to invest almost SEK 4 billion in this project was taken by the Board in January 2011 and the investments in the mine and concentrator were put into use in 2014 and will influence our operations for many years to come. 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, and are vital in terms of value generation within the company.

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 forward-looking 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 2014 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 2015



Anders Ullberg
Chairman of the Board

Governance of the Boliden Group

Boliden is a Swedish limited company listed on the NASDAQ Stockholm Stock Exchange (NASDAQ Stockholm). The Boliden Group has approximately 4,900 employees and runs mines and smelters in Sweden, Finland, Norway and Ireland. Boliden's sales offices in Sweden, Denmark, the UK and Germany handle sales and/or marketing of raw materials, metals and by-products. 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, 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 2014

Boliden has continued its focus on expansion through organic growth and acquisitions in 2014. The most important events during the year have included:

- Issue of 6-year bond loan for SEK 500 million
- Refinancing of syndicated credit facility for EUR 850 million
- Raising of a new 7-year loan for SEK 570 million with the Swedish Export Credit Corporation
- Exploitation concession application for Laver submitted
- SEK 600 million investment approved, enabling the first steps to be taken in an expansion of the Aitik mine to 45 Mtonnes of ore per year
- Settlement of dispute with Travis Perkins, et al, arising from the former copper tubing cartel
- Ongoing action programme designed to stabilise production and cut costs at Rönnskär
- Acquisition of the Kylvlahti mine and associated exploration rights in Finland
- Garpenberg expansion to 2.5 Mtonnes of ore per year inaugurated and production commenced
- Breakdown in leaching tank at Kokkola

- NOK 350 million investment approved in increasing capacity at the Odda zinc smelter in Norway from 170 to 200 Ktonnes of zinc per year
- In-house nickel smelting operations, with an annual production rate of 25 Ktonnes of nickel matte, approved

Shareholders and Annual General Meeting

Boliden's biggest shareholders are Swedish and foreign investment funds and institutions. There were a total of 77,965 (90,963) shareholders at the end of 2014 and the biggest single shareholders were Norges Bank Investment Management, Blackrock Inc, SHB fonder, Swedbank Robur fonder and AFA försäkring. The percentage of foreign ownership increased during the year, reaching approximately 59 per cent (41%) by the end of the year. For further information on the shareholder structure within Boliden, see pages 6–7 of the Annual Report and Boliden's website.

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 to the Board and the President, Auditors or 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, the Nomination Committee, 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 the election of auditors.

The 2014 Annual General Meeting

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 some meetings in order to

deepen their knowledge of the operations and to give them an opportunity to meet with Boliden's employees. The 2014 Annual General Meeting was held on 6th May in Boliden and the theme of the meeting was 90 Years of Knowledge. Attendees were given the opportunity, amongst other things, to learn about the way exploration work was conducted at the beginning of the 20th century and how it is now done, to visit the tellurium plant, and to view exhibitions covering such areas as metallurgical progress.

97,924,442 shares were represented at the meeting by 693 shareholders, either in person or through their proxies. The shares represented comprised approximately 36 per cent of the total number of shares. The meeting was attended by all Members of the Board and members of the Group management, and the auditor in charge.

The Meeting resolved, amongst other things, to re-elect all of the Members of the Board and to re-elect Anders Ullberg as the Chairman of the Board. The Meeting further resolved:

- To pay a dividend of SEK 1.75 per share, totalling SEK 479 million, in accordance with the proposal by the Board of Directors;
- That the following persons shall be appointed as members of the Nomination Committee: Hans Ek (SEB Investment Management), Lars-Erik Forsgårdh, Frank Larsson (Handelsbanken Fonder), Anders Oscarsson (AMF) and Anders Ullberg (Chairman of the Board);
- That Directors' fees payable and fees payable to the Committees shall, in accordance with the proposal by the Nomination Committee, comprise a Director's fee of SEK 1,200,000 to the Chairman of the Board, and of SEK 460,000 to Members who are not Boliden employees, that the fees payable to the Chairman of the Audit Committee and to each of the two members of the Audit Committee shall be SEK 150,000 and SEK 75,000, respectively, and that the fees payable to each of the Remuneration Committee's two members shall be SEK 50,000;
- To re-elect Ernst & Young 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 per cent of the fixed salary for the President and maximised at 50 per cent 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. The

resolutions passed by the 2014 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 2015 Annual General Meeting will be held on 5th May in Garpenberg.

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, amongst other things, the election of Members of the Board, the Chairman of the Board, fees payable to 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 the Members of the Board. The Nomination 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.

Boliden's Corporate Governance Structure



The Board of Directors' work cycle, 2014

Recurring business: Sustainability and health & safety issues, operational reviews, investments, cost accounting, theme items.



The work of the Nomination Committee in 2014

Hans Ek (SEB Investment Management), Lars-Erik Forsgårdh, Frank Larsson (Handelsbanken Fonder), Anders Oscarsson (AMF) and Anders Ullberg (Chairman of the Board) were elected to the Nomination Committee at the 2014 Annual General Meeting. The Nomination Committee has exercised its mandate to invite two new members on to the Committee in order better to reflect Boliden's shareholder structure, namely Anders Algotsson (AFA Försäkring) and Jan Andersson (Swedbank Robur fonder). In November, the Chairman of the Board convened the members of the Committee, at which time, 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 a total of three times impeding the 2015 Annual General Meeting and has also had telephone contacts with and held meetings with both the Members of the Board and the President. These contacts afford the Nomination Committee an excellent 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.

The Nomination Committee endeavours to ensure an even gender distribution amongst the Board Members and the Nomination Committee also prioritises, in parallel with its efforts to achieve this goal, to ensure a multifaceted and broad composition that covers relevant areas with regard to expertise, experience and background. Boliden's operations, developmental phase and future orientation are important criteria in evaluating skill requirements and analyses aimed at determining the optimum composition of the Board.

One of the main issues addressed by the Nomination Committee in 2014, in addition to the above-mentioned duties such as the evaluation of the composition of the Board and proposals for the impending Annual General Meeting, has been the procurement of a new auditor for Boliden.

The Nomination Committee's proposals for submission to the 2015 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 Boliden's 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.

Boliden's 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 since the 2014 Annual General Meeting. The Board Meetings are attended both by the ordinary Members and by the union's 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 on behalf 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 104–105 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 guides the work of the Board and the Members 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 – particularly in Boliden where there is no clear principal shareholder – 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 is sent to the Members approximately 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 2014

The Board of Directors held seven meetings in 2014, 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 2014, the Board visited Rönnskär and the Boliden Area in conjunction with the Annual General Meeting and the Board Meetings in May, and the Kokkola smelter and the Kylylahti mine in Finland, which was acquired in 2014. A number of Members also attended the inauguration of the Garpenberg expansion in August 2014.

The Board receives ongoing information on Boliden's commercial and financial performance and updates on Boliden's fulfilment of its sustainability goals in the form of monthly reports and at Board Meetings. Every Board Meeting consequently begins with a review of the operations, of the current health & safety position, 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 Board has accordingly discussed such issues during the year as Boliden's position within its sector, the global trend in the metals market, demand for Boliden's products, readiness to handle harsher market conditions, measures to counter cost increases, iron mines and steelworks vs. base metals, exploration and acquisitions, and CSR issues in the mining industry in other countries.

Boliden's strategy is to work continuously with measures that will enhance efficiency, and expansions and acquisitions mean that these and related issues account for a substantial and significant component of the Board's work. Suitable acquisition objects are accordingly monitored on a rolling basis and in 2014, the Board decided to acquire a mine and its associated exploration rights with interesting potential in Finland (Kylylahti). Organic growth, which has contributed to Boliden's success, continues to be prioritised and new business opportunities within the framework of existing operations are constantly being evaluated. A number of new expansion investments and a partially new nickel strategy have been approved in line with this approach. The change in the nickel smelting business model at Boliden Harjavalta in Finland will see nickel concentrate bought in from external suppliers and nickel matte sold on the global market. Other important expansion decisions in 2014 included the first stages in enabling a future expansion of Aitik's production from 36 (38 in 2014) to 45 Mtonnes of ore per year and investments designed to increase capacity at the Odla zinc smelter in Norway from 170 to 200 Ktonnes of zinc per year. Previously approved expansion projects ongoing in 2014, such as Garpenberg, silver extraction at Kokkola, and the construction of deep storage facilities at Rönnskär, have been the subject of ongoing monitoring and follow-up work, as has the ongoing action programme designed to improve process stability and cost-effectiveness at the Rönnskär smelter.

Work on improving and coordinating health & safety issues have been subject to continuous monitoring and follow-up work by the Board in response to the negative shift in the accident frequency rate in 2013. A comprehensive action package has been drawn up with the aim of turning this trend around in accordance with the more detailed presentation provided under the Sustainability governance in Boliden heading on page 106.

Efficient and suitable licensing processes and reasonable operating conditions are, in light of the nature of Boliden's operations, important issues for the company and its Board, and are the subject of recurring discussions. The Board has also addressed a related area, namely CSR, business ethics and moral considerations, and has focused on issues such as anti-corruption and trade sanctions.

The refinancing of syndicated loan facilities, the issue of a 6-year bond loan listed on the NASDAQ Stockholm, and the raising of a 7-year loan with the Swedish Export Credit Corporation, were all approved and implemented during the year.

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, occasionally, with the help of an independent consultant. The 2014 evaluation was a self-assessment during which the Members answered a number of questions in writing on a range of different subjects and held one-on-one discussions with the Chairman of the Board, followed by a joint discussion, during which the Board discussed the conclusions drawn from the evaluation.

The Board's Committees

The overall responsibility of the Board of Directors cannot be delegated but the Board may, within itself, set up committees which prepare, follow up on and evaluate issues within their respective spheres ahead of decisions by the Board. The Board has, accordingly and as in previous years, set up an Audit Committee and a Remuneration Committee in 2014. The Committees' members are appointed at the Board Meeting following election held after the Annual General Meeting and their work is governed by the Committees' formal work plans and instructions.

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 works with the procurement of services from the company's auditors in addition to the actual auditing services and, when so tasked by the Nomination Committee, with the procurement of auditing services. The Audit Committee meets before the publication of every financial report, and as necessary. The Audit Committee comprises Ulla Litzén (Chairwoman), Leif Rönnbäck and Anders Ullberg. The Committee members have specialist competence, experience of and interest in financial and accounting issues – see Directorships and previous positions, pages 104–105. The Committee's meetings are also attended by Boliden's CFO and the Director of Internal Control. The Committee met six times in 2014. Special attention was paid in 2014 to the auditors' reviews, the status of internal controls, IT security, the acquisition of Kylylahti and the procurement of audit services. The Audit 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.

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 on pages 78–79 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 Staffan Bohman. The Committee has held two meetings during the year and had telephone contact on a number of occasions.