

Non-Financial Information Record

2018



Free translation from the original in Spanish. In the event of
discrepancy, the Spanish-language version prevails.





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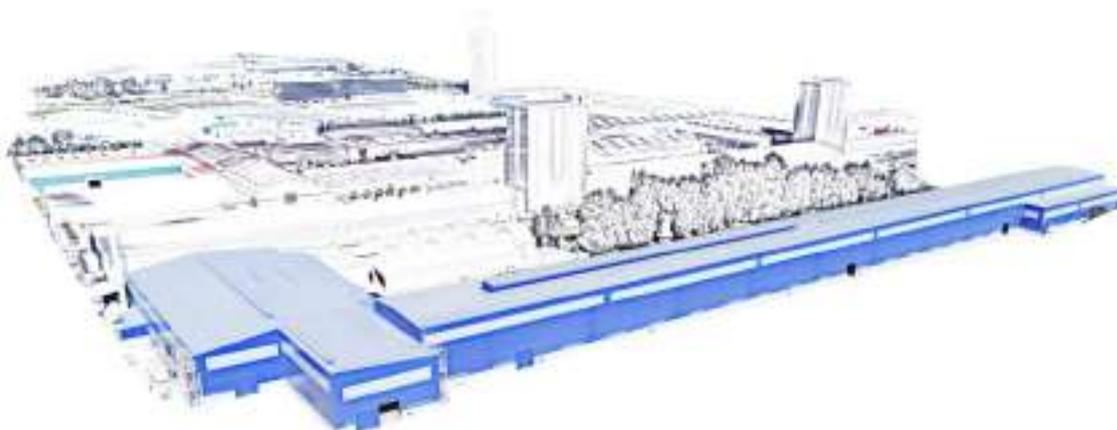
The contents of this Non-Financial Information Record have been collected following the principle of materiality and the contents of the International Reporting Guide: The Global Reporting Initiative (GRI), and specifically its standards, covering the sections on Acerinox S.A.'s Business Model, the Environment, Human and Social Rights matters, as well as the six large plants belonging to the Group with regards to Personnel, covering over 90% of the total workforce.

1. BUSINESS MODEL

Acerinox is one of the world's most competitive stainless steel manufacturers and the most global company in the market. Its business objective is the production and sale of stainless steel and, with this purpose, from its very foundation, the company has developed a continuous investment programme, often with the development of its own technological innovations which, in certain cases, have involved real milestones in the field of stainless steel technology.

Acerinox is one of the largest manufacturers worldwide thanks to its six plants in four different continents in which flat and long products are manufactured. Three plants are integral (including steelworks, hot rolling and cold rolling). These are Acerinox Europe (Campo de Gibraltar, Spain), North American Stainless (Kentucky, USA), and Columbus Stainless (Middelburg, South Africa). The fourth big plant, Bahru Stainless (Johor Bahru, Malaysia) has a cold rolling mill.

In addition, for the manufacturing of long products, Acerinox also has the plants at Roldan (Ponferrada, Spain) and Inoxfil (Igalada, Spain).



The main shareholders of the Acerinox Group are Corporación Financiera Alba (18.96%), Nisshin Steel Co. Ltd (15.49%), Omega Capital (5.0%), and IDC (Industrial Development Corporation) (3.19%).

The Acerinox Group has a sales structure which is present in 56 countries, from which it sells stainless steel to a total of 86 countries across 5 continents. This structure is made up of 18 service centres, 26 warehouses, and 35 sales offices, not to mention the countless sales agents in various countries which do not have a permanent office.

Thanks to this structure and to the excellence in operations and product quality, the Acerinox Group is the leader in one of the continents, Africa, in addition to being the largest producer in the world's largest economy, the United States, and having large market shares in all the geographical areas in which it operates.

Acerinox employees have good working conditions, higher than the industry average pay, 93% of workers have permanent contracts, stable and high-quality jobs, training courses, international projection and a wide range of possibilities to develop a long and rewarding professional career within the company.

Countries in which Acerinox is present throughout the world:



1.1 Risks and their Management

Acerinox has a Risk Management Model for identifying, classifying, and evaluating any possible event that could affect all the units and significant functions of the organisation as well as establishing the control and responsibility mechanisms derived from each one of them. The Model has as the ultimate objective of providing reasonable security for attaining objectives, whether strategic, operational, compliance, or reporting.

For the correct implementation of the measures and the strict monitoring of its fulfilment of them in each of the possible risks, in 2015 the Group approved the Risk Management Control Policy of Acerinox, S.A., and their Group of Companies.

Through the Policy, the mechanisms and basic principles are established for the management of opportunities and risks that allow them to:

- Achieve the strategic objectives determined by the Group.
- Provide full guarantees for the shareholders.
- Protect the Group’s results and reputation.
- Defend the interests of the key Interest Groups of the Company.
- Ensure business stability and financial solidity in a sustained manner over time.

Any business activity generally has a series of risks associated to it and, in the case of steel making, Acerinox recognises and classifies the uncertainties characteristic of the industry in which it operates.

Moreover, the substantial risks facing the Company on a daily basis requiring full-time management and special surveillance are inter-related and can be summarised in the following diagram:



The main risks are as follows:

- Competition: Business risks related to competition and trade barriers in the various international stainless steel markets.
- Overcapacity Business risks related to production overcapacity, especially in China and its impact on reduction of prices.
- Raw Material Prices: Big variations, especially in short periods of time.
- Economic Cycles: Demand for products in light of developments in the markets.
- Financial: Lack of liquidity, restricted access to funding sources, increasing funding costs, the volatility of exchange rates, the volatility of interest rates and credit risks.
- Regulatory: Presence in the international arena with activities in numerous countries, regulatory frameworks, and business environments.

1.2 General Policies

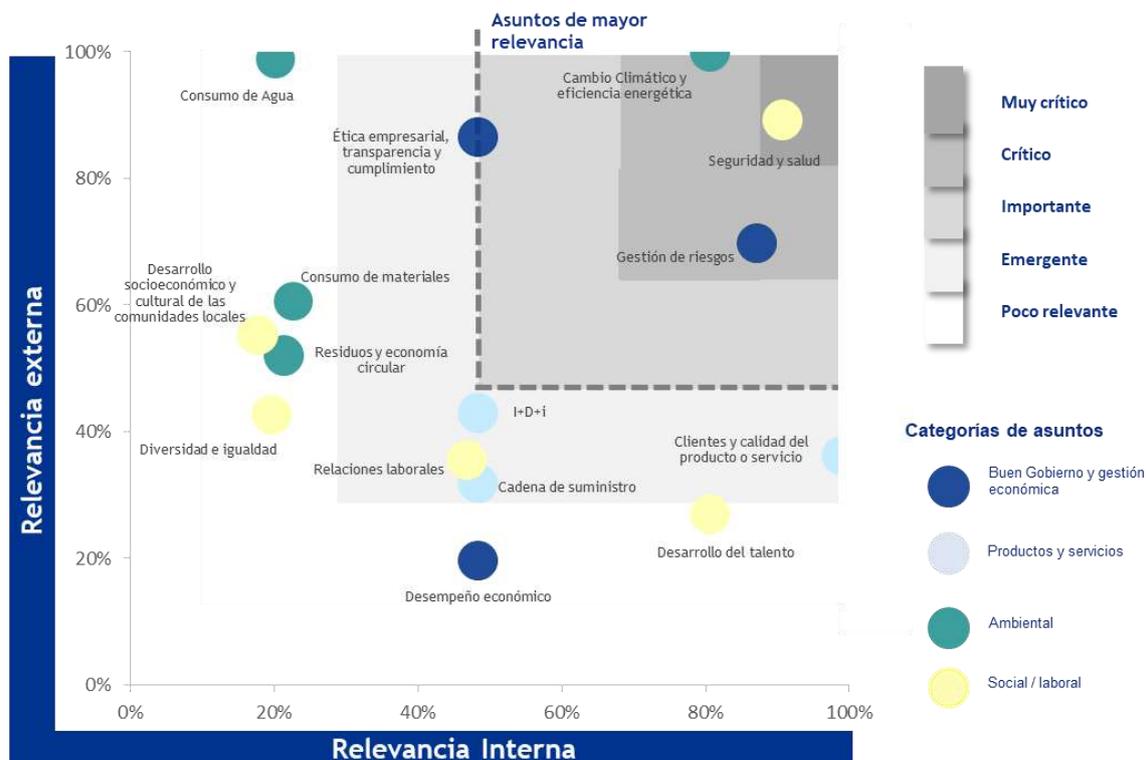
Acerinox has eight general policies that define the general guidelines of the Company and its Group of companies in the following matters which correspond to their heading and content:

- General Policy for Selection of Directors
- General Policy of Corporate Social Responsibility
- General Policy for the Remuneration of Directors
- General Policy for Risk Management and Control
- General Policy for Communication and Contact with Shareholders and Investors
- General Tax Policy
- General Corporate Governance Policy
- General Treasury Stock Policy

All these policies are available on the Company's website so that they can be viewed and compared by any interested party and can be found within the Corporate Governance section / General Policies.

2. MATERIALITY ANALYSIS

The result of the analysis of the relevant issues identified in 2018 is represented in the following materiality matrix:



This exercise is the second materiality analysis conducted by the Acerinox Group to identify and prioritise, among others, the environmental, social and governance issues that are relevant for the company and for the design and the definition of the contents of its Sustainability Report for the 2018 financial year. This analysis follows the new legal requirements under Spanish legislation on the subject of non-financial information reports and the requirements of the latest version of the GRI standards (*SRS Standards of the GRI*) that establish the principle of materiality as one of the key aspects in order to determine the content to report with regards non-financial information.

Within this process, the material aspects have been prioritised in two areas: internal and external. To do this, we have received the valuation from various professional profiles and managers of the Group from various departments and countries, and on the external side, the identification of relevant issues has been considered through a study of influencers (such as the World Bank, the World Economic Forum, UNESID, among others) in the industry and renowned analysts in ESG aspects.

3. ENVIRONMENTAL MATTERS

3.1 Environmental Matters

Sustainability and taking care of the environment are among the priorities of the company, and Acerinox understands their importance for an organisation that has the intention to maintain its position and endure into the future.

Acerinox is committed to the environment and its surrounding areas, to reducing environmental impact during the production process, to collaborating with the communities in which it operates and, of course, to its employees and stakeholders.

This effort has been recognised by organisations such as *FTSE4Good*, which includes the Acerinox Group in its global assessment index of responsible companies that demonstrate their application of solid environmental measures and corporate social responsibility and recognises companies who work towards environmental sustainability.



During the development of production and waste management, the precautionary principle against environmental risks is applied along with measures to prevent and, if necessary, react quickly to a potential hazard to health or the environment.

The environmental risks are contained in the operational risks section of Acerinox, S.A.'s Risk Control and Management Policy.

Acerinox's activity requires large energy consumption and emissions are linked to its productive capacity. Therefore, the company's efforts are aimed at reducing emissions and putting the most suitable filters in place before allowing these emissions to be released. In this task, the reduction of CO2 emissions implies a constant commitment, both from Acerinox itself, and from a sustainable industry which is committed to the fight against climate change.

Additionally, stainless steel is a metal that is recycled almost in its entirety and indefinitely, so it is indefinitely reusable and requires much less energy to manufacture than other similar materials, such as aluminium or titanium; also, it does not require chemicals for its correct storage.

The main raw material for the manufacture of stainless steel in our plants comes from scrap; therefore, Acerinox is one of the largest recyclers of this waste product in all the countries in which it has steelworks.

The areas of application of stainless steel are almost unlimited and demand has steadily and increasingly grown in recent decades, with rates of increase of an average of approximately 6% each year, it is also a fundamental pillar of the circular economy.

The applications of stainless steel include quite a few utilities related to the environment such as generating clean energy and saving on energy consumption, providing clean air, water treatment, producing healthy food, avoiding hazardous chemicals and limiting environmental pollution.

With regards to the environmental provisions, the Group has not registered any environmental provisions for 2018.

3.2 Climate Change

As mentioned in the first point of this report, Acerinox is recognised in the global Carbon Disclosure Project (CDP) and is included in the B List of leading companies in the fight against climate change through the implementation of activities to reduce emissions and minimise the risks of the organisation in relation to climate change.

The Group is well-aware of the Sustainable Development Goals of the European Union, including the fight against climate change and the effects resulting from it.

At Acerinox we are committed to maintaining scrupulous care of the environment surrounding our production facilities and offices, to continue investing in research and technology to reduce energy consumption and emissions from our activities and waste as much as possible, to defend and promote respect for biodiversity in all its aspects and to strengthen the role of Corporate Social Responsibility within the Group and the companies which form it.

3.3 Pollution

The manufacturing process for stainless steel requires an intensive use of energy. The Acerinox Group is strongly committed to reducing energy consumption and CO₂ emissions. To do this, all operations are characterised for their operational excellence, in pursuit of technological efficiency and continuous optimisation of the facilities, making Acerinox one of the most efficient companies in its commitment to the reduction of emissions, according to the International Stainless Steel Forum (ISSF).

The Acerinox Group plants have strict measures in place to prevent, avoid, and resolve spillages from tipping or storing substances.

The Group's production activities are subject to strict emission controls, as well as the fulfilment of yearly objectives. In 2020, the period for recording the Greenhouse Gas Emissions (GHG) comes to an end in Europe and over the next few years the rights to free emissions are going to be reduced. By following the recommendations from the various international regulations, the Acerinox Group can calculate the direct and indirect emissions.

Acerinox has control, measurement, and gas filtering systems in all of its equipment and takes special care to comply in this field. Proof of this is found in the fact that in order to reduce NO_x emissions, the plants have catalytic

towers, where NOx vapours are converted into molecular nitrogen, so that the NOx emissions are well below the strict legal limits.

			
Acerinox	NAS	Columbus	Bahru
2017 = 298 Mt	2017 = 382 Mt	2017 = 98 Mt	2017 = 46 Mt
2018 = 240 Mt	2018 = 367 Mt	2018 = 115 Mt	2018 = 71 Mt

The company is aware that through its *Zero Emissions Target* programme, a conception of environmental policy entails the constant target of reducing all emissions to the extent possible, in absolute terms and in relative terms or specific ones. The ZET is a constant battle which stems from the Company’s own initiative, rather than from a regulatory imperative.

Table 1

Scope 1 Direct GHG emissions in metric tonnes of CO2 equivalent:

Plant	EMISSIONS
	Direct emissions (Scope 1)
Acerinox Europe	222,638 Mt of CO ₂ eq
NAS	349,390 Mt of CO ₂ eq
Columbus	204,535 Mt of CO ₂ eq
Bahru	52,061 Mt of CO ₂ eq

Table 2

Scope 2 Indirect GHG emissions in generating energy in metric tonnes of CO2 equivalent:

Plant	EMISSIONS
	Indirect emissions (Scope 2)
Acerinox Europe	355,028 Mt of CO ₂ eq
NAS	672,091 Mt of CO ₂ eq
Columbus	611,090 Mt of CO ₂ eq
Bahru	88,343 Mt of CO ₂ eq

The new production systems come with the most advanced technologies and emission reduction systems incorporated in them. Thus, in Acerinox Europe investments totalling €9 million were approved for the acquisition of a ladle furnace and a refrigerated vault to reduce the consumption by the refractory, electrodes, emissions and increase in the availability time of the furnace.

Meanwhile, Columbus Stainless spent more than €14 million on the installation of a cutting line and ladle furnace, which as in the aforementioned case, reduce energy consumption and CO2 emissions.

Table 3

Environmental investments and expenditure by the Acerinox Group:

	2018	2017
Environmental investments (€)	€5,741,148	€6,859,522
Environmental expenses (€)	€98,241,433	€88,994,572
Total amount of money invested in the environment (€)*	€103,982,581	€95,854,094

The plants have implemented the following specific measures with the aim of reducing emissions:

- Replacing the conventional burner with an oxy-fuel burner AOD-1 and AOD-2.
- Increase in the continuous loads and direct annealing, installation and economiser of boiler 3.
- Saving electricity in stoppages for the application of protocol in the Steelworks, Hot Rolling, and Cold Rolling.
- Replacement LEDs, replacement ZM-3 motors and regulation of the Laminar Flow pump.
- The “Green Weekend” which represents a reduction in the load based on unused units has meant a reduction in scope 1 emissions of 820 MtCO₂, and 7,261 Mt CO₂ eq. in scope 2 emissions.
- Varied fan speed system in the Induction Air fans of the filter room which has thereby reduced to 13,726 Mt CO₂ eq.
- Optimisation programme for gas consumption processes and other services which have obtained a reduction of 194 Mt CO₂ eq. in Scope 1 emissions.
- Optimisation of power consumption and LED project through which group 2 emissions have been reduced by 5,553 Mt CO₂ eq.

Acerinox Europe also shows its commitment to reducing light pollution by replacing their conventional lighting to one with greater energy efficiency and which causes less impact. To do this, the fluorescent ceiling lights have been changed for LED screens in offices and laboratories, and the metal halide projectors have been replaced with LED projectors in the light towers of the port. A similar process has been undertaken at the Roldan plant where the existing halide light fixtures were changed for LED downlights and projectors in all the transit roads and external manufacturing workshop areas.

3.4 Circular Economy

As a leading company in the metal industry in general, and in particular in the stainless steel industry, Acerinox, is one of the most noteworthy examples in practising circular economy.

Acerinox plays an active role within the Spanish Covenant on the Circular Economy, which it signed (along with other companies in the industry) in 2017, becoming the first industry in Spain in which all companies are committed to the transition towards a sustainable model. This commitment means maintaining the value of products, materials, and resources for as long as possible, minimising the generation of waste and promoting the proper treatment and recycling of this waste.

The Acerinox Group plants have strict measures in place to prevent, avoid, and resolve spillages from tipping or storing substances. All the plants have neutralisation plants for treating acidic and basic waste water as well as emergency dams and other security mechanisms for containing any possible spillages. Similarly, the tanks are also equipped with a rigid inner tank, with an emergency stop function and an emergency cleaning service.



The manufacturing process of stainless steel at Acerinox begins with the melting of scrap (primarily) which, after treatment and the application of the necessary processes, becomes a metal which has many different applications in various industries and, with proper maintenance, it has a useful lifespan which can last for centuries and which leaves a considerably smaller footprint than other alloy emissions. In economic terms, it converts a product of little value into one of great value that will be recycled once again at the end of its useful life, creating jobs in the process, taking care of the environment and thereby polluting the planet even less, thereby closing the perfect economic circle.

Table 4

Main Waste Products Managed in the plants in 2018:

	Amount of waste products (Mt)	
	2018	Destination
Recovered refractory bricks	8.028 Mt	Recovery
Recovered grinding residue	3.511 Mt	Recovery
Recovered mill scale	14.760 Mt	Recovery
Slag	783.089 Mt	Landfill
Neutralisation Sludge	94.862 Mt	Landfill
Refractory bricks	24.028 Mt	Landfill
Scale	10.953 Mt	Landfill
Grinding residue	5.185 Mt	
Sludge from water plant	2.407 Mt	Landfill
Used shot blasting material	7.384 Mt	Recovery
Total non-hazardous waste	954.206 Mt	
Percentage of recycled non-hazardous waste	2.69%	
Recovered smoke dust	21,214 Mt	Recovery
Recovered PRA powder	0 Mt	Recovery
Oily paper	8,479 Mt	Recovery
Smoke dust	44,628 Mt	Landfill
PRA powder	2,296 Mt	Landfill
Total hazardous waste	76,616 Mt	
Percentage of recycled hazardous waste	38.76%	
Total waste	1,030,822 Mt	
Total non-recycled waste	975,475 Mt	
Total recycled waste	55,347 Mt	
Percentage of recycled waste	5.37%	

Since the creation of the Group, tens of millions of tonnes of scrap have been recycled in the Acerinox Group melting shops, which in 1970 had already created a Circular Economy with its associated benefits.

In promoting the circular economy in its processes, the Acerinox Group signed an agreement with the General Foundation of the Spanish National Research Council (FGCSIC in its Spanish initials) based on the ComFuturo programme to encourage excellence in youth research aimed at achieving progress and improvements in stainless steel production processes. Together, they are developing a project involving the revaluation of slag metal by applying a treatment to it in order to use it in various building materials which allows harmful gases to be converted into harmless ones.

Within the aim to promote a circular economy and in relation to the use and waste management, it is essential to assess the impact of the entire product life cycle, from the manufacturing process to the end of its useful life.

To do this, the Company participates in the *Life Cycle Inventory* (LCI) promoted by Eurofer (*European Steel Association*). This is an internationally

recognised, structured method to quantify the emissions, the resources consumed as well as the impact on the environment and health, related to the products placed on the market. The scope of the method encompasses the extraction of the raw materials right through to the useful life of the product.

3.5 Sustainable Use of Resources

The activities developed by the Acerinox Group require a considerable amount of both solid and liquid materials and resources.

One of the most abundant and noteworthy of these is water consumption. Given the large amount of water needed for production, Acerinox invests major resources and efforts in reducing consumption and therefore costs, recovering suspended metals which are derivatives of the production processes and returning as much water as possible back to the environment, in the same condition of purity, quality, and temperature in which it was taken.

Consumption varies substantially between plants due to the differences in air temperature, the different refrigeration requirements of the equipment, and the products which are manufactured.

The volume of water catchment in areas with no shortages in the four main plants are as follows:

Table 5

Volume of water catchment in areas with no shortages:

Volume (m3)	2018
Surface water	5,702,066 m3
Third-party companies' water	294,592, m3
Total	5,996,658, m3

Table 6

Volume of catchment in areas with water shortages:

Volume (m3)	2018
Surface water	3,417,818, m3

Third-party companies' water 233,352, m3

Total 3,651,170, m3

All the plants have neutralisation plants for treating acidic and basic waste water as well as emergency dams and other security mechanisms for containing any possible spillages. Similarly, the tanks are also equipped with a rigid inner tank, with an emergency stop function and an emergency cleaning service.

The proliferation of control systems and efforts in the monitoring of any toxic materials or pollutants has allowed the Group to reach high levels of management in this area.

A vast percentage of the components that make up the stainless steel manufactured by Acerinox comes from recycled materials. A fact that shows the value of the decision to install electric-arc furnaces for melting the scrap, not only for being a decision which is more environmentally advanced but also for being economically more efficient: scrap is raw material which receives a major discount on the aggregate value of the metals that it incorporates. If there is an example of how being environmentally responsible can be more economically beneficial to the Company, this is it.

The total fuel consumption from renewable and non-renewable sources at the four main plants according to the type of fuels used during 2018 has been as follows:

Table 7

Energy consumption:

	Natural Gas GJ	Diesel GJ	Electricity GJ (non-renewable)	Electricity GJ (renewable)
	2018	2018	2018	2018
ACERINOX	3,456,783 GJ	35,027 GJ	2,972,324 GJ	0 GJ
NAS	5,128,713 GJ	79,331 GJ	4,803,322 GJ	0 GJ
COLUMBUS	2,716,911 GJ	--	2,222,146 GJ	--
BAHRU	1,030,363 GJ	10,262 GJ	425,750 GJ	0 GJ

The report on indirect energy consumption is being worked on as systems for the collection of this information are not yet available.

Materials used:



3.6 Protecting Biodiversity

The activity carried out at all of the Acerinox plants surpasses the environmental legislation of each country in which it produces while demonstrating an attitude of scrupulous care for the environment.

The Acerinox plants in Europe, North American Stainless, and Bahru Stainless have their facilities based at sea or river ports which have direct access to their waters. Acerinox only pours pre-treated water, which has had all of the waste that may be unsafe removed from it, into these waters.

Therefore, the activities and operations carried out by Acerinox have no direct influence on biodiversity and protected areas.

4. PERSONNEL

4.1 Employment

As at 31 December 2018, the six plants belonging to the Acerinox Group (Acerinox Europe, North American Stainless, and Columbus Stainless and Bahru Stainless, Roldan and Inoxfil), which are included in this report, have 6,237 employees. Distributing these employees by continents, 46% are in Europe, 24% in America, 21% in Africa and 9% in Asia.

Table 8

Total number of employees:

	2018		
	Men	Women	Total employees
Number of employees	5,601	636	6,237

Table 9

Number of employees according to their age range:

	2018		
	Men	Women	Total employees
< 30 years	907	135	1,042
30 - 50 years old (inclusive)	3,347	380	3,727
> 50 years	1,347	121	1,468
Total	5,601	636	6,237

Table 10

Number of employees according to their professional category and gender:

	2018		
	Men	Women	Total employees
Graduates	1,021	213	1,234
Administration	379	280	659
Plant workers	4,201	143	4,344
Total	5,601	636	6,237

Table 11

Number of employees per country:

	2018
	Total employees
Spain	2,897
U.S.	1,480
South Africa	1,296
Malaysia	564
Total	6,237

Acerinox generates quality and stable employment, as shown by the data provided in the following tables, and practically all the people who are linked to the Group have a full-time, permanent contract.

Table 12

Number of employees by contract type:

	2018
	Total employees
Permanent contract	6,012
Temporary contract	225
Total	6,237
Part-time contract*	194

*Part-time employees may have either permanent or temporary contracts

Table 13

Number of employees by contract type and gender:

	2018		
	Men	Women	Total employees
Permanent contract	5,404	608	6,012
Temporary contract	197	28	225
Total	5,601	636	6,237
Part-time contract*	179	15	194

*Part-time employees may have either permanent or temporary contracts.

Table 14

Number of employees by contract type and age range:

	2018			Total
	<30 years	30 - 50 years old (inclusive)	> 50 years	
Permanent contract	939	3,626	1,447	6,012
Temporary contract	103	101	21	225
Part-time contract*	18	3	173	194

*Part-time employees may have either permanent or temporary contracts

Table 15

Number of employees by contract type and professional category:

	2018			Total
	Graduates	Administration	Plant workers	
Permanent contract	1,207	652	4,153	6,012
Temporary contract	27	7	191	225
Part-time contract*	3	44	147	194

*Part-time employees may have either permanent or temporary contracts

The Group is committed to the economic well-being, diversity, and development of the people who work for it. For this reason, Acerinox guarantees transparency with regards to remuneration between employees and non-discrimination in salary issues based on gender, establishing an effective remunerative equality between men and women.

Table 16

Average salary remuneration according to gender (€)

	2018	2017*
	Average remuneration	
Men	25,088.00	29,629.88
Women	25,589.35	25,283.92

*In 2017, the remuneration of employees at the Palmones plant is not included.

The remunerations within the company are above the industry average. As for the minimum wages in each of the plants, Acerinox Europe pays a minimum of €1,300.00, well above the legal minimum of €900; NAS reaches US\$1,256; in

Columbus it is 3,200 South African rand and in Malaysia it reaches 1,100 ringgits.

It should be noted that the average remuneration of women corresponding to 2018 is higher than that of men, because the majority of the female employees occupy qualified administrative posts. In addition, approximately 50% of the female workforce work in the NAS and Columbus plants where the average wage is higher.

Regarding the segmentation of the workforce by age at the four main plants, the largest group is between 30 and 49 years, with a total of 3,727 employees in this age range.

Table 17

Average salary remuneration according to age range (€):

	2018	2017*
	Average remuneration	
< 30 years old (up to but not including 30)	15,976.55	15,203.89
30 - 50 years old (inclusive)	25,999.94	29,393.28
> 50 years	29,444.02	38,981.97

*In 2017, the remuneration of employees at the Palmones plant is not included.

Table 18

Average salary remuneration according to professional category (€):

	2018	2017*
	Average remuneration	
Graduates	44,897.03	43,829.21
Administration	16,941.57	17,088.50
Plant workers	20,767.20	23,556.01

*In 2017, the remuneration of employees at the Palmones plant is not included.

With regard to the average remuneration data by job category, it should be noted that most of the administrative staff work at the Barhu plant.

The “know-how” and knowledge of Group’s employees represent a competitive difference for Acerinox. The years of experience and training are essential to achieve a product of the highest quality, optimise production, and reduce costs. This is why the company is committed to training new recruits in a constant process aimed at excellence, the assimilation of the Group’s values and its competitive nature.

Acerinox does not have any specific measures in place with regards to disconnecting from work out-of-hours.

Table 19

Average Remuneration of Directors and of Senior Management:*

	2018	
	Men	Women
Senior Management	3,748,000	N/A

**Senior Management is composed of the Chief Financial Officer, the Commercial Director, the Director of Production, the Secretary-General, the CEO of NAS, the CEO of Columbus and the CEO of Bahru.*

The average remuneration of the Directors can be consulted in the Consolidated Annual Accounts of the Acerinox Group under note number 19.2.

Table 20

Number of dismissals according to professional category and gender:

	2018	
	Men	Women
Graduates	23	3
Administration	1	4
Plant workers	84	3
Total	108	10

Table 21

Number of dismissals according to age range:

	2018	
	Men	Women
< 30 years old (up to but not including 30)	33	3
30 - 50 years old (inclusive)	44	4
> 50 years	31	3
< 30 years old (up to but not including 30)	108	10

Acerinox’s care and respect towards its employees the conditions in which they undertake their activity can also be noted with regard to its personnel with disabilities. At the Acerinox Europe plant there are 40 employees who have an officially recognised permanent disability.

A total of 29 employees are recognised as having a Total Permanent Disability according to the resolution of the National Institute of Social Security and the other 11 cases through the Andalusian Institute of Social Services. Such circumstances therefore affect about 2% of the workforce. In the case of Spain, Acerinox also complies with the Law on Social Integration of the Disabled (LISMI in its Spanish initials).

Table 22

Ratio of base salary and remuneration of female employees compared with that of male employees:

		2018							
		ACX S.A.	ACX EU (Service Centres)	ACX EU (Palmones Plant)	NAS	Columbus	Bahru	Roldan	Inoxfil
Graduates	Base salary for women (€)	28,834.37	19,513.76	31,631.28	57,957.61	42,189.46	14,145.50	26,794.64	47,348
	Base salary for men (€)	28,560.72	19,513.76	43,737.97	70,609.90	39,083.62	11,003.11	52,612.50	70,061
	Ratio of base salary men/women	1.01	1	0.72	0.82	1.08	1.29	0.51	0.68
Administration	Base salary for women (€)	18,848.68	19,500	15,405.84	27,779.07	21,598.28	3,739.74	26,167.46	27,626
	Base salary for men (€)	20,957.52	19,500	16,976.95	28,823.59	24,896.66	3,679.38	33,505.06	45,072
	Ratio of base salary men/women	0.90	1	0.91	0.96	0.87	1.02	0.78	0.61
Plant workers	Base salary for women (€)	N/A	14,764.31	13,264.52	26,771.66	17,452.42	1,749.38	N/A	26,112
	Base salary for men (€)	N/A	14,764.31	16,679.84	29,602.72	22,581.21	1,470.40	28,332.34	31,007
	Ratio of base salary men/women	N/A	1	0.80	0.90	0.77	1.19	N/A	0.84

The salary ratio has been calculated as the average of the salaries earned according to the professional category and plant.

4.2 Organisation of the Working Schedule

The organisation of the working schedule for over 85% of the Acerinox staff is to cover the activity carried out at the plants. At the large production centres, the shifts are divided into three groups of eight hours each or two groups of 12 hours (at NAS), depending on the agreement with the workers' representatives, so that the activity at the plants (unless in exceptional cases) does not stop completely at any time and there are always managers present to ensure the safety and proper functioning of the processes.

The opportunities, training and employee remuneration are designed to promote the competitive nature of the organisation, regardless of gender or any other characteristics that are not related to the professional criteria.

The company is continuing to work on encouraging the conciliation personal and professional lives of the employees of the Group, as well as to incorporate new practices which allow them to disconnect from work during non-work hours. Similarly, pregnancy periods, maternity and paternity leave and the entitlement to breastfeeding breaks are respected beyond the applicable laws and their application is facilitated based on the employee's needs.

Table 23

Occupational illnesses of employees at the six main plants of the Group and the parent company:

	2018		
	Men	Women	Total employees
Number of employees who have had the right to parental leave	5601	636	6237
Number of employees who have used their right to parental leave	184	41	225
Number of employees who have returned to work after parental leave	184	41	225
Number of employees who have returned to work after parental leave and who were still remained as employees after returning to work 12 months later	178	40	218

4.3 Health and Safety

The Board of Directors, the Senior Management at Acerinox, and the Management teams of each of the plants and the Health and Safety Committees allocate the necessary means to ensure the best safety conditions for the employees carrying out each of the activities. Given that the activity of the company is not without risks, the aim is to reduce these risks and mitigate their consequences. For this reason, Acerinox applies its own rigorous regulations that go far beyond that required by the law in force.

Therefore, the company makes an effort to comply with the regulations in this field, paying particular attention to any incident and keeping updated with regards to information on any developments in this field. If any incident should occur, the Group applies the relevant protocols, carefully studying the reasons and, if necessary, immediately applying the necessary corrective measures to prevent the incident from reoccurring. As a result of this rigorous risk monitoring, the number of accidents occurring at all of the group's plants has steadily decreased in the last few years.

Moreover, Acerinox requires that the subcontracted companies working in its facilities accept the requirements established by the Group. Thus, Acerinox determines the models, standards, and certifications applicable to the workers in all its centres.

The Group offers first aid and workplace safety courses at its production centres, and has an ongoing programme that analyses possible workplace risks and studies any existing factors that could cause them. All incidents are investigated and analysed, and the best solutions are sought in order to prevent them from reoccurring.

At the plants, Acerinox Europe exceeds compliance with the legislation that is required from the Group, giving thousands of hours of training in health and safety and the *ACero* campaign, designed to raise awareness of the legislation and enforcement of Health and Safety rules. As regards the NAS plant, it continues with its Zero Tolerance policy. Columbus also applies its own Safety Management System, while also complying with the standards contained in the Occupational Health and Safety Law.

Bahru Stainless has a Health and Safety Committee that inspects and assesses the potential risks with its General Safety Induction programme in the prevention or treatment in the event of an accident.

Table 24

Calculation of accident rates for Group's own employees at its six main plants:

	2018		
	Men	Women	Total employees
Number of fatal accidents (victims)	1	0	1
Total number of accidents (with absence from work, without absence from work and fatal accidents)	234	14	248
Number of accidents with absence from work	143	2	145

Table 25

*Frequency rate (No. of accidents with absence from work / No. of hours worked)*1,000,000*

	2018		
	Men	Women	Total employees
	12.93	1.47	11.68

Table 26

*Severity rate (No. of days lost / No. of hours worked)*1,000*

	2018		
	Men	Women	Total employees
	0.57	0.11	0.52

Table 27

Hours of Absenteeism

	2018		
	Men	Women	Total hours worked
	69,462	11,572	81,034

* Absenteeism is understood as absences which correspond to: unpaid leave, unjustified absences, strikes, gap years and accidents occurring during the commute to or from work.

Table 28

Occupational illnesses of employees of the six main plants of the Group and the parent company:

	2018		
	Men	Women	Total
Number of work-related illnesses	0	0	0
Number of fatalities for work-related illnesses	0	0	0

4.4 Social Relations

Acerinox advocates and facilitates the right of free association of employees and maintains constructive relations with its workers and their representatives in each of its centres.

The agreements and agreed working conditions were fundamental to traverse the toughest years of the economic recession and are being very useful in trying to reach guarantees with regards to the future challenges facing the company.

Health and Safety Committees have been set up in each of the plants with whom workers can clarify any doubts they might have and that report and monitor regulatory compliance.

The number of employees of the main plants of the Group, plus those based at the parent company (Acerinox S.A.), which are covered by some form of agreement, are shown in the following table. It should be noted that in Spain, the collective agreement applicable to the metal industry is applied.

Table 29

	2018	
	No. of employees	%
Acerinox, S.A.	64	100%
Acerinox Europa S.A.U*	2,152	93%
Roldan	412	100%
Inoxfil	113	100%
Bahru	174	31%
Columbus	701	54%
NAS**	0	0%

*Includes the Palmones plant.

** In the case of NAS plant, this indicator does not apply because it has no union representation.

4.5 Training

Professional development is a basic right for the individual and a need for the company. Acerinox believes that the development of its professionals is a priority, given that without adequate training there is neither quality nor innovation, and for that reason it promotes training courses for employees.

Some training courses are compulsory, necessary, and periodical, such as those related to security and prevention of risks. Others are strongly encouraged by the company, including those through systems arising from collective negotiations.

During 2018, the Training Plan was one of the sections of the Strategic Plan approved by the Board of Directors, thus reaffirming the company's commitment to this key matter.

Table 30

Hours of training received by professional category and gender at the six main plants of the Group and the parent company:

	2018		
	Men	Women	Total employee training hours
Higher education qualifications	23,401	5,161	28,561
Administration	52,516	6,679	59,195
Plant workers	271,651	8,836	280,487
Total	347,567	20,676	368,243

4.6 Accessibility

All the Acerinox facilities and workplaces are enabled to facilitate and improve access for employees, customers, suppliers and whoever might need to access them. In addition to the mandatory compliance with the applicable regulations for that purpose, Acerinox facilitates the carrying out of any necessary reforms, studying improvements to its buildings and workplaces.

4.7 Diversity and equal opportunities

At its meeting in December 2018, the Acerinox Board of Directors approved the company's new Diversity Plan in which the principles on this matter and the measures for ensuring equal conditions and defending diversity in the activities of the Group are set forth.

The Acerinox Board of Directors is a true reflection of the international character of the company and the success of the Appointments and Remuneration Committee when it comes to applying diversity guidelines which the Selection of Directors Policy supports.

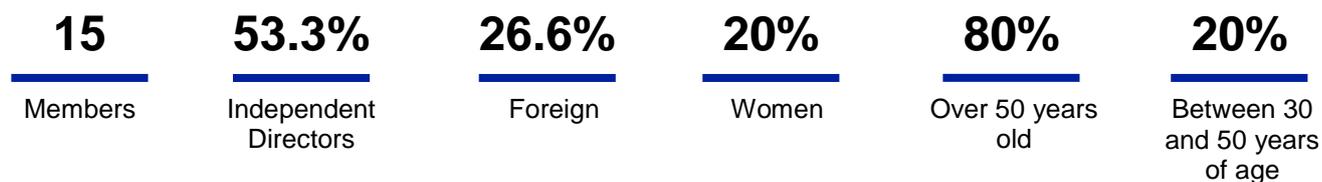
Starting with gender diversity, currently three of its fifteen members are women. The figure would be even higher if it was not for the recent resignations of two female directors, who have had to submit to the guidelines of their new companies on the matter of compatibility of duties or that have demanded greater dedication due to corporate movements. It must be said previously two other female directors to give up their mandates before the planned time period set due to the same circumstances. The Board of Directors decided to assume a conducive policy that by 2020 at least 30% of the Board members should be women.

However, despite gender being an important matter, diversity also extends to other areas. Other forms of diversity must contribute to the process of creating value and that of decision-making at the heart of the organisation and that this should be a melting pot in which a wide range of experience, skills and knowledge merge together and take form.

Four different continents are represented on the Board of Directors thanks to the diverse nationalities of its members. Europe is of course the most represented continent, but we can also find an American, a South African and two Japanese board members.

Three members, plus the non-director Secretary, began their careers in Public Administration or at university before moving to the private sector. Seven of them have a strong industrial nature for having undertaken, or still undertaking various positions both in the metal industry itself, as well as others such as the chemical, pharmaceutical, food, automotive, paper, new technologies and energy industries. Some of them have worked in more than one of these industries. Five of them come from the financial world, including investment banking, savings banks, and the insurance sector.

Composition of the Board of Directors as at 31 December 2018:



Since 2016 the largest part of the group is that of the independent directors, made up of eight members, followed by the six proprietary directors, and one executive director. The aim has been to repeat this proportion in the Executive Committee (four independent, one executive, and three proprietary directors). In the Appointments, Remuneration and Corporate Governance Committee, the distribution is three independent and a proprietary member and the same can be said of the Audit Committee. Both in the Board itself as well as the Committees, the chairperson's position is occupied by an independent director.

The Acerinox Group is present in five continents and is made up of people of different cultures, of the most commonly-practised religions in the world and with very diverse beliefs, orientations, and traditions. Diversity is, therefore, a consequence of the international nature of the company.

The prevention of sexual and gender harassment in the workplace is regulated in our Code of Conduct, which contains essential statements regarding the prohibition and prevention of harassment of any kind in the workplace.

Moreover, Acerinox has enabled a complaints system in the companies which form the group. Any worker who is considered to have been affected has the possibility of requesting precautionary measures to be adopted and these will be implemented automatically while the investigation takes place.

The measures to prevent and suppress harassment have been incorporated into the collective agreements through reference to the Code of Conduct. The Group has had no record of any reports of harassment through the normal channels that the company has established for this purpose throughout 2018.

5. HUMAN RIGHTS

5.1 Due Diligence

The Group provides the necessary complaints channels for any breaches of the Code and other inappropriate behaviour to be made known to the Code of Conduct Monitoring Committee.

These channels, provided by Acerinox, guarantee the confidentiality of the complainant and, if necessary, the Group guarantees its cooperation with the relevant authorities.

5.2 Risk Prevention

Since 2015, the Acerinox Group has had a General Policy for Risk Management and Control, establishing the basic principles and framework for the control and management of risks of any nature that the companies of the Group may face.

The Governance Bodies of the Group have implemented a Risk Management Model to identify, manage, and mitigate risks. The heads of the units draw up a report of any event involving a potential risk to the Company and whose response measures are analysed and assessed by the Director of Corporate Risk Management, who reports directly to the Chief Executive Officer.



The current Risk Management Model is based on an event identification methodology applied to all of the business units and, once the risks have been inventoried and analysed they are assessed according to their probability of occurrence and impact.

Currently, the Risk Management Model is evolving to improve the methodology in measuring the risks to complete the expert judgement and allow the definition of tolerance limits accepted by Acerinox to be updated. New metrics and Key Risk Indicators (KRIs) are being developed which allow the monitoring process to be improved and the monitoring of risks in the entity, by recording the events, causes, and impacts caused.

This evolution of Risk Management Model is based on a methodology for assessing the expected loss of each risk by the experts responsible for managing this risk, analysing the probability (frequency) and economic impact (average scenario) of each of the events.

The identified risks are quantified in terms of impact and probability of occurrence in order to allow them to be compared, aggregated, and prioritised. The risk events which have occurred and recorded are compiled in order to calculate the probability of them happening again. Worst-case scenarios as regards their economic impact are also recorded.

5.3 Complaints

Throughout 2018 there have been no complaints or claims of an infringement of human rights in the Group.

5.4 Promotion and Compliance with the Provisions of the Agreements

Ethical behaviour is one of the cornerstones of the Group and is regulated by the Code of Conduct and Best Practices applicable to all professionals in the Company. The principles contained therein also apply to all relationships with third parties who work for them, or on their behalf.

100% of the employees of Acerinox Europa, Columbus Stainless, and Bahru Stainless are covered by collective agreements agreed between the Group and the employees' representatives of each of the plants.

The Group supports the principles of the United Nations Global Compact and promotes that explicitly stated: that businesses must support the elimination of all forms of forced labour, child or compulsory labour, and during 2018 the Group has not identified any operations or activities this type.

6 CORRUPTION AND BRIBERY

6.1 Measures Adopted to Prevent Corruption and Bribery

Information and measures to combat corruption and bribery within the Acerinox Group is included within the Acerinox Code of Conduct and Best Practices as well as the Crime Prevention Model, which are the main tools for compliance and crime prevention used by the Group. Both of these have been

the subject of a training programme divided into three phases, directed towards the employees and managers of the Group in Spain.

Additionally, in the framework of crime prevention, the Acerinox Group has adopted a number of policies and internal standards designed to prevent criminal offences from being committed in general and more specifically, crimes by the legal entity itself:

- Adherence to the UN Global Compact initiative.
- Internal instructions on the chain of authorisations and rules of conduct for the representatives of the Group.
- The credit institutions with whom the group works are of renowned prestige, and are based in countries which are not classified as tax havens, therefore, cash payments or the use of payment methods different to the one authorised are prohibited.
- Non-participation in business that is dependent on decisions of public authorities, regarding aid or subsidies, and the non-funding of political parties, or associations or foundations promoted, recommended or used by political parties.
- Workers and managers of the group are prohibited from unduly influencing political or administrative decisions.
- The receiving or offering of hospitality, advantages, gifts, or improper benefits in respect of people or entities with whom the Acerinox Group will hold or maintain a business relationship is prohibited.
- The obligations of these essential principles contained in the Acerinox Code of Conduct and its commitment to fight against corruption in all its variants are incorporated into contracts with third parties.

Acerinox has not made any contributions to sectoral organisations.

6.2 Measures to Combat Money Laundering

Transfers of money made by the Company to its employees, contractors, suppliers, customers or any other related group are carried out by people who are authorised to do so and within the limits of such authorisation, by means of registered certificates or bank transfer. Cash payments are strictly prohibited except for amounts below the limit established in the regulation.

6.3 Contributions to Foundations and Non-Profit Entities

Acerinox is collaborating with institutions related to corporate social responsibility as well as with NGOs, educational initiatives and actions for the promotion of stainless steel.

The parent company of the Group, Acerinox S.A. centralises the Group's participation in organisations of an environmental nature such as the Carbon Disclosure Project, the Global Compact, and the Global Reporting Initiative. The activities developed by Cedinox (the Association for Research and Development of Stainless Steel) are also financed by the parent company; as well as representation in institutions such as the Elcano Royal Institute, the Association for the Advancement of Management (APD in its Spanish initials) and the Seres Foundation, among others.

Acerinox Europe finances non-governmental, cultural, educational, and social organisations. These included local NGOs, while the Company Group as a whole (whose financing involved both employees at the plant as well as the company itself) collaborates with social community projects. Acerinox Europe allocated €45,000 to the Rafael Naranjo Awards that reward projects presented by plant workers in the categories of Quality in Progress, Safety, and the Environment

The Acerinox Europe plant also collaborates in various projects with the Los Barrios Town Council, granting aids to the Neighbourhood Association of Bahia de Palmones, working with the Non-Profit Organisation, FEPROAMI in its work experience intern programme and making financial contributions through its Social Commission to various local NGOs. Although this has been the only plant that has taken part in participation programmes during the carrying out of the environmental impact assessment,

the US plant, NAS has allocated more than €108,000 to these items, divided between Corporate Social Responsibility projects and charitable organisations in the community in which the plant is located. NAS has a tax reduction agreement in place which provides the community with US\$180,000 a year. Among the noteworthy donations are those made to the following initiatives and programmes: *River Sweep, State Parks, Carroll County Big Brothers/Big Sisters Club, Scholarship Donations, American Foundation for Suicide Prevention, Employee Tender Loving Care Group, Leadership Development Program, and the Carroll County Memorial Hospital Grand Opening.*

In the case of Columbus Stainless in South Africa, the company allocated €2,000,000 to the Broad-Based Black Economic Empowerment (BBBEE), a government programme which promotes equal opportunities for employees

regardless of race. Within this figure, certain salaries and purchases of goods and services are included.

In addition to other CSR activities, Columbus develops a major campaign against AIDS, which includes medical analyses, educational courses, distribution of condoms, and other measures to contain the spread of the disease, which has been sent across the whole workforce.

As regards Bahru Stainless, it celebrates World Steel Safety Day and collaborates with both Pasir Guidang's Department of Welfare as well as the Malaysian Investment Development Authority (MIDA), to which it has allocated more than €6,000.

In the case of Acerinox Europe, it has carried out a review of the facilities that have participated in programmes during the course of environmental impact assessment, and at Columbus there have been three. In the other plants, no such review has been carried out.

The main affiliations with entities in the industry or other associations and organisations to defend interests at both a national and international level of the companies with active participation of the Acerinox Group through its membership fee, are detailed below:

ACERINOX S.A / ACERINOX EUROPE

- International Stainless Steel Forum (ISSF)
- European Steel Association (EUROFER)
- The Spain-US Advisory Foundation
- National Union of Iron and Steel Companies (UNESID)
- The Association of Large Industries of Campo de Gibraltar
- The Association for Research and Development in Stainless Steel (CEDINOX)
- Real Instituto Elcano Association of Large Energy Consumption Companies (AEGE)
- Institute of Internal Auditors Association
- Spanish Institute of Engineering
- Spanish Network of the United Nations Global Compact
- CDP Worldwide (Europe) GmbH
- Risk Management Initiatives (IGREA)
- Management Progress Association (APD)
- *Círculo de Empresarios Asociación de Emisores Españoles* (Association of Spanish Issuers Business Circle)
- *Hispanic-Malaysian Business Association*
- Association of Large Energy Consumption Companies (AEGE)
- *Círculo Empresarios* (Business Circle)
- SERES, Society Foundation and Responsible Business
- Comillas University
- *Asociación Española de Codificación Comercio* (Spanish Trade Encryption Association)
- *Instituto de Oficiales de Cumplimiento* (Institute of Compliance Officers)

NAS

- *American Iron and Steel Institute*
- *Employers Resource Association*
- *Concrete Reinforcing Steel Institute*
- *Kentucky Chamber of Commerce*
- *Carroll County Chamber of Commerce*
- *Northern Kentucky Chamber of Commerce*
- *Kentucky Association of Manufacturing*
- *National Association of Manufacturers*
- *Metal Service Institute*
- *Central Ohio River Business Association*
- *Kentucky Industrial Utility Customers*
- *Kentucky Excellence in Environmental Leadership*
- *International Stainless Steel Forum*
- *US Chamber of Commerce*
- *World Steel Association*
- *ASTM Standards Committee*
- *National Association of Corrosion Engineers*
- *SASFT (Strategic Alliance of Steel Fuel Tanks)*

COLUMBUS

- *South African Stainless Steel Development Association (SASSDA)*
- *Manufacturing Circle*
- *South African Iron and Steel Institute (SAISI)*
- *National Association of Automotive Component and Allied Manufacturers (NAACAM)*
- *Steel and Engineering Industrial Federation of South Africa (SEIFSA)*
- *Middelburg Chamber of Commerce (MCCI)*
- *International Stainless Steel Forum (ISSF)*
- *Mpumalanga Stainless Initiative (NPO)*
- *Steve Tshwete Local Municipality Local Economic Development Forum*

BAHRU

- *Malaysian Iron & Steel Industry Federation (MISIF)*
- *Federation of Malaysian Manufacturers (FMM)*
- *Malaysian Employers Federation (MEF)*
- *Malaysian International Chamber of Commerce & Industry (MICCI)*
- *Malaysia Steel Institute (MSI)*
- *International Stainless Steel Forum (ISSF)*

7. SOCIAL ACTION PROGRAMMES

7.1 The Company's Commitment to Sustainable Development

The Acerinox Group supports and contributes to the sustainable development of local communities as a valuable contribution to society to maintain a state of

well-being in all the countries in which it operates. In order to do this, Acerinox maintains a continuous and two-way dialogue with public bodies and authorities, governments and other local concerned parties, following the guidelines set out in the Code of Conduct and Best Practices of the company.

With regards to job creation, during 2018 there have been 598 new incorporations bringing the Group's workforce to a total of 6,709 employees.

The impact of the activity of our company on employment and local development in the areas in which it operates is very significant, it being one of the main generators of stable and quality employment. The payment of salaries, amounts paid in taxes and social security and the indirect activity generated by its plants are one of the leading producers of wealth and a social stabiliser.

Each of the companies which make up the Group has its own established communication channels through which it can apply to cooperate with social action programmes. In each of these there are managers for this department whose telephone numbers and email addresses are available in order for them to be able to answer these requests.

Following the internal regulations, any request that requires processing must be submitted in writing, specifying the amount of the request, the object for which it is intended, the organisation that has requested it and the channels through which it can be undertaken. In each case, a commission is responsible for assessing all the requests and for the granting of those considered most necessary.

7.2 Subcontracting and Suppliers

In order to ensure a stable, sustainable supply chain, the company has fundamental tools such as the Code of Conduct and the accreditation processes of each factory, in order to verify the requirements they must meet in respect of health and safety, employment and environmental practices, among others.

All subcontractors or suppliers of goods that wish to work with the Acerinox Group must pass such accreditation processes, which include the express acceptance of the General Conditions for the procurement of supplies and goods, which are honest and fair, and they must fulfil criteria such as quality, price, product performance, suitability, and performance with regard to sustainability.

These General Conditions include recruitment and compliance with employment regulations (they must accredit and guarantee that they comply with all tax and social obligations with regard to their workers), respect for the environment, contribution to sustainable development and innovation in products and processes, while always taking the applicable legal requirements into account. Additionally, they include the priorities, management style, and behaviour that the Acerinox Group expects from its suppliers, and in order to be part of the network of suppliers, it is compulsory to respect the principles of the Global Compact initiative regarding the protection of human rights, minimum working conditions, environmental responsibility, and prevention of corruption.

The supplier must also guarantee its utmost repulsion and rejection of any type of corruption, and its firm commitment to prevent conduct of this type from occurring in its organisation and in its relations with the Company.

The Acerinox Group works with a total of 4,934 suppliers throughout all the regions in which it operates.

Table 31

Acerinox Europe:

	2018	2017
Total active suppliers	1,150	1,120
Number of active local suppliers	160	140
Number of active approved suppliers	1,150	1,120

100% of the new suppliers selected during the financial year, 72 in total, have gone through filters in accordance with environmental and social criteria.

With regards to the NAS plant, a total of 1,235 active suppliers registered in 2018, representing a slight decrease of -2.3%, compared to 1,264 who were registered in 2017. The expenditure made by NAS through these active suppliers amounts to €757,181,798, whilst spending with local active suppliers has risen to €245,588.338. This represents 32% of the total expenditure.

Table 32

NAS:

It is necessary that all suppliers comply with the general contract terms and

	2018	2017
Total active suppliers	1,235	1,137
Number of active local suppliers	642	161
Number of active approved suppliers	32	32

conditions and present their services in accordance with the quality standards required by the Group contained in the Code of Conduct and which are consistent with international human rights declarations.

The Columbus plant registered a total of 1,972 active suppliers in 2018. The active expenditure made by the plant with these active suppliers amounted to €733,323,039. The number of local suppliers is 1,752, this being 35.6% higher than in the previous year. The expenditure made with local active suppliers amounted to a total of €165,188,557 in 2018.

Table 33

Columbus:

	2018	2017
Total active suppliers	1,972	1,486
Number of active local suppliers	1,752	1,270
Number of active approved suppliers	35	1,290

In 2018, the number of new suppliers that have been evaluated following the social criteria was 131.

Finally, in Bahru a total of 577 approved active suppliers were registered in 2018. The active expenditure made by Bahru with these active suppliers amounted to €24,913,832, 12.5% higher than in 2017. The expenditure made with local active suppliers amounted to a total of €20,055,290 in 2018. A total of 391 approved active suppliers were registered in 2018.

Table 34**Bahru:**

	2018	2017
Total active suppliers	577	374
Number of active local suppliers	486	323
Number of active approved suppliers	391	367

Although the Malaysian legislation does not require that suppliers have to go through filters according to environmental and social criteria, the Group imposes the general contract conditions in order to comply with the standards of conduct contained in the Code of Conduct, as well as then acting in such a way that is consistent with the international human rights declarations.

7.3 Clients

All the plants and workplaces of Acerinox Group comply with all the quality and environmental controls that are required by the laws of each country. In Spain, both the three plants and other workplaces are fully compliant with the national and EU standards aimed at improving the environment.

The said Acerinox Europe plant holds the following certificates:

- Quality Certification - ISO 9000.
- Quality Management System ISO 9001:2015.
- Pressure Equipment Directive 97/23/EC (PED) and AD 2000-Merkblatt W 0/TRD 100.
- CE marking in accordance with the EN 10088-4, according to the Construction Products Regulation.
- Lloyd's Register Certificate for marine uses.
- BIS Certification from the Indian Government.
- NORSOK M-650 QTR.
- Management of radioactive equipment.

It also has the following accreditations with regards to environmental standards:

- Environmental Management System ISO 14001:2015.
- Chemical Laboratory Accreditation in accordance with the ISO 17025:2005, for testing liquid samples in the environmental sector.
- Energy Management System ISO 50001:2011.

- Occupational Health and Safety Management OHSAS 18001:2007.

It is also important to note that it has the Integrated Environmental Authorisation granted by the Ministry of Environment of the Andalusian Regional Government in force, and in the field of Safety, it has the statutory audit certificate in Occupational Health and Safety, under the Regulations for Prevention Services (Royal Decree 39/1997).

Moreover, despite being the oldest plant of the group, the Roldan plant (Ponferrada, León) was already producing steel before the constitution of Acerinox and has always offered its customers excellent levels of quality and service. Currently it manufactures various products of wire rods and round/hexagonal bars, angles, and reinforcement bars for the reinforcement of concrete, with various finishes depending on each product and holds the certificates for the following quality standards:

- Quality Management System ISO 9001:2015.
- Pressure Equipment Directive 2014/68/EC, Annex I, Section 4.3 and the AD2000-Merkblatt W 0.
- CE marking in accordance with the EN 10088-5, according to the Construction Products Regulation.
- Ü marking in accordance with the general building inspection approval.
- Z-30.3-6: for “Products, structural components and fasteners made of stainless steel.”
- The CARES mark in accordance with the BS 6744 for reinforcement bars for reinforced concrete.

With regards to environmental standards, Roldan SA holds the Environmental Authorisation issued by the Ministry of Environment of the Castile and León Regional Government, and in the field of Safety, it holds the statutory audit certificate in Occupational Health and Safety, according to the Regulations for Prevention Services (Royal Decree 39/1997).

The Inoxfil plant in Igualada (Barcelona) manufactures stainless steel wire with various applications, diameters, and finishes. INOXFIL S.A.U holds the following certifications:

- Quality Management System ISO 9001:2015.
- Environmental Management System ISO 14001:2015.
- CE marking in accordance with the standard EN 10088-5, according to the 305/2011 EU Construction Products Regulation (CPR).
- Ü marking in accordance with the general building inspection approval under the Z-30.3-6 standard: of the DIBt (Deutsches Institut für

- Bautechnik) “Products, structural components and fasteners made of stainless steel.”
- Certificate in accordance with the VdTÜV 1153 standard for welding consumables, the approval of filler metals according to this standard.
 - DB Certification for using filler metals and welding consumables for connection joints and filling, in accordance with the DB (Deutsche Bahn) VA 918 490.
 - CE marking for welding consumables and filler materials in accordance with the ISO 14343-A standard, according to the Construction Products Regulation (CPR) 305/2011 EU System 2+. Construction Products Regulation (CPR).

As proof of this excellence, the Group has not been made aware of any significant impact on the health and safety of the products produced by the Group during 2018.

Acerinox undertakes to offer its customers high-quality products, as well as efficiency and continuous improvement in the processes and services it offers. To do so, it has established various channels of communication and information gathering for its customers through the company’s own sales network.

In each subsidiary there is a manager for each technical department who is responsible for receiving the technical complaints from the customers and who transmits this to the head of quality at the plant who is ultimately in charge of dealing with the complaint.

In order to find out the opinion of the customers and their degree of satisfaction regarding the service they have received, the range, the quality and presentation of the product, deadlines, etc., satisfaction surveys are sent to customers on a regular basis by the commercial subsidiaries.

With regards to complaints and claims, the systems for collecting information does not allow the information to be gathered at a global level for the Group.

7.4 Tax Information

The aggregated results before tax obtained by the companies of the Group in each of the continents amounts to €182.76 million (€305.35 million in 2017). After deducting the consolidation adjustments, the consolidated result before taxes of the Acerinox Group, amounts to €310 million in 2018 (€299 million in 2017).

The Acerinox Group breaks down the tax information by continent and not by country as it considers this to be information of a strategic nature.

Table 35

Result before tax by continents (in thousands of euros):

	2018	2017
Europe	-73,054	112,942
Americas	315,109	207,905
Africa	10,611	41,490
Asia	-70,036	-57,106
Oceania	130	121
Total	182,760	305,352

Table 36

The subsidies received during the 2018 financial year by the various companies of the Group are as follows (in thousands of euros):

miles €	2018				2017
	Acerinox Europa	Columbus	Roldán	Shangai	Total
I+D+i	147	--	--	--	147
Medioambiente	2.552	--	--	--	2.552
Asignación derechos C02	1.756	--	189	--	1.945
Formación	12	278	--	--	290
Otras	--	--	--	174	174

Table 37

Payment of taxes by continents (thousands of euros):

	2018	2017
Europe	6,950	17,091
Americas	74,557	48,355
Africa	4,679	11,170
Asia	511	292
Oceania	0	0
Total	86,697	76,908

Taxes on benefits paid by the Group in the 2018 financial year amount to €86.70 million (€76.91 in 2017).

Annex 1

Correspondence contained in Law 11/2018 and GRI indicators

Information required by the Law on Non-financial Information	Link with GRI indicators	Non-financial Information Record Page No.
General Information		
Business Model		
Brief description of the business model of the group (business environment and organisation).	102-2 Activities, brands, products and services 102-7 Size of the organisation	Page 3-4
Geographical presence	102-3 Location of headquarters	Page 3-4
	102-4 Location of operations	
	102-6 Markets served	
Objectives and strategies of the organisation.	-	Page 4
Main factors and trends that may affect its future development	102-15 Main impacts, risks and opportunities	Page 6
General		
Mention in the report regarding the national, European and international reporting framework used for the selection of non-financial key performance indicators included in each of the sections.	102-54 Declaration of the preparation of the report in accordance with the GRI standards	Page 3

Environmental Matters		
General Information		
A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.	103-2 The management approach and its components	Page 8-9
The results of these policies, which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 8-17
The main risks related to these issues related to the activities of the group, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown	102-15 Main impacts, risks and opportunities	Page 6 and Page 9



of the said impacts, in particular on the main short, medium, and long-term risks.		
Detailed information		
General Information in detail		
Current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety.	-	Page 10-11
On the environmental evaluation and certification procedures.	-	Page 40-42
On the resources dedicated to the prevention of environmental risks.	-	Page 8- 9
On the application of the precautionary principle.	102-11 Precautionary principle or approach	Page 8- 9
On the provisions and guarantees for environmental risks.	-	Page 9
Pollution		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	305-7 Nitrous Oxides (NOx), Sulphur Oxides (SOx) and other significant air emissions	Page 10-12



Circular Economy and Waste Prevention and Management		
Prevention measures, recycling, reuse, other forms of recovery and waste disposal; actions to combat food waste.	301-1 Materials used by weight or volume. 301-2 Recycled supplies.	Page 13-15 and 17
Sustainable use of resources		
Water consumption and water supply in accordance with the local restrictions.	303-1 Water interactions as a shared resource. 303-2 Water management and impacts resulting from the discharges. 303-3 Water catchment. 303-4 Water discharges. 303-5 Water consumption.	Page 16
Consumption of raw materials and the measures adopted to improve the efficiency of their use.	301-1 Materials used by weight or volume	Page 17
Direct and indirect energy consumption	302-1 Energy consumption within the organisation	Page 17
Measures implemented to increase energy efficiency.	302-4 Reduction of energy consumption	Page 12-13
Use of renewable energies.	302-1 Energy consumption within the organisation	Page 16
Climate Change		
The main elements of the greenhouse gas emissions generated as a result of company activities, including the use of goods and services which it produces.	305-1 Direct GHG emissions (scope 1) 305-2 Indirect GHG emissions to generate energy (scope 2)	Page 11



Measures adopted to adapt to the consequences of climate change	-	Page 10
Voluntary reduction goals established in the medium and long term to reduce GHG emissions and the measures implemented for this purpose.	305-5 Reduction of GHG emissions	Page 10-12
Protecting Biodiversity		
Measures implemented to preserve or restore biodiversity	-	Page 17.
Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	Page 17.

Social issues and those relating to personnel

General Information		
A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.	103-2 The management approach and its components	Page 20-21
The results of these policies, which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 18-23



<p>The main risks related to these issues related to the activities of the group, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown of the said impacts, in particular on the main short, medium, and long-term risks.</p>	<p>102-15 Main impacts, risks and opportunities</p>	<p>Page 6</p>
Detailed information		
Employment		
<p>Total number and distribution of employees based on criteria representing diversity (gender, age, country, etc.)</p>	<p>102-8 Information about employees and other workers 405-1 Diversity in governance bodies and employees</p>	<p>Page 18-19</p>
<p>Total number and distribution of work contract types, annual average of contracts, temporary and part-time contracts according to gender, age, and professional classification.</p>	<p>102-8 Information on employees and other workers</p>	<p>Page 19-20</p>
<p>Number of dismissals by gender, age and professional classification</p>	<p>401-1 New employee recruitment and staff turnover</p>	<p>Page 22-23</p>
<p>Average remunerations and their disaggregated development according to gender, age and professional classification and equal value.</p>	<p>102-38 Ratio of the total annual compensation 102-39 Ratio of the percentage increase of the total annual compensation</p>	<p>Page 20-22</p>
<p>Salary gap, the remuneration of the same job positions and the company's average</p>	<p>405-2 Ratio of the base salary and remuneration of female employees compared with that of male</p>	<p>Page 23</p>



	employees	
The average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term savings forecast systems and any other benefits, disaggregated by gender.	201-3 Obligations of the defined benefit plan and other retirement plans	Page 22
Implementation of policies on the disconnection from work during non-work hours	-	Page 22
Disabled employees	405-1 Diversity in governance bodies and employees	Page 23 and 29
Work organisation		
Organisation of the Working Schedule	-	Page 23-24
Number of hours of absenteeism	403-2 Types of accidents and frequency rates of accidents, occupational illnesses, lost days, absenteeism and number of deaths due to work-related accidents or occupational illnesses	Page 26
Measures designed to facilitate the enjoyment of the conciliation of personal and professional lives of the employees and to encourage joint responsibility of these measures by both parents	401-3 Parental leave	Page 24
Health and Safety		
Health and Safety at Work Conditions	403-3 Workers with high incidence or at high risk of certain illnesses related to their activity	Page 26-27
Accidents at work, in particular their frequency and severity, as well as occupational illnesses; disaggregated by gender.	403-2 Types of accidents and frequency rates of accidents, occupational illnesses, lost days, absenteeism and number of deaths due to work-related accidents or occupational illnesses	Page 25
Social Relations		
Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them	102-43 Approach for the participation of interest groups 402-1 Deadlines for minimum notice regarding operational changes 403-1 Workers' representation in formal worker-company health and safety committees	Page 27



Percentage of employees covered by collective agreements	102-41 Collective bargaining agreements	Page 27
The balance of collective agreements, particularly in the field of health and safety at work	403-4 Health and Safety topics covered in formal agreements with trade unions	Page 27
Training		
Policies implemented in the field of training	404-2 Programmes to improve employees' skills and transition assistance programmes	Page 28
Total number of hours of training by professional categories	404-1 Average training hours per year per employee	Page 28
Universal accessibility for people with disabilities		
Universal accessibility for people with disabilities	-	Page 28
Equality		
Measures adopted to promote equal treatment and opportunities between men and women.	401-3 Parental leave	Page 24
Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for effective equality between women and men), measures adopted to promote employment, protocols against sexual harassment and on the basis of gender, integration and universal accessibility for people with disabilities.	-	Page 28-30
The policy against all types of discrimination and, where appropriate, management of diversity	406-1 Cases of discrimination and corrective actions which have been taken	Page 30



Respect for Human Rights		
General Information		
<p>A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.</p>	<p>103-2 The management approach and its components</p>	<p>Page 30-32</p>
<p>The results of these policies, which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.</p>	<p>103-2 The management approach and its components 103-3 Evaluation of the management approach</p>	<p>Page 30-32</p>
<p>The main risks related to these issues related to the activities of the group, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown of the said impacts, in particular on the main short, medium, and long-term risks.</p>	<p>102-15 Main impacts, risks and opportunities</p>	<p>Page 30-32</p>
Detailed information		



<p>Application of due diligence procedures on the subject of human rights; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair any abuse which may have been committed.</p>	<p>102-16 Values, principles, standards and codes of conduct 102-17 Advisory mechanisms and ethical concerns 410-1 Security personnel trained in human right policies and procedures 412-1 Operations subject to reviews or evaluations of the impact on human rights 412-3 Agreements and contracts of significant investment with clauses on human rights or being subject to an evaluation of human rights</p>	<p>Page 30, 38</p>
<p>Reports on cases of human rights violations</p>	<p>419-1 Failure to comply with laws and regulations in social and economic fields</p>	<p>Page 32</p>
<p>Promotion and compliance with the provisions of the fundamental agreements of the International Labour Organisation related to the respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.</p>	<p>406-1 Discrimination cases and corrective actions taken 407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk 408-1 Operations and suppliers with significant risk of cases of child labour 409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour</p>	<p>Page 30-32.</p>



Fight against Corruption & Bribery		
General Information		
<p>A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.</p>	<p>103-2 The management approach and its components</p>	<p>Page 6.32-33</p>
<p>The results of these policies, which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.</p>	<p>103-2 The management approach and its components 103-3 Evaluation of the management approach</p>	<p>Page 32-33</p>
<p>The main risks related to these issues related to the activities of the group, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown of the said impacts, in particular on the main short, medium, and long-term risks.</p>	<p>102-15 Main impacts, risks and opportunities</p>	<p>Page 6</p>
Detailed information		
<p>Measures Adopted to Prevent Corruption and Bribery</p>	<p>102-16 Values, principles, standards and codes of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations evaluated for risks related to corruption 205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed cases of corruption and measures taken</p>	<p>Page 32-33</p>



Measures to combat money laundering	102-16 Values, principles, standards and codes of conduct 102-17 Advisory mechanisms and ethical concerns	Page 33
Contributions to Foundations and Non-Profit Entities	201-1 Direct economic value generated and distributed	Page 33-35

Company information		
General Information		
A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.	103-2 The management approach and its components	Page 36
The results of these policies , which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 36



<p>The main risks related to these issues related to the activities of the group, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown of the said impacts, in particular on the main short, medium, and long-term risks.</p>	<p>102-15 Main impacts, risks and opportunities</p>	<p>Page 6</p>
<p>Detailed information</p>		
<p>The Company's Commitments to Sustainable Development</p>		
<p>The impact of the activity of the company on employment and local development</p>	<p>204-1 Proportion of expenditure through local suppliers</p>	<p>Page 37-39</p>
<p>The impact of the company's activity on local population and in the territory</p>	<p>204-1 Proportion of expenditure through local suppliers 413-1 Operations with the participation of the local community, impact assessments and development programmes</p>	<p>Page 37-39</p>
<p>Association or sponsorship actions</p>	<p>-</p>	<p>Page 35-36</p>



Subcontracting and Suppliers		
The inclusion of social issues, gender equality and environmental issues in the purchasing policy	308-1 New suppliers that have passed through evaluation and selection filters in accordance with the environmental criteria 414-1 New suppliers that have passed evaluation and selection filters in accordance with the social criteria	Page 37-39
In relationships with suppliers and subcontractors consideration is taken regarding their social and environmental responsibility	308-1 New suppliers that have passed through evaluation and selection filters in accordance with the environmental criteria 414-1 New suppliers that have passed evaluation and selection filters in accordance with the social criteria	Page 37-39
Supervision and audits systems and their results	308-2 Negative environmental impacts in the supply chain and the measures taken 414-2 Negative social impacts in the supply chain and the measures taken	Page 37-39
Consumers		
Measures taken for the health and safety of consumers	416-1 Evaluation of the impact of health and safety on the categories of products or services	Page 40-42
Supervision and audits systems and their results	102-43 Approach for the participation of interest groups 102-44 Key issues and concerns are mentioned 418-1 Substantiated complaints concerning violations the customers' privacy and loss of the customers' data	Page 40-42
Tax Information		



Benefits obtained by country	-	Page 42
Income tax paid	-	Page 43
Public subsidies received	-	Page 43