



# **SUSTAINABILITY REPORT 2018**

In the event that there is any inconsistency between the Spanish version of the Terms and the translated version, Spanish version shall prevail.



# STATEMENT FROM CHIEF EXECUTIVE OFFICER

102-14

Statement from Chief Executive Officer



*Dear Shareholders,*

Another year goes by and Acerinox once again reports on its non-financial information as a reaffirmation of its commitment to sustainability and in response to the growing demand on the part of different stakeholders for the documentation that this report contains.

At the Acerinox Group, we work to achieve the highest possible profitability through improved competitiveness and excellence in all processes. In working to this end we have maintained a stable line of growth and development during the past few years. However, the way we obtain profits, the potential effects of our activity and its impact on the environment are matters of concern to the company and matters in which it is involved.

We are one of the most competitive companies in the world in our industry, we have the most advanced technology for the manufacture and sale of stainless steel, we have achieved the highest quality standards in our products and we have the most extensive sales network.

In this way, we have created the most global productive and trading fabric for the sale of stainless steel in the world: plants in Europe, America, Asia and Africa and sales in more than 80 countries on five continents. Having a presence all over the world enables us to take advantage of opportunities wherever they arise, regardless of political circumstances, economic trends or potential administrative or technical impediments.

# STATEMENT FROM CHIEF EXECUTIVE OFFICER

102-14

## Statement from Chief Executive Officer

In practice, we reach all industrialised corners of the Earth with the best material, shorter waiting times for our customers and with the highest quality material.

The proliferation of political decisions of a protectionist nature that the industry has been experiencing in recent years have increasingly highlighted the value of this asset of Acerinox's, since we are able to produce from different points worldwide to a variety of markets.

At Acerinox we do not simply endeavour to comply with all employment, safety, social and environmental laws in the countries in which we produce and distribute our products. In many respects, the company's internal obligations exceed the legislative requirements on the basis of which they have been developed.

This effort has been acknowledged by international bodies and independent agencies such as the United Nations, which included Acerinox in its annual Global Compact report on Sustainable Development Goals, the FTSE 4Good, which certified the Acerinox Group's environmental best practice and CSR.

For the Content Index Service, GRI Services has confirmed that the GRI content index in the report is clear, and that the references for each content included correspond with the indicated sections of the report.

Acerinox shows its commitment to the environment by producing a material that is 100% recyclable and reusable: stainless steel, and doing so with 30% fewer emissions than the industry average.

Moreover, it is a material which is guaranteed to be in demand and used in the future as it will continue to be essential in the main consumer industries. Therefore, we believe that the tightening of environmental measures that the most developed countries adopt is a necessity and must be aimed at rewarding an environmentally responsible industry, while at the same time being oriented toward the requirement of the approval of similar standards in areas with less commitment.

The fight against climate change and the easing of CO2 emissions must be the common goal. That is why, together (organisations, companies, institutions and countries) we must strive to ensure equal conditions for European companies when it comes to competing, so that those who produce in a way that shows respect for the planet, for the rule of law, for the care of the environment and for controls implemented by institutions, are not penalised as a result.

Sustainability is a production model that Acerinox applies in all its centres, regardless of their location, and it is something that we have to particularly emphasise at a time when not all manufacturers in the industry apply these same stringent standards.

In addition, Acerinox promotes diversity and the effective implementation of principles of equality in all the companies that comprise the Group.



# STATEMENT FROM CHIEF EXECUTIVE OFFICER

## 102-14 Statement from Chief Executive Officer

The company's policies and senior management aim to prevent possible cases of discrimination, they stipulate sanctions in the event they happen, and response protocols as well as channels that facilitate complaints have been created with a full guarantee of confidentiality.

The Acerinox Group facilitates access to employment, promotion and training to any worker who has the merits and abilities required, regardless of their gender, race, religion or any other non-professional characteristic, and it seeks to ensure the best working conditions with the highest standards of occupational safety.

Acerinox offers stable, high quality employment with opportunities for promotion. It is employment with an international outlook and with good conditions, in which dedication and effort are rewarded and where any well-founded proposal is analysed in detail.

Acerinox has initiated a process of digital transformation that will increase our efficiency and flexibility and with which we will continue to be a leader in the industry. The company will enhance its operational excellence through the storage and analysis of data and through predictive and prescriptive analysis. The sorting of that information will lead to improvements in all areas of the business such as the improvement of transport, energy savings, the sensorisation of processes or the ability to predict demand.

Among the steps that the Acerinox Group has taken in that direction is the agreement it has reached with Google, as a result of which more than 4,000 employees worldwide will benefit from the Google work platform, G Suite, with which the company will facilitate collaborative work, reduce response times and improve the efficiency of processes.

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 as much as possible, to defend and promote respect for diversity in all its aspects and to strengthen the role of Corporate Social Responsibility within the Group and the companies which form it.

**Bernardo Velázquez Herreros**

**Group Chief Executive Officer**



# CONTENTS



# DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

## Principles Applied in this Report (I)

102-46

In publishing this report, Acerinox is reaffirming its commitment to corporate social responsibility, business best practice and transparency in order to reflect the sustainable management carried out in a truthful and reliable way and to aid better understanding of its performance.

This annual sustainability report has been drafted in accordance with the Global Reporting Initiative (GRI) standards, the Global Compact instructions, the ten principles of the United Nations Global Compact and the Accountability recommendations, which constitute the main international standards that have been taken as a reference.

Acerinox has had this report externally reviewed by the company KPMG Asesores, S.L., in accordance with international standard ISAE 3000. KPMG then issued a report, which can be found at the end of this report.

The scope of this report includes the parent company Acerinox, S.A. and the production companies Acerinox Europa, S.A.U. (including the Palmones plant and the Pinto, Gavá and Betanzos service centres), North American Stainless, Inc., Columbus Stainless Pty Ltd. and Bahru Stainless Sdn. Bhd., all of which the parent company holds a stake in (hereinafter, jointly, the Acerinox Group):

- Acerinox Europa, S.A.U., which is 100% owned by Acerinox, S.A.
- North American Stainless, Inc., also 100% owned by Acerinox S.A.
- Columbus Stainless Pty Ltd., which is 76% owned by Acerinox, S.A., with the remaining 24% being owned by the South African government through its financial vehicle corporation: IDC.
- *Bahru Stainless Sdn. Bhd.* 97% owned by Acerinox, S.A. and 3% owned by Hanwa Corporation.

If there were to be any amendment to this scope with regard to any of the indicators reported on, this would be shown appropriately in the relevant text or table.

As for the reported details concerning human resources, these refer to the parent company Acerinox, S.A. and the production companies Acerinox Europa SAU (including the Palmones plant and the service centres), NAS, Columbus and Bahru (all referred to collectively hereinafter as the Acerinox Group). In the information regarding environmental aspects, only the data for the four main plants is included: Palmones, NAS, Columbus and Bahru.

# DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

## Principles Applied in this Report (II)

102-46

The following are the principles taken into account in determining its content:

**Stakeholder Engagement.** Engagement with Acerinox stakeholders has been essential in the preparation of this report in order to identify the social, ethical and environmental issues that most concern them.

**Completeness.** All material aspects were analysed, including their coverage and scope, as well as their degree of importance and relevance for the company, in order to quantify their impact and implement opportunities for improvement that contribute to a sustainable model.

**Materiality.** In order to determine the material topics that are most relevant to the various stakeholders, they were all consulted. This consultation was made with both internal and external entities related to the company, because Acerinox understands that the coverage of material topics is relevant for both the internal and external dimensions of the company, and therefore, they have to be taken into special consideration, so as not to affect stakeholders, productivity or company image.

After a detailed assessment of the results, the materiality analysis given in this report, defined in section “102-47, List of Material Topics”, was prepared.

**Sustainability Context.** The organisation’s performance in the broader context of sustainability is explained throughout this report.

**Timeliness.** The results of this report are presented annually at the Shareholders’ General Meeting of Acerinox and are published in such a way that they are accessible to the general public on the corporate website.

**Traceability.** For the second consecutive year, the Acerinox Group has had this report verified externally by the firm KPMG Asesores, S.L., in accordance with international standard ISAE 3000.

**Accuracy.** This report is accurate in qualitative and quantitative terms, in order for stakeholders to be able to assess the performance of the organisation.

**Comparability.** The information contained herein is presented in a systematic way to enable stakeholders to analyse the progress of the Company’s performance, so that it can be compared to that of other organisations.

## COMPANY PROFILE

102-1

Name of the Organisation

Acerinox, S.A.





# COMPANY PROFILE



## 102-2 Activities, Brands, Products and Services (I)

102-4, 102-7

With operations in 86 countries and 3.5 million tonnes of melting output, Acerinox is one of the most competitive companies in the world in the manufacture and sale of stainless steel. The company has 4 plants located on 4 different continents for the manufacture of flat products (although some of them also manufacture long products). It also has two more, Roldan in Ponferrada and Inoxfil in Igualada (both in Spain), which specialise in long products. The Acerinox Group has progressed to this extent thanks to a continuous programme of investments and the development of proprietary technological innovations.

The activities of the Group companies are as follows:

- Acerinox, S.A.: holding company of the Acerinox Group. The Company provides management, legal, accounting and advisory services to all the companies of the Group and performs financing activities within the Group.
- Acerinox Europa, S.A.U.: manufactures and sells flat stainless steel products.
- North American Stainless, Inc.: manufactures and sells flat and long stainless steel products.
- Columbus Stainless (PTY), Ltd.: manufactures and sells flat stainless steel products.
- Bahru Stainless, Sdn, Bhd: cold rolls and sells stainless steel flat product.
- Roldan, S.A.: manufactures and sells long stainless steel products.
- Inoxfil, S.A.: manufactures and sells stainless steel wire.
- The remaining companies are traders and providers of ancillary services.

## COMPANY PROFILE



### 102-2 Activities, Brands, Products and Services (II)

Acerinox is one of the world's top companies in stainless steel manufacturing. It operates internationally with plants on four continents and a sales presence in 86 countries.

Since it was founded in 1970 mainly with Spanish capital but also foreign capital from the Japanese industrial group *Nisshin Steel* and the *Nissho Iwai* Corporation, it has had a single business objective; the manufacture and sale of stainless steel, both directly and through subsidiary companies.

Acerinox has three factories featuring fully integrated production processes for flat products; the Factory at Campo de Gibraltar (Campo de Gibraltar, Spain), *North American Stainless*, N. A. S. (Ghent, US) and *Columbus Stainless* (Middelburg, South Africa). The *Bahru Stainless* plant (Johor Bahru, Malaysia) only performs cold rolling. The Group also has the Spanish plants of Roldan (Ponferrada, Spain) and Inoxifil (Igualada, Spain), which are mainly focused on the manufacture of long product for the European market.

Acerinox has an extensive sales network, comprising 35 sales offices, 26 warehouses, 18 service centres and 15 sales agents, which constitute a sales force throughout 56 countries on the five continents.

Having passed on all manufacturing and sale activities to the subsidiaries, the parent company now consists of an administrative holding company and coordinator of the Group, which is listed on the Stock Exchanges of Madrid and Barcelona and whose shares are part of the selective IBEX-35 index.



# COMPANY PROFILE

## 102-2 Activities, Brands, Products and Services (III)

The main activity of the Group is the manufacturing, processing and sale of stainless steel long and flat products.

Listed below are the various forms in which this product is sold:

Type of flat product	Description
Slabs	Product cast in steel mill for further hot rolling.
Black Coil	Hot-rolled product in coils.
Plates	Hot-rolled product in sheets, annealed and pickled.
Hot-rolled coils	Hot-rolled product in coils, annealed and pickled.
Hot-rolled sheet	Hot-rolled product in sheets, annealed and pickled.
Engraved coil/sheet	Hot-rolled engraved product, annealed and pickled.
Flat bar	Bar with rectangular cross section made from hot-rolled sheet/strip.
Cold-rolled coil (strips)	Cold-rolled product in coils, annealed and pickled.
Cold-rolled sheet	Cold-rolled product in sheets, annealed and pickled.

Type of long product	Description
Billet	Hot-rolled product with square cross section.
Wire rod	Hot-rolled product with circular cross section, annealed and pickled.
Hexagonal wire rod	Hot-rolled product with hexagonal cross section, annealed and pickled.
Angles	Hot-rolled product with equal-sided angular cross section
Flat bars	Hot-rolled bar with rectangular cross section
Hot-rolled ribbed bar	Hot-rolled ribbed product, straightened and cut
Ribbed in coils	Ribbed product in coils
Cold-rolled ribbed bar	Cold-rolled ribbed product, straightened and cut
Black bar	Black hot-rolled product, straightened and cut
Peeled bar	Hot-rolled product, peeled, straightened and cut
Calibrated bar	Hot-rolled product with small diameter circular cross section, cold drawn
Hexagonal bar	Hot-rolled product with small diameter hexagonal cross section, cold drawn
Wire	Cold-drawn wire rod in coils
Colour-coated wire	Wire painted in several colours
Prestressed wire	Cold-rolled wire with three indents or ribs.
Reinforcement wire	Cold-rolled wire with four sets of ribs

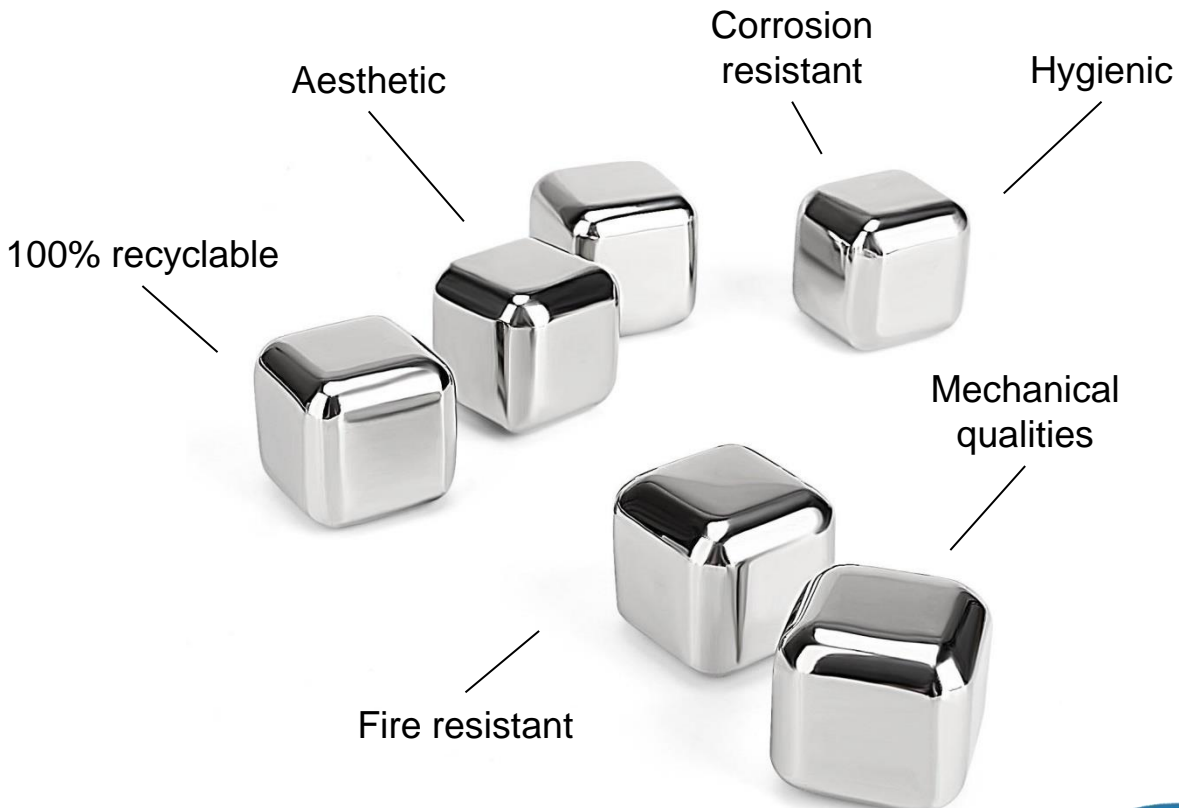
# COMPANY PROFILE

102-2

## Activities, Brands, Products and Services (IV)

Stainless steel is highly resistant to corrosion in all kinds of environments, whether it be general corrosion, corrosion under stress or due to pitting. Stainless steel has other excellent mechanical and physical properties of hardness, strength and ductility, which are of great value in industrial settings, construction, transport and the car industry, as well as in the household appliances and energy industries. Due to their composition, stainless steels are clean and hygienic, making them suitable for a wide range of uses related to health, food, the pharmaceutical industry and chemistry, among others.

Stainless steel 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. Therefore, the applications of this product are almost limitless and demand for it has been growing steadily in recent decades, at an average annual rate of approximately 6%.



# COMPANY PROFILE



## 102-2 Activities, Brands, Products and Services (V)

103-1, 103-2, 103-3, 416-1, 416-2

Acerinox Europa is the Group's most important factory in Spain, in terms of production volume and facilities, and one of the most efficient in Europe. This factory is located in Campo de Gibraltar, in the province of Cadiz and its facilities include a newly installed AP-5 annealing and pickling line, which has increased the capacity and quality of its production by extending the range of products to finer thicknesses and widths of 1,500 mm.

Since its inception, this comprehensive plant has had excellent yields and has always been characterised by the quality of its production, and therefore, it acts as a benchmark within the group.

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, the three plants and other workplaces are both fully compliant with the national and EU standards aimed at improving the environment. No breaches of the regulations that govern the health and safety of products and services, which give rise to fines, penalties or warnings, have been recorded in 2018.

The said Acerinox Europa 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.



# COMPANY PROFILE



## 102-2 Activities, Brands, Products and Services (VI)

416-1

It also has the following environmental, energy and occupational accreditation:

- Environmental Management System ISO 14001:2015.
- Chemical Laboratory Accreditation in accordance with the ISO 17025:2005, for testing liquid samples in the environmental industry.
- Energy Management System ISO 50001:2011.
- Occupational Health and Safety Management OHSAS 18001:2007.

It has the Integrated Environmental Authorisation granted by the Ministry of Environment of the Andalusian Regional Government, and in the field of Safety it has the statutory audit certificate in Occupational Health, in accordance with the Regulations for Prevention Services (Royal Decree 39/1997).

Although it is beyond the scope of this document, it is important to report on the Roldan plant (Ponferrada, León), which, despite being the oldest plant of the Group, 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 W0.
- 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 regard 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).



# COMPANY PROFILE



## 102-2 Activities, Brands, Products and Services (VII)

416-1

As for the factory in Inoxfil in Igualada (Barcelona), which is also outside the scope of this report, it manufactures stainless steel wire for different applications, in different 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 Construction Products Regulation (CPR) (EU) 305/2011 CPR (*Construction Products Regulation*)
- 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) (EU) 305/2011 *System 2+*. CPR (*Construction Products Regulation*)

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.



## COMPANY PROFILE



102-3

### Location of Headquarters

The registered office of Acerinox, S.A. is:  
Calle Santiago de Compostela 100  
28035 Madrid, Spain





## COMPANY PROFILE

102-4

## Location of Operations

The company has a presence in 56 countries and sells in 86. This extensive business network is made up of 6 plants, 18 service centres, 26 warehouses and 35 sales offices, not to mention the countless sales agents in countries where there is no permanent office. The significant production activities take place in the countries where the stainless steel plants are located, which are Europe (Acerinox), the United States (NAS), South Africa (Columbus) and Malaysia (Bahru). The Acerinox Group has an active presence on all five continents.



## COMPANY PROFILE

## 102-5 Ownership and Legal Form

405-1

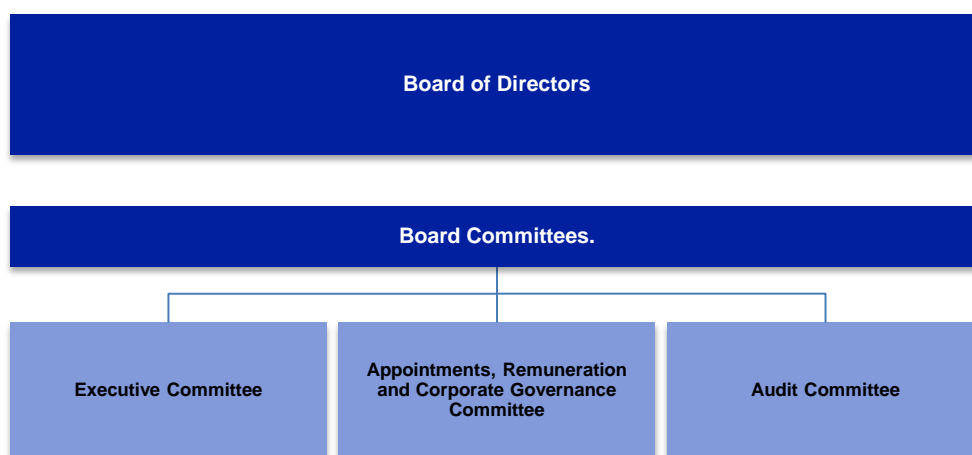
Acerinox is a public limited company incorporated under the laws of Spain. It was established on 30 September 1970 and is registered in the Commercial Register of Madrid.

At year-end 2018, Acerinox's share capital totalled €69,016,885.75, divided into 276,067,543 shares, each with a nominal value of €0.25 each.

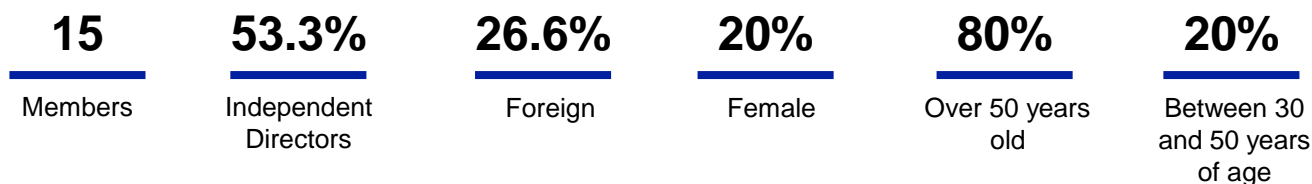
Acerinox S.A. is the group's parent company and the holding company of shares in its various subsidiaries. Company shares are listed on the stock markets in Madrid and Barcelona, and are traded on the continuous market.

The main shareholders of the Acerinox Group are Corporación Financiera Alba (18.96%), Nisshin Steel Co. Ltd (15.49%), Omega Capital (5.0%) and the IDC (Industrial Development Corporation) (3.19%). As of 31 December 2018, Acerinox had a total of 36,300 shareholders.

*Governance structure of Acerinox, S.A.:*



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



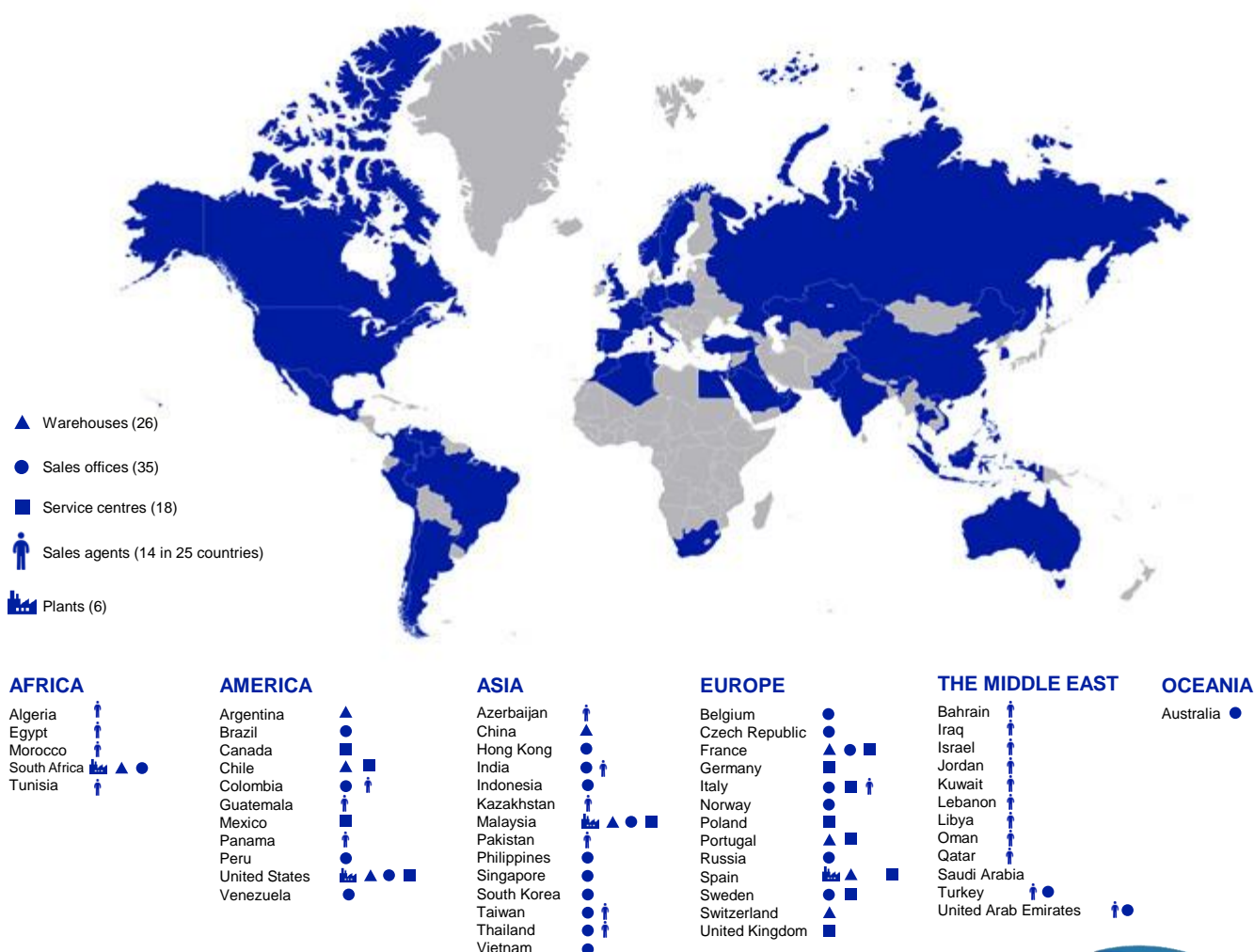
# COMPANY PROFILE

## 102-6 Markets Served

102-4

Thanks to our offices and service centres, the company is present in 56 countries and makes sales in 86. This extensive sales network is made up of 18 service centres, 26 warehouses and 35 sales offices, not to mention the countless sales agents in various countries where there is no permanent office. The significant production activities take place in the countries where the stainless steel plants are located, which are Europe (Acerinox), the United States (NAS), South Africa (Columbus) and Malaysia (Bahru). With regard to the markets served, the Acerinox Group has an active presence on all five continents

*Countries in which Acerinox is present throughout the world:*



# COMPANY PROFILE

## 102-7 Scale of the Organisation

102-4, 103-1, 103-2, 103-3

Acerinox Group is one of the largest manufacturers of stainless steel in the world, with a 6% market share of global production, and the only company in its industry with a global nature and plants on four continents. Currently, Acerinox enjoys an approximate market share of 12% in Europe, 35% in the US – being the leading Company in the industry in that country – 80% in Africa and 10% in the ASEAN market.

Acerinox production in 2018 reached 2,440,432 tonnes of melting output, 2,120,473 tonnes of hot-rolled product and 1,752,329 tonnes of cold-rolled product.

*Quarterly production results (thousands of Mt):*

		2018					2017	Variation 2018 / 2017
Thousands Mt		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Accumulated		
Thousands Mt	Melting Output	668,071	639,232	616,669	516,641	2,440,432	<b>2,518,919</b>	-3.1%
	Hot Rolled Product	577,470	560,799	524,466	457,738	2,120,473	<b>2,230,678</b>	-4.9%
	Cold Rolled Product	461,565	470,557	442,737	377,470	1,752,239	<b>1,738,240</b>	0.8%
	Long Product (Hot Rolled)	64,602	69,665	60,682	59,679	243,541	<b>233,900</b>	8.9%

*Note: The quarterly production results relate to the Palmones, NAS, Columbus, Bahru and Roldán plants.*



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (I)

102-7

As of 31 December 2018, the Acerinox Group has 5,712 employees, of which 2,372 are in Spain, 1,480 in America, 1,296 in South Africa and 564 in Malaysia. Moreover, 615 are women and 5,097 are men.

Almost all of these people have a permanent contract with the Group and are in full-time work, as shown in the table on number of employees by work schedule and gender.

Below are the figures for employees of the four main factories of the Group and the parent company:

*Number of employees by contract type and gender:*

	2018			2017		
	Male	Female	Total employees	Male	Female	Total employees
Permanent contract	4,951	589	5,540	4,752	570	5,322
Temporary contract	146	26	172	509	61	570
<b>Total</b>	<b>5,097</b>	<b>615</b>	<b>5,712</b>	<b>5,261</b>	<b>631</b>	<b>5,892</b>

*Number of employees by their work schedule (full-time/part-time) and gender:*

	2018			2017		
	Male	Female	Total employees	Male	Female	Total employees
Part-time	163	13	176	185	23	208
Full-time	4,934	602	5,536	5,076	608	5,684
<b>Total</b>	<b>5,097</b>	<b>615</b>	<b>5,712</b>	<b>5,261</b>	<b>631</b>	<b>5,892</b>



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (II)

103-1, 103-2, 103-3, 201-1 , 405-1

Acerinox is committed to the financial well-being, diversity and personal development of the people who work for the Group, since its workforce is one of the most diverse of Spanish listed companies, not only in terms of gender, but also racially, culturally, religiously and linguistically, given the international nature of the Group, with factories on four continents and a presence in more than 80 countries. This diversity is not only apparent among the people who work for the Group, but also among its shareholders and Board of Directors.

The main asset of Acerinox is its people, and for this reason, everybody who provides their services at Acerinox receives fair, dignified treatment with equal opportunities. Discrimination is not allowed, and diversity in all its variables is taken into account by facilitating the integration of disadvantaged groups and by ensuring a healthy work-life balance, as reflected in the General Policy of Corporate Social Responsibility of Acerinox, S.A. and its Group of Companies. In addition, the training and qualification of workers fosters professional advancement and enables human resources to function in a diverse and multicultural work environment.

The Group approved the Diversity Plan at the Board Meeting on 20 December 2018, as part of the company's Strategic Plan.

In the course of its activity, in its Code of Conduct, Acerinox expressly prohibits any behaviour, expression or purpose that may directly or indirectly have the effect of personally or professionally denigrating or discriminating against any Group employee. That is why, the Company places a Reporting Channel at the disposal of all its workers and stakeholders as a tool for reporting any attitude that fails to comply with this standard.

*Financial value, generated and distributed, of the entities included in the consolidated financial statements:*

	2018
Financial value generated (€)	5,052,805,475.55
Financial value distributed (€)	4,984,984,373.30
Financial value retained (€)	67,821,102.26



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (III)

103-1, 103-3, 405-2

Acerinox ensures a fair and transparent remuneration policy towards its workforce and the absence of wage discrimination on the grounds of gender, thereby establishing effective remunerative equality between women and men, as stated in the company's Code of Conduct and Best Practice.

*Ratio of women's basic salary to men's by employee category for Acerinox Group personnel:*

		2018				
		ACX S.A.	ACX EU (Palmones Factory)	NAS	Columbus	Bahru
Graduates	Base salary for women (€)	28,834.37	31,631.28	57,957.61	42,189.46	14,145.50
	Base salary for men (€)	28,560.72	43,737.97	70,609.90	39,083.62	11,003.11
	Ratio of base salary men/women	1.01	0.72	0.82	1.08	1.29
Administration	Base salary for women (€)	18,848.68	15,405.84	27,779.07	21,598.28	3,739.74
	Base salary for men (€)	20,957.52	16,976.95	28,823.59	24,896.66	3,679.38
	Ratio of base salary men/women	0.9	0.91	0.96	0.87	1.02
Plant workers	Base salary for women (€)	N/A	13,264.52	26,771.66	17,452.42	1,749.38
	Base salary for men (€)	N/A	16,679.84	29,602.72	22,581.21	1,470.40
	Ratio of base salary men/women	N/A	0.8	0.9	0.77	1.19

*Note: base salaries for women and men are equal, although, on average, men accumulate more seniority / level of responsibility than women, which gives rise to the differences expressed in the mean values of the table. Only Service Centers have been excluded from this table.*

# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (IV)

103-3, 405-1

Regarding the segmentation of the workforce by age and gender at the four main plants, the largest group is between 30 and 50 years, with a total of 3,373 employees in this age range.

*Number of Acerinox Group employees by age group and gender:*

	2018			2017		
	Male	Female	Total employees	Male	Female	Total employees
< 30 years old	896	134	1,030	1,040	165	1,205
30 - 50 years old (inclusive)	3,007	366	3,373	3,051	356	3,407
> 50 years old	1,194	115	1,309	1,170	110	1,280
<b>Total</b>	<b>5,097</b>	<b>615</b>	<b>5,712</b>	<b>5,261</b>	<b>631</b>	<b>5,892</b>

*Comparative Acerinox Group employee numbers by age group and gender:*

	Variation		
	Male	Female	Total employees
< 30 years old	-13.85%	-18.79%	-14.52%
30 - 50 years old (inclusive)	1.44%	2.81%	-1.00%
> 50 years old	2.05%	4.55%	-2.27%
<b>Total</b>	<b>-3.12</b>	<b>-2.54%</b>	<b>-3.05</b>





# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (V)

103-3

### Total Acerinox Group Workforce

	2018		2017	
	Male	Female	Male	Female
<b>Acerinox Europa</b>	2,160	148	2,164	133
<b>NAS</b>	1,337	143	1,273	140
<b>Columbus</b>	1,090	206	1,320	242
<b>Bahru</b>	473	91	468	89
<b>Acerinox, S.A.</b>	37	27	36	27
<b>Overall Total</b>	<b>5,097</b>	<b>615</b>	<b>5,261</b>	<b>631</b>

### Number of Acerinox Group employees by professional category and gender:

	2018		
	Male	Female	Total employees
<b>Graduates</b>	972	204	1,176
<b>Administration</b>	344	269	613
<b>Plant workers</b>	3,781	142	3,923
<b>Overall Total</b>	<b>5,097</b>	<b>615</b>	<b>5,712</b>



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (VI)

401-1

*Acerinox Group recruitment of new employees by age group and gender :*

	2018			2017		
	Male	Female	Total Recruitment	Male	Female	Total Recruitment
< 30 years old (up to but not including 30)	369	31	400	314	54	368
30 - 50 years old (inclusive)	216	29	245	198	34	232
> 50 years old	17	5	22	9	4	13
<b>Total Recruitment</b>	<b>602</b>	<b>65</b>	<b>667</b>	<b>521</b>	<b>92</b>	<b>613</b>

*Rates of new employee contracts by age group and gender of the Acerinox Group:*

	2018			2017		
	Male	Female	Total Recruitment	Male	Female	Total Recruitment
< 30 years old (up to but not including 30)	41.18%	23.13%	38.83%	30.19%	32.73%	30.54%
30 - 50 years old (inclusive)	7.18%	7.92%	7.26%	6.49%	9.55%	6.81%
> 50 years old	1.42%	4.35%	1.68%	0.77%	3.64%	1.02%
<b>Total Recruitment</b>	<b>11.81%</b>	<b>10.57%</b>	<b>11.68%</b>	<b>9.90%</b>	<b>14.58%</b>	<b>10.40%</b>



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (VII)

103-2, 103-3, 402-1

*Number of Acerinox Group employee resignations by age group and gender:*

	2018			2017		
	Male	Female	Total Recruitment	Male	Female	Total Recruitment
< 30 years old (up to but not including 30)	81	8	89	112	26	138
30 - 50 years old (inclusive)	109	15	124	136	19	155
> 50 years old	90	5	95	132	5	137
<b>Total Recruitment</b>	<b>280</b>	<b>28</b>	<b>308</b>	<b>380</b>	<b>50</b>	<b>430</b>

*Note: The minimum notice periods are in compliance with current legislation in each country.*

*Acerinox Group employee turnover by age group and gender:*

	2018			2017		
	Male	Female	Total Recruitment	Male	Female	Total Recruitment
< 30 years old (up to but not including 30)	9.04%	5.97%	8.64%	10.77%	15.76%	11.45%
30 - 50 years old (inclusive)	3.62%	4.10%	3.68%	4.46%	5.34%	4.55%
> 50 years old	7.54%	4.35%	7.26%	11.28%	4.55%	10.70%
<b>Total Recruitment</b>	<b>5.49%</b>	<b>4.55%</b>	<b>5.39%</b>	<b>7.22%</b>	<b>7.92%</b>	<b>7.30%</b>



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (VIII)

401-2, 401-3

Information concerning social benefits that are provided to workers is shown below, which constitute an improvement on the conditions required by law. Direct allowances or reimbursement of expenses paid by Acerinox Group workers have been included:

	2018
	Percentage of workforce that has access to social benefits
Life insurance	98%
Medical insurance	83%
Disability coverage	98%
Pension fund	69%
Maternity/paternity leave	100%
Transport costs	67%
Study scholarships for workers	75%
Study scholarships for children of workers	75%
Disability allowances	75%

*Parental leave of employees at the four main factories of the Acerinox Group by gender:*

	2018			2017		
	Male	Female	Total employees	Male	Female	Total employees
Number of employees who have had the right to parental leave	5097	615	5712	5092	580	5672
Number of employees who have used their right to parental leave	171	41	212	153	30	183
Number of employees who have returned to work after parental leave	171	41	212	151	29	180
Number of employees who have returned to work after parental leave and who still remained as employees 12 months after returning to work	165	39	204	151	29	180



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (IX)

401-3

*Employee reincorporation and retention by gender at the four main Acerinox Group factories:*

	2018			2017		
	Male	Female	Total employees	Male	Female	Total employees
Rate of return to work*	1.00	1.00	1.00	0.99	0.97	0.98
Employee retention rate**	0.96	0.95	0.96	1.00	1.00	1.00

\* Rate of return to work: Total number of employees who have returned to work after parental leave / Total number of employees who must return to work after parental leave

\*\* Employee retention rate: Total number of employees retained 12 months after returning to work after a period of parental leave / Total number of employees returning from parental leave in the periods described in previous reports



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (X)

103-1, 103-2, 103-3, 404-1

The commitment to quality training with a view to excellence in business is fundamental to the philosophy of the Group. Acerinox is aware of the need to continue to have the best professionals and to operate with the same success in the market in which it operates, and to that end, it is essential to train these professionals with a comprehensive, targeted training provision, and to generate an environment that is conducive to organisational learning, to develop fundamental organisational and leadership skills, and to retain and develop the talent of people that are part of the Group. As a result of this commitment, the Group adopted the Training Plan at the Board Meeting on 20 December 2018, as part of the company's Strategic Plan.

*Hours of training received by professional category and gender within the Acerinox Group:*

	2018		
	Male	Female	Total employee training hours
Higher education qualifications	23,174	5,098	28,271
Administration	51,895	6,358	58,253
Plant workers	269,686	8,821	278,507
<b>Total</b>	<b>344,754</b>	<b>20,277</b>	<b>365,031</b>

*Average number of training hours per employee (training hours / employees) by professional category and gender of the Acerinox Group:*

	2018		
	Male	Female	Total
Higher education qualifications	26.68	31.00	27.43
Administration	33.63	19.18	27.29
Plant workers	99.50	100.21	99.52
<b>Total</b>	<b>81.17</b>	<b>41.81</b>	<b>76.93</b>



# COMPANY PROFILE

## 102-8 Information on Employees and Other Workers (XI)

103-3, 404-3

*Number of Acerinox Group employees whose performance has been assessed, by professional category and gender:*

	2018		
	Male	Female	Total employee training hours
<b>Higher education qualifications</b>	653	120	773
<b>Administration</b>	157	162	319
<b>Plant workers</b>	990	90	1,080
<b>Total</b>	1,800	372	2,172

*Percentage of Acerinox Group workforce whose performance has been assessed compared to the total (professional category and gender):*

	2018		
	Male	Female	Total
<b>Higher education qualifications</b>	67.18%	58.82%	65.73%
<b>Administration</b>	45.64%	60.22%	52.04%
<b>Plant workers</b>	26.18%	63.38%	27.53%
<b>Total</b>	35.31%	60.49%	38.03%



## COMPANY PROFILE

102-9

## Supply Chain (I)

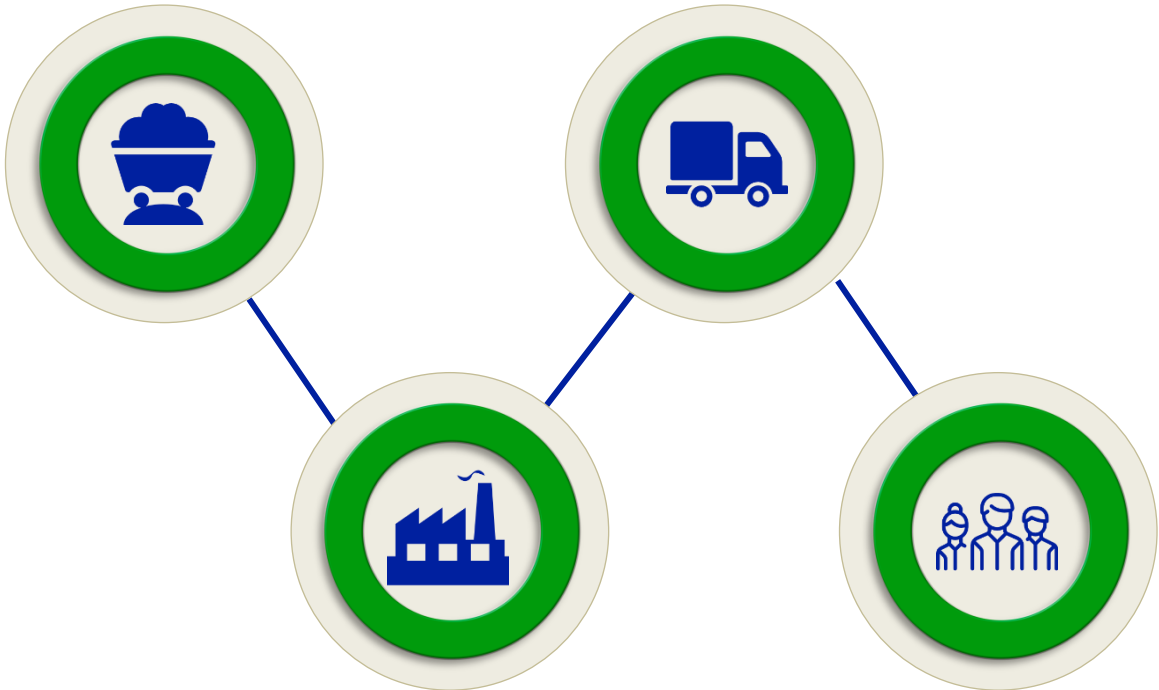
103-1, 103-2

The Acerinox Group oversees all the work that has to do with general business strategy and manufacturing operations. Supply chain management and planning is aimed at optimising strategies for the procurement of goods and raw materials, as well as developing more efficient production systems, in addition to promoting excellence in customer service and continuous improvement.

Acerinox operates with a high volume of suppliers, which are required to comply with optimal levels of quality and the relevant standards.

## 01 | SUPPLIERS

## 03 | DISTRIBUTION/LOGISTICS



## 02 | MANUFACTURING

## 04 | CLIENT



# COMPANY PROFILE

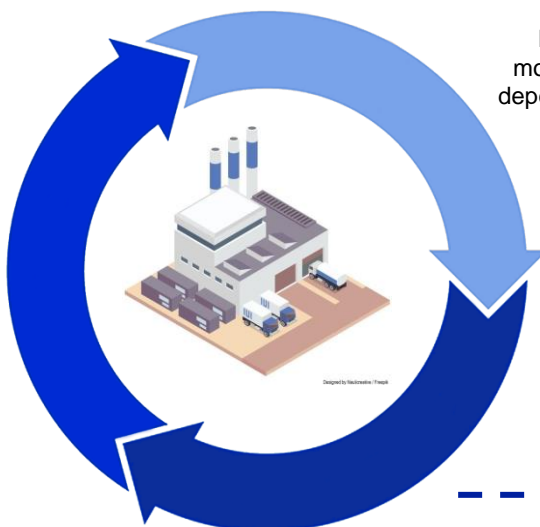
## 102-9 Supply Chain (II)

103-1, 103-2

As regards delivery and provisioning, the following processes can be highlighted:

### The Contract Awarding Process:

Once the bids have been received, comparative tables are drawn up. When awarding contracts, all aspects are taken into account in order to ensure the proper execution of the works, and/or provision of the services and supplies that were requested. The Acerinox Group has a clear contract award policy whereby, in each case, the competent Awarding Body is identified.



### Delivery Process:

Delivery negotiations are monthly, quarterly or yearly depending on the needs and strategy of each plant.

### Procurement Process:

The invitations to tender sent to approved suppliers are carried out through:

- The Supplier Portal of the corporate website
- Competitive tendering processes
- Direct contact

Internal standards governing procedures for carrying out this procurement policy are complied with in all cases.

Procurement is made from several producers so as to ensure supply, and in turn, in order to gain better knowledge of the market.

Acerinox products have identifying markings and labelling, in accordance with current national and international regulations in the field of supply, which includes information about their composition and mechanical characteristics, inspection certification and various reports and manufacturing checks. In addition, a Safety Information Sheet (SIS) refers to the relevant environmental and safety recommendations, in accordance with current regulations.

# COMPANY PROFILE

## 102-9 Supply Chain (III)

103-1, 103-2, 103-3

The Acerinox Group Code of Conduct and Best Practice, as a set of ethical rules, is directly based on the Group's corporate values and ensures compliance with current legislation. The principles of this Code govern the professional and sales activity of all persons who work or interact with the Group in all the countries where it operates. In addition, they ensure objectivity and impartiality in supplier selection processes and promote fair competition and transparency in selection processes.

### Volume of suppliers by factory:

Year	2018
<b>Acerinox Europa</b>	
Active approved suppliers	1,150
% of local suppliers	13.9%
<b>NAS</b>	
Active approved suppliers	32
% of local suppliers	52.0%
<b>Columbus</b>	
Active approved suppliers	35
% of local suppliers	88.8%
<b>Bahru</b>	
Active approved suppliers	391
% of local suppliers	84.2%



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# COMPANY PROFILE

## 102-10 Significant Changes to the Organisation and its Supply Chain (I)

- On 29 February 2018, George Donald Johnston was appointed Chairman of the Executive Committee.
- On 22 March 2018, the Board of Directors of Acerinox, S.A., appointed the Independent Director, Ms Laura González Molero, member and Chairperson of the Company's Appointments, Remuneration and Corporate Governance Committee, in replacement of Manuel Conthe Gutiérrez. Moreover, at the same meeting, the Independent Director Ms Rosa María García Piñeiro, was appointed member of the Executive Committee.
- At the General Shareholders' Meeting held on 10 May 2018, Mr Yukio Nariyoshi submitted his resignation as Acerinox Director and was replaced by Katsuhisa Miyakusu, on behalf of Nisshin Steel Co. Ltd.
- On 13 June 2018, the Independent Director of Acerinox, S.A., Ms Laura Abasolo García de Baquedano, submitted her written resignation as Director and Chairperson of the Audit Committee to the Company Chairman due to incompatibility with her other professional commitments.



## COMPANY PROFILE

102-10

### Significant Changes to the Organisation and its Supply Chain (II)

- On 5 July 2018, a dividend of €0.45 gross per share was paid to all Acerinox shareholders, corresponding to 2017. This dividend was approved at the General Shareholders' Meeting, held on 10 May 2018.
- On 2 and 3 October 2018, Capital Market Day was held on the facilities of the Acerinox Europa factory, an event which was attended by the Spanish and foreign investors and analysts that normally follow the Company's progress.
- On 24 October, the Acerinox Board of Directors inaugurated new facilities at the Acerinox Europa factory, consisting of an annealing and pickling line (AP-5) and a new Sendzimir hot rolling mill (ZM-7), which will serve to complete the production process in the factory and make it more competitive.
- At the same Board Meeting on 24 October, Mr Ignacio Martín San Vicente was appointed Independent Director of Acerinox S.A. and member of the Executive Committee by co-option.



## COMPANY PROFILE



### 102-10 Significant Changes to the Organisation and its Supply Chain (III)

103-1, 103-2, 103-3, 414-2

With regard to the significant changes produced in the supply chain throughout 2018 concerning the Acerinox Europa plant, there were no significant changes to the location, facilities or centres, and so on. Nor were there any changes to the share capital structure. The only significant change occurred regarding the hiring of approved suppliers for: electrical maintenance, removal of hazardous and non-hazardous waste, internal movements of raw materials in the port/steel mill, registered in the Acerinox Europa factory.

No negative social impact was recorded in the supply chain, and therefore, it was not necessary to take any action in that regard.

At NAS, the only significant change recorded concerning the facilities in 2018 was the closure of the Agua Mansa warehouse in California. There were no changes to the structure of the share capital or other transactions aimed at the accumulation, maintenance or alteration of this capital, nor in respect of suppliers.

With regard to the NAS, Columbus and Bahru factories, no negative social impact in the supply chain was reported in 2018, therefore, it was not necessary to take any action in that regard.

# COMPANY PROFILE

## 102-11 Precautionary Principle or Approach (I)

102-15, 103-2, 103-3

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 such 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, under the oversight of the Audit Committee.

The current Risk Management Model is based on an event identification methodology performed 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.

*Main risk groups included in the Group's Risk Management Model:*

Reputation and Image	General Context	<ul style="list-style-type: none"> <li>- Macroeconomic and geopolitical context</li> <li>- Regulatory changes</li> </ul>
	Law and Compliance	<ul style="list-style-type: none"> <li>- Regulatory and contractual breaches</li> <li>- Non-compliance with tax law</li> <li>- Standards and code of ethics</li> </ul>
	Operations	<ul style="list-style-type: none"> <li>- Occupational health and safety</li> <li>- Employment relations</li> <li>- Fraud and corruption</li> <li>- Damage to tangible assets</li> <li>- Process errors</li> <li>- Systems</li> <li>- Business continuity</li> <li>- Cyber security</li> </ul>
	Business	<ul style="list-style-type: none"> <li>- Deterioration of profit margin (price)</li> <li>- Deterioration of profit margin (volume)</li> <li>- Variable increases in OPEX</li> </ul>
	Finance	<ul style="list-style-type: none"> <li>- Exchange rate</li> <li>- Interest rate</li> <li>- Liquidity</li> <li>- Credit and equivalents</li> <li>- Changes in the prices of raw materials</li> <li>- Financial information</li> </ul>
	Strategic Issues	<ul style="list-style-type: none"> <li>- Regulatory uncertainty</li> <li>- Investments</li> <li>- Relationship with investors and the media</li> </ul>



# COMPANY PROFILE



## 102-12 External Initiatives (I)

103-1, 103-2, 103-3, 413-1

The Acerinox Group supports and fosters the sustainable development of local communities and contributes to maintaining the welfare state in all the countries in which it operates. In order to do this, Acerinox maintains continuous, two-way dialogue with public bodies and authorities, governments and other local stakeholders, following the guidelines set out in the Code of Conduct and Best Practice of the company.

Each of the companies which make up the Group has its own established communication channels through which contributions can be requested. In each of these there are managers whose telephone numbers and email addresses are available in order for them to be able to answer these requests.

In 2018, Acerinox spent more than €3 million (three million euros) on concepts related to corporate social responsibility, contributions to NGOs, contributions to institutions, educational collaboration initiatives or 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 Europa spent €206,000 on financing non-governmental, cultural, educational and social organisations. These included local NGOs who received around €30,000 while the Company Group as a whole (whose financing involved both employees at the plant as well as the company itself) collaborated with social community projects contributing over €16,000. Acerinox Europa allocated €45,000 for scholarships during the past year and the same amount to the Rafael Naranjo Awards that reward projects presented by plant workers in the categories of Quality in Progress, Safety and the Environment.

# COMPANY PROFILE



## 102-12 External Initiatives (II)

103-3, 203-2, 413-1

The Acerinox Europa factory also collaborates in various projects with the Los Barrios Town Council, granting aids to the Neighbourhood Association of Bahía 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.

In the same way, the works for new investments in the factory generated employment opportunities directly and indirectly in the project to extend the new annealing and pickling line (AP-5) that was completed in 2018, on which a total of 76 companies and 1,456 workers participated throughout the two years and three months that it took to complete, of which 25 percent (%) were local companies.

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 an agreement in place with the authorities 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.

Neither were there significant indirect financial impacts on operations with local community participation at the Group's four main plants, nor were any claims filed or complaints made by the local community.



# COMPANY PROFILE

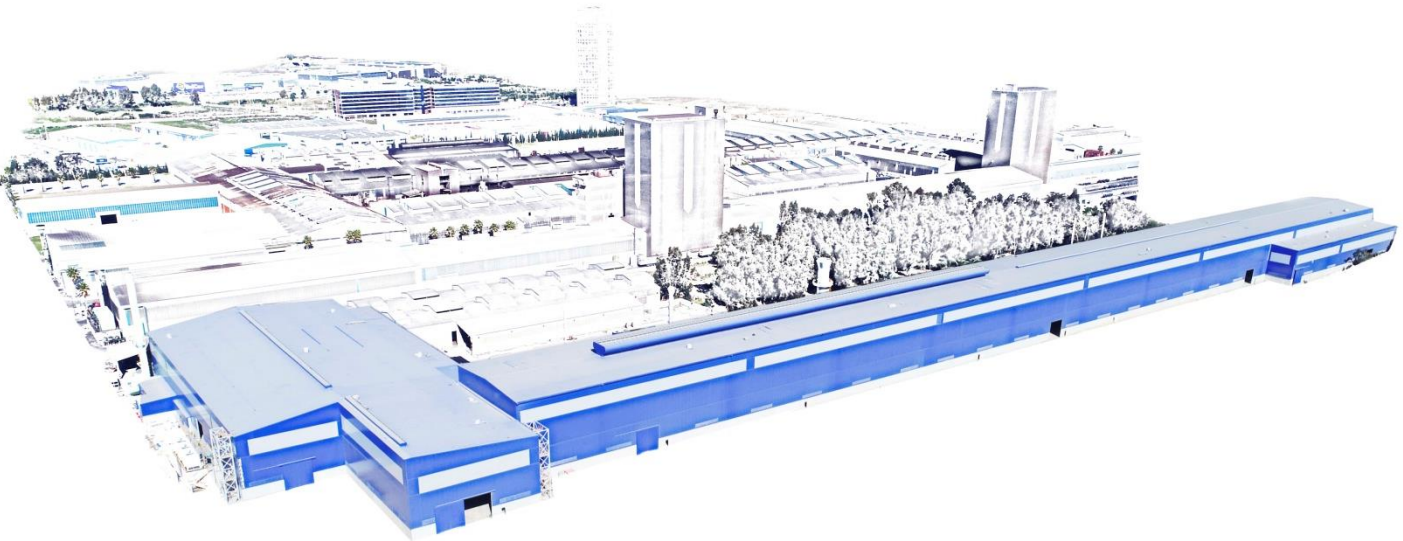
## 102-12 External Initiatives (III)

103-3, 413-1

Acerinox carries out its business objective responsibly – it pays its suppliers, shareholders and workers on time and contributes to public expenditure through the taxation and social security systems in force in every country.

€124,230,000	€89,697,000	€301,928,000	€75,522,000
Return to shareholder	Tax paid	Salaries	Social Security

Note: The figures reported corresponding to the following companies and subsidiaries: Acerinox, Acerinox Europa, Roldán, Inofix, NAS, NAS Canada, NAS long products, NAS Mexico, NAS FII, Columbus, Bahru Stainless, Portugal, Inoxplate, France, Germany, Italy, UK, Norway, Scandinavia, Switzerland, Benelux, Poland, Chile, Argentina, Brazil, Colombia, Australasia, Pacific, SEA, Malaysia, Yick Hoe, Shanghai, Acx India, Newtec, Inox Re, Euskadi, Inoxcenter, Metalinox, Acimetal, Inoxmetal, Galicia, the Canary Islands, Acx Turkey, Acx Peru, Acx Dubai, Acx Russia.



*New AP-5 annealing and pickling line at the Acerinox Europa factory*



# COMPANY PROFILE



## 102-12 External Initiatives (IV)

103-2

Acerinox has agreements with more than 20 universities and vocational training centres in Spain, the United States, Malaysia and South Africa so as to capture and retain the talent of future generations of professionals.

Detailed below are the universities and training centres with which Acerinox has these agreements:

<b>Acerinox, S.A.</b>
UNIVERSIDAD CARLOS III
UNIVERSIDAD ALCALÁ DE HENARES
UNIVERSIDAD COMPLUTENSE
UNIVERSIDAD POLITÉCNICA
UNIVERSIDAD PONTIFICIA DE COMILLAS
UNIVERSIDAD REY JUAN CARLOS
UNIVERSIDAD DE LOS ANDES (BOGOTÁ)
<b>Acerinox Europa</b>
UNIVERSIDAD DE CÁDIZ (UCA)
UNIVERSIDAD DE SEVILLA (US)
UNIVERSIDAD PABLO DE OLAVIDE (SEVILLE)
UNIVERSIDAD MÁLAGA (UMA)
UNIVERSIDAD COMPLUTENSE DE MADRID (UCM)
UNIVERSIDAD INTERNACIONAL DE LA RIOJA (UNIR)
UNIVERSIDAD PONTIFICIA DE COMILLAS (ICAI)
<b>NAS</b>
UNIVERSITY OF KENTUCKY
UNIVERSITY OF CINCINNATI
UNIVERSITY OF LOUISVILLE
JEFFERSON COMMUNITY AND TECHNICAL COLLEGE OF CARROLLTON (JCC),
<b>Columbus</b>
UNIVERSITY OF PRETORIA
UNIVERSITY OF CAPE TOWN
<b>Bahru</b>
SEGI UNIVERSITY, KUALA LUMPUR

Acerinox is part of the Spanish Network of the UN Global Compact, with the purpose of promoting the ten universal principles of this international initiative in favour of sustainable global development.

In the same way, the Group hereby presents this sustainability report under the guidelines of the Global Reporting Initiative (GRI) Standards for the eighth consecutive year as part of its policy of good corporate governance, and all the information gathered has been audited for the second year running by an external auditor.



# COMPANY PROFILE

## 102-12 External Initiatives (V)

Acerinox is committed to furthering research, technological development and innovation and participates in different national and international programmes that foster progress and sustainability, with the aim of improving the efficiency of production processes in order to reduce energy consumption and emissions.

Project Name	Company Name	Programme Name	Financing
AUSINOX: "The Obtaining of Austenitic Stainless Steels with Limited Non-metallic Inclusion Content as a Result of the Development of New Advanced Simulation Models in Steel Production Processes"	Acerinox Europa, S.A.U.	Smart Growth Operational Programme 2014-2020	Co-financed by the European Regional Development Fund (ERDF)
DUPLEXFIN: "Optimisation of the Heat-derived Deformability of Duplex Stainless Steels for the Production of Cold Rolled Products of Low Thickness"	Acerinox Europa, S.A.U.	Smart Growth Operational Programme 2014-2020	Co-financed by the European Regional Development Fund (ERDF)
FERRINOP: "Experimental Development of New High-tech Solutions for the Manufacture of Optimised Ferritic Stainless Steels"	Acerinox Europa, S.A.U.	Smart Growth Operational Programme 2014-2020	Co-financed by the European Regional Development Fund (ERDF)
Measures to Increase Energy Efficiency in Production Lighting Systems	Acerinox Europa, S.A.U.	Project that qualifies for the range of aid available for energy efficiency and savings in SMEs and larger companies in industry	Co-financed by the European Regional Development Fund (ERDF), managed by the Institute for Energy Saving and Diversification (Spanish initials: IDAE) and funded by the national energy efficiency fund
Upgrading of Exterior Lighting at the Plant Using LED Technology	Roldán, S.A.	Project that qualifies for the range of aid available for energy efficiency and savings in SMEs and larger companies in industry	Co-financed by the European Regional Development Fund (ERDF), managed by the Institute for Energy Saving and Diversification (Spanish initials: IDAE) and funded by the National Energy Efficiency Fund



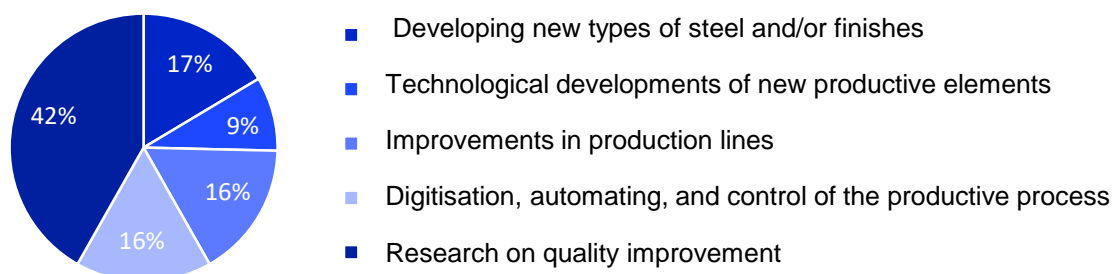
# COMPANY PROFILE



## 102-12 External Initiatives (VI)

The Acerinox Group considers Research, Development and Innovation activities to be fundamental and of high strategic value in a competitive, global market such as the one in which it operates. All of the efforts of R&D&i, broadly speaking, are aimed at promoting and developing new productive elements, implementing improvements in production lines, developing new types of steel and/or finishes, improving quality and digitisation and automating and/or controlling the productive process, in order to promote the sustainable growth of the Group and increase its productivity and competitiveness, as well as to reduce costs.

*Percentage distribution of the main lines of action in the field of R&D&i:*



In 2018, the Acerinox Group invested €7,927,586 in R&D&i projects in the Acerinox Europa, NAS and Columbus plants. Of the Group's four main factories, only Acerinox Europa has received subsidies for R&D&i projects, amounting to €147,000.

Some of these projects involve the development of:

- New technology solutions to improve the service life of equipment and facilities.
- New solutions in the field of refractory systems aimed at improving steel industry instruments used in melting shops.
- New instruments for improving the control of conditions in the continuous casting of slabs.
- New methods of assessing and controlling productive process and quality control variables.
- Improvements and innovation in product development and process optimisation.

# COMPANY PROFILE



## 102-13 Membership of Associations (I)

103-2

List of the main affiliations with entities in the industry or other associations or organisations that defend the interests of the Acerinox Group of companies, both nationally and internationally:

### Acerinox S.A / Acerinox Europa

- *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
- *The International Chromium Development Association*
- 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)



## COMPANY PROFILE

### 102-13 Membership of Associations (II)

#### 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)*





## STRATEGY

102-14

### Statement from Senior Decision-maker

The statement from the CEO of Acerinox, Bernardo Velazquez Herreros, is at the beginning of this report.



# ETHICS AND INTEGRITY

## 102-16 Values, Principles, Standards and Norms of Behaviour

103-1, 103-2, 103-3

Today, not only does a company have to comply with that required by Law in the countries in which it operates but it also has to consider the ethical side of all its decisions.

Ethical behaviour is one of the cornerstones of the Group and is regulated by the Code of Conduct and Best Practice 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. This Code reflects our standards of honesty, rectitude, integrity and transparency, which are always present in our business activity.

Acerinox has implemented internal policies and standards that must be complied with in order to become more transparent, trustworthy, and ethically better every day. The Group has 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.

The actions and investigations which are carried out as a consequence of a complaint are carried out independently, speedily and confidentially, guaranteeing the rights of the complainant and the persons under investigation, in accordance with the Protocol of Complaints and Internal Investigations. In 2018, there were no reported complaints of discrimination in the Group.





# GOVERNANCE

## 102-18 Governance Structure (I)

The Acerinox Annual Corporate Governance Report for the 2018 period forms part of the Management Report which includes a section on non-financial information, in accordance with provisions of Royal Decree-Law 18/2017 on non-financial information.

The Management Report is available on the web page of the National Stock Market Commission (“Comisión Nacional de Mercado de Valores” in Spanish) and on the Acerinox web page since the date of publication of the annual accounts.

The Board of Directors also decided to comply with the highest number of the Recommendations given in the Corporate Governance Report in the shortest time possible. The first one was to make a commitment to ensure that, by 2020, at least 30% of the members of the board would belong to the less represented gender. Details of said levels of compliance can be found in the Annual Corporate Governance Report hosted on the Group website at [www.acerinox.com](http://www.acerinox.com).

At the General Shareholders’ Meeting of Acerinox, S.A., held on 10 May 2018, the Director Remuneration Policy for the period 2018-2020 was approved. This Policy, as well as the other policies that were not subject to variation in 2018, can be found on the Company website.

The Group’s governance and executive bodies are:

### The Board of Directors

The Board of Directors is the body responsible for directing, administering and representing the Company, without prejudice to the powers conferred on the General Shareholders’ Meeting. The Board has three committees: the Executive Committee, the Appointments, Remuneration and Corporate Governance Committee and the Audit Committee.

The Board of Directors, on 31st December 2018, has 15 members, which is the maximum allowed by the Corporate Articles. The Secretary does not qualify as a Member of the Board.

In 2018, the Board of Directors held nine meetings.



# GOVERNANCE

## 102-18 Governance Structure (II)

103-1, 405-1

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 General Policy for Selection of Directors supports.

Starting with gender diversity, currently three of its fifteen members are women. The figure would be even higher if it had not been 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 had 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.

The Board of Directors has representation from four different continents thanks to the diverse nationality of its members: Europe, logically is the most represented continent, but there are also an American, two Asians and an African, and therefore, all the continents where Acerinox has its production plants are represented.

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.

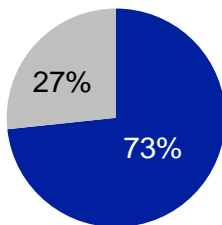
As for age and experience, the Board includes members between 37 and 72 years old, with the largest group being those of around 50, which amounts to 80% of the total.

# GOVERNANCE

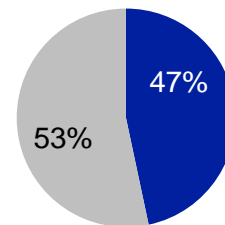
## 102-18 Governance Structure (III)

405-1

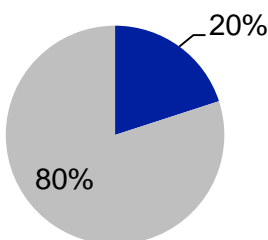
Since 2016 the largest part of the group is that of the independent directors, made up of eight members, followed by the six proprietary directors, and one executive director. The aim has been to repeat this proportion in the Executive Committee (four independent, one executive and three proprietary 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.



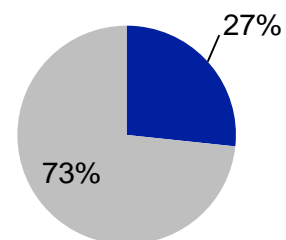
■ Spanish Directors  
■ Foreign Directors



■ Directors with experience in the industry  
■ Other Directors



■ Directors with experience in Public Administration  
■ Other Directors



■ Directors with experience in the Financial sector  
■ Other Directors



# GOVERNANCE

102-18

## Governance Structure (IV)

### The Executive Committee

The Board of Directors created an Executive Committee in 2008 to attend to the normal course of business and facilitate its regular monitoring. This body, which has proportions of proprietary and independent directors similar to those of the Board of Directors, is presided over by the Chairman of the Board. The Chief Executive Officer is necessarily a member of the Executive Committee. In order to facilitate transparency and communication among the governance bodies, the Company's rules empower the Chairman to propose to the full Board the ratification or further deliberation of any matter discussed or decided on by the Executive Committee.

The Board of Directors, following the recommendations of good governance, met nine times in 2018.

### The Audit Committee

This Committee met in 2018 on a total of ten occasions, which enabled it to develop its planned work schedule and fulfil its main responsibilities, involving:

- Reporting on the annual, biannual and quarterly accounts.
- Supervising internal audit services and the effectiveness of the company's internal monitoring and risk management and prevention systems and its compliance.
- Supervising the process of preparing and presenting the regulated financial information.

The Audits Commission applies the principles, recommendations and criteria for good operations outlined in the new 3/2017 Technical Guide on audit commissions in companies of public interest, which was approved by the CNMV on 27 June 2017.

The Audit Committee is chaired by an Independent Director, while the Secretary of the Board of Directors acts as its secretary.



# GOVERNANCE

## 102-18 Governance Structure (V)

### Appointments, Remuneration and Corporate Governance Committee

It held nine meetings during 2018. It continued with its initiative of previous years of proposing the maintenance of the remunerations of the Board Members, without any changes, to the Board of Directors, by means of the Board Member Remuneration Policy. It was also involved in setting the remuneration of the Senior Management. Moreover, on the occasion of the Shareholders' General Meeting held on 10 May 2018, it informed the Board of Directors of the re-election of Directors and proposed the re-election of Mr Bernardo Velázquez Herreros as Company CEO.

At the Board meeting held on 24 October 2018, it proposed the appointment by co-option of a new Independent Director.

This Committee coordinates, at the request of the Chairman of the Board, the assessment of the Board's performance. The Appointments, Remunerations and Corporate Governance Committee is chaired by an Independent Director, and the Secretary of the Board of Directors acts as its secretary. This Committee also proposed the new Senior Management and Executive Directors remuneration system to the Board for approval at the Shareholders' General Meeting.

### General Shareholders' Meeting

The General Shareholders' Meeting was held in Madrid on 10 May 2018 and was presided over by Mr Rafael Miranda Robredo. The meeting took place in the Mutua Madrileña Automovilística building, on Paseo de la Castellana, No. 33.

Attendance at the General Meeting, including shareholders present and represented, amounted to the equivalent of 191,384,244 shares, or 69.33% of the company's share capital.



# GOVERNANCE

## 102-18 Governance Structure (VI)

### Senior Management

Acerinox Senior Management comprises eight people: the CEO, the Chief Financial Officer, the Sales Director, the Director of Production, the General Counsel, the CEO of NAS, the CEO of Columbus and the CEO of Bahru.

The remunerations associated with these posts are proposed to the Board of Directors by the Appointments, Remuneration and Corporate Governance Committee. The amounts received during 2018 by this collective, not including that of the Chief Executive Officer, totalled €3,748,000.



# GOVERNANCE

## 102-18 Governance Structure (VII)

	Board of Directors	Executive Committee	Appointment and Remuneration Committee	Audit Committee
Mr Rafael Miranda Robredo	Chairman	Chairman	Member	
Mr Bernardo Velázquez Herreros	Chief Executive Officer	Member		
Mr Pedro Ballesteros Quintana	Proprietary Board Member			Member
Mr Manuel Conthe Gutiérrez	Independent Director			
Mr Ryo Hattori	Proprietary Board Member	Member		
Ms Marta Martínez Alonso	Independent Director			Member
Mr George Donald Johnston	Independent Director	Member		Member
Mr Santos Martínez-Conde Gutiérrez-Barquín	Proprietary Board Member	Member	Member	
Mr Braulio Medel Cámara	Independent Director		Member	
Mr Katsuhisa Miyakusu	Proprietary Board Member			
Ms Laura González Molero			Chairman	Member
Mr Mvuleni Geoffrey Qhena	Proprietary Board Member			
Ms Rosa María García Piñeiro		Member		
Mr Tomás Hevia Armengol	Proprietary Board Member	Member		
Mr Ignacio Martín San Vicente	Independent Director	Member		
Mr Luis Gimeno Valledor	Secretary	Secretary	Secretary	Secretary

The top executives of the main factories of the Group are as follows:

Acerinox Europa, S.A.U.	North American Stainless	Columbus Stainless Pty. Ltd	Bahru Stainless Sdn. Bhd.
Mr Antonio Moreno Zorrilla	Mr Cristóbal Fuentes Tovar	Mr Lucien Matthews	Oswald Wolfe Gomez



# STAKEHOLDER PARTICIPATION

## 102-40 List of Stakeholder Groups (I)

102-42, 102-43, 102-44

Acerinox considers its stakeholders to be all people or groups that exert an influence on the activities, decisions and management systems of the company, such as its shareholders, customers, suppliers and workers and their families.



Shareholders



Customers



Suppliers



Employees

In order to ascertain the views and interests of these stakeholders and ensure they can be expressed, Acerinox has several channels of communication specifically for that purpose.

### Shareholders

Acerinox has a General Policy of Communication and Contact with the shareholders and investors of ACERINOX, S.A. and its Group of companies. This standard establishes the principles and guidelines in the field of external corporate communication, and the process of reporting relevant information in a timely fashion to shareholders, business partners, regulators, financial analysts, and other external parties. There are also other information and communication channels, such as the corporate website and the CNMV portal, among others. And finally, the Group has bodies that oversee and approve of the information published through these channels.

The General Treasury Stock Policy, approved by the Board of Directors and published on the corporate website, includes the regulatory principles in the field of the discretionary buying back of company shares, and among other measures, it establishes the figure of the Bought-back Shares Manager, who is in charge of relations with the relevant supervisory bodies to ensure proper implementation and compliance with this policy and to report periodically to the Audit Committee on the negotiations undertaken with company shares.





# STAKEHOLDER PARTICIPATION

## 102-40 List of Stakeholder Groups (II)

102-42, 102-43, 102-44, 103-1, 103-2, 103-3, 416-1

The Internal Rules of Stock Market Conduct of Acerinox S.A. and Dependent Companies, which were also approved by the Board of Directors and published on the corporate website, aim to set the rules for the management and control of Privileged Information, the transparent communication of Relevant Information and to minimise actions affecting performance on the markets. This information can be found on the corporate website.

### Customers

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 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.

	No. of Customers Surveyed in 2018	Customer Satisfaction Index 2018	Customer Satisfaction Index 2017
<b>Customer Satisfaction</b>	466	3.7	3.9



## STAKEHOLDER PARTICIPATION

### 102-40 List of Stakeholder Groups (III)

103-3, 102-42, 102-43, 102-44, 103-1, 416-1

Customer complaints are handled through the Sales Department, either directly via the parent company, or through one of the respective Acerinox branches. The customer communicates directly with these departments, either by email or by phone to report an incident or complaint. The Sales Department records this notification in a specific application for the handling of complaints, in which the customer's details, the product information and the description of the complaint, among other things, are included.

In cases where the complaint has to do with billing or product transport and delivery issues, it is the responsibility of the Sales Department to handle the complaint by following the established procedures. On the other hand, if the complaint has to do with technical issues, it is referred to the service centre or plant involved, where a technician is appointed to assess the case and issue a technical report. The status of the complaint is updated on the computer application and once again, it is the Sales Department that is responsible for informing the customer of this decision, and where appropriate, for proposing or negotiating a solution.

The Group has a variety of graphic and technical documentation that it sends regularly, or on request, to its customers. Furthermore, as part of its sales activities, Acerinox participates regularly in various fairs and exhibitions within the industry. The Stainless Steel Research and Development Association – Cedinox – linked to the activities of the Group, publishes the magazine "Stainless Steel", in which it reports on the main developments in the stainless steel market and the new applications and transformations of that material. It is a biannual newsletter whose subscription is free of charge. Cedinox also has a newsletter service aimed at customers, individuals and companies. Finally, the Cedinox website has a technical enquiry form aimed not only at customers but also individuals and companies.



# STAKEHOLDER PARTICIPATION

## 102-40 List of Stakeholder Groups (IV)

103-1, 103-2, 102-42, 102-43, 102-44

### Employees

The people who work at Acerinox are the company's most important asset, hence, promoting and ensuring internal communication is a priority.

The company regularly informs its team on topics that are relevant and of interest to the organisation, through newsletters, printed information sheets or via email, or through the "Employee Portal".

The Reporting Channel is a communication tool that can be accessed by all Acerinox employees and stakeholders, in order to report behaviour that fails to comply with the Code of Conduct and Best Practice established by the company. To this end, it has:

- A reporting channel on its Corporate Website, which allows the reporting of irregular conduct related to accounting, control, auditing or any non-compliance with or breach of the types of conduct contained in this document.
- Via the email address: [comitededenuncias@acerinox.com](mailto:comitededenuncias@acerinox.com).
- Or by postal mail to: Comité de Denuncias, Acerinox S.A., Santiago de Compostela 100, 28035 Madrid, Spain.

### Suppliers

In order to provide up-to-date information and speed up the procedures, the Group provides its suppliers with an open access Supplier Portal. On this website, the general hiring conditions, invitations to tender, and so on, are published. The portal can be accessed through the corporate website or directly via the following link: <https://proveedores.acerinox.com/HOMOLOGA/Anuncios.php>



# STAKEHOLDER PARTICIPATION

## 102-41 Collective Bargaining Agreements

103-3

The number of employees of the four major plants of the Group, plus those based at the parent company (Acerinox S.A.), who are covered by some form of Collective Agreement, are shown in the following table.

year	2018		2017	
	No. of employees	%	No. of employees	%
<b>Acerinox S.A</b>	64	100%	63	100%
<b>Acerinox Europa, S.A.U</b>	2,152	93%	1,996	93.27%
<b>NAS*</b>	NA	NA	NA	NA
<b>Columbus</b>	701	54%	700	44.81%
<b>Bahru</b>	174	31%	352	63.20%















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

# STAKEHOLDER PARTICIPATION

## 102-44 Key Topics and Concerns Raised

103-1

Acerinox has conducted a study to see what the key issues and concerns for Stakeholders are. The results of analysis carried out in 2018 and a comparison with the previous year are shown in the table below.

List of Issues	2018	2017	Variation
Customers and product or service quality	100%	51%	+48% 
Health and safety	91%	46%	+45% 
Risk Management	87%	52%	+35% 
Climate change and energy efficiency	81%	50%	+31% 
Talent development	81%	49%	+32% 
Business Ethics, transparency and compliance	48%	46%	+2% 
Economic Performance	48%	100%	-52% 
R&D&I	48%	38%	+10% 
Supply chain	48%	51%	-3% 
Employment relations	47%	41%	+6% 
Consumption of materials	23%	54%	-31% 
Waste and the circular economy	21%	33%	-12% 
Water consumption	20%	45%	-25% 
Diversity and Equality*	20%	-*	-*
Socio-economic and cultural development of local communities	18%	26%	-8% 

(\*) A new issue included in the 2018 materiality analysis.



Issues that have undergone an upward variation



Issues that have undergone a downward variation

# DEFINING REPORT CONTENT TOPIC BOUNDARIES

## 102-45 Entities Included in the Consolidated Financial Statements

At 31 December 2018, in addition to Acerinox, S.A., the Acerinox consolidated group includes 38 fully consolidated subsidiaries.

Companies included in the scope of this report (as is also indicated in the section on the Principles governing this report) are Acerinox Europa, S.A.U., Acerinox, S.A., North American Stainless, Inc., Bahru Stainless Sdn. Bhn., SDN. BHD. and Columbus Stainless (Pty) Ltd.

### List of companies consolidated by global integration:

- ACERINOX (SCHWEIZ) A.G.
- ACERINOX ARGENTINA S.A.
- ACERINOX AUSTRALASIA PTY. LTD.
- ACERINOX BENELUX S.A. - N.V.
- ACX DO BRASIL REPRESENTAÇÕES, LTDA
- ACERINOX CHILE, S.A.
- ACERINOX COLOMBIA S.A.S
- ACERINOX DEUTSCHLAND GMBH
- ACERINOX EUROPA, S.A.U
- ACERINOX FRANCE S.A.S
- ACERINOX INDIA PVT LTD
- ACERINOX ITALIA S.R.L.
- ACERINOX METAL SANAYII VE TICARET L.S.
- ACERINOX MIDDLE EAST DMCC (DUBAI)
- ACERINOX PACIFIC LTD.
- ACERINOX POLSKA, SP Z.O.O
- ACERINOX RUSSIA LLC
- ACERINOX SCANDINAVIA AB
- ACERINOX S.C. MALAYSIA SDN. BHD
- ACERINOX SHANGAI CO., LTD.
- ACERINOX (SEA), PTE LTD.
- ACERINOX U.K, LTD.
- ACEROL - COMÉRCIO E INDÚSTRIA DE AÇOS INOXIDÁVEIS, UNIPessoal, LDA.
- BAHRU STAINLESS, SDN. BHD
- COLUMBUS STAINLESS (PTY) LTD.
- CORPORACIÓN ACERINOX PERU S.A.C
- INOX RE, S.A.
- INOXCENTER CANARIAS, S.A.U
- INOXCENTER, S.L.U
- INOXFIL S.A.
- INOXIDABLES DE EUSKADI S.A.U
- INOXPLATE - COMÉRCIO DE PRODUCTOS DE AÇO INOXIDÁVEL, UNIPessoal, LDA.
- METALINOX BILBAO, S.A.U
- NORTH AMERICAN STAINLESS INC.
- NORTH AMERICAN STAINLESS CANADA, INC
- NORTH AMERICAN STAINLESS MEXICO S.A. DE C.V.
- NORTH AMERICAN STAINLESS FINANCIAL INVESTMENTS LTD.
- ROLDAN S.A.

### List of Associated Companies:

- BETINOKS PASLANMAZ ÇELİK A.S.

In the Annual Financial Report, Consolidated Management Report and Audit Report document for 2018, there are details of the companies in which Acerinox has a direct or indirect stake. The rest of the non-financial information is given in the non-financial information report.

All these public documents are available in the corresponding sections of the Acerinox website.

# DEFINING REPORT CONTENT TOPIC BOUNDARIES

## 102-47 List of Material Topics (I)

103-1

In 2018, the second materiality analysis was conducted by the Acerinox Group to identify and prioritise, among other things, the environmental, social and governance issues that are relevant for the company and for the design and the definition of the content 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.

These material topics are measured in terms of their degree of financial, social or environmental importance for the Group, in addition to the influence they could have on stakeholders.

As part of this process, assessments of various professional and managerial roles within the Group from different departments and geographical areas were made, and relevant issues were identified through a study by industry advocates and leading analysts in ESG matters.

Moreover, in 2015, the Member States of the United Nations adopted 17 Sustainable Development Goals (SDGs) to promote sustainable development among all nations in the field of Human Rights, Labour Relations, Health and Social Welfare, the Environment and Responsible Production and Consumption, among others. Acerinox contributes to the achievement of the SDGs in its business activity in a very active way, and every year it increases its level of commitment in new aspects of the business.

Below is the list of material topics taken from the materiality study carried out in the Group with the identified indicators and their relation to the SDGs.










\* Law 11/2018, of December 28, which amends the Code of Commerce, approved by the Royal Decree of 22 August 1885.



# DEFINING REPORT CONTENT TOPIC BOUNDARIES

## 102-47 List of Material Topics (II)

103-1

Topics	Reference Standards	SDGs
<b>Risk Management</b>	The Group's ability to detect, manage, minimise or eliminate the main risks of the business, whether they be financial or non-financial.	
<b>Business Ethics, transparency and compliance</b>	Implementation and development of policies and initiatives of ethical behaviour and transparency. Mechanisms for preventing and/or minimising cases of corruption.	
<b>Economic Performance</b>	The capability of Acerinox to grow as an organisation and create wealth through economic value generated and distributed throughout society.	
<b>R&amp;D&amp;I</b>	Collaborative programmes in research, development and innovation for improving Acerinox operations, processes and products, with the aim of minimising costs, enhancing the competitiveness and improving the efficiency of the company.	
<b>Supply chain</b>	Mechanisms for supply chain monitoring and management to ensure the traceability and control of the origin of products and the responsibility of Acerinox with its suppliers and society.	
<b>Climate Change and Energy Efficiency</b>	Actions aimed at reducing greenhouse gas emissions. Energy efficiency in operations; measures to reduce energy consumption in processes.	 
<b>Water Consumption</b>	Measures for water footprint reduction. Water pollution events and associated impacts, as well as the management of discharges.	 















# DEFINING REPORT CONTENT TOPIC BOUNDARIES

## 102-47 List of Material Topics (III)

103-1

Topics	Reference Standards	SDGs
<b>Consumption of Materials</b>	Measures to manage efficient consumption of materials. Material labelling and certification. Use of recycled materials in processes. Management of hazardous materials.	
<b>Waste and the circular economy</b>	Waste management, measurement and control through company activity. Analysis of the complete life-cycle of products and services and their environmental impact at every stage of their development.	
<b>Employment relations</b>	Work-life balance, freedom of association and relationship with trade unions, social benefits for employees, training and aid for studies. Adherence to statutes, international charters and employment standards with regard to the defence of workers' rights.	 
<b>Talent development</b>	Ability to attract, retain and develop talent. Pride of belonging among workers. Training programmes to improve employability.	
<b>Health and safety</b>	Policies, systems, action plans and mechanisms in respect of health and safety for employees and contractors.	
<b>Socio-economic and cultural development of local communities</b>	Company contribution to the development of the communities in which it operates.	 
<b>Diversity and Equality</b>	Establishment of diversity and equality policies. Diversity is considered not only as gender diversity, but diversity in terms of ethnicity, culture, religion and language.	 

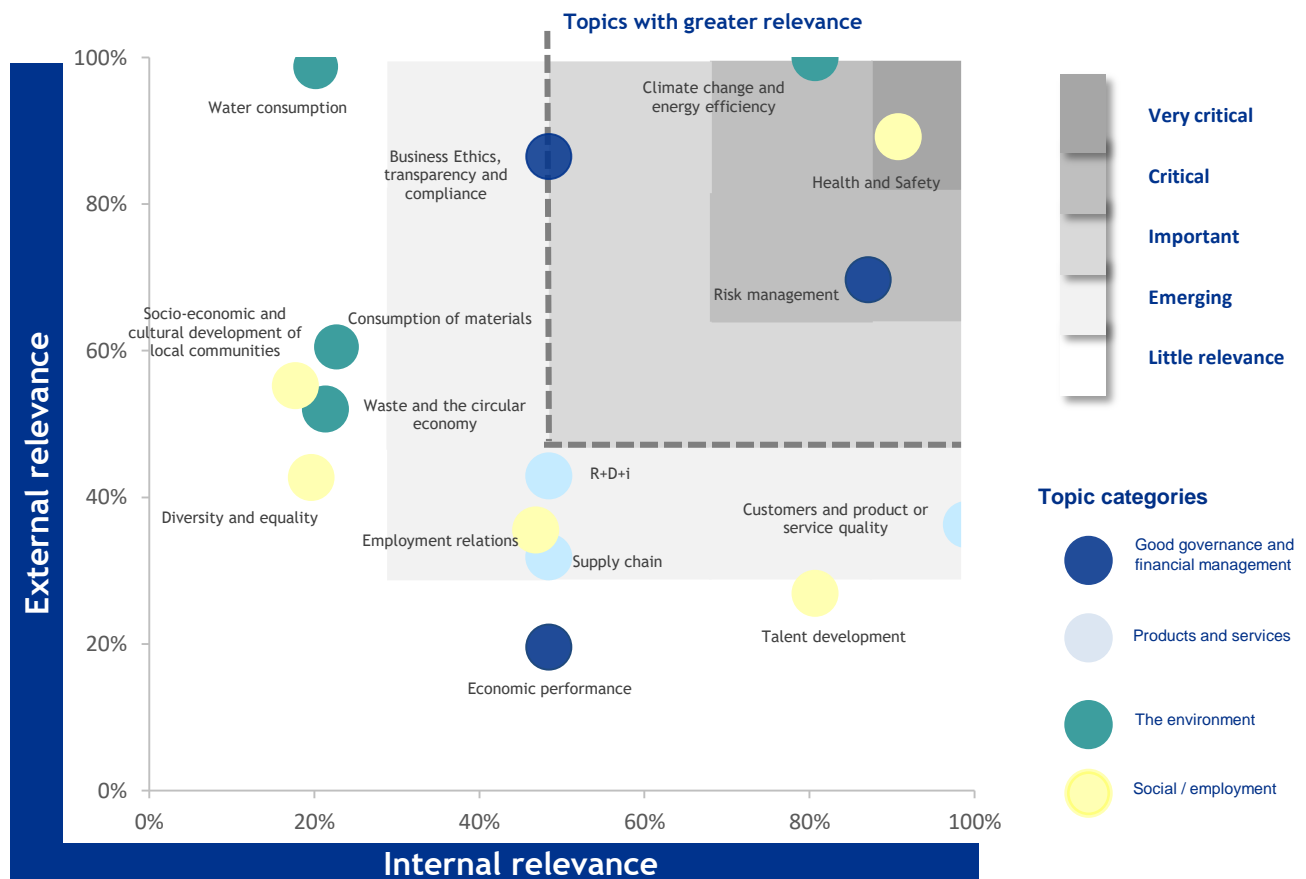


# DEFINING REPORT CONTENT TOPIC BOUNDARIES

## 102-47 List of Material Topics (IV)

103-1

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





## DEFINING REPORT CONTENT TOPIC BOUNDARIES

### 102-48 Re-statement of Information

No re-statement of information with respect to previous reports has been made. In addition, there have been no mergers or takeovers, nor has the nature of the business changed.

### 102-49 Changes in Reporting

There have been no significant changes with regard to periods analysed in previous reports in the list of material topics and coverage of the topics.

For the second consecutive year a complete audit was conducted by an independent external consultant.

### 102-50 Reporting Period

The reporting period for the information provided covers the 2018 calendar year (01 January to 31 December 2018).





## DEFINING REPORT CONTENT TOPIC BOUNDARIES

### 102-51 Date of most Recent Report

2017 Calendar year (1 January to 31 December 2017).

### 102-52 Reporting Cycle

The reporting cycle is annual.

### 102-53 Contact Point for Questions Regarding the Report

The information contained in this report comes from the management systems of the various Group departments that are responsible for providing the data. These systems are subject to various internal and external auditing processes. The quantification techniques for the various statistics reported and the bases for the calculations comply with the indicator protocols established by the GRI.

As the General Counsel of Acerinox, Luis Gimeno was in charge of drawing up this report and its submission to the Company's governance bodies. In order to respond to queries concerning this report and establish a direct enquiries channel with the Acerinox Group, the following contact address is provided: [alejandra.pinilla@acerinox.com](mailto:alejandra.pinilla@acerinox.com) and [ignacio.quintana@acerinox.com](mailto:ignacio.quintana@acerinox.com)



## DEFINING REPORT CONTENT TOPIC BOUNDARIES



### 102-54 Claims of Reporting in Accordance with the GRI Standards

This report was prepared in accordance with GRI standards: "Core" option.

### 102-55 GRI Content Index

The GRI Content Index can be found at the end of this report.

The report is published with open access to the public on the Acerinox corporate website in the section on Corporate Governance Sustainability in multi-device version and in PDF format so as to ensure it can be accessed and downloaded from the following URL:

<http://www.acerinox.com/es/grupo-acerinox/sostenibilidad>

### 102-56 External assurance

For the second consecutive year, the Acerinox Group has obtained external assurance of the report, in accordance with the international standard ISAE 3000, through an independent third party: the firm KPMG Asesores, S.L. The report has been drafted in accordance with the guidelines established by the Global Reporting Initiative (GRI) Guide, as per the "Core" option.



# MANAGEMENT APPROACH

## 103-2 The management approach and its components

A description is given throughout this report of the Acerinox Group's various management approaches according to criteria based on the development and implementation of policies and the acquisition of commitments and responsibilities with different stakeholders and society in general, and according to the resources it has. It also gives an account of the formal mechanisms of complaint and/or claims that it provides and of all the specific actions, initiatives, programmes and projects that it undertakes as a result of its commitment to society and the environment.

- **Policies**
- **Commitments**
- **Goals and objectives**
- **Responsibilities**
- **Resources**
- **Formal mechanisms of complaint and/or claim**
- **Specific action, such as processes, projects, programmes and initiatives**



# COMPANY PROFILE

## 201-4 Financial Assistance Received from Government

The subsidies received during the 2018 financial year by the various companies of the Group are as follows:

Thousands of EUR	2018				
	Acerinox Europa	Columbus	Roldán	Shanghai	Total
R&D&I	147	--	--	--	147
Environmental Matters	2,552	--	--	--	2,552
Transfer of CO2 rights	1,756	--	189	--	1,945
Training	12	278	--	--	290
<b>Others</b>	--	--	--	174	<b>174</b>



# INDIRECT FINANCIAL IMPACTS

## 203-1 Infrastructure Investments and Services Supported

103-2, 103-3

In 2018, Acerinox implemented its investment policy for the acquisition of new facilities or to update existing ones. Below you can see the investments in infrastructure and supported services at the four main factories of the Group\*:

Investment in Major Infrastructure	Description	Description of the Importance of the Impact	Financial impact (€)
BA Line Electric Furnace/Z-Mill #6	Bright annealing line and new cold-rolling mill	To increase product variety and plant efficiency	NA
Coil Build Up Line	Cold build up line to place the guides on the coils after the hot annealing process	To make AP4 more efficient	NA
Reheat Furnace Level 2 Upgrade	Updating of the mathematical model for the hot-rolling mill reheat furnace	To improve slab heat treatment and increase reheating efficiency in the furnace	NA
BRA3	New project to build a preload truck park	To increase the space for preload trucks and improve logistical efficiency	NA
AOD1 Dampener	New dampener for AOD1 gearbox cylinder	To help alleviate vibrations in the AOD1 tilting gearbox and also to increase the service life of the gearbox and other components.	NA
Dock Repair	Maintenance and repairs of barges	To upgrade the facilities	NA
HM Drives Upgrade	Upgrades to furnace HM drives in hot-rolling mills	To upgrade the facilities	NA
ZM1 Flatness Rolls	Spare rolls / improved shape for ZM1	Greater efficiency	NA
BA Automatic Inspection System	Inspection system for the BA line	To improve quality control	NA
EEAF Electrode Regulation	New regulatory system for EAF electrodes	To reduce electrode consumption / energy efficiency	NA
Crop Shear Cassette Spare	Provision of spare parts	Efficiency improvements and reduced waiting times.	NA
AP5 annealing and pickling line	AP5 annealing and pickling line	To increase product variety and plant efficiency	€18,200,000
ZM7 cold rolling mill	ZM7 cold rolling mill	To improve plant production and efficiency	€7,922,000
Revamping AP3	Revamping AP3	To improve plant production and efficiency	€10,352,000
Electrical and communications connections	Electrical and communications connections	Needed for new investments	€1,258,000
Fluid connections	Fluid connections	Needed for new investments	€1,825,000

Services Offered	Description	Description of the Importance of the Impact	Financial impact (€)
Service 1	BA Line Electric Furnace/Z-Mill #6	Creation of 35 new jobs	NA
Service 2	Bright annealing line and new cold-rolling mill.	Creation of 4 new jobs	NA
Service 3	Cold build up line to place the guides on the coils after the hot annealing process. 0 0		
Service 4	Mechanical maintenance of production lines	Essential for production	€15,972,600
Service 5	Steel slag recovery	Environmental efficiency	€5,050,680
Service 6	Scrap breakup and treatment	Essential for production	€2,174,760
Service 7	Ship loading and cleaning of collection areas	Needed for sending the finished products	€1,289,880
	Maintenance civil works	Needed for the maintenance of facilities	€2,372,760

\* At Columbus and Bahru, no investments in infrastructure and supported services were reported. The data in the table only refers to the Acerinox Europa and NAS plants.



# PROCUREMENT PRACTICE

## 204-1 Proportion of Spending on Local Suppliers (I)

103-1, 103-2, 103-3, 308-1, 414-1

Each plant conducts supply negotiations on a regular basis: monthly, quarterly or annual, and always depending on provisioning and transport needs, as well as on other reasons specific to Group strategies. Purchases are diversified among several producers in order to always guarantee the most optimal supply.

The volume of purchases from suppliers in our four main factories have been as follows: at Acerinox Europa, a total of 1,150 active suppliers were registered in 2018, compared with 1,120 in 2017, representing a variation of 2.68%. The expenditure made by Acerinox Europa through these active suppliers amounts to €1,302,930,123, with €65,475,045 allocated to spending with local active suppliers. The number of local suppliers is 160, which is 14% of the total number of suppliers. The expenditure made with local active suppliers amounted to a total of €65,475,040 in 2018, representing 5% of the total expenditure with active suppliers.

100% of new suppliers selected (72 in total) have been screened in accordance with environmental and social criteria, the latter having to do with human rights and the prevention of occupational risks, among other things.

### Acerinox Europa:

	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

With regards to the NAS factory, it registered a total of 1,235 active suppliers in 2018, representing a slight decrease of -2.3%, compared to 1,264 who were registered in 2017. NAS expenditure in respect of these active suppliers amounted to €757,181,798, whilst spending on local active suppliers, which totalled 642, rose to €245,588,338.



# PROCUREMENT PRACTICE

## 204-1 Proportion of Spending on Local Suppliers (II)

103-2, 103-3, 308-1, 414-1

All suppliers need to comply with the general contract conditions and present their services in accordance with the quality standards required by the Group. They also need to ensure behaviour meets the quality standards contained in the Code of Conduct.

### NAS:

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

The Columbus factory registered a total of 1,972 active suppliers in 2018. The active expenditure made by the factory with these active suppliers amounted to €733,323,039, 0.02% higher than in 2017. The number of local suppliers is 1,752, this being 37.95% higher than in the previous year. The expenditure made with local active suppliers amounted to a total of €165,188,557 in 2018, with a decrease of -9.69% in comparison with 2017.

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

### 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

- At Columbus, new suppliers are selected on the basis of environmental criteria: whether the product or service they offer may have an impact on the environment or create an environmental risk to Columbus. All new suppliers with access to the Columbus site are required to complete a written agreement in accordance with the Occupational Health and Safety Act of 1993 and the National Environmental Management Act 107 of 1998. There is no data registered for 2017



# PROCUREMENT PRACTICE

## 204-1 Proportion of Spending on Local Suppliers (III)

103-2, 103-3, 308-1, 414-1

Finally, at the Bahru factory, a total of 577\* active suppliers registered in 2018, representing an increase of 54.8%, compared to 374 who were registered in 2017. The expenditure made by Bahru with these active suppliers amounted to €24,913,832, this being 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.

Although the Malaysian legislation does not require that suppliers be screened in accordance with 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 international human rights declarations.

### Bahru:

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

\* As regards the Bahru factory, active suppliers were held to be those with purchase orders, however, suppliers of black coils of raw materials were excluded.

\*\* The data excludes suppliers of raw material black coils



# ANTI-CORRUPTION



## 205-1 Operations Assessed for Risks Related to Corruption (I)

103-2, 103-3, 205-2

The Acerinox Code of Conduct and Best Practice and the Crime Prevention Model are the Group's main regulatory compliance and crime prevention tools. Both of these have been the subject of training programmes divided into three phases, directed towards the employees and managers of the Group in Spain.

The Acerinox Group has adopted a series of policies and internal standards within the context of crime prevention whose aim is to prevent criminal acts in general, and in particular, crimes attributable to legal persons.

In order to prevent corruption, the Group has adopted the following guidelines:

- 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 have to be 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 exclusively 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 receipt or offering of hospitality, advantages, gifts or improper benefits from or to people or entities with whom the Acerinox Group has or will have a business relationship is prohibited.
- These essential principles from the Acerinox Code of Conduct and its commitment to fight against corruption in all its variants are intended to be incorporated as obligations into contracts with third parties.



# ANTI-CORRUPTION

205-1

## Operations Assessed for Risks Related to Corruption (II)

103-2, 103-3, 205-2, 205-3, 206-1

In 2018, no operation assessments were made in the context of corruption or for risks related to corruption, and no confirmed case of corruption was recorded. Nor is there any record of any legal action having taken place concerning unfair competition, monopolistic practices or those against free competition.

Acerinox devoted a great amount of effort throughout 2018 to an intensive communication and training campaign to do with anti-corruption policies and procedures for employees, suppliers and managers of the four main plants, the results of which are detailed below in the following tables:

*Communication and training in anti-corruption policies and procedures:*

Board of Directors	2018
Members of the Board of Directors	24
Members of the Board of Directors informed about anti-corruption policies and procedures	22
Members of the Board of Directors trained in anti-corruption matters	0

Employees	2018
Number of employees	5,561
Employees informed about the policies and procedures	5,561
Employees trained on the subject of anti-corruption	4,168

Suppliers	2018
Number of Suppliers	6,186
Suppliers informed about the policies and procedures of the company on the subject of anti-corruption	4,123

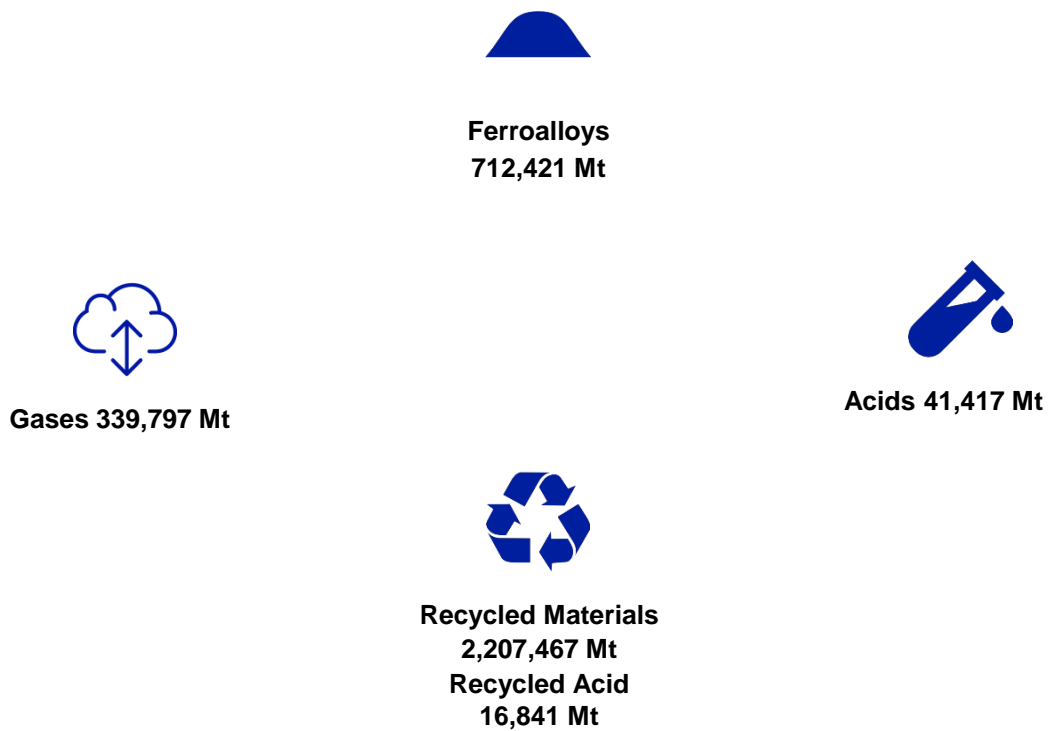


# MATERIALS

301-1

## Materials Used by Weight or Volume

In 2018, the total weight and volume of materials used, including renewable and non-renewable materials in production in the four main plants of the Group were:



# MATERIALS

## 301-2 Recycled Input Materials Used (I)

103-1, 103-2, 103-3, 302-4, 302-5, 305-5

Among the equipment purchased by Acerinox during the last Investment Plan, implemented in several plants within the Group, were the most advanced systems for the reduction of environmental emissions, this having been one of the decisive criteria and recognised benefits in their acquisition.

Reducing environmental impact during the production process is one of the main objectives of the company, and this has been recognised by organisations such as FTSE4Good, which included the Acerinox Group in its world index of responsible companies that were found to have applied robust corporate social responsibility and environmental measures. This selection gives recognition to companies that work in support of environmental sustainability.

Thanks to these efforts, according to the ISSF (International Stainless Steel Forum), the emissions generated by Acerinox during its production process are up to 30% lower than the average of those produced within the industry, which represents a commitment to sustainable industry and to the fight against climate change.

In order to attain a degree of excellence in environmental performance, the Company continually evaluates the environmental impact of its activity, striking a balance between the quality of the products it manufactures and the least variation possible in the environment after the manufacturing process.

The Group's Senior Management promotes the effective implementation of the Environmental Management System (EMS) based on the ISO 14001 standard or the Environmental Management System (EMS) at NAS. In view of the activity that Acerinox carries out, one of the most important factors of the EMS is the efficient use of materials and all other resources, in addition to other certifications referred to in the "Activities, Brands, Products and Services" section in this report.

Protecting the environment where the group operates and fulfilling its environmental commitments are key goals of the Company management and its employees, who assess environmental risks and opportunities.

The product that the Group manufactures, stainless steel is 100% recyclable, it can be reused as many times as desired, it has an unlimited service life in optimal conditions and is a clear example of the circular economy. Acerinox is one of the largest recyclers of scrap (essential raw material for the manufacture of stainless steel) and has adopted the most exacting standards of treatment and care of the environment.



## MATERIALS

## 301-2 Recycled Input Materials Used (II)

103-2

In 2018, the Acerinox Group made environmental investments to the value of €103,982,581 to improve efficiency and minimise the environmental impact of equipment and facilities that operate independently in production processes, as well as to prevent, mitigate, monitor and record environmental aspects, impacts and risks. This included the costs of disposal, treatment and sanitation and cleaning, certification costs, and cleaner and more efficient technologies to reduce energy costs and extend service life, and so on.

*Environmental investments and expenditure of the entities included in the consolidated financial statements:*

	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

*\*Any expenditure associated with penalties for non-compliance is not included.*





## MATERIALS

## 301-2 Recycled Input Materials Used (III)

103-2, 302-4, 302-5, 305-5

By means of its Zero Emissions Target (ZET) programme, Acerinox is pursuing a conception of environmental policy that entails the constant target of reducing all emissions to the extent possible, in absolute terms and in relative or specific terms. The ZET is a constant battle which stems from the Company's own initiative, rather than from a regulatory imperative.

European industry is the leader in reducing emissions, and although its emissions are inevitably greater than in other industries, the European metal industry is the one that has reduced them the most.

In 2018, the percentage of recycled input materials used to manufacture the main products and services in the main factories are as follows:

	Recycled material (Mt)*	Recycled Acid (Mt)**
	2018	2018
Acerinox Europa (Palmones Factory)	729,057	4,130
NAS	1,038,666	6,839
Columbus	439,744	1,849
Bahru	NA***	4,022

\*Note: Recycled material is defined as:

Purchased scrap, scrap resulting from internal processes and metal recovered from slag and recycled waste. The data will be collected from the application used for weighing.

\*\*Note: Recycled acid is defined as:

At this point, the following types of raw material are grouped: total amount of nitric acid and hydrofluoric acid recovered.

\*\*\* The Bahru factory does not have a melting shop.

# ENERGY

## 302-1 Energy Consumption within the Organisation (I)

103-3, 302-3

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

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

*Energy intensity (GJ/Mt manufactured products) from the four main factories:*

Energy intensity	ACERINOX	BAHRU	COLUMBUS	NAS
Energy intensity of total energy consumption	8.27 GJ/Mt manufactured steel	4.65 GJ/Mt manufactured steel	8.98 GJ/Mt manufactured steel	9.03 GJ/Mt manufactured steel



# ENERGY

## 302-1 Energy Consumption within the Organisation (II)

103-3, 302-3, 302-4, 302-5

*Energy consumption within the organisation at the four main factories:*

	2018	2017	Variation (%)
<b>Total energy consumption (GJ)</b>	22,880,931 GJ	22,404,549 GJ	2.13%
<b>Manufactured products Mt*</b>	2,755,850 Mt	2,794,900 Mt	-1.40%
<b>Energy intensity (GJ / Mt manufactured products)</b>	8.30	8.13	2.13%

\* Steel produced = metric tonnes of steel. In the case of Bahru, black coil processed on the AP hot-rolling line is counted in thousands of tonnes.

*Energy consumption reduction at the four main factories:*

	Total energy consumption variation		
	2018	2017	% Variation
Acerinox Europa (Palmones Factory)	6,464,134 GJ	6,775,312 GJ	-4.59%
NAS	10,011,365 GJ	9,298,168 GJ	7.67%
Columbus	4,939,057 GJ	5,109,041 GJ	-3.33%
Bahru	1,466,375 GJ	1,222,036 GJ	19.99%



## WATER

## 303 Water and Effluents (I)

103-1, 103-3, 303-1, 303-2, 303-3

The activities developed by Acerinox Group require a considerable amount of water. Consequently, it invests considerable resources and effort in reducing consumption and, therefore costs, recovering suspended metals which are derivatives of production processes and returning as much water as possible back to the environment, in the same condition of purity and quality 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.

Even so, the company intensifies its efforts every year to reduce water consumption so that no source is affected significantly by the removal of water, as is the case to date. In 2018 the total water catchment was 9,647,828 m<sup>3</sup>

*Volume of water catchment in areas with no shortages in the four main factories:*

Volume (m <sup>3</sup> )	2018
Surface water	5,702,066 m <sup>3</sup>
Third-party companies' water	294,592 m <sup>3</sup>
<b>Total</b>	<b>5,996,658 m<sup>3</sup></b>

*Volume of water catchment in areas with shortages at the four main factories:*

Volume (m <sup>3</sup> )	2018
Surface water	3,417,818 m <sup>3</sup>
Third-party companies' water	233,352 m <sup>3</sup>
<b>Total</b>	<b>3,651,170 m<sup>3</sup></b>

## WATER

## 303 Water and Effluents (II)

103-2, 103-3, 303-1, 303-2, 303-3, 306-1

## Acerinox Europa (Palmones Factory)

The recirculation of water is implemented by means of horizontal treatment systems in all processes. The treated water that is not recirculated and is discharged complies with the dumping standards set by the Spanish Integrated Environmental Authorisation (Spanish initials: AAI), thanks to the management of these treatment plants. The used water is discharged into the sea at the Algeciras Bay, once it has undergone the corresponding treatment (flocculation, decantation and neutralisation), and in 2018 amounted to a total of 1,342,218 m<sup>3</sup>.

## NAS

The water collected from the Ohio River is returned through a diffuser, thus preventing any possible environmental impacts and complying with environmental regulations. In addition, just as at the Acerinox Europa plant, NAS monitors the quality of the water discharged into the river in real-time, thus guaranteeing the quality of the returned water, which, in 2018, amounted to 3,745,728 m<sup>3</sup>.

Water for human consumption is purchased from Carroll County Water District. The water discharged into the sewer system is sent to Carrollton Utilities, the company in charge of treating sanitary waste before discharging it into the Ohio River.

## Columbus

The region where the Columbus factory is located is particularly dry, so from a very early stage, reservoirs were constructed that would collect as much rainwater as possible during the wet season to supply the factory, so that no other source of water is significantly affected. Even so, the factory has a municipal third-party supply.

Due to water scarcity in the region, there is a widespread awareness of optimising consumption and not wasting the water that circulates through the supply network.

The effluent is treated on site and the water is reused, and the concentrated brine is sold as a calcium nitrate product.

## Bahru

At the Bahru factory, water comes solely from the artificial reservoirs which are fed constantly by rainwater, therefore, no other catchment source is significantly affected. These reservoirs and their corresponding pipelines were financed by Acerinox, the government of the State of Johor and the federal government via a Public-Private Partnership agreement.

Bahru has its own wastewater treatment plant which neutralises the water, thereby guaranteeing the environmental quality of the water that is discharged, which, in 2018, amounted to 280,412 m<sup>3</sup>.

## EMISSIONS

## 305-1 Direct (Scope 1) GHG Emissions

103-2, 103-3, 305-2, 305-4

The stainless steel manufacturing process requires an extremely intensive use of energy. The Acerinox Group is strongly committed to reducing the CO<sub>2</sub> emissions and energy consumption that are needed to produce every tonne of steel. To that end, all its operations are characterised by operational excellence, in pursuit of technological efficiency and continuous optimisation of facilities. The result of this commitment positions Acerinox among the most efficient companies in terms of emissions reduction, according to the International Stainless Steel Forum (ISSF).

Indeed, the Group's production activities are subject to strict emission controls, as well as the fulfilment of annual targets. In 2020, Phase 3 of the current EU emission trading scheme will conclude, and in the years to come, free allotment rights are planned to be reduced. Following the recommendations of the international Greenhouse Gas Protocol (GHG Protocol), a distinction is made between direct (Scope 1) greenhouse gas emissions, originating from the consumption of fuel and carbon materials, and indirect (Scope 2) emissions, resulting from the consumption of electricity, which are measured in equivalent metric tonnes of CO<sub>2</sub>.

The verification of these emissions is performed by a body authorised for this activity in compliance with ISO 14064-3:2012, whereas NAS uses the EMS System.

*Scope 1 Direct GHG emissions in metric tonnes of CO<sub>2</sub> equivalent:*

			EMISSIONS
Factory			Direct emissions (Scope 1)
Acerinox Factory)	Europa	(Palmones	222,638 Mt of CO <sub>2</sub> eq
NAS			349,390 Mt of CO <sub>2</sub> eq
Columbus			204,535 Mt of CO <sub>2</sub> eq
Bahru			52,061 Mt of CO <sub>2</sub> eq

## EMISSIONS

## 305-2 Energy Indirect (Scope 2) GHG Emissions

103-2, 103-3, 305-1, 305-4, 305-5

*Indirect GHG Scope 2 emissions through the generation of energy (Mt CO<sub>2</sub> eq.):*

Factory	EMISSIONS
	Indirect emissions (Scope 2)
Acerinox Europa (Palmones Factory)	355,028 Mt of CO <sub>2</sub> eq
NAS	672,091 Mt of CO <sub>2</sub> eq
Columbus	611,090 Mt of CO <sub>2</sub> eq
Bahru	88,343 Mt of CO <sub>2</sub> eq

The intensity of the total amount of emissions, both Scope 1 and Scope 2, produced in 2018, calculated as equivalent metric tonnes of CO<sub>2</sub> per metric tonne of manufactured product, was 0.93.

The four main factories have implemented the following specific measures with the aim of reducing the impact on emissions:

- Replacing the conventional burner with an oxy-fuel burner AOD-1 and AOD-2.
- Increase in the continuous loads and direct annealing, installation of boiler 3 economiser.
- Saving electricity in stoppages for the application of protocol in the steelworks, Hot Rolling and Cold Rolling.
- Inclusion of LED, inclusion of ZM-3 motors and regulation of the pumping rate of the rolling flow.
- The “Green Weekend” which represents a reduction in the load based on unused units has meant a reduction in Scope 1 emissions of 820 Mt CO<sub>2</sub>, and in Scope 2 emissions of 7,261 Mt CO<sub>2</sub> eq.
- Varied fan speed system in the Induction Air fans of the filter room which has thereby reduced to 13,726 Mt CO<sub>2</sub> eq.
- Optimisation programme for natural gas consumption processes and other services which have obtained a reduction of 194 Mt CO<sub>2</sub> eq. in Scope 1 emissions.
- Optimisation of power consumption and LED project through which Scope 2 emissions have been reduced by 5,553 Mt CO<sub>2</sub> eq.

## EMISSIONS

**305-7 Nitrogen Oxides (NOX), Sulphur Oxides (SOX) and Other Significant Air Emissions**

103-2, 103-3, 307-1

In order to reduce NOX 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.

In 2018, no significant sanctions or non-monetary sanctions were received for failure to comply with environmental laws or regulations during the reporting period at any of the factories.



**Acerinox Europa**  
(Palmones Factory)

**2017 = 298 Mt NOx**

**2018 = 240 Mt NOx**



**NAS**

**2017 = 382 Mt NOx**

**2018 = 367 Mt NOx**



**Columbus**

**2017 = 98 Mt NOx**

**2018 = 115 Mt NOx**



**Bahru**

**2017 = 46 Mt NOx**

**2018 = 71 Mt NOx**



# EFFLUENT AND WASTE

## 306-2 Waste by Type and Disposal Method

103-3

The type of waste generated at each of the four main plants is not 100% the same, due to their activity and production processes. For this reason, an exercise of homogenisation and sorting by type and method of disposal, in common at all the plants, was conducted, in accordance with Spanish legislation, so as to be able to perform better analysis and information reporting.

*Main Waste Products Managed in the four main factories 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
<b>Total non-hazardous waste</b>	<b>954,206 Mt</b>	
<b>Percentage of recycled non-hazardous waste</b>	<b>2.69%</b>	
Recovered smoke dust	21,214 Mt	Recovery
Recovered PRA powder	0 Mt	Recovery
Oiled paper	8,479 Mt	Recovery
Smoke dust	44,628 Mt	Landfill
PRA powder	2,296 Mt	Landfill
<b>Total hazardous waste</b>	<b>76,616 Mt</b>	--
<b>Percentage of recycled hazardous waste</b>	<b>38.76%</b>	--
Total waste	1,030,822 Mt	--
Total non-recycled waste	975,475 Mt	--
Total recycled waste	55,347 Mt	--
<b>Percentage of recycled waste</b>	<b>5.37%</b>	--



# EFFLUENT AND WASTE

## 306-3 Significant Spills

103-1, 103-2, 103-3

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 alkaline wastewater 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.

As a result, in 2018, there were once again no significant spillages at the factories of the Group.



# EFFLUENT AND WASTE

## 306-4 Transport of Hazardous Waste

103-2

Due to the intensive productive activity at the main plants of the Group, a high volume of waste is produced. Hazardous waste is usually delivered to authorised waste managing entities, in accordance with the regulations currently in force.

The following are the figures for the total weight of hazardous waste transported by the four main factories of the Group in 2018:

	Total Weight (Mt)
	2018
Hazardous waste transported	28,476 Mt
Hazardous waste imported	0 Mt
Hazardous waste exported	0 Mt
Hazardous waste treated	28,476 Mt

*Note: Smoke dust and PRA dust is considered hazardous waste in accordance with the provisions of the Annexes to the Basel Convention.*



# OCCUPATIONAL HEALTH AND SAFETY

## 403 Occupational Health and Safety (I)

103-1, 103-2, 403-1, 403-2

The Acerinox Group has a strong commitment to providing a safe and healthy working environment for all people who work in the company, as well as to transmitting the importance of working in a safe way and establishing measures and policies to prevent accidents at work and occupational diseases. In addition, the Acerinox Group carries out a continuous process of updating and improving technical controls and assessments, medical assistance and training in an effort to improve the quality of work, reduce the accident rate and integrate and raise awareness of the value of health and safety in daily work activity and to comply with the law. Even so, in 2018 we regret there was a fatal accident of an operator at the Columbus factory, which fills the Group with the utmost concern and obliges us to continue to improve in the control and prevention of risks to the health of all employed persons.

All the factories have mechanisms, procedures and controls to identify, assess and document any risk factor or hazard related to work. In addition, there are a variety of communication channels for complaints, requests, proposals for improvement and the reporting of problems. Furthermore, they hold periodic meetings and similar so as to treat aspects concerning safety at work and a healthy company. In fact, all Acerinox Group employees are represented by Health and Safety Committees, once again, with the exception of NAS employees, since such committees do not exist. In this way, the Company helps to ensure that its employees are advised on health and safety matters.

### ACERINOX EUROPA (Palmones Factory)

The Acerinox Europa factory has a Health and Safety Management System at its work centres, which is certified under OHSAS 18001:2007 (even with this management system, there is an adaptation process currently being undertaken towards applying ISO 45001 – this process will be completed during 2019, although the set term allows for a completion date in 2021). The purpose of this procedure is the identification of hazards, risk assessment, and the planning and control of these risks in accordance with PSS-431-1.Rev.2, as well as a health and safety procedure for investigating accidents and incidents (PSS-452-3).

The plant's Department of Safety and Environment also organises ongoing programmes of best practice and safety in the workplace. Moreover, process lines, safety element operability checks, and service companies are audited. These programmes provide coverage, not only for Acerinox Europa S.A.U., but also for different work centres, such as: *Inoxidables de Euskadi*, Pinto Service Centre, Gavá Service Centre, Betanzos Service Centre and the Main Office in Madrid – covering the whole range of activities and processes that are carried out in these work centres.

The complete system of risk assessment and hazard identification is detailed in a management system procedure manual, and the Head of Department is responsible for this document, as head of the organisational structure. The review of risk assessment is continuous, and it includes the planning of preventive activity.

# OCCUPATIONAL HEALTH AND SAFETY

## 403 Occupational Health and Safety (II)

103-2, 403-2

### NAS

The NAS factory is governed by the Occupational Safety and Health Administration of the United States, and although it does not have a formal safety management system, it does have a safety programme that meets and exceeds the standards established by OSHA.

In order to ensure a safe and healthy working environment, the factory has several levels of action and officers, shift managers, Security Department members, supervisors and maintenance employees, who are responsible for identifying and inspecting any risk factor or regulatory breach. To this end, a variety of mechanisms and controls have been set up in work areas, as well as regular hygiene tests, which are also performed whenever new risk factors are detected.

In the case of contractors, a work station assessment is performed before any work is started.

Supervisors, engineers and group leaders receive a 30-hour OSHA training programme, while shift managers receive 10 hours of OSHA training in order to assist them in identifying those risk factors.

### COLUMBUS

Columbus is regulated by the Occupational Safety and Health Act of South Africa, to which all of its employers, employees and contractors are subject. In addition to this legislation, the factory has a tailor-made internal occupational health and safety management system, based on ISO45001 and its own internal occupational health and safety standards and risk assessments.

Risk assessments are carried out by a trained team composed of the Engineering Manager, plant engineers, heads of production and the Safety Department. High level HSE specifications are compiled and recorded on the basis of the risk assessment. The various operational departments then use the high level Risk Assessment and the HSE specifications to perform the specific risk assessments and safety controls for each activity.

In the case of contractors, before starting their activity in the factory, they are informed about the risks and they are requested to provide a complete medical certification, among other measures.

# OCCUPATIONAL HEALTH AND SAFETY

## 403 Occupational Health and Safety (III)

103-3, 403-2

### BAHRU

As regards the Bahru plant, it is regulated by the Occupational Health and Safety Act of 1994 and the Plant Machinery Act of 1967 (FMA). In addition, it is in the process of obtaining ISO 45001 certification, for which the first audit by the Certification Body is scheduled for early 2019.

The registration of suppliers is approved through an application procedure, which is evaluated and approved by the plant's safety department. Once the contractor has been selected, it is required to attend the BAHRU Safety Induction programme. Every contractor must submit the Job Safety Analysis (JSA) to the personnel at the plant so that it can be reviewed and validated before any work is started.

*Calculation of accident rates for Acerinox Group employees:*

	2018		
	Male	Female	Total
Total hours worked during year of report	10,226,221	1,320,005	11,546,226
Total days worked during year of report	1,102,216	139,250	1,241,466

	2018		
	Male	Female	Total
Number of fatal accidents (victims)	1	0	1
Total number of accidents (with absence from work, without absence from work and fatal accidents)	137	14	151
Number of accidents with absence from work	72	2	74
Days lost due to accidents with absence	4,638	150	4,788
Days lost due to non-occupational illness	27,455	2,506	29,961
Days lost due to absenteeism*	16,854	1,776	18,630

\* Days lost due to absenteeism are understood as those which correspond to: unpaid leave, unjustified absences, strikes, gap years and accidents occurring during the commute to or from work.



# OCCUPATIONAL HEALTH AND SAFETY

## 403 Occupational Health and Safety (IV)

103-2, 103-3, 403-2, 403-3

*Calculation of the Acerinox Group absenteeism rate:*

	2018			2017		
	Male	Female	Total	Male	Female	Total
Frequency rate*	7.04	1.52	<b>6.41</b>	16.25	1.89	<b>14.53</b>
Severity rate**	0.45	0.11	<b>0.41</b>	0.82	0.08	<b>0.73</b>
Occurrence rate***	14.13	3.25	<b>12.96</b>	31.02	9.17	<b>29.91</b>

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

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

\*\*\* Incidence rate = (No. of accidents with absence from work / No. employees) x 1,000

Work absenteeism rate: Number of actual days lost through a worker's absence, expressed as a percentage of the total scheduled working days for workers during the same period time.

*Occupational illnesses of Acerinox Group employees:*

	2018		
	Male	Female	Total
Number of work-related illnesses	0	0	<b>0</b>
Number of fatalities for work-related illnesses	0	0	<b>0</b>

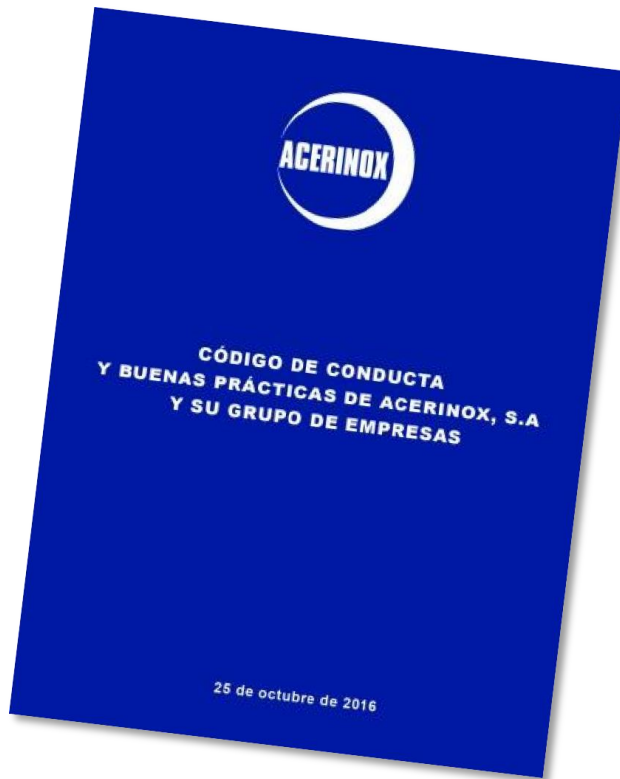


## OCCUPATIONAL HEALTH AND SAFETY

### 406-1 Incidents of Discrimination and Corrective Actions Taken

103-3

Acerinox Group has the necessary mechanisms in place so that any incidents of discrimination that may occur are dealt with through the Whistleblowing Complaints Committee. The solutions that this Committee develops are aimed at defending workers' rights and ensuring compliance with the Code of Conduct and Best Practice. In 2018, the Company was not aware of incidents of discrimination.







## OPERATIONS AND SUPPLIERS

407-1

### Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining may be at Risk

103-2, 103-3

In 2018, the Acerinox Group did not record any operations or suppliers whose right to freedom of association and collective bargaining is at risk.

408-1

### Operations and Suppliers at Significant Risk for Incidents of Child Labour

103-2, 103-3

All Acerinox Group companies support the abolition of child labour.

409-1

### Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labour

103-2, 103-3

In 2018, the Acerinox Group did not record any operations or suppliers with significant risk of cases of forced or compulsory labour. All Acerinox Group companies support the abolition of all forms of forced labour or that performed under duress.



## SOCIAL ASSESSMENT OF SUPPLIERS



### 414-1 New Suppliers that were Screened Using Social Criteria (I)

103-1, 103-2, 103-3, 308-1

The Acerinox Group hires suppliers in a public, competitive and fair way, and favours those that promote the implementation of best practice linked to ethical, environmental and social forms of conduct and whose models of behaviour are consistent with the Group's corporate responsibility strategy and Code of Conduct, and whose activity is compatible with international declarations of human rights.

The company's selection processes for suppliers are based on the principles of openness, equality and transparency, and we promote the same principles among our suppliers for which our company stands in terms of our responsibility with regard to social and environmental matters.

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 plant, in order to establish the requirements they must meet in respect of health and safety, employment and environmental practice, among other issues.

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 Terms and 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 Terms and 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.



# SOCIAL ASSESSMENT OF SUPPLIERS

## New Suppliers that were Screened Using Social Criteria (II)

414-1

103-1, 103-3, 308-2

This accreditation process promotes the hiring of suppliers that have certified management systems in terms of quality, the environment, occupational risk prevention, R&D&i and social responsibility. In short, in order to form part of the supply chain, all suppliers must be accredited by the Group by means of the accreditation questionnaires and the requirements of ISO 9001 and ISO 14001 (quality and environment respectively) which are implemented in the plants (at Columbus, ISO 17025:2017 – a certification that Acerinox Europa also has – also applies).

In the accreditation process, documentation is analysed systematically by the administration, safety and environmental departments, whose responsibility is to assess and finally approve the accreditation for each supplier. In addition, they ensure that the Group's suppliers comply with this best practice associated with its corporate responsibility strategy, by means of inspections that take place in their workplaces throughout the year, carried out by procurement service managers.

The company guarantees equal opportunities in the process of hiring suppliers. Company policy does not include specific requirements of a preference for hiring local suppliers. However, they all must have a quality management system to ensure that they have all the aspects of management needed for an effective system that will enable them to manage and improve the quality of their products or services. Finally, the actions that they take must be compatible with international declarations of human rights.

In this way, Acerinox acquires a sustainable, robust supply chain with a constant process of improvement, which is managed through dialogue and the coordination of the various interests of the company, while maintaining a good relationship with suppliers, which makes it possible to demand quality, punctuality and help when it comes to solving problems.

# SOCIO-ECONOMIC COMPLIANCE

418-1

## Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data

103-1, 103-2, 103-3

In 2018, there were no records of any significant complaints regarding breaches of customer privacy and losses of customer data being made through the established complaints channels.

419-1

## Non-Compliance with Laws and Regulations in the Social and Economic Area

103-3

The Acerinox Group has a Legal Department that oversees the hiring process and any complaint or possible litigation in which Group companies could be involved.

This Department is composed of lawyers belonging to central services, as well as lawyers from each of the Plants in the Group, who, because of their closeness, can respond quickly to claims and potential risks. In addition, in order to provide advice to subsidiaries, they have a network of local lawyers (external) that habitually provide corporate legal advice, and whose assistance can be sought when necessary or in the event of claims.

The Legal Department is very familiar with the structure of the Group and has extensive knowledge of the business. In performing its preventive work, it participates in the different procedures and committees involved in decision-making, and it is also in charge of managing the complaints and potential lawsuits that may arise in the Group.

It should be pointed out that, in 2018, there were no complaints or claims recorded concerning the infringement of human rights in the Group. However, employment-related complaints, in which the breach of the principle of equality or the existence of some kind of discrimination may be alleged, are not included in this point.



# GRI CONTENT INDEX

102-55

## GRI CONTENT INDEX



For the Content Index Service, GRI Services has confirmed that the GRI content index in the report is clear, and that the references for each content included correspond with the indicated sections of the report.

*This service was performed on the Spanish version of the report.*

### GRI Content Index

GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organisational Profile	102-1 Name of the organisation	Page: 8		✓
	102-2 Activities, brands, products and services	Page: 9 to 13		✓
	102-3 Location of headquarters	Page: 16		✓
	102-4 Location of operations	Page: 9, 17, 19 & 20		✓
	102-5 Ownership and legal form	Page: 18		✓
	102-6 Markets served	Page: 19		✓
	102-7 Scale of the organisation	Page: 9, 20 & 21		✓
	102-8 Information on employees and other workers	Page: 21 to 25		✓
	102-9 Supply chain	Page: 32 to 34		✓
	102-10 Significant changes in the organisation and its supply chain	Page: 35 to 37		✓
	102-11 Precautionary principle or approach	Page: 38		✓
	102-12 External initiatives	Page: 39, 40, 42 & 43		✓
	102-13 Membership of associations	Page: 45 & 46		✓

# GRI CONTENT INDEX

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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
Strategy	102-14 Statement from senior decision-makers	Page: 2 to 4 & 47		✓
	102-15 Key impacts, risks and opportunities	Page: 38		✓
Ethics and Integrity	102-16 Values, principles, standards and norms of behaviour	Page: 48		✓
Governance	102-18 Governance structure	Page: 49 & 52 to 55		✓
Stakeholder Engagement	102-40 List of stakeholder groups	Page: 56 to 59		✓
	102-41 Collective bargaining agreements	Page: 60		✓
	102-42 Identifying and selecting stakeholders	Page: 56 to 59		✓
	102-43 Approach to stakeholder engagement	Page: 56 to 59		✓
	102-44 Key topics and concerns raised	Page: 56 to 59 & 61		✓



# GRI CONTENT INDEX

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## GRI CONTENT INDEX

### GRI Content Index

GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
Defining Report Content and Topic Boundaries	102-45 Entities included in the consolidated financial statements	Page: 62		✓
	102-46 Defining report content and topic Boundaries	Page: 6 & 7		✓
	102-47 List of material topics	Page: 63 to 66		✓
	102-48 Restatements of information	Page: 67		✓
	102-49 Changes in reporting	Page: 67		✓
	102-50 Reporting period	Page: 67		✓
	102-51 Date of most recent report	Page: 68		✓
	102-52 Reporting cycle	Page: 68		✓
	102-53 Contact point for questions regarding the report	Page: 68		✓
	102-54 Claims of reporting in accordance with the GRI standards	Page: 69		✓
	102-55 GRI Content Index	Page: 69 & 101		✓
	102-56 External Assurance	Page: 69		✓



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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Economic Performance</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 20, 64 & 66		✓
	103-2 The management approach and its components	Page: 20, 37, 38, 73 & 74		✓
	103-3 Evaluation of the management approach	Page: 20, 37 & 38		✓
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page: 22		✓
	201-4 Financial assistance received from government	Page: 71		✓
<b>Indirect Economic Impacts</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 39		✓
	103-2 The management approach and its components	Page: 39		✓
	103-3 Evaluation of the management approach	Page: 39		✓
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page: 72		✓
	203-2 Significant indirect economic impacts	Page: 40		✓





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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Procurement Practices</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 32 to 34		✓
	103-2 The management approach and its components	Page: 32 to 34		✓
	103-3 Evaluation of the management approach	Page: 73		✓
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page: 73 to 75		✓
<b>Anti-Corruption</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 48, 61 & 66		✓
	103-2 The management approach and its components	Page: 48 & 76		✓
	103-3 Evaluation of the management approach	Page: 76 & 77		✓
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page: 76 & 77		✓
	205-2 Communication and training about anti-corruption policies and procedures	Page: 76 & 77		✓
	205-3 Confirmed incidents of corruption and actions taken	Page: 77		✓



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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Anti-competitive Behaviour</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 48, 61 & 66		✓
	103-2 The management approach and its components	Page: 48 & 76		✓
	103-3 Evaluation of the management approach	Page: 77		✓
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Page: 77		✓
<b>Materials</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 61, 65 & 66		✓
	103-2 The management approach and its components	Page: 77, 79 & 80		✓
	103-3 Evaluation of the management approach	Page: 77 & 79		✓
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page: 78		✓
	301-2 Recycled input materials used	Page: 79 to 81		✓



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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Energy</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 61, 64, 66 & 79		✓
	103-2 The management approach and its components	Page: 80 & 81		✓
	103-3 Evaluation of the management approach	Page: 82 & 83		✓
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Page: 82 & 83		✓
	302-2 Energy consumption outside of the organisation	Page: 82 & 83		✓
	302-4 Reduction of energy consumption	Page: 79, 81 & 83		✓
<b>Water</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 61, 64, 66 & 84		✓
	103-2 The management approach and its components	Page: 85 & 86		✓
	103-3 Evaluation of the management approach	Page: 84		✓
GRI 303: Water 2016	303-1 Interactions with water as a shared resource	Page: 84 & 85		✓
	303-2 Management of water discharge-related impacts	Page: 84 & 85		✓
	303-3 Water withdrawal	Page: 84 & 85		✓



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GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Emissions and Climate Change</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page: 61, 64 & 66		✓
	103-2 The management approach and its components	Page: 72 & 80		✓
	103-3 Evaluation of the management approach	Page: 85 to 88		✓
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG Emissions	Page: 86 & 87		✓
	305-2 Energy indirect (Scope 2) GHG Emissions	Page: 86 & 87		✓
	305-4 Intensity of GHG emissions	Page: 86 & 87		✓
	305-5 Reduction of GHG Emissions	Page: 79, 81 & 87		✓
	305-7 Nitrogen oxides (NO <sub>x</sub> ), Sulphur oxides (SO <sub>x</sub> ) and other significant air emissions	Page: 88		✓



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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Effluent and Waste</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 61, 65, 66 & 90		✓
	103-2 The management approach and its components	Page: 85 & 91		✓
	103-3 Evaluation of the management approach	Page: 89		✓
GRI 306: Effluent and Waste 2016	306-1 Water discharge by quality and destination	Page: 85		✓
	306-2 Waste by type and disposal method	Page: 89		✓
	306-3 Significant spills	Page: 90		✓
	306-4 Transport of hazardous waste	Page: 91		✓
<b>Environmental Compliance</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 61, 64 & 66		✓
	103-2 The management approach and its components	Page: 81, 85, 87, 88 & 90		✓
	103-3 Evaluation of the management approach	Page: 87, 88 & 90		✓
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Page: 88		✓



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GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Environmental Assessment of Suppliers</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 34, 64 & 73		✓
	103-2 The management approach and its components	Page: 73		✓
	103-3 Evaluation of the management approach	Page: 34 & 73 to 75		✓
GRI 308: Environmental Assessment of Suppliers 2016	308-1 New suppliers that were screened using environmental criteria	Page: 73 to 75 & 98		✓
<b>Employment</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22, 61, 63 & 66		✓
	103-2 The management approach and its components	Page: 22		✓
	103-3 Evaluation of the management approach	Page: 22		✓
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page: 26		✓
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page: 28		✓
	401-3 Parental Leave	Page: 28 & 29		✓



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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Worker-Management Relations</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22, 59, 61 & 65		✓
	103-2 The management approach and its components	Page: 27, 59 & 100		✓
	103-3 Evaluation of the management approach	Page: 27 & 60		✓
GRI 402: Worker-Company Relations 2016	402-1 Minimum notice periods regarding operational changes	Page: 27		✓
<b>Health and Safety at Work</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 61, 65, 66 & 92		✓
	103-2 The management approach and its components	Page: 92 & 93		✓
	103-3 Evaluation of the management approach	Page: 94 & 95		✓
GRI 403: Health and Safety at Work 2016	403-1 Representation of workers in formal, health and safety worker-company committees	Page: 92		✓
	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: 92 to 95		✓
	403-3 Workers with high rate or at high risk of illnesses related to their activity	Page: 95		✓

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GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Training and Education</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22 & 30		✓
	103-2 The management approach and its components	Page: 30		✓
	103-3 Evaluation of the management approach	Page: 30 & 31		✓
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page: 30		✓
	404-3 Percentage of employees receiving regular performance and career development reviews	Page: 31		✓
<b>Diversity and Equal Opportunities</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22, 50, 61, 65 & 66		✓
	103-2 The management approach and its components	Page: 22		✓
	103-3 Evaluation of the management approach	Page: 23 to 25 & 31		✓
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance bodies and employees	Page: 18, 22, 24, 50 & 51		✓
	405-2 Ratio of basic salary and remuneration of women to men	Page: 23		✓





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## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Non-discrimination</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22, 23, 61, 63 & 66		✓
	103-2 The management approach and its components	Page: 22 & 59		✓
	103-3 Evaluation of the management approach	Page: 23, 48 & 96		✓
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page: 96		✓
<b>Freedom of Association and Collective Bargaining</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 99		✓
	103-2 The management approach and its components	Page: 98		✓
	103-3 Evaluation of the management approach	Page: 97		✓
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page: 97		✓
<b>Child Labour</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22 & 48		✓
	103-2 The management approach and its components	Page: 22 & 97		✓
	103-3 Evaluation of the management approach	Page: 97		✓
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk of incidents of child labour	Page: 97		✓

# GRI CONTENT INDEX

102-55

## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Forced or Compulsory Labour</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22 & 48		✓
	103-2 The management approach and its components	Page: 22 & 97		✓
	103-3 Evaluation of the management approach	Page: 97		✓
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labour	Page: 97		✓
<b>Local Communities</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 39, 61, 65 & 66		✓
	103-2 The management approach and its components	Page: 39		✓
	103-3 Evaluation of the management approach	Page: 39, 40 & 73 to 75		✓
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	Page: 39 to 41		✓



# GRI CONTENT INDEX

102-55

## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Social Assessment of Suppliers</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page: 98		✓
	103-2 The management approach and its components	Page: 77 & 98		✓
	103-3 Evaluation of the management approach	Page: 98 to 99		✓
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	Page: 73 to 75, 98 & 99		✓
	414-2 Negative social impacts in the supply chain and actions taken	Page: 37		✓
<b>Customer Health and Safety</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page: 13, 57 & 61		✓
	103-2 The management approach and its components	Page: 13		✓
	103-3 Evaluation of the management approach	Page: 13, 57 & 58		✓
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	Page: 13 to 15, 57 & 58		✓
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page: 13		✓

# GRI CONTENT INDEX

102-55

## GRI CONTENT INDEX

GRI Content Index				
GRI Standard	Disclosure	Page	Direct Response / Omission	External Assurance
<b>Customer Privacy</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 57 & 100		✓
	103-2 The management approach and its components	Page: 57 & 100		✓
	103-3 Evaluation of the management approach	Page: 100		✓
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page: 100		✓
<b>Socio-economic Compliance</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page: 22		✓
	103-2 The management approach and its components	Page: 22		✓
	103-3 Evaluation of the management approach	Page: 100		✓
GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Page: 100		✓





KPMG Auditores, S.L.

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28046 Madrid

## **Independent Limited Assurance Report on the Sustainability Report 2018 of Acerinox, S.A.**

(Free translation from the original in Spanish.  
In case of discrepancy, the Spanish language version prevails.)

To the management of Acerinox, S.A.:

We have been engaged by the Board of Directors of Acerinox, S.A (hereinafter Acerinox) to provide limited assurance on the "Sustainability report 2018" for the year ended 31 December 2018 (hereinafter "the Report").

### **Acerinox Management responsibilities**

Acerinox management is responsible for the preparation and presentation of the Report in accordance with the *Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards)*, in its core option, of the Global Reporting Initiative, as described in point 102-54 of the GRI content Index of the Report. It is responsible for compliance with the Content Index Service, obtaining confirmation from the Global Reporting Initiative on the proper application of these. Management is also responsible for the information and assertions contained within the report; for determining Acerinox's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include the establishment of appropriate controls that Acerinox management consider necessary to enable that the preparation of indicators with a limited assurance review would be free of material errors due to fraud or errors.

### **Our responsibility**

Our responsibility is to carry out a limited assurance review and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and the Standard ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standard Board (IAASB); and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatements.

We apply the International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures

regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### **Procedures performed**

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Our limited assurance engagement has been carried out by means of enquiries of management and persons responsible for the preparation of information presented in the Report, and the application of analytical and other evidence gathering procedures. These procedures included:

- Verification of Acerinox’s processes for determining the material issues, and the stakeholder participation therein.
- Verification, through interviews with management and relevant staff at group level and selected business unit level, of the presence of sustainability strategy and policies and corporate responsibility to attend to material issues, and the implementation of these across the business of Acerinox.
- Assessment of the consistency of the description of the application of Acerinox’s policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of consistency of information comparing the Universal Standards with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of the application of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) requirements, in accordance with core option.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Acerinox.
- Comparison between the financial information presented in the Report and those included in Acerinox Annual Accounts audited by independent third parties.

Our multidisciplinary team included specialists in dialogue with stakeholders, and social, environmental and economic business performance

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less wide than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor’s report.



## Conclusion

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Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Assurance Report.

We believe that the evidences we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidences obtained, nothing has come to our attention that causes us to believe that the Report has not prepared, in all material respects, in accordance with the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards), in its core option, as described in point 102-54 of the GRI content Index of the Report, including the reliability of data, adequacy of the reported information and the absence of significant deviations and omissions.

## Purpose of our report

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In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Acerinox in relation to its Sustainability Report and for no other purpose or in any other context.

Under separate cover, we will provide Acerinox management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

*(Signed on original in Spanish)*

Patricia Reverter Guillot

8 April 2019