



Sustainability Report 2017



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STATEMENT BY THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,



We have now been providing non-financial information for ten years – the same ten years that have elapsed since the start of the financial crisis in 2008. During this time, we have worked to grow stronger and we have shown a commitment to our business and our people. Today we are undergoing a period of growth, and we are proud of the work we have carried out: we have improved our competitiveness, developed our plans of excellence and made substantial investments.

NAS and Acerinox now have new high-tech units to face this new era, as of 2017 and 2018 respectively.

During all this time we have continued investing and paying dividends, we have maintained employment levels and we have been punctual in paying our suppliers, thus helping the communities in which we operate, and in addition, we have paid our taxes promptly and contributed to social security. This is a summary of the past few years. Let's see what the future holds for us.

First of all, it is important to keep an eye on global trade and the new trend towards protectionist economies. The Group is well positioned to address this situation thanks to its geographical diversity, which will enable it to always be a local producer wherever it operates. Our extensive commercial network, present in more than 40 countries, will enable us to market our products with a view to these new criteria.



Furthermore, there will be - indeed already is - a lot of discussion about the environmental measures that developed countries are going to adopt. The Group will support these measures and will never cease to remind governments that combating climate change is a duty we all have, and that society should reward that effort, defending it on all levels, including that of consumers – that is to say: the European life model, which is the sustainable economy – in order to prevent others from taking advantage.

The next few years will also see a paradigm shift with regard to production and distribution, thanks to digital innovation. The new tools offer fascinating prospects which we already see as realistic, despite the fact that a few years ago they were unimaginable. Two hundred years have demonstrated precisely that the countries which lead the industrial revolutions, which are the first to incorporate new technologies, the best at automation and the first to digitalise, are the ones that enjoy a better quality of life and higher employment rates.

Since this conclusion also applies to companies, Acerinox began its own digital revolution before its competitors, and the fruits of this effort can be seen in quality levels, productivity per person, reliability and savings throughout the manufacturing and supply chain.

At the same time, new uses and new prospects are opening up for stainless steel. Unlike other metals, which have three millennia worth of applications and development, stainless steel has achieved its expansion in a mere hundred years, and its growth curves are not only maintained, but are becoming steeper. In a world which is going to redefine the concepts of transportation, housing, sustainability and energy as we now know them, we can be sure that we have just scratched the surface of future applications, and that many teams of men and women with talent and imagination are studying, researching, analysing and testing new things every day of the year. The fact that it is an indefinitely recyclable material and is one that is associated with multiple applications owing to its hygienic characteristics, corrosion resistance, mechanical strength and attractive appearance, put stainless steel at the head of the race to be the materials of the future.





Many of the major countries of the world owe a considerable part of their greatness to the fact of being a melting pot of different people focused on a common project which is truly inspiring. At Acerinox, we believe that diversity in project unity makes us better, more competitive and more open to change, to transformation and to innovation.

In recent years, the Group has greatly improved its corporate governance and its relationship with its various stakeholders, by increasing its transparency. In the same way, the Group has endeavoured to actively promote diversity, and not only in the governance bodies, but at all levels, and not only in terms of gender, but in all aspects. We believe in diversity and the benefits it offers, and that these benefits enrich our activity. Therefore, we apply it by sharing it between our factories and regional offices on the 5 continents, which helps us to make improvements with regard to job security, efficiency and product quality levels, areas in which, however much one may achieve, one should never rest on one's laurels.

Once again, the Group has achieved the "Advanced" level in the Spanish Network of the UN Global Compact, for its commitment to progress. This achievement encourages us to continue working along the same lines and motivates us to be ever more responsible and more committed to the indicators and principles that GRI and the Global Compact defend.

Bernardo Velázquez Herreros
Group Chief Executive Officer





1

ABOUT THIS REPORT



1.1 | COMPANY PROFILE

With operations in 85 countries and 3.5 million tonnes of melting output, Acerinox, whose head office is in Madrid, is one of the most competitive companies in the world in the manufacture and sale of stainless steel. The company has 4 factories which, as can be seen below, are located on 4 different continents (hereinafter, they are all referred to as the Acerinox Group). 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.

1.1.1 | Factories



Acerinox Europe, S.A.U. (Campo de Gibraltar, Spain, 1970) is one of the most competitive factories in Europe and a leader within and outside the group. The factory is one of the main exporters and employment providers in the region of Andalusia. Fully Integrated production of flat products.



North American Stainless, N.A.S. (Kentucky, USA, 1990), is the largest factory of the group and is a clear leader in the American market in terms of production, product quality and profitability. Fully Integrated production of flat and long products.



Columbus Stainless (Middelburg, South Africa) is the only stainless steel manufacturing plant on the entire African continent, and as well as supplying the local market, it also exports worldwide via the Group's sales network. Fully integrated production of flat products.

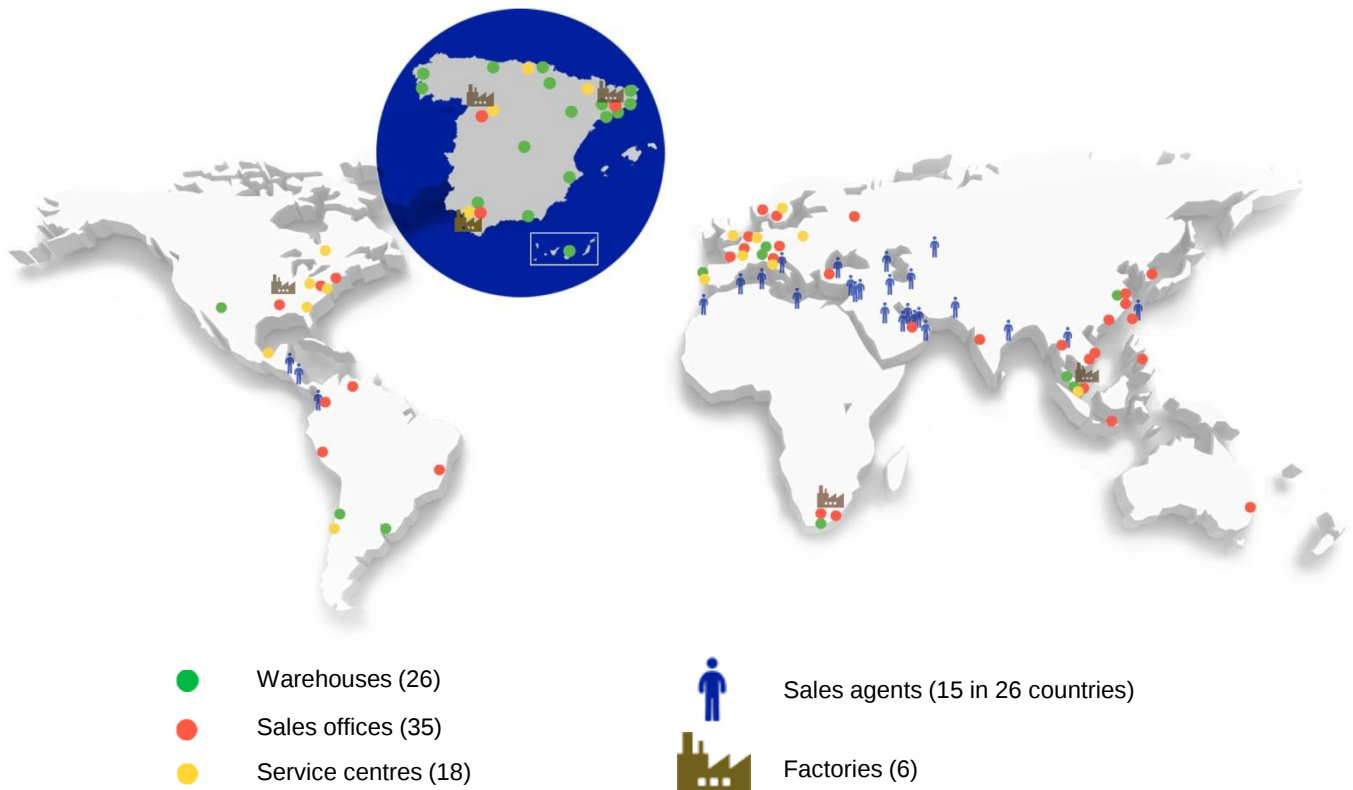


Bahru Stainless, SDN. BHD. (Johor Bahru, Malaysia) is the first and only Malaysian producer of stainless steel and represents the efforts of the group to consolidate its presence in the Asian market. It currently performs cold rolling, for which it sources products from the other factories within the Company.



1.1.2 | Countries in Which We Operate

Thanks to our offices and service centres, the company is present in 56 countries and makes sales in 85. 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 factories 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.



1.1.3 | Product Characteristics



Stainless steel is one of the most sustainable products on the market due to its being 100% recyclable, and is a good example of what a circular economy should produce.



Stainless steel

is an extraordinary material, associated with uses that go hand in hand with the increase in the quality of life and development.

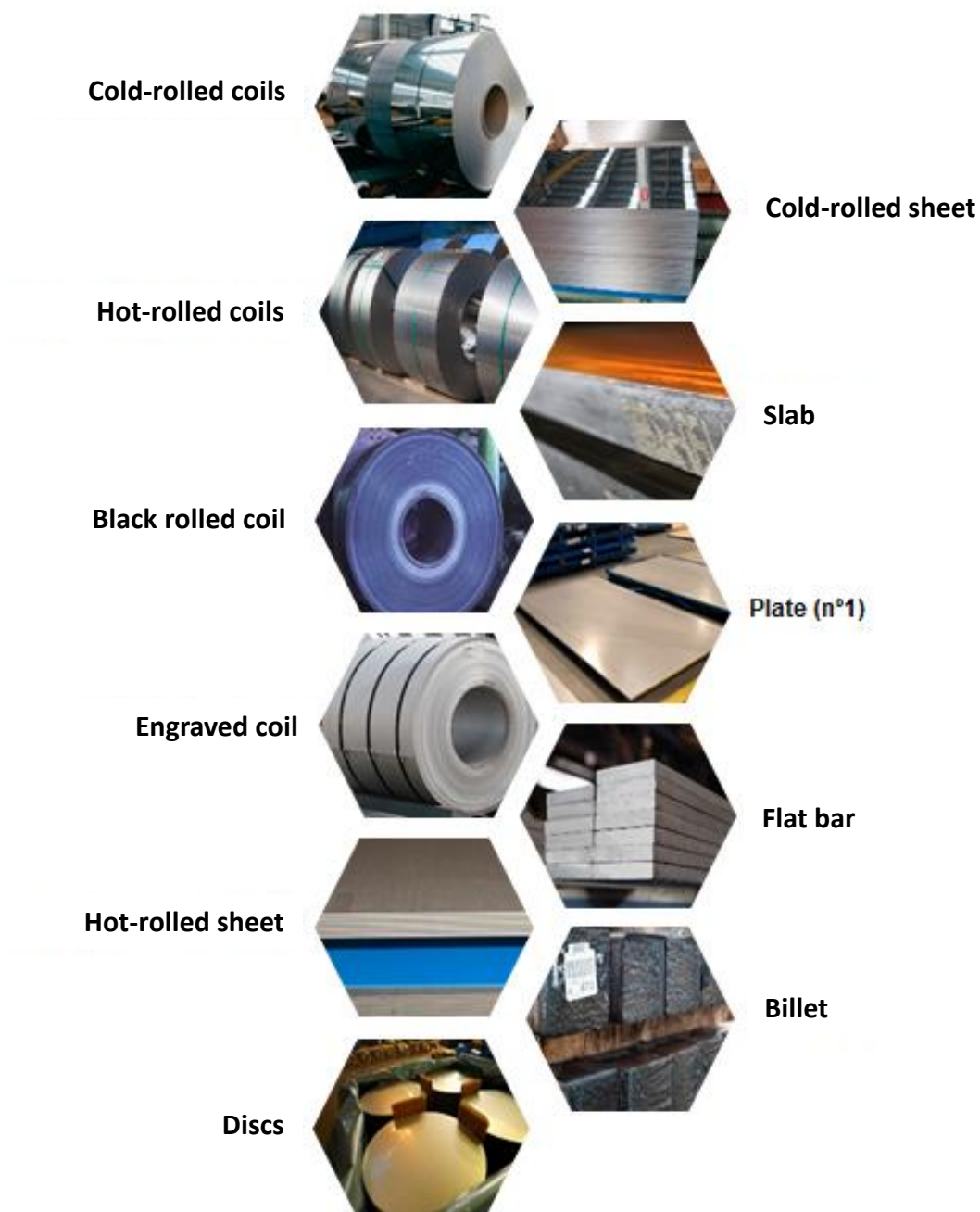
It is a product whose life cycle contributes to the environment. It is made from recycled material, and in the final stage of its service life it is again recycled to produce new steel. Stainless steel has maintained 6% annual growth throughout its 100 years of existence.



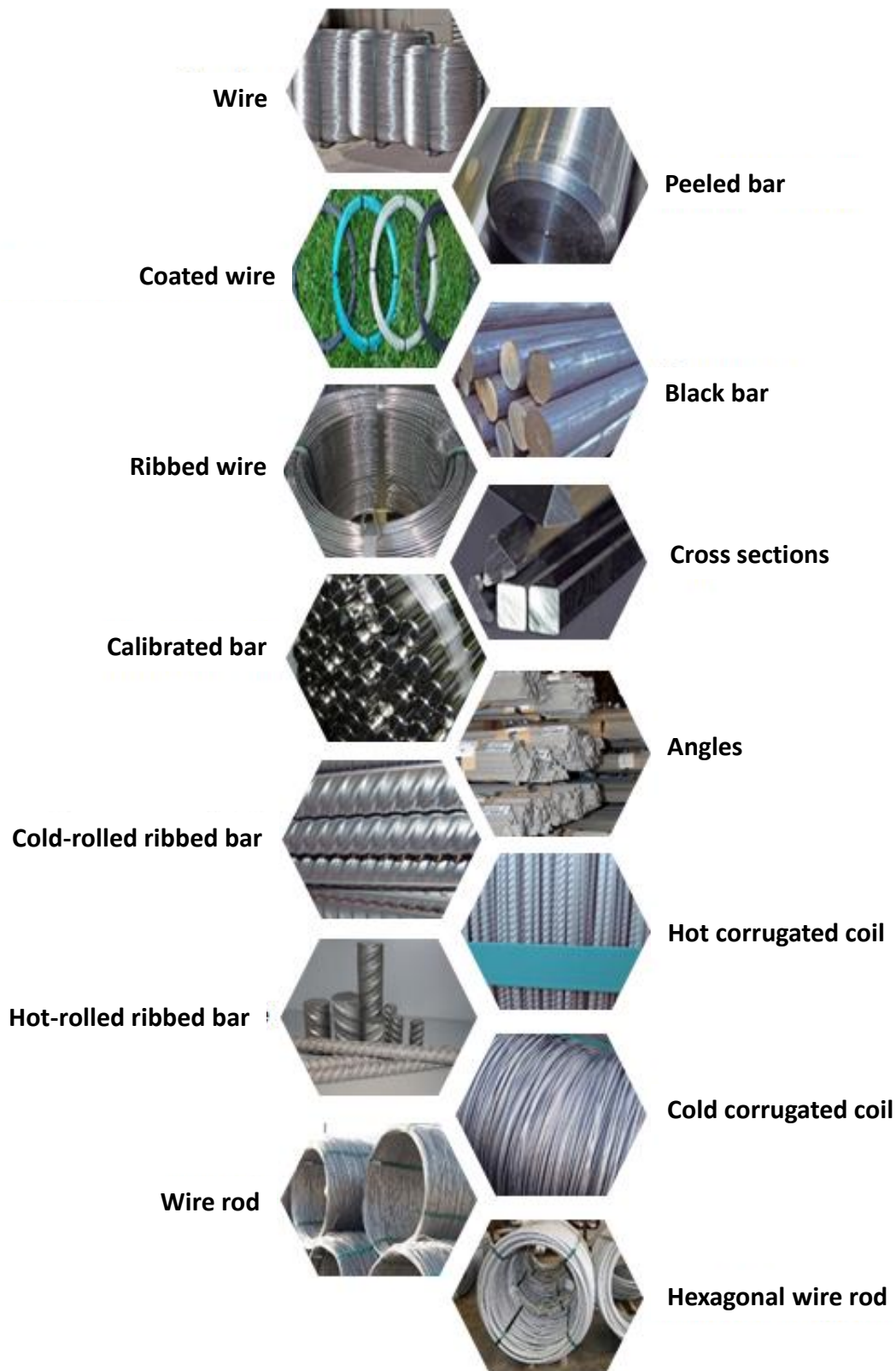
1.1.4 | Types of Product

Acerinox Group manufactures stainless steel flat products and long products:

Stainless steel flat products



Stainless steel long products

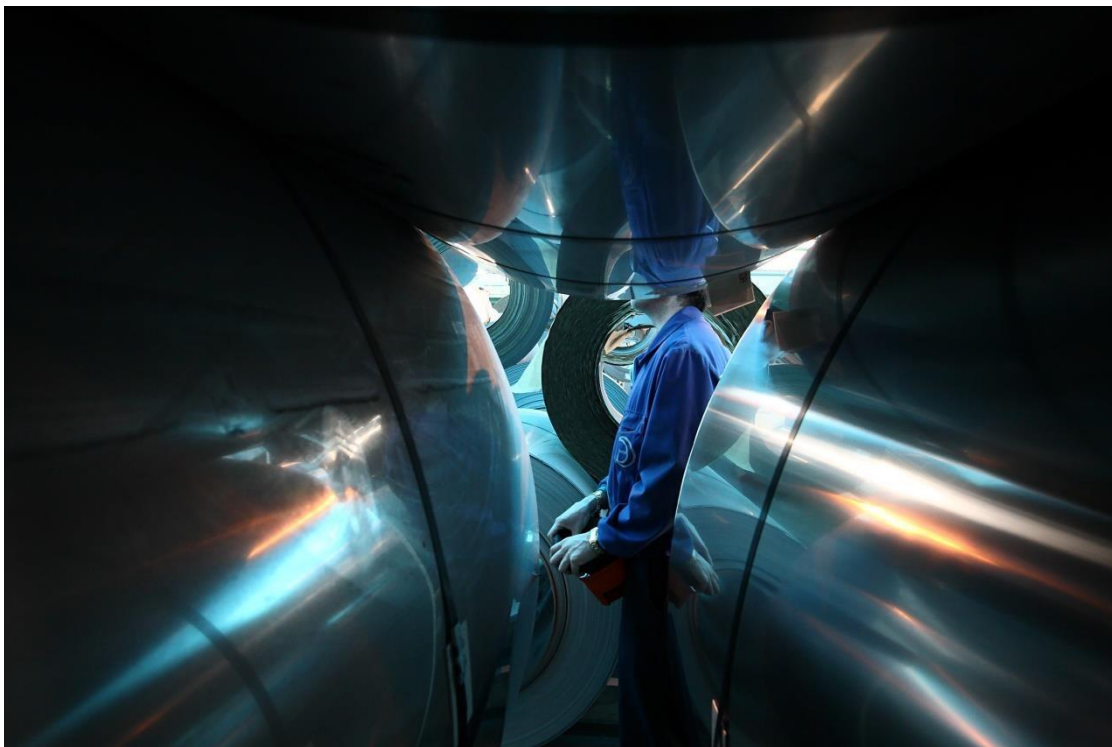


NAS is the only one which, in addition to flat products, also produces long products.

In line with Acerinox Group quality standards and policies, all the products are marked and labelled for identification in compliance with the current international regulations. The marking provides information about the traceability of the product and its chemical composition, mechanical features, inspection certification and various reports and manufacturing controls regarding the material in question.

In compliance with current regulations, Acerinox Group provides a Safety Information Sheet (SIS) which outlines all of the guidelines for the safe use of our products, both with respect to personal safety and environmental issues.





1.1.5 | Uses of the Product

The range of applications of this product is continually increasing. Stainless steel is necessary in developed societies. It is used in the food industry and in medicine for hygienic and health reasons, since it is an eco-friendly, neutral and hygienic material, and in the wine industry because it does not affect the flavours.

It is essential in pioneering fields of industry such as nuclear and non-nuclear energy production, the pharmaceutical and chemical industries, the petroleum industry and biotechnology.

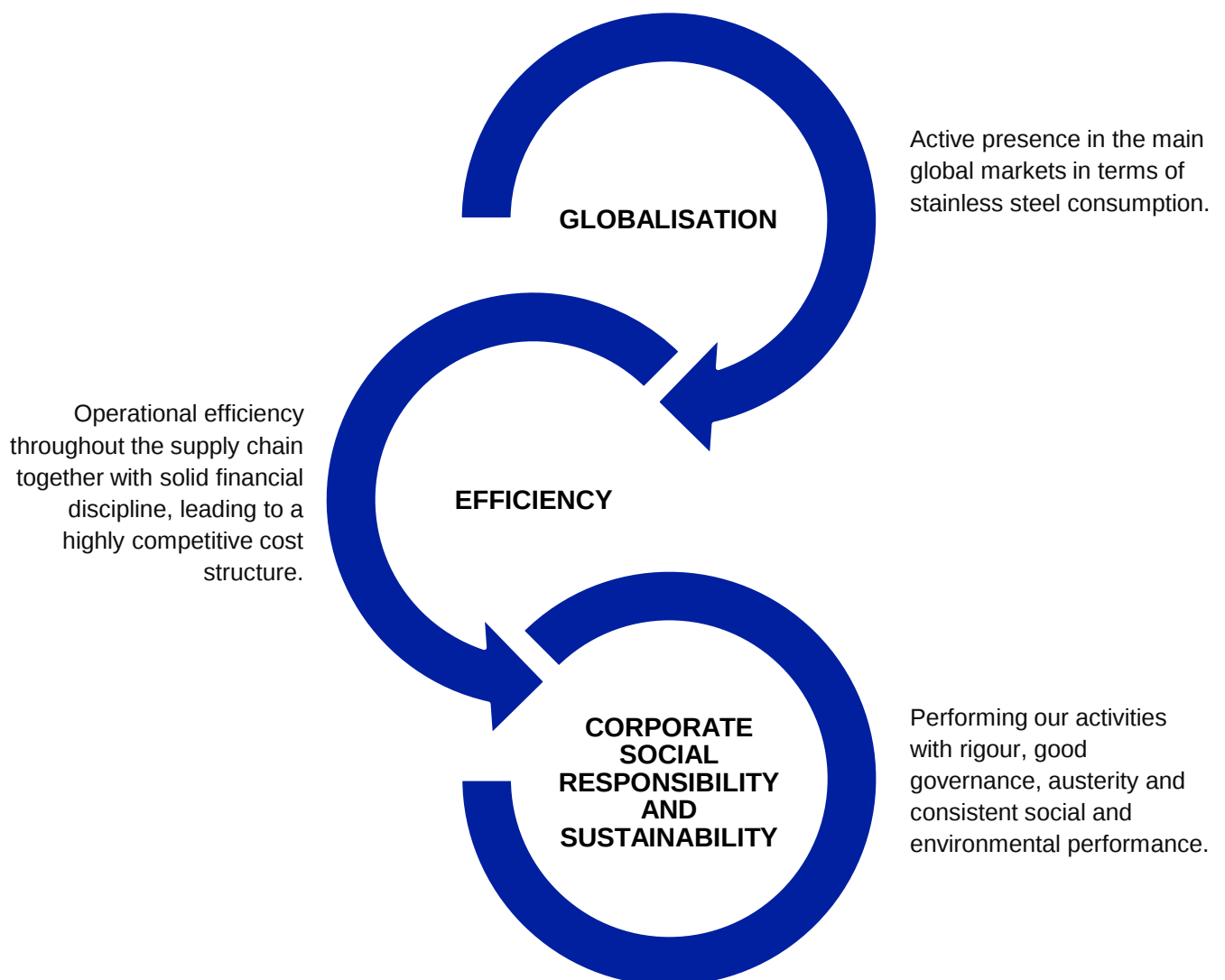
It is commonly used in industries which require low maintenance components such as coastal or high-mountain construction, urban infrastructure, high-quality engineering and healthcare. It is also in demand in other industries as it is easy to clean and has great visual beauty and a wonderful tactile quality – it always looks brand new and spotless. Thanks to these aesthetic qualities, it is one of the most commonly used materials for decoration.

Stainless steel is highly recommended in a large number of construction projects and means of transport due to its excellent mechanical properties and significantly lower maintenance requirements.



1.1.6 | Business Model

The way in which the Acerinox Group understands the business takes shape in a responsible business model based on the constant search for financial, social and environmental balance. Only in this way is it possible to be the stainless steel production and sale company that contributes the most to society, thus maximising value for its shareholders and the positive perception of its shareholders. The Acerinox Group strategy is based on these three principles:





1.1.6.1 The Acerinox Group Worldwide

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

Acerinox production in 2017 included its highest-ever figures for cold rolling, with 1,738,240 tonnes, and the second-highest figures for hot rolling, with 2,230,678 tonnes, and in steel making, with 2,518,919 tonnes.

Thousands of T	Year 2017					Year 2016	Variation 2017 / 2016
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Accumulated		
Steelworks	667,523	605,382	614,593	631,420	2,518,919	2,475,374	1.8 %
Hot Rolling	592,503	535,384	542,443	560,349	2,230,678	2,208,904	1.0 %
Cold Rolling	438,289	436,223	426,817	436,912	1,738,240	1,715,864	1.3 %
Long Product (H. Rolling)	58.5	59.3	54.3	61.8	233,900	224,272	4.3 %

The good performance of the main markets in which Acerinox operates made it possible to have a good year in that regard, and to strengthen the Group's market share on all five continents, together with the leadership it has on whole continents such as North America and Africa.

In the case of Bahru, the growth of its cold rolled production over 2016 was 33%.

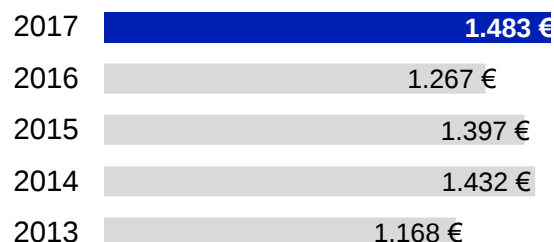


The company ended the financial year with a profit, after tax and minority interests, of €234 million, 191.5% more than the previous year, and the highest in the past decade. Revenue for the year rose to €4,627 million, 16.6% more than the previous year. The growth of this revenue was due to an astute price management policy in all markets, with the transfer of increased costs of raw materials into the price of finished products.

By Company, NAS was once again the group's main source of income, followed by Acerinox Europe, the subsidiaries dedicated to the group's marketing and Columbus. Bahru Stainless achieved a positive EBITDA and increased its production of cold rolled steel by 33.4%.

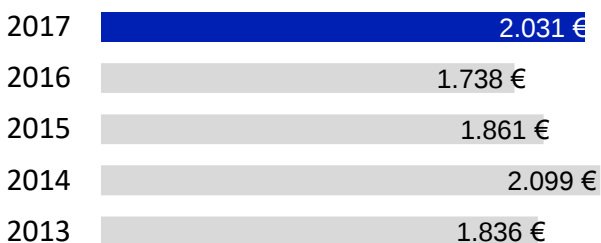
Acerinox Europe

Revenue in millions of euros



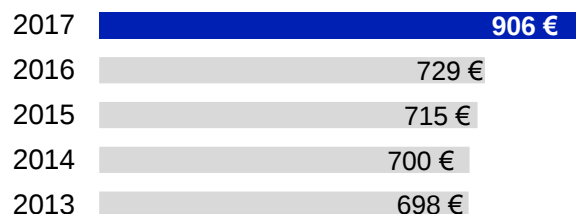
North American Stainless

Revenue in millions of euros



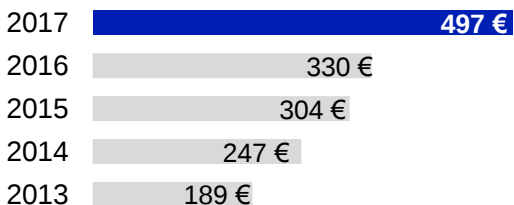
Columbus Stainless

Revenue in millions of euros

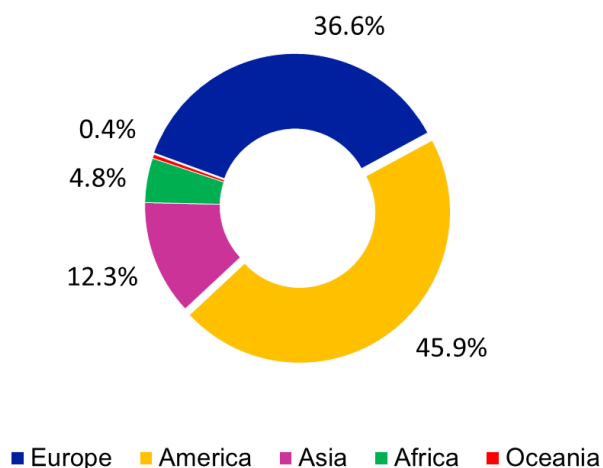


Bahru Stainless

Revenue in millions of euros



Geographical Distribution of Acerinox Revenue in 2017



The net turnover, €4,627 million, was 16.6% higher than in the previous year, thanks to an upturn in prices. The average price of the AISI 304 coil (according to Platts) increased by 18% in Europe, 26% in the USA and by 17% in Asia, compared to 2016.



1.1.6.2 Production Companies

ACERINOX EUROPE

The constant investment and expansion of the factory and its equipment will continue in 2018 with the opening of a annealing and pickling (AP) line and a cold rolling mill, as well as auxiliary installations, in which the company has invested €140 million.

As a result, Acerinox Europe will make significant savings in energy, consumables and maintenance costs, thanks to these new lines contained in the 2016-2020 Strategic Plan.

NAS

With a market share of 35%, NAS casts nearly half of all the stainless steel in the country and is one of the few integrated plants on the continent.

As of 2017, in addition to this leadership, which is already consolidated in its domestic market, NAS can boast its status as the country's manufacturer of bright finish stainless steel, a product that amounts to a great business opportunity because it has high annual consumption in the United States. This new expansion of the factory was possible because of the start of the BA bright annealing line, as well as a cold rolling mill, which was the result of an investment of €120 million by Acerinox.

COLUMBUS

The plant ended 2017 positively, with increased production in the steelworks and hot rolled steel, along with the new approval by the Board of Directors for the installation of a new slitter cutting line, requiring an investment of €5 million and enabled it to increase exports with product cut to the client's measures.

The geographical location of Columbus gives it a considerable commercial advantage, because it is close to areas where chrome is mined and transformed, considerably reducing its production costs.

BAHRU

This is the most recently founded plant, which is being built in Johor, Malaysia. This year, as mentioned before, Bahru Stainless achieved a positive EBITDA, thereby increasing its production of cold rolled steel by 33.4%.

The acquisition of hot rolled coil in other factories of the Group helps Bahru Stainless increase its production and improve the costs of the whole Group.





1.1.6.3 Parent Company

At 31 December 2017, Acerinox's capital stock totalled €69,016,885.75, divided into 276,067,543 shares, each with a nominal value of €0.25.

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 Acerinox S.A. Board of Directors met on 20 December 2017, and agreed to purpose to the next Annual General Meeting a dividend with a single payment, which will be distributed in the month of July 2018.

As of 31 December 2017, Acerinox had a total of 36,450 shareholders.

This year, all the factories of the group have increased production year on year, and they achieved their highest ever figures for cold rolling, with 1,738,240 tonnes, and their second highest figures for hot rolling, with 2,230,678 tonnes, and their melting output was 2,518,919 tonnes.





1.1.6.4 Alliances and External Initiatives

The Company is actively involved with associations and civil society and it collaborates with different social, cultural, and sports organisations:

ACERINOX (S.A and Europe)

- International Stainless Steel Forum (ISSF)
- European Steel Association (EUROFER)
- Steel and Metals Research (SMR)
- The Spain-US Advisory Foundation
- The Chamber of Commerce of the United States in Spain (AMCAMSPAIN)
- 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)
- The Elcano Royal Institute
- Association of Large Energy Consumption Companies (AEGE)
- Institute of Internal Auditors Association
- Spanish Institute of Engineering
- Spanish Network of the United Nations Global Compact
- CDP Worldwide (Europe) GmbH
- Risk Management Initiatives (IGREA)
- Management Progress Association (APD)
- UNESID Foundation
- Círculo de Empresarios (The Business Circle)
- Spanish Emissions Association
- Hispanic-South African Association for Businesses and Culture
- Hispanic-Malaysian Business Association



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
- Specialty Steel Industries of North America
- Central Ohio River Business Association
- Kentucky Utility Customers
- Kentucky Excellence in Environmental Leadership
- International Stainless Steel Forum
- US Chamber of Commerce
- Kentucky Automotive Industry Association
- The World Steel Association

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)





BAHRU

- Malaysian Iron & Steel Industry Federation (MISIF)
- Federation of Malaysian Manufacturers (MM)
- Malaysian Employers Federation (MEF)
- Malaysian International Chamber of Commerce & Industry (MICCI)



1.2 | PRINCIPLES GOVERNING THIS REPORT

This report, in addition to providing reliable and balanced information on the results, the challenges and the commitments made by the company in the field of sustainability, is an exercise in accountability with regard to its performance. It covers the progress made during the year in financial, environmental and social aspects, it provides a clear idea of the way to understand the business and promotes the sustainable development of the societies in which it operates, in order for stakeholders to be able to assess the sustainable management.

1.2.1 Scope

The scope of the report includes the parent company Acerinox, S.A. and the production companies Acerinox, Europe, S.A.U (hereinafter, in conjunction with the parent company, Acerinox), 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 Europe, S.A.U.: 100% owned by Acerinox, S.A. and the only one included up to now in the sustainability report.

North American Stainless, Inc.: also 100% owned by Acerinox S.A.

Columbus Stainless Pty Ltd.: 76% owned by Acerinox, S.A., while the remaining 24% is owned by the South African government through its financial vehicle corporation: IDC.

Bahru Stainless Sdn. Bhd. 67% owned by Acerinox, S.A., 30% owned by Nisshin Steel Co. Ltd. and 3% by Hanwa Corporation, after buying this stake from Metal One Corporation this year.



As regards information provided that is not covered under this general scope, the group of companies involved will be specified.

The information reported refers to 2017, which encompasses the financial year running from **1 January 2017 until 31 December 2017**.

In the process prior to the drafting of this document, the principles and guidelines of the G4 version of the Global Reporting Initiative (GRI), the Global Compact instructions, the ten principles of the United Nations Global Compact and the Accountability recommendations, which constitute the major international agencies taken as a reference, have been taken into account.

This year for the first time, the Acerinox Group has obtained external verification 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 G4 guide of the Global Reporting Initiative (GRI), in accordance with the "essential" conformity option and in accordance with the industry Supplement for mining and metal.



1.3 | GRI PRINCIPLES BEHIND THE DRAFTING THIS REPORT

As a sign of transparency, the group has taken into account the following principles concerning the definition of the content and the quality of the sustainability report, according to version G4 of the Guide for GRI sustainability reporting.

The principles determining its content are as follows:

STAKEHOLDER ENGAGEMENT

In section “2. Corporate Responsibility - 2.3 Stakeholder Participation (pages 40-42)” these groups are identified and there is an explanation as to how the company has responded to their reasonable expectations and interests.

THOROUGHNESS

Material aspects, their coverage, scope and time frame are given, so as to reflect their significant effects, whether they be financial, environmental or social. Therefore, stakeholders can analyse the performance of the Company during the period in question. “1. About this Report (pages 6-26). 2. Corporate Responsibility - 2.2 Materiality (pages 36-39).”

MATERIALITY

Aspects which reflect the economic, environmental and social effects of the Company and which have a substantial influence on assessments and decisions of stakeholders, are covered. For this purpose, a materiality analysis has been conducted, which is defined in section “2. Responsibility Corporate Responsibility - 2.2 Materiality (pages 36-39).”

SUSTAINABILITY CONTEXT

The report in section “2. Corporate Responsibility (pages 27-44)” presents the performance of the organisation in the broader context of sustainability.



In order to guarantee the quality of the information reported, the GRI principles of balance, comparability, accuracy, frequency, clarity and credibility have been adopted, as shown below.

The principles determining its quality are the following:

BALANCE

This report reflects both positive and negative aspects of Company performance in order to foster a well-founded assessment. "2. Corporate Responsibility - 2.2 Materiality (pages 27-44)."

FREQUENCY

This report is presented annually on the occasion of the Acerinox Ordinary Shareholders' Meeting, with the purpose of acting according to a regular schedule so that stakeholders have the information at that moment in time and can make informed decisions.

CLARITY

The information is presented in an understandable manner for the stakeholders that have a reasonable knowledge of the Company and its activities. For the purpose of expanding the available information regarding the activity of the group and its various commitments, throughout the report, links have been added to other reports and relevant documents.

CREDIBILITY

The organisation gathers, records, sorts, analyses and disseminates information and procedures that are followed in order to prepare this report so that it can be evaluated and the quality and materiality of the information can be established. The information comes from the management systems of the various departments responsible for the data. These systems are subject to various internal and external auditing processes.

ACCURACY

This report is accurate in qualitative and quantitative terms, in order for stakeholders to be able to assess the performance of the organisation. "2. Corporate Responsibility - 2.2 Materiality (pages 27-44) - 3. Acerinox commitment (pages 45-79) - 4. Annexes (pages 80-85)."

COMPARABILITY

The information contained herein is presented in a systematic manner in order for stakeholders to be able to analyse the progress of the Company's performance, so that it can be compared to that of other organisations. "1. About this Report (pages 6-26) - 4. Annexes (pages 80-85)."



The information contained in this report comes from the management systems of the various departments that are responsible for 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 is in charge of drafting the present Report and its submission to the Company's governance bodies. In order to respond to queries and establish a channel of direct consultation with the Acerinox Group in respect of this report, the contact address is: alejandra.pinilla@acerinox.com





2

CORPORATE RESPONSIBILITY



2.1 | CORPORATE GOVERNANCE

The Acerinox Annual Report on Corporate Governance for the 2017 period forms part of the Management Report which included 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.

In 2015, the Acerinox Group, via its listed parent company, Acerinox, S.A., began the major process of adapting its corporate governance to the provisions of the Spanish Capital Companies Act, as well as to the recommendations made in the new Corporate Governance Report for Spanish Listed Companies.

These modifications have in essence meant an improvement in corporate governance, through the strengthening of the role of the Board’s committees, with more clearly defined competences, and obtaining a greater number of independent Board members and a greater presence of women on the Board of Directors.

The Board of Directors also decided to continue with all the procedures designed to meet within the shortest time possible the highest number of the Recommendations detailed in the Corporate Governance Report, some of which were only being partially met. 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. The company has proceeded as a consequence with the appointment this year of three new Board members, thus achieving 4 independent Board members, despite the resignation of a previous member. Details of said levels of compliance can be found in the Annual Corporate Governance Report hosted on our website at www.acerinox.com

During 2017, all the Company’s general policies were modified, and can now be found on our website.

The organisation has a highly efficient operating structure, which includes the main divisions, operating bodies, subsidiaries and joint ventures. The following organigrams show the structure of the Company:



	Board of Directors	Executive Committee	Appointments, Remuneration and Corporate Governance Committee	Audit Committee
RAFAEL MIRANDA ROBREDO	Chairman	Chairman	✓	
BERNARDO VELÁZQUEZ HERREROS	Chief Executive Officer	✓		
PEDRO BALLESTEROS QUINTANA	Proprietary Director			✓
MANUEL CONTHE GUTIÉRREZ	Independent External Director		Chairman	
LAURA ABASOLO GARCÍA DE BAQUEDANO	Independent External Director			Chairman
RYO HATTORI	Proprietary Director	✓		
DONALD JOHNSTON	Independent External Director	✓		✓
SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN	Proprietary Director	✓	✓	
BRAULIO MEDEL CÁMARA	Independent External Director		✓	
YUKIO NARIYOSHI	Proprietary Director			
ROSA MARÍA GARCÍA PIÑEIRO	Independent External Director			
MVULENI GEOFFREY QHENA	Proprietary Director			
TOMÁS HEVIA ARMENGOL	Proprietary Director	✓		
LAURA G. MOLERO	Independent External Director			✓
MARTA MARTÍNEZ ALONSO	Independent External Director			
LUIS GIMENO VALLEDOR	Secretary to the Board	Secretary	Secretary	Secretary

The Chief Executive Officers of the industrial companies are as follows:

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



2.1.1| Main governance bodies: the Board of Directors and other executive bodies

2.1.1.1 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 31 December 2017, has 15 members, which is the maximum allowed by the Corporate Articles. The Secretary does not qualify as a Member of the Board.

The 2017 Annual General Meeting ratified and adopted the following agreements with reference to Board members:

- “Ratify the appointment through co-option of Mr. Tomás Hevia Armengol as Director of ACERINOX, S.A. carried out by the ACERINOX, S.A. Board of Directors on 21 December 2013 and appoint Mr. Tomás Hevia Armengol as Director of ACERINOX, S.A. for a period of four years, as set out in the Articles of Association. Mr. Tomás Hevia Armengol is appointed as an Independent Outside Director. Mr. Hevia Armengol is appointed as External Proprietary Director on behalf of Corporación Financiera Alba, S.A.”
- “Ratify the appointment through co-option of Mrs. Rosa María García Piñeiro as Director of ACERINOX, S.A. carried out by the ACERINOX, S.A. Board of Directors on 26 April 2017 and appoint Mrs Rosa María García Piñeiro as Director of ACERINOX, S.A. for a period of four years, as set out in the Articles of Association. Mrs. García Piñeiro is appointed as External Proprietary Director.”
- “Ratify the appointment through co-option of Mrs. Laura González Molero as Director of ACERINOX, S.A. carried out by the ACERINOX, S.A. Board of Directors on 26 April 2017 and appoint Mrs. Laura González Molero as Director of ACERINOX, S.A. for a period of four years, as set out in the Articles of Association. Mrs. González Molero is appointed as External Proprietary Director.”
- As a replacement for Mrs. Rosa María García García who left her position as Independent External Board Member of ACERINOX, S.A. due to a supervening incapacity to assume positions of responsibility in other companies, Mrs. Marta Martínez Alonso was appointed as Board Member of ACERINOX, S.A. for a period of four years, as set out in the Corporate Articles. Mrs. Martínez Alonso is appointed as External Proprietary Director.”

Its composition meets the traditional principles of diversity and balance. The company only has one Executive Officer - specifically the Chief Executive Officer - and has six proprietary directors and eight independent directors.



2.1.1.2 The Executive Committee

The Board of Directors appointed 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 increase to nine in the number of sessions of the Board of Directors, following the recommendations of good governance, meant a corresponding reduction in the number of meetings of the Executive Committee, which met three times in 2017.

2.1.1.3 The Audit Committee

This Committee met in 2017 on a total of eight occasions, allowing 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 systems.**
- **Supervising the process of preparing and presenting the regulated financial information.**
- **Proposing to the Board of Directors the appointment of the accounts auditors, to be approved by the General Shareholders' Meeting.**
- **Preparation of the Report covering activities carried out during the period, which will be published alongside the call to the Annual General Meeting.**

The Audits Commission will apply 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.



2.1.1.4 Appointments, Remuneration and Corporate Governance Committee

It held three meetings in 2017. 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. Furthermore, it reported to the Board of Directors on the re-election of the proprietary director Mr. Ryo Hattori, the ratification of Mr. Tomás Hevia, Ms. Rosa María García and Ms. Laura González, and proposed the appointment as independent director of Ms. Marta Martínez.

This Committee coordinates, at the request of the Chairman of the Board of Directors, 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.

2.1.1.5 General Shareholders' Meeting

The General Shareholders' Meeting was held in Madrid on 01 June 2017 and was presided over by Mr. Rafael Miranda Robredo. As was the case the previous year, 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 179,009,551 shares, or 64.84% of the company's share capital.

No shareholders made use of the online discussion forum, but the increase in online voting is worthy of being mentioned.



2.1.2 | Management Committee

Acerinox's Management Committee is made up of five people: the CEO, the Financial Director, the Sales Manager, the Production Manager and the General Counsel.

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 2017 by this collective, not including that of the Chief Executive Officer, totalled €1,676,801.74.



2.1.3 Risk Management

The Board of Directors, at its meeting held on 15 December 2015, approved the Risk Control and Management Policy of Acerinox, S.A. and its Group of Companies, in which it establishes the basic principles and general framework for the control and management of the risks of all kind faced by Acerinox Group. Through the General Risk Control and Management Policy, the Board of Directors establishes the basic mechanisms and principles for the adequate management of risks and opportunities, with a level of risk which enables it to:

- **Achieve the strategic objectives determined by the Group.**
- **Provide full guarantees for the shareholders.**
- **Protect the Group's results and reputation.**
- **Defend the interests of the shareholders, customers, other groups Interested in the progression of the Group and Society in general.**
- **Ensure business stability and financial solidity in a sustained manner over time.**

The Company has implemented a Risk Management Model, promoted by the Senior Management and designed to identify, classify and assess any potential events which may affect the organisation's relevant units and functions, with the ultimate aim of managing the risks and providing a reasonable level of security with respect to achieving its objectives, whether they be related to strategy, operations, compliance or information.

The Group is aware of its exposure to a series of uncertainties which are unique and inherent to the industrial sector in which it operates, chiefly characterised by volatility in terms of its most important indexes and values, which can affect both the financial and the non-financial results. Its main risks are:

Overcapacity

Excess in installed capacity, on a global scale, which would result in lower prices.



Raw Material Price Volatility

Considerable variations in the price of the main raw materials.

Economic crises and cycles

The demand for steel products is directly related to the global economy's fluctuations.

Responsibility: Sales policies used by competitors to increase or maintain market share.

Financial risk

Lack of liquidity, restricted access to funding sources, increasing funding costs, the volatility of exchange rates, the volatility of interest rates and credit risks.

Regulatory risk

Presence on the international stage with activities in a number of different countries, subject to different regulatory frameworks and in different business areas within the stainless steel industry.



2.2 | MATERIALITY

The materiality study carried out again this year, provides support for the Acerinox Group in the identification of governance, environmental and social issues, which are relevant to the design of the 2017 Sustainability Report.

In addition, by means of the materiality study it is possible to establish what issues are relevant to Acerinox Group stakeholders, and in turn, to comply with Royal Decree Law 18/2017 regarding the new legal requirements concerning non-financial reports.

This study follows the requirements of the GRI G4 standard and the latest version of the GRI Standards. Both of these standards highlight materiality as one of the key aspects for establishing the content of non-financial reporting.

Importance is measured in terms of the financial, social or environmental impact that each aspect can have on the business and the influence that each one of them might have on stakeholder decision making.

Within the process of analysis for identifying relevant issues, various inputs were included, both internally and externally. For instance, Acerinox Group managers of different departments and geographical areas made assessments, and relevant issues were identified through a study by industry advocates and leading analysts in ESG matters.

As a result of the analysis, a results matrix was obtained in which issues were prioritised according to their relevance. For the process of determining material aspects, the Acerinox Group implemented the following phases:

- 1. Identification of relevant issues:** Issue selection is based on industry knowledge and the new trends in reporting.
- 2. External assessment of relevant issues:** External identification and prioritisation of issues.
- 3. Internal prioritisation of issues:** Prioritisation of relevant issues by those in charge of the company and presentation of the final results in a matrix.

In this process, GRI principles related to each of the steps are applied at all times: thoroughness, materiality, stakeholder participation and sustainability context.



External Perspective

For the external assessment of priorities, the following inputs were taken into account:

Dow Jones Sustainability Index:



The opinion of ESG investors: Incorporation of aspects evaluated in the *Dow Jones Sustainability Index* (DJSI) and its specific Steel Industry questionnaire.

Advocates:



The view of industry experts whose opinion matters: Incorporation of leading industry organisations who made an assessment and gave their perception of ESG issues.

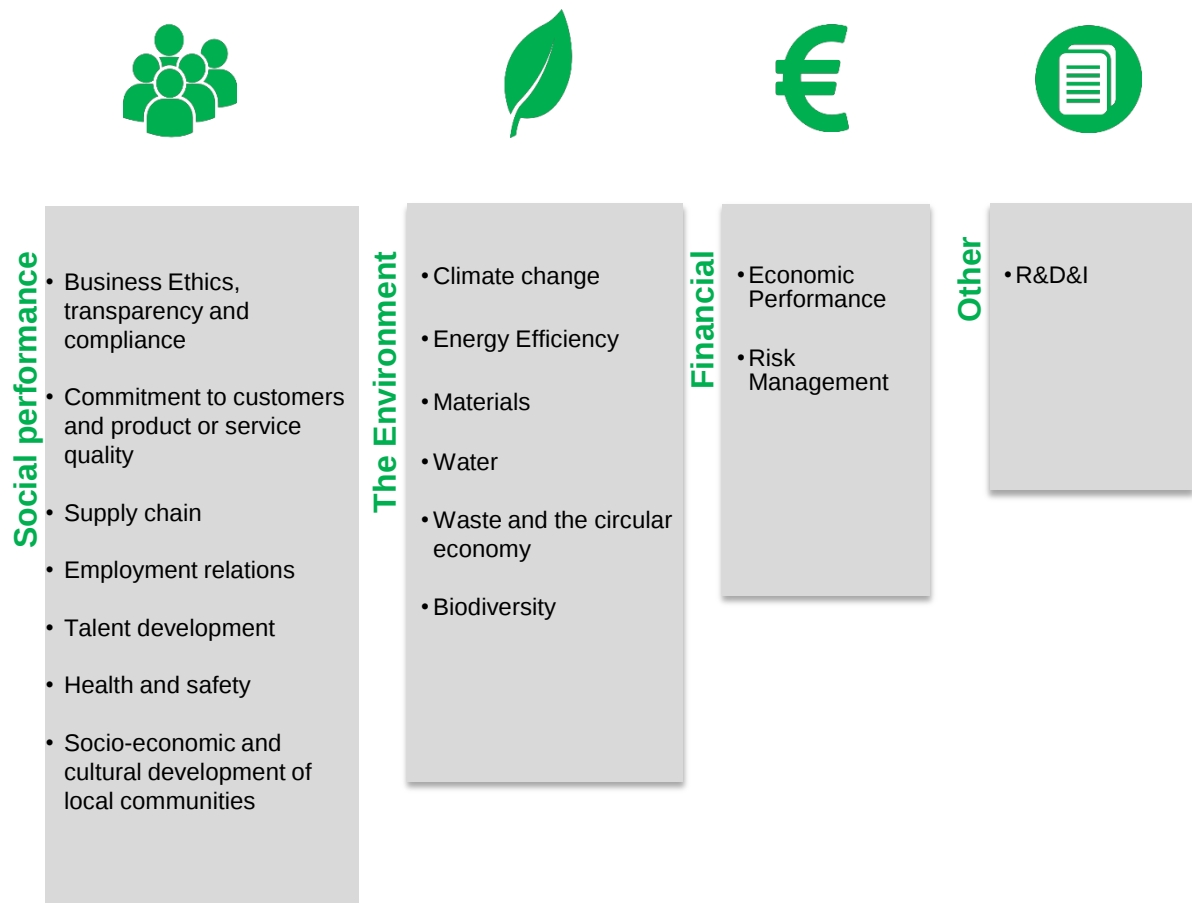
Internal Perspective

- In order to establish internal prioritisation, professionals from different business departments, branch offices and geographical areas within the Acerinox Group, completed a questionnaire in which they gave their view of the order of priority or impact each relevant issue has for the company.
- To this end, each of the managers participating in the analysis evaluated the list of issues by rating them in terms of their relevance to the company.



2.2.1 | Main Material Aspects for Acerinox

After a thorough analysis with parameters that were outlined previously, the Acerinox Group concluded that the main material aspects, and those that are part of the content of this report, are:

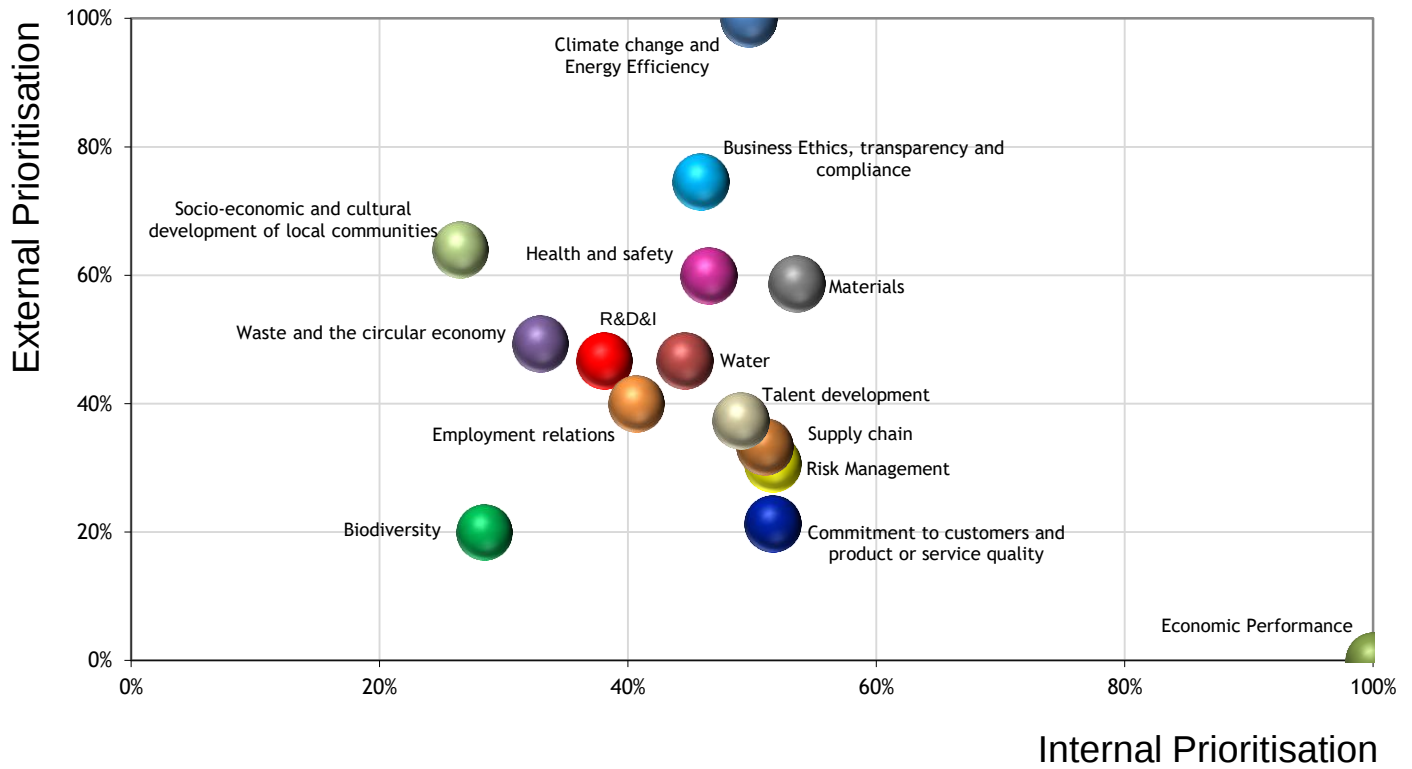


The Acerinox Group is aware that these issues, which are material for the organisation that is the subject of analysis of this report, can have an impact within the organisation and externally. That is to say, any impact that at first seems only external, ends up affecting the productivity of internal stakeholders, in the same way that any impact that seems to be internal only ends up affecting productivity and company image, with a consequential impact on external stakeholders.



Materiality Analysis 2017

Main Material Aspects for Acerinox 2017



2.3 | STAKEHOLDER ENGAGEMENT

One of the primary objectives of the Acerinox Group is to understand, manage and respond to stakeholder concerns and interests. For this reason the objectives of economic, social and environmental sustainability must go together with the Company's own business objectives, and must be incorporated into the processes and goals of the various business departments, and ultimately, will end up forming an integral part of the Company.

In order to achieve this, the Acerinox Group management model is based on the identification of the levels of commitment present in the whole value chain of the Company: compliance and risk management, responsible productivity and sustainability as a lever for growth.

2.3.1 | Stakeholder Relations

The Acerinox Group contributes to the sustainable development of the societies in which it operates, thus providing value to all stakeholders. The Company has solid links with each stakeholder, which promote a relationship of trust and generate real value for all of them. Furthermore, it always keeps track of bi-directional dialogue, with the aim of understanding the perception each group has of the financial, social and environmental performance of the company, and so as to identify their expectations in order to be able to satisfy them effectively.

The Acerinox Group considers its stakeholders to include all individuals and groups that either influence the company's activities, decisions and management systems in some way, or are influenced by them in such a way that produces significant associated effects. After an in-depth analysis, the Committee established for this purpose has decided that the main stakeholders of the Acerinox Group are its shareholders, customers, suppliers and workers, as well as their families, since they are the groups with the greatest ability to influence the activity of the company in the short and long term. This classification is reviewed periodically and is updated when necessary.

Representatives of various stakeholders participated in the process of drafting this report, in order to identify and understand their expectations for the company regarding sustainability and so that they could make contributions of all kinds, on the understanding that this document constitutes the main act of accountability towards all stakeholders.



2.3.2. | Communication Channels

In order to ensure the interests and concerns of its stakeholders receive a response, Acerinox establishes and maintains specific channels of communication, as outlined below.

Employees

Our human capital is a strategic component of our business, therefore, it is a priority for employees to be able to work in a team with the best possible working environment. Since communication is fundamental, the company has established a variety of channels and methodologies that inform employees about issues that are relevant to the organisation. In addition, senior management maintains direct communication and responds to their queries and concerns through different mechanisms.

Clients

In order to ascertain our clients' level of satisfaction, and as a quality management procedure, Acerinox sends clients a Customer Satisfaction Survey every year to gather information about potential complaints, recommendations and suggestions. The surveys are processed and analysed and, based on the results obtained, any corrective measures that may be necessary are adopted. As part of the quality management procedure, Acerinox has the "*Customer Survey*" and accreditation of the ISO 9001 international normative. Furthermore, Acerinox has adopted a set of procedures in response to potential incidents: the Code of Conduct and Best Practices and the Complaints channels, through which any significant incident can be reported.



Shareholders

By sending an email to accionistas@acerinox.com, shareholders can request any clarification regarding the published information and can make any suggestions they consider appropriate. The solutions to the issues suggested or proposed are analysed thoroughly. In addition, by sending an email to the same address, shareholders can make recommendations or notifications to the highest governance body. These comments are analysed by the Corporate Responsibility Department. Moreover, regular meetings are held to discuss the most relevant issues.

Suppliers

Lastly, entities that are under contract with Acerinox can also make complaints or suggestions at any time, either in writing or by email to the Business Department or to the person that hired them.

In this way, Acerinox maintains good relations with stakeholders, with objectives that include the following:



Better risk management and reputation management for the company



Improvements in products and processes



Constructive and transparent dialogue



Improvements in communication and decision-making processes



Increased confidence



Identification of new strategic and business opportunities



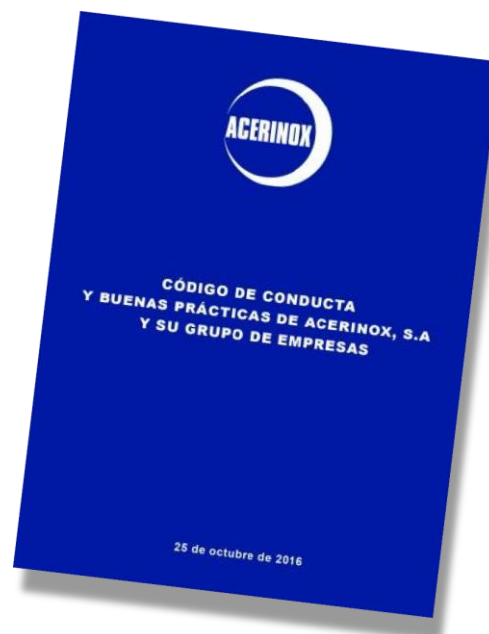
2.4 | ETHICS AND COMPLIANCE

Ethical behaviour is one of the cornerstones of the Group and is regulated by the Code of Conduct and Best Practices applicable to all professionals in the Company, including all those professionals who work for them, or on their behalf, in any country. This Code is a source of inspiration for our standards of honesty, rectitude, integrity and transparency always present in our business.

Today, not only does a company have to comply with that required by Law in the countries in which they operate but also has to consider the ethical side of all their decisions. In this context, 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 Company has adopted procedures to ensure that its actions adapt to the different legal systems and to the highest possible internal operational standards.

The 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 aim to defend workers' rights and are committed to compliance with the Code of Conduct and Best Practices. During 2017, there were no cases of discrimination in the Group.



The Acerinox Code of Conduct and Best Practices



2.4.1 | The Fight Against Corruption

The Code of Conduct and Best Practices of the companies of the Group has become the basis of the regulatory compliance and prevention of illegal acts system, according to the directives set forth in the Prevention Plan. The Code makes a clear distinction between the axiomatic principles of the system, the basic standards whose non-compliance thereof could be subject to reproach by the jurisdiction and the procedural and adjective provisions that above all should be monitored and enforced.

The way in which the Code is implemented is through training and awareness raising, so that the Company can ensure that it is understood and that there is compliance. However, should an irregularity occur despite the controls and measures in place, there is an institutionalised complaints channel known as “whistle blowing” that enables the Governance Bodies of the Group to learn about the illicit act so that they can adopt the appropriate measures while keeping the identity of the Whistle Blower confidential.

Moreover, the Acerinox Group strictly complies with internal procedures and policies, and prevents corruption through:

- 1.) Internal procedures that prevent any unusual or unexplained decisions.
- 2.) Receivables and payments that are to be made through prestigious credit institutions in countries not classified as tax havens, and by forbidding cash payments or the use of payment methods different to the one authorised.
- 3.) Non-participation in businesses that are 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.
- 4.) The Internal Code of Conduct, forbidding workers and managers of the group from influencing political and administrative decisions other than in accordance with the relevant legal regulation or in the general interests of the economy of the country.
- 5.) The non-receipt or offering of favours, perks, gifts or benefits from or by individuals or entities that have or are set to have a business relationship with the Acerinox Group, nor the exercise of any secondary activity without authorisation or prior permission from the relevant bodies.





3

THE ACERINOX COMMITMENT



3.1 | COMMITMENT TO SOCIETY

Companies, like individuals, have to work together in a responsible manner to maintain the welfare state and the social protection systems in the societies in which they operate, therefore, the Acerinox Group uses its human, technical and financial resources effectively to assist underprivileged groups and to make a positive contribution to the development of society. Social action is a fundamental part of Company strategy and the way to generate social and economic value.

Senior management assesses and approves social action initiatives, which include donations, volunteer programmes, agreements with universities and institutions and support for various associations or cooperation agreements. These initiatives strengthen the 100% commitment of the group's companies to the promotion of growth of the economy and the societies in which they operate, thereby contributing to their sustainable development.

At Acerinox Group, we firmly believe that the greatest benefit that a company can provide to society is through the responsible performance of its operations, which results in the creation of value and payment to suppliers, shareholders and employees. Furthermore, it is essential to contribute to public expenditure through the current tax system and to the Social Security systems in the countries where the company operates. Thus it is worth pointing out the following contributions towards the development of society, apart from the charity work that the Group has carried out.

€124,230,394	€171,318,164	€ 299,718,718	€ 70,890,778
Return to shareholder	Tax paid	Salaries	Social Security

Note: The figures reported corresponding to the following companies and subsidiaries: Acerinox, Acerinox Europe, 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.

In essence, these obligations are ongoing and constitute the greatest and most committed demonstration of a corporation's social responsibility.

Economic collaboration with the communities in which the group has facilities goes further than the thousands of employees and paylips that they directly generate, and those who work indirectly thanks to our business. All companies within the group are integrated and are part of the local communities in which they operate.

It is necessary to highlight that the donations made by the parent company in 2017 amounted to €195,000.



At Acerinox Europe, a Social Commission for the collection of donations was established a long time ago. Employees and the company help voluntarily with a small monetary contribution. The company provides the same sum as is raised monthly for charity by the workers. The money goes to various bodies, NGOs and non-profit associations whose efforts are directed towards helping those in need. The Social Commission for Donations distributes the funds between the various NGOs and Associations which have requested help. From there it is decided by majority decision to give the monthly donations to a body or organisation that helps families at risk of social exclusion, the unemployed, the elderly, the sick, the homeless or immigrants, offering them basic assistance such as food, medicines, school materials, clothes or footwear. On occasions help is given to pay costs such as the rent, electricity or water bills.



“

We are proud to highlight that the donations made by the Acerinox Group in 2017 amounted to €369,174



Among other collaborations, a collaborative agreement has been made between Acerinox and FEPROAMI (Cadiz Provincial Federation for People with Learning Disabilities) for the integration into the workforce of people with learning disabilities.

In addition, Acerinox has collaborated with several initiatives, including the Spain-USA Foundation, the Elcano Foundation and the Spanish Global Compact Network.

NAS has made significant donations to the local community. It collaborates in many ways with local colleges and students, providing scholarships, infrastructure grants and so on. In addition, by means of its CO-OP engineering programmes, it provides help to students by instructing them over several terms in different areas of the factory or in river cleaning programmes, among other things.

Columbus made significant donations to the community this year, such as improvements to school facilities, aid for orphanages and the unemployed, aid for the development of the local database, aid for breast cancer research, aid for the disabled and aid for those most in need.

Bahru donations went towards the planting of trees and improvements to schools in the area.

3.2 | COMMITMENT TO OUR CUSTOMERS

It is a priority for the Acerinox Group to respond to the needs of their existing and potential clients. Their commitment is based primarily on meeting their expectations by means of business excellence. The group constantly strives to evolve and innovate in order to get the best results in the present and the future, and to guarantee the quality which is an integral part of the Company's value proposition, while remaining faithful to its commitment to sustainable development.

The three fundamental principles on which is based the company's relationship with its clients is based: its "raison d'être", are:

- **Trust**
- **A commitment to excellence**
- **Project execution capability**

The Acerinox Group's extensive national and international network of clients always receives the same quality and commitment under a common brand and the same business model. To that end, among other things, Acerinox applies the same General Sales Conditions and prices for a single material, regardless of the geographical area. Both its global capacity and its access to the most advanced technologies are indicators of the group's firm positioning in the market and its relationship with its clients.





For the purpose of maintaining a strong and ongoing relationship with clients, the Acerinox Group has established communication channels that facilitate the coordination of expectations between clients and the company, and which ensure the sustainability of the business. The area manager conducts various studies which take into account factors such as the cost of raw materials and energy in order to predict possible variations that may affect prices in the short or long term.

The REACH regulations establish an obligation to register any chemical substance that is marketed within the territory of the European Union. The European authorities then conduct analyses and act accordingly, restricting or prohibiting the use of any substances that may involve a high risk. REACH serves as a guide in the other factories, although each one also complies with the laws in its own country. NAS has to report all substances that are sold in the United States to an Agency (USEPA).

3.2.1 | Health and Safety in Our Products

All companies in the Acerinox Group have a department that is responsible for health and safety in their products. These departments identify and assess any risk that may exist in any of their products. This department guarantees a high level of protection through:

- **Risk analysis in the factories**
- **Drafting and distribution of product Safety Information Sheets (SIS).**
- **Compliance with the Registration Evaluation Authorisation and Restriction of Chemicals (REACH) regulation, whose main objective is to guarantee a high level of protection of human health and the environment.**



3.2.2 | Customer Satisfaction

Every year, **Acerinox** carries out quarterly customer satisfaction surveys among the clients of all the Spanish branches and the European subsidiaries. The clients selected by each branch or subsidiary, according to billing and area of application criteria, are divided into two groups, and as a result, each client receives and completes the survey every six months.

These surveys collect information on customer care, product range, quality and presentation, delivery times, complaint response, and so on. The overall result of the survey in 2017 was 3.9 out of 5, that is to say, satisfactory. In addition, Acerinox technical staff regularly visit clients. The Technical Support Reports (Spanish initials: IAT) are drafted based on these visits, 81 of which were drawn up in 2017.

Furthermore, Client Quality Specification Sheets (Spanish initials: FECC) are filled in, which include the specifications and special needs of each client. Technical reports are also drafted for different reasons: client needs, complaints and technical enquiries, and periodically, general Technical Reports are prepared by the branches.

NAS measures customer satisfaction by sending quarterly questionnaires to a minimum of 20 clients. These questionnaires measure satisfaction in the following areas: performance in external and internal sales, delivery punctuality, material quality, complaint handling and comparison with competitors.

Results are measured using a system of points ranging from 1 to 5, 5 being the highest score. In addition, there is a space for customer comments. Survey results are presented on a quarterly basis at ISO Steering Committee meetings, where they are analysed. In 2017, the average, on a scale of 1 to 5, was 4, which is higher than the previous year.

This year at **Columbus**, the response rate to client questionnaires was 35%. They also use questionnaires whose scale is from 1 to 5, 5 being the highest score.

Bahru sent out 392 questionnaires in 2017, of which 64 were completed. The average result obtained was 3.7 out of 5, again, 5 being the highest score. These results reflect the level of confidence in the quality of Bahru's products and services.



3.3 | COMMITMENT TO OUR PEOPLE

The Acerinox Group is well aware that human capital is essential for the success of the business. The reputation that the company has earned is thanks to its professionals, who are the fundamental reason why clients continue to trust the group. For this reason, good human resources management is essential and ensures the sustainability of the business over time. The company provides steady, well paid jobs, and therefore is an attractive option for those who are not yet part of the Acerinox Group, thereby contributing to the sustainable development of society through its capacity to create high-quality employment. As a result of this policy, the number of employees that leave the Company every year is minimal, as shown in the table attached in section 4, Annexes.

The Acerinox Group understands that a high employee turnover rate can give rise to uncertainty and dissatisfaction among employees, especially among older employees, so the aim is to try to avoid it. In addition, employee turnover that leads to changes in the organisation's human and intellectual capital can affect company productivity.



3.3.1 | Health and Safety in the Workplace

Acerinox Group is particularly strict and demanding in terms of adopting the measures necessary to guarantee that its employees carry out their duties in the safest conditions possible. The metal industry is not without its risks, which means extra efforts should be made to reduce them as much as possible. Consequently, the company has a rigorous and strict health and safety policy, which is more exacting than that provided for by current legislation.

The Acerinox group includes on the Agenda of its Governance Bodies what it believes to be an essential and inevitable item: that of monitoring accident rates and the loss of work hours due to illness. As a result of this rigorous risk monitoring, the number of accidents occurring at all of the group's factories is steadily decreasing. Thanks to this, and despite the fact that there is some risk involved in the company's activity, there is no activity in the group with a high risk of illness, absenteeism is low and the number of fatalities is zero, except this year in Columbus, where there was a fatal accident caused by recklessness on the part of an employee who was caught between two machines.

This exhaustive monitoring also encompasses the safety measures in place by subcontractors who use either permanent or temporary workers at our workplaces. Our terms and conditions establish as a breach of contract for subcontractors any serious non-compliance with safety measures applicable to subcontracted personnel, measures for which the standard is set by Acerinox, and not by the subcontractor.





Acerinox Europa

In addition, through its OHSAS 18001:2007 Management System, Acerinox has established a procedure based on its internal process for the identification of hazards, risk assessment, and planning and control of these risks in accordance with PSS-431-1.Rev.2, as well as a Health and Safety procedure for investigation into accidents and incidents (PSS-452-3).

The Best Practices programmes implemented during the financial year at the request of the Safety and Environment Department of Campo de Gibraltar plant makes for a safer and healthier work environment. For this purpose, the process lines, operability of the safety elements checks, and the service companies have been audited.

Columbus

Again this year, its Health and Safety Programme is based on OHSAS 18001 standards and on its own Health Management System and the regulations of the Occupational Health and Safety Act. In addition, since 1998, the renovation of the certificate for complying with the ISO 14001 standards has been granted. The final objective of all these commitments is to strive to achieve zero accidents among employees and contractor personnel.

NAS

It also has “Best Practices” programmes and achieves very high efficiency levels, while continuing with its policy of Zero Accidents, in accordance with the regulations associated with OSHA Form 300.

Bahru

It took measures above the standard set by its own country by implementing the European safety standards right from the beginning. These additional measures contributed to their being able to carry out the entire building work and installation thereof without any serious accidents and is now an example to follow in the area for demanding the same measures from their sub-contractors.



In short, all health and safety matters covered in formal agreements with trade unions focus on accidents at work, the assessment of possible risks and their prevention, and in general, the work environment of the Group's professionals – except in the case of NAS where they have freely chosen not to have a union, since it is not compulsory in the United States. At NAS, health and safety matters are dealt with by the Department of Health and Safety together with supervisors and heads of the various departments, and as a result, the necessary policies are created and updated.

Finally, for the purpose of guaranteeing the health and safety of its workers, all employees of the Acerinox Group are represented by Health and Safety Committees, 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.



3.3.2 | Training Our Employees

Acerinox Group considers that professional development is a basic right for the individual and a need for the company. The development of professionals is a priority for the company, since there is no quality or innovation without proper training, and therefore, it promotes training courses among its employees, who are its main asset. The training of a first-class steelworker requires time, investment, and dedication and to achieve this the Group is continually making substantial investment in training.

Some training courses are compulsory, necessary and periodical, such as those related to safety and risk prevention. Others are strongly encouraged

by the company, including the use of systems deriving from collective negotiations.

There is no one better-suited to giving these training sessions than those who have spent the best part of their professional lives carrying out the corresponding tasks. For this reason, the majority of the courses are run by active staff or retired employees in the pertinent areas.

The investment is evident in the high average number of hours that the group invests per year per worker. Mainly, the whole group invests in training workers in one of the most relevant areas, which is the Prevention of Occupational Hazards, and Health and Safety, but it also invests in other, many and varied training courses, as shown below.



ACERINOX

Approximately 292 courses were conducted, which can be classified thus: technicians with different specialities, as well as environmental and health and safety courses.

NAS

Numerous training courses were delivered in environmental matters, health and safety (more or less time is invested depending on the department, but there is at least one course per year), in the electricity sector and technical courses for graduates. Courses were also run on the transition to senior positions or as preparation for retirement.

COLUMBUS

Numerous training programmes were conducted for engineers, graduates, technicians, manual workers and apprentices in each of its departments. Training courses are also offered for personnel with disabilities.

BAHRU

Numerous training courses were delivered for engineers in various fields, in IT, in maintenance in different departments, in energy, gas, electricity and courses and modules for the various departments in the plant.





In any case, what is absolutely clear is that without the proper training there is no quality or innovation, therefore, among other things, the group companies granted in 2017 a total of 53 scholarships, in order to combine studies in disciplines related to the activities of the factory.

Moreover, with a view to involving all its employees in this challenge, the Company delivers important internal training programmes, and every year it organises the Rafael Naranjo Awards, worth €45,000, so as to reward the best ideas in this field.

This year the following projects received awards:

- **The first prize for “Quality in Progress”, consisting of €15,000, fell to the TLC Mechanical Maintenance Group, for its project ‘Elimination of Mobile Apron accidents in the hot rolling mill finisher’.**
- **The second prize in this category was awarded to work ‘Modification of gasifiers in the pools of the melting shop’, prepared by Francisco García Olivares, who has been rewarded with €10,000.**
- **For third place, the jury awarded €5,000 to Juan Carlos Enríquez Baladez and Cristóbal Aguera Fernández for their project ‘Improvements to transport ladles. Improvements in spouts and arms’.**
- **In the category of Safety awards, the project was the winner ‘Nozzles’, prepared by Matías Sánchez Valentín, who will therefore receive €10,000.**
- **The Environment section award was for the ‘Geolocated and monitored online PH meter for environmental emergencies’, designed by Sergio Pelayo Jimeno and awarded €5,000. In this section, the members of the Committee also wanted to make a special mention of the finalist project ‘Reduction of particulate and fume emissions in the steelworks by using the oxy-fuel cutting extractor’ by Jonathan Domínguez Vélez.**

The goal is to promote and reward the best ideas of its employees, with the aim of cost reduction and excellence in production processes.



3.3.3 | Diversity and Equal Opportunities

Diversity and inclusion are strategic objectives in the group, because the aim is to attract and keep the talent needed to provide the best services to our clients throughout the world. Since it was founded, the Acerinox Group has had a multinational and multilingual shareholder base and Board of Directors with members from four different continents, four of whom are of nationalities other than Spanish.

The racial and cultural diversity of the company's Board of Directors is reflected in its working committees, offices and factories. The Acerinox Group promotes a climate whereby its companies should be managed mostly by local personnel rather than by expatriates, as it considers that one of the keys to success is understanding local culture in order to be able to act and think in a global manner.

The company works to strengthen this diversity and equality of opportunity through the adoption and promotion of policies of positive discrimination towards less-favoured ethnic groups and the economic re-balancing of special groups. A strictly enforced equality between men and women is a reality among the companies within the Acerinox Group, where there is an identical treatment and salary policy that makes no distinction on the grounds of sex, ethnicity or belief, and which is based on performance and professional experience, in accordance with principles of merit and competence. Acerinox is once again in compliance with the *Broad-Based Black Economic Empowerment* (BBBEE) programme, which seeks to encourage access among the black community to positions of responsibility and promote their social advancement.

3.3.4 | Employee Benefits

The group ensures that all of its employees have the necessary medical coverage in case of accidents, as well as the obligatory coverage provided by the Social Security systems in their respective countries. Every company within the group offers its employees a different and broad range of employee benefits so that each professional can benefit from those that are best suited to their needs. Among the different employee benefits each company offers, the following can be highlighted:

- **Participation in the Company group**
- **Personal loans**
- **Life and accident insurance**
- **Medical insurance - special offers**
- **Master's courses and other courses for employees**
- **Pension plans**
- **Restaurant vouchers or food aid**
- **Grants to employees' children**
- **Aid for disabled people**
- **Nursery vouchers**





3.4 | COMMITMENT TO OUR SHAREHOLDERS

3.4.1 | The Financial Performance of Acerinox

The Acerinox Group objectives have always been for economic growth, personal development and respect for the environment, and for this reason, long before stakeholders began to demand social criteria, environmental and good governance ethics that would ensure not only the longevity of the business, but also the ability to generate wealth, development and trust throughout the value chain, the Company already had them in place.

In 2017, Acerinox Group obtained its highest profits of the last decade. The company ended the financial year with a result, after tax and minority interests, of €234 million, 191.5% more than the previous year. Revenue for the year rose to €4,627 million, 16.6% more than the previous year. The growth of this revenue was due especially to an astute price management policy in all markets, with the transfer of increased costs of raw materials into the price of finished products.

These results underline the special significance of the operating strategy of the company and its optimisation of its production capacity, but another important factor was the savings achieved by the Excellence Plans.

The good performance of the markets (with the substantial recovery of the main markets), the positive impact of the tax reforms passed in the United States and the changes in the price of raw materials were other factors that contributed to these profits.

The Acerinox Group remains committed to its business model, thereby preserving the trust in the industry and promoting the field of R&D&i, and above all, promoting the innovation that provides value for its clients; and it does all this without sacrificing the commitment it has to stakeholders and future generations regarding the creation of direct and indirect economic value. Therefore, the stability of the Company's business model is based primarily on the generation of trust and the ability to obtain competitive profits, while always respecting the principles of financial ethics and transparency, and carrying out efficient, responsible management of resources



3.4.2 | Global Profits and Transparency with Shareholders and Investors

Acerinox (the group's parent company) is a company that has been listed on the Stock Exchange in Madrid since 1986 and in Barcelona since 1987, consequently, one of its main responsibilities is to create value for its shareholders in the short, medium and long term.

At year-end 2017, Acerinox's share capital totalled €69,016,885.75, divided into 276,067,543 shares, each with a nominal value of €0.25. Acerinox directs and coordinates the group's activities worldwide, establishing what strategies to follow, and channelling and performing management activities in the acquisition of raw materials and credits for the entire group and its companies.

Following the years 2013 to 2016, in which Acerinox offered its shareholders the option of a flexible dividend, the Annual General Meeting held on 1 June 2017 agreed to make a single payment of €0.45 per share in cash, which was paid to shareholders on 5 July 2017. Since 2006, Acerinox has remunerated its shareholders without interruption with an annual sum of €0.45 per share, whether through a cash dividend or flexible dividend.

The Acerinox S.A. Board of Directors met on 20 December 2017, and agreed to purpose to the next Annual General Meeting a dividend with a single payment, which will be distributed in the month of July 2018.

As of 31 December 2017, Acerinox had a total of 36,450 shareholders.

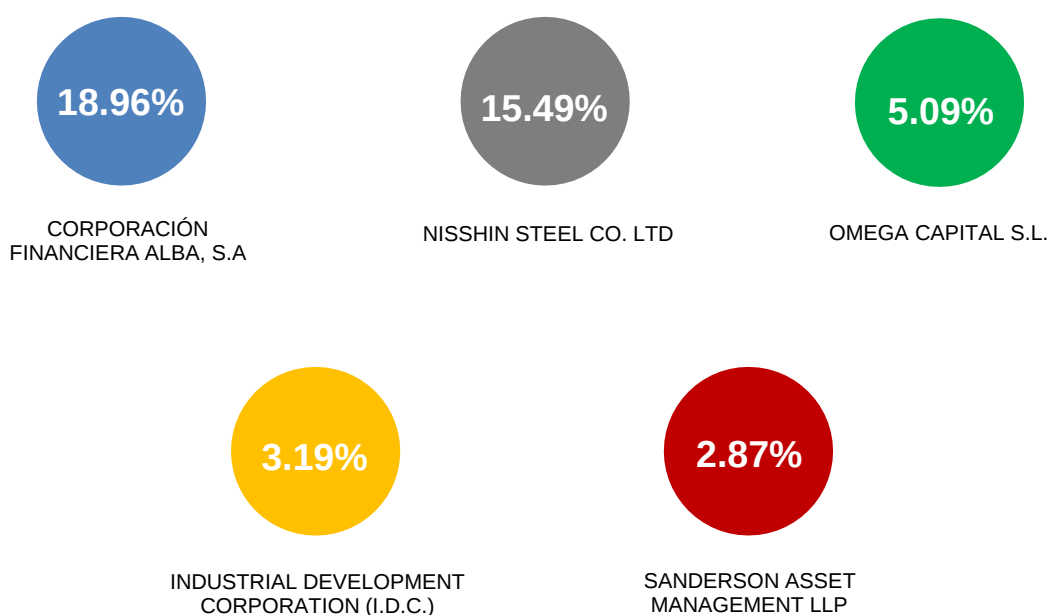
Finally, in order to respond to the concerns and needs of shareholders and investors, the Acerinox Group considers it essential to maintain open channels of communication with them and the financial community. To this end, the Company has a Shareholder Office to which any enquiries can be made via telephone (91 398 52 85 or 91 398 51 74), by post (Santiago de Compostela 100, 28035 Madrid) or by e-mail (accionistas@acerinox.com). In addition, the Company has an Investor Relations and Communication Department which is responsible for the dissemination of the financial schedule and for providing any information that may be requested by analysts and investors, usually in relation to share values. Likewise, the Department organises the regular investor meetings in various cities around the world.





3.4.3 | Current Shareholders and Investors

The main shareholders are also noted for their commitment and continuity, with holdings that date to 1970, when the company was founded, in the case of Nisshin Steel Co. Ltd., 1998 in the case of Omega Capital, from 2001 in the case of Corporación Financiera Alba and 2002 for IDC (*Industrial Development Corporation*). A large number of the shares remain in the hands of the same shareholders, which provides the benefit of great stability, which leads to great quality of shareholder representation in governance bodies, an in-depth knowledge of the business on their part and a commitment in the medium and long term. The company is accountable and reports on its financial situation in a rigorous and transparent manner, thereby earning the trust and loyalty of its shareholders and investors. The day of the General Meeting, the services provided for shareholders, the management of logistics, the distribution of annual reports and the care taken in accommodating the public in attendance, on the part of the Acerinox Group, is exceptional insofar as it is not performed by external companies but by staff from its headquarters. Chart showing shareholders as of 31 December 2017 and their percentage of the total number of voting rights.



3.5 | COMMITMENT TO OUR SUPPLIERS

The Acerinox Group endeavours to be a responsible buyer by investing in companies that have good ethical, social and environmental behaviour and by promoting these values throughout the supply chain. The company chooses suppliers that share its values and comply with internationally recognised standards, such as the principles of the United Nations Global Compact, thereby preventing the group's reputation as a responsible company being affected. It is imperative to have a qualified and efficient network of suppliers, which makes it possible to remain competitive in the current socio-economic climate; and they are considered to be one of the group's main stakeholders.

3.5.1 | Ethical, Fair and Responsible Hiring

The Acerinox Group hires suppliers in a public, competitive and fair way, and favours those that promote the implementation of best practices 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. 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 processes of accreditation of each factory, in order to verify the requirements they must meet in respect of health and safety, employment and environmental practices, among others.

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

These General Conditions include recruitment and compliance with employment regulations (they must accredit and guarantee that they comply with all tax and social obligations with regard to their workers), respect for the environment, contribution to sustainable development and innovation in products and processes, while always taking the applicable legal requirements into account. In addition, 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 required employment conditions, environmental responsibility and avoidance 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.

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 factories (at Columbus, ISO 17025:2005 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 these best practices associated with its strategy of corporate responsibility, by means of inspections that take place in their workplaces throughout the year, carried out by procurement services managers.

The Company guarantees equal opportunities in the hiring process by demanding that all suppliers are subject to the accreditation process, which pays special attention to their employment, social and environmental practices. The company's policy does not include specific requirements of a preference for hiring local suppliers. Suppliers 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.



3.5.2 | Description of the Supply Chain

The Acerinox Group has a procurement policy whose main objective is to obtain everything it needs for its production process with the best quality/price/service ratio, based on the premise of first class suppliers who have a proven track record in the industry, and prioritising the direct negotiation with producers.

The procurement process starts with prior requests for bids in a clear and transparent way, made to accredited suppliers, depending on the production needs of each factory. The prior requests for bids are carried out in different ways: by publishing them on the Supplier Portal of the corporate website, by means of ITTs or by direct contact, while always complying with the internal rules of procedure for the implementation of this procurement policy. 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.



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- **Best price/quality/service ratio**
- **Comparative tables for tenders received**
- **Competent awarding body**
- **Contract award to an accredited supplier**
- **Request for bids from accredited suppliers**

Supply negotiations are monthly, quarterly or yearly depending on the needs and the supply strategy of each factory in the group. Procurement is made from several producers so as to ensure supply, and in turn, in order to gain better knowledge of the market.



The number of suppliers and the percentage of local suppliers of the factories in the group are shown below:

- Acerinox had 1,120 active, accredited suppliers in 2017, having hired 106 new suppliers, all of whom were accredited. The proportion of local suppliers was approximately 13%, defining as local those that are based in Campo de Gibraltar.
- NAS had 2,384 active, accredited suppliers in 2017 and approximately 48% of these suppliers were local to Kentucky, Indiana and Ohio.
- Bahru had 1,230 active, accredited suppliers in 2017, of which 83% were local Malay suppliers.
- Columbus had 1,486 active, accredited suppliers, of which approximately 87% were local South African suppliers.



3.6 | COMMITMENT TO THE ENVIRONMENT

3.6.1 | Environmental Management Approach

Improving the different environmental indicators with programmes aimed at reducing the impact on the environment and the efficient use of resources is Acerinox's Group main strategy. 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 product quality and the least variation possible in the environment. The Group participates on a worldwide level in Climatic Change Prevention projects and collaborates at sectoral and European level in product environmental studies.

The company analyses the risks and opportunities arising from the various environmental vectors, developing tools to assess them, and making important decisions concerning climate change or the design life of stainless steel, which are then integrated into the business strategy.

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 result of this analysis and assessment provides a global overview of the Organisation within the context of the environment that surrounds it, and enables improvements for both the Company and the environment. Senior Management promotes the effective implementation of the Environmental Management System (EMS) based on the ISO 14001 standard or the *Environmental Management System* (EMS) in 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.



The weight or volume of the total amount of materials used to produce the organisation's main products in 2017 is shown below. This enables the different monitoring indicators to be obtained, and consequently, enables the group's environmental performance to be evaluated.



Energy: 10,389,680 GJ



**Ferroalloys
725,224 mt**



**Natural Gas:
11,903,538 GJ**



Gases: 341,801 mt



**Recycled material
2,192,273 mt
Recycled Acid:
30,695 mt**



Acids: 65,477 mt

The manufacture of steel is electro intensive and anything aimed at reducing energy consumption, as well as reducing indirect emissions, makes substantial savings. The EMS runs annual environmental management programmes focusing on these energy efficiency endeavours. The table below shows internal energy consumption, energy intensity and energy consumption reduction:

	ACERINOX	BAHRU	COLUMBUS	NAS
Internal energy consumption				
Natural Gas	3,708,254 GJ	812,043 GJ	2,794,370 GJ	4,588,871 GJ
Electricity	3,032,344 GJ	401,487 GJ	2,314,671 GJ	4,641,178 GJ
Energy intensity				
Natural Gas	4.48 GJ/mt of steel	2.87 GJ/mt of steel	4.73 GJ/mt of steel	4.17 GJ/mt of steel
Electricity	3.67 GJ/mt of steel	1.42 GJ/mt of steel	3.92 GJ/mt of steel	4.22 GJ/mt of steel
Energy consumption variation (%)				
Natural Gas	1.27%	10.88%	1.05%	4.78%
Electricity	1.17%	12.86%	0.88%	4.99%



In 2017, energy consumption was higher than in the previous year, since production was also higher, which made reduction impossible.

The company's environmental policy is proactive, transparent and with a spirit of improvement. It shows its commitment to sustainability and, therefore, to the continual assessment of the environmental impact generated by its activities. Proof of this attitude is found in the balance it strikes between the quality of the products it manufactures and the minimal variation of the environment after the manufacturing process. The group studies, among other areas, more efficient ways of managing energy and creating programmes aimed at reducing energy use.

Sustainability is essential to provide the economic measures that can ensure the production process respects both the environment and society at large. This involves fundamental activities such as involvement in global climate change projects or collaboration within the industry and in Europe in environmental product declarations.

3.6.2 | Environmental Expenditure and Investments

The Acerinox Group makes significant investments of an environmental nature in order to reduce its risks in this area, leading the way in terms of its manufacturing facilities with minimal or zero environmental impact and complying rigorously with the regulations and guidelines in the fields in which it operates. Every year, in its industrial installations and manufacturing units, significant investments are made in environmental management in order to achieve all of the objectives set and to monitor all environmental management in an integrated way.



In 2017, environmental expenditure and investment made by the Acerinox Group amounted to 88,994,572 euros, that is to say, 47,859,868 euros more than in the previous year. While there were no notable investments this year at Columbus, those at the other factories are detailed below:

Acerinox

- New AP5 and ZM7 lines
- Improvements to the Waste Storage Area

NAS

- Additional filter for oxy-fuel cutting at the steel mill
- Bed filter for the new roller (ZM6)
- Additional acid filtration on pickling line 4.
- New radioactivity detectors
- New hot rolling pumping system
- Long product finishing mill sludge pump
- New flow meters and analysers in the Cold Rolling Waste Water Treatment Plant
- Improvement in GP2 fume extraction
- New submersible pump for hot rolling (long product)
- Improvements in the addition of oxygenated water to the pickling of the coils in Long Product Finishing
- Improvements to the hot-rolling roughing mill extractor hoods
- Controls on water valves (steelworks).
- Improvements to fume extractors at the hot rolling finishing mill
- Turbidity meter for long product finishing mill
- New sulphuric acid tank to replace the hydrochloric acid in the water treatment plant
- Luova filtration for AP4 annealing and pickling line

BAHRU

- Improvements to control devices in order to meet monitoring requirements for sand blasting filters, Skin Pass mill and polishing lines.
- Improvements to the industrial water treatment system in the acid neutralisation plant
- Refurbishments at the temporary waste storage area
- Improvements to the containment system for the control of spills on the annealing and pickling line

These figures are proof of the interest the Acerinox Group has in improving its environmental indicators and environmental performance of the process. The assessment of environmental performance is an internal management process forming part of Acerinox's EMS, which uses indicators to provide information that enables past and present environmental behaviour to be compared in accordance with the established criteria. The process follows a 'Planning-Implementation-Monitoring-Action' management model and it is a key tool for dealing with the environmental diagnostics of our activity. It is based on the ISO 14031 regulation on Assessment of Environmental Conduct. The aforementioned EMS is used at NAS.



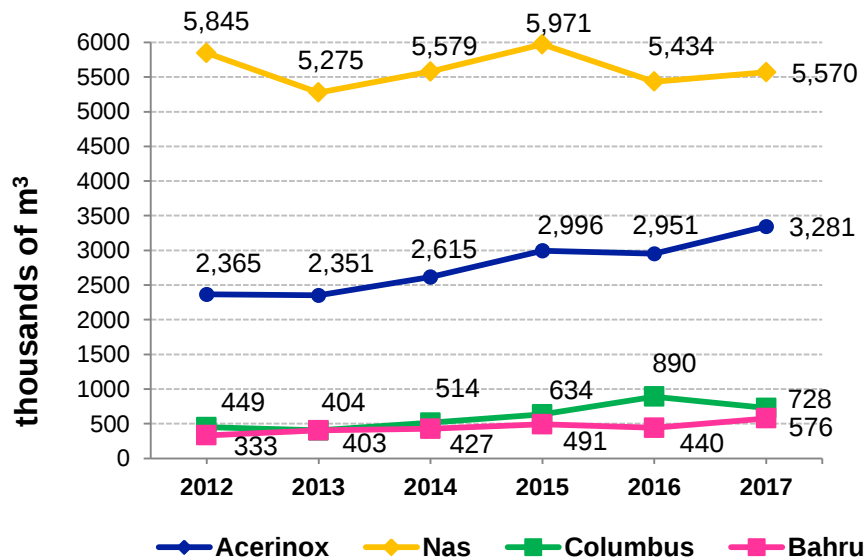
3.6.3 | Water: Our Greatest Ally

The activities developed by Acerinox Group require a considerable amount of water. Thus, the struggle takes place on two fronts: reducing water consumption and returning the water that is borrowed in the same conditions as its natural state, while also recovering valuable metals in suspension.

The Company uses the most advanced methods and treatments for processing it. These practices also restore it to its former quality after the filtering process and extracts the substances added during the production processes.

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

Acerinox Group Water Consumption



Note: The Acerinox water consumption is that of the Palmones factory (Algeciras).
In Columbus the collected and stored rainwater is not measured.

The Company makes every effort to reduce its water consumption, thus ensuring that the reservoir, its only source, is not significantly affected by its intake. Total water catchment in 2017 was 3,066,104 m³.



Furthermore, the recirculation of water is implemented by means of horizontal treatment systems to all areas. 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. There are three disposal points, two in the Bay of Algeciras and the other at the mouth of the Palmones River. This year, the total amount of water discharged amounted to 1,411,672 m³. In addition, Acerinox Europa has an underwater pipeline which has led to an improvement in the quality of the waters that the bay receives.

As the chart shows, consumption is much lower at the Columbus factory in South Africa than at Acerinox Europa and NAS. A large portion of the water used at Columbus is rainfall collected during the wet season, so there is no significant effect on external sources. Low rainfall in Mpumalanga drove the factory's management to build reservoirs so as not to allow the torrential rains occurring during the wet season to go to waste and to avoid overusing the water circulating through a network with limited capacity.

In 2017, total water use from the municipal supply was 216,630 m³, while total rainfall catchment was 511,210 m³. Water discharged at Columbus is treated in Effluent Storage Reservoirs, but in 2017, no water has been dumped.

In Bahru (Malaysia), water is captured in artificial ponds fed by rainfall, meaning the sole source of water is not significantly affected by the intake. These reservoirs and their corresponding pipelines were financed by the Company, the government of the State of Johor and the federal government via a *Public-Private Partnership* agreement. The graph indicates low consumption despite the high temperatures in the region, thanks to environmental considerations and the viewing of water as a precious resource. In 2017, water catchment was 577,250 m³, despite increased production.

At Bahru, water is treated at the waste water treatment plant, and in 2017, 295,487 m³ was discharged into the Johor Strait.



NAS, in the United States, takes water from the Ohio River that flows by the factory, and returns it through a diffuser, thus preventing any possible environmental impact and ensuring the sole source is not significantly affected by the water intake. Moreover, just as at the factory in Campo de Gibraltar, NAS ensures the quality of the water returned by monitoring the discharges into the river in real time. At NAS, water catchment in 2017 was 5,570,101 m³.

2,514,560 m³ of treated, monitored water were discharged into the Ohio River, which originated from the river itself and rainwater, in strict compliance with environmental regulations.

There are internal procedures of the EMS according to ISO 14001 standard for avoiding and resolving any incident. NSM-9019 is an internal standard to tackle and manage these types of situations and serves as a practical guide for staff at the plant.

The Environmental Policy of the Company has prevented any environmental incident and has made staff aware of the importance of these best practices.

3.6.4 | Spill Prevention

Acerinox Group plants have strict measures to prevent, avoid and resolve spillages from tipping or storing substances. In 2017 there were no spillages recorded in the Group's plants because of these preventative measures. All the plants have neutralisation plants for treating acid and basic waste water as well as emergency dams and other security mechanisms for containing any possible spillage.

The tanks are also equipped with a rigid inner tank for non-visual leaks, with an emergency stop function and emergency cleaning service.



3.6.5 | Air

The Group's production activities are subject to strict emission controls, as well as the fulfilment of yearly objectives. In 2020, the period for recording the Greenhouse-Gas Emissions (GHG) comes to an end in Europe and over the next few years the rights to free emissions are going to be reduced.

Appropriate environmental management has enabled the plant at Campo de Gibraltar to optimise the use of free emission rights and operate with 231,350 free CO₂ emission allowances. The next emission period shall begin with the peace of mind of being able to apply the surplus allowance rights from the period (2012-2020) in the years to come, avoiding the need to resort to the rights market. Plants of the Group outside Europe are not subject to this market, even though their CO₂ emissions are not that much higher than those of the plant in Spain. Unfortunately, in Spain, there is no system that compensates for the indirect costs of CO₂ emitted by power generators, and this is transferred to the price of electricity, inflating the price to absurd levels. This is an issue that a Government that wants to promote industry would need to resolve.

Once again, the Group holds the position as being one of the most efficient companies in reducing emissions, according to the *International Stainless Steel Forum* (ISSF), with a direct emission intensity 35% lower than the average of the rest of the stainless steel manufacturers in the world.

In order to reduce NO_x emissions, the plants have catalytic towers, where NO_x vapours are converted into molecular nitrogen, so that the NO_x emissions are well below the strict legal limits.



Acerinox Europa

2016 = 346 mt NO_x

2017 = 298 mt NO_x



NAS

2016 = 429.3 mt NO_x

2017 = 382.1 mt NO_x



Columbus

2016 = 71.69 mt NO_x

2017 = 97.68 mt NO_x



Bahru

2016 = 33.64 mt NO_x

2017 = 45.78 mt NO_x



Since 2012, Acerinox has participated in the *Carbon Disclosure Project* (CDP), whose reports are considered to be the most reliable and accurate by experts, analysts and the international community at large. This year, once again, it has awarded Acerinox a high score thanks to its significant CO₂ emission control.

Following the recommendations of the various international regulations, the Acerinox Group calculates direct GHG emissions (Scope 1) produced by fuel consumption, indirect GHG emissions (Scope 2) produced by electricity consumption, and finally, other indirect GHG emissions (Scope 3) arising from employee travel and business trips. The verification of these emissions is performed by a body authorised for this activity in compliance with ISO standard 14064-1:2006; the foregoing being an important transparency exercise (NAS uses the EMS System). Total emissions in 2017 were up over last year due to higher production, even though the efforts made have maintained or reduced specific emissions in the majority of the plants.

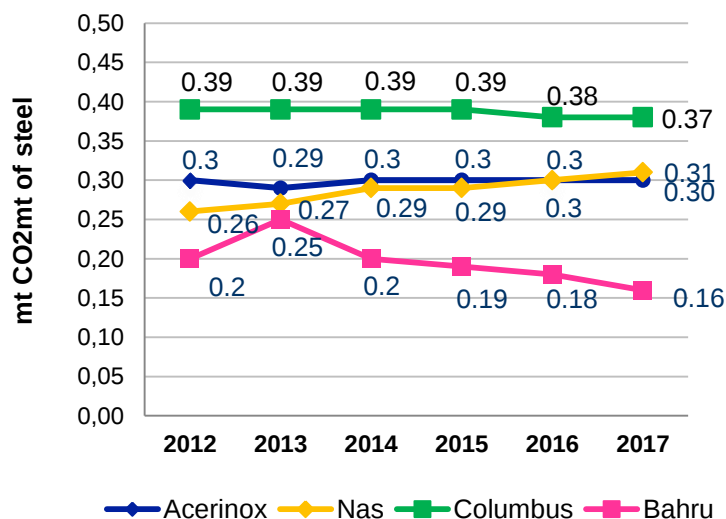
Factories	EMISSIONS		
	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Indirect emissions (Scope 3)
Acerinox	246,010 mt of CO ₂ eq	259,434 mt of CO ₂ eq	1,245 mt of CO ₂ eq*
NAS	337,264 mt of CO ₂ eq	649,404 mt of CO ₂ eq	1,516,068 mt of CO ₂ eq
Columbus	215,812 mt of CO ₂ eq	636,535 mt of CO ₂ eq	Not calculated
Bahru	46,314 mt of CO ₂ eq	83,308 mt of CO ₂ eq	Not calculated

Note: The Acerinox data is that of the Palmones factory (Algeciras).

*In the calculation of emissions (Scope 3) for Acerinox (Palmones Factory), data relating to clients and suppliers was not included.

The graph below shows the CO₂ eq. emissions from the 4 factories:

Acerinox Group GHG emissions (Scope 1)



Note: The Acerinox emission data is that of the Palmones factory (Algeciras).





As mentioned earlier, the current period of CO₂ emission rights allocations will conclude in 2020. Acerinox has managed a gradual decline in rights usage, and therefore, is operating with a surplus of free CO₂ rights allocations. In addition, the Company collaborates with the Association of Steel Companies (Spanish initials: UNESID) in preparing the inventory of CO₂ emissions for the Ministry of the Environment.

With regard to emission intensity, Acerinox registers 0.297 tonnes of CO₂ per tonne of steel for direct emissions (scope 1), and 0.314 tonnes of CO₂ per tonne of steel and 0.002 tonnes CO₂/tonne of steel respectively for indirect emissions (scope 2 and 3).

Columbus employs the ISSF methodology to calculate its CO₂ emissions, which are always well below the limits required by local legislation. Specific emissions have only marginally decreased this year due to a lower percentage of scrap metal being used in melting production and its having been replaced by ferrochrome. In view of the difficulties involved in replacing ferrochrome with scrap metal in South Africa, reducing emissions further will probably require higher total melting output, which will contribute to greater efficiencies. However, with the current demand for stainless steel being what it is, this does not seem possible, despite the efforts and means devoted to this endeavour.

With regard to emission intensity, Columbus registers 0.365 tonnes of CO₂ per tonne of steel for direct emissions (scope 1), and 0.928 tonnes of CO₂ per tonne of steel for indirect emissions (scope 2).

Finally, Columbus saw a reduction of 6,473.19 mt CO₂ compared to the previous year.

Despite the US not being a signatory of the world agreements on the reduction of emissions, the Group has applied to NAS the same best practices as in Europe and achieved similar results, with specific emissions whose levels are very similar to those in our European factories. With regard to emission intensity, 0.306 tonnes of CO₂ per tonne of steel for direct emissions (scope 1), and 0.590 tonnes of CO₂ per tonne of steel and 1.377 tonnes CO₂/tonne of steel respectively for indirect emissions (scope 2 and 3).



Finally, at NAS this year there was no reduction of GHG emissions due to the increased use of dolostone.

In **Bahru**, the source of the relatively high specific emissions generated is clear: the start-up of its equipment and the learning phase. As production increases, as it has gradually since 2013, specific emissions will continue to fall.

With regard to emission intensity, the data shows 0.164 tonnes of CO₂ per tonne of steel for direct emissions (scope 1), and 0.295 tonnes of CO₂ per tonne of steel for indirect emissions (scope 2). Finally, it should be pointed out that emission reductions thanks to energy efficiency measures were 20,191 mt of CO₂.

3.7 | WASTE TREATMENT

3.7.1 | Waste Generated

This year, the percentage of recycled materials used in the manufacture of stainless steel amounted to approximately 67.5% in the case of Acerinox, 57.6% at Columbus, 38.5% at Bahru and 68.7% at NAS. In this regard, all the factories saw an increase year on year.

Waste types generated by each plant are not 100% the same and have been reduced to a normalised group for comparative purposes. The plant in Bahru is the exception once again, as it still lacks its own steel mill and, therefore, cannot be compared with the others. Nonetheless, it conscientiously publishes its figures as part of an informative exercise aimed at increasing awareness of the matter.

Main Waste Products Managed in 2017:

	ACERINOX	BAHRU	COLUMBUS	NAS
Main Waste Products Managed				
Smoke dust (hazardous waste)	18,885 mt	3,218 mt	18,023 mt	31,110 mt
Slag (non-hazardous waste)	270,949 mt	0 mt	177,188 mt	364,478 mt
Scale (non-hazardous waste)	4,224 mt	1,317 mt	4,087 mt	10,139 mt
Neutralisation sludge (non-hazardous waste)	14,068 mt	6,477 mt	18,057 mt	53,559 mt

In the slag processing plant, the metallic content from the waste is extracted, and the resulting metal has a certain content of alloying element. It is then sent to be smelted again (except in the case of Bahru, as explained in the previous paragraph).



The resulting slag is regarded as non-hazardous, with the corresponding benefit for its subsequent use. Smoke powder is a dangerous by-product that is sent, together with other residues (mill scale and PRA powder) to a metal extraction plant. When smoke powder has gone through this process it is no longer a dangerous by-product. The extracted metal is reused as raw material in the steel-blast furnaces.

Across the different plants, wax paper, mill scale, pallet, discarded pieces, halogen bulbs, printer toners, oils and used acids, office paper, plastic, cardboard, shoot blasting, electric and electronic goods are recycled, amongst others.

3.7.2 | Reuse of Waste Materials

Stainless steel is a product which is highly sustainable and can be recycled as many times as required without its characteristics diminishing or deteriorating after each cycle, thus promoting a decrease in the exploitation of natural resources and a reduction in the amount of waste.

With the aim of achieving greater efficiency, the Company has developed its smelting technology by using an extremely high percentage of recycled material, exceeding the global average for steel manufacturers, according to the *International Stainless Steel Forum (ISSF)*.

It is essential to assess the environmental implication of the entire product life cycle, from the manufacturing process to the end of its service life. To do this, the Company participates in the *Life Cycle Inventory (LCI)* promoted by Eurofer (*European Steel Association*).

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

Steel can be found in countless applications across industry. It is interesting to note how other sectors are also committed to the environment, especially by means of the equipment used for renewable energies such as solar power, the construction of energy-efficient buildings, water treatment plants, etc.



3.8 | COMMITMENT TO INNOVATION

Each of the processes of production, distribution and sale of stainless steel, as well as management, require constant effort in research, development and innovation. Steel making requires constant investment in new equipment, in the use of the latest technology and the monitoring of production processes.

It is a significant financial and human effort which is also intrinsically linked to the values of the Company and of those who form part of it, dedicated to finding new answers that enable us to face new challenges and discover opportunities for business and improvement. The amount that was invested directly in R&D&i included the €6.9 million that Acerinox Europa invested in the procurement of new technological equipment needed to enhance the output of the new production lines. North American Stainless invested €4.9 million in R&D&i for the same purpose as the Spanish plant and Columbus Stainless invested €349,599.

The different research laboratories that the company has are dedicated to finding better and more profitable alloys and research into new applications for the products, continuously developing innovations to obtain different product finishes and certifications of the physical properties and composition of steel.



2017 edition of the Rafael Naranjo Awards.



Besides improving the different production workshops in the plants and the tools used in the company, most of their work is aimed at enhancing the qualities of stainless steel and looking for new applications and markets where it can be used, as well as increasing production capacity, optimising each of the phases and expanding the range of products made by the company, reducing where possible consumption and costs generated by the activity, and its environmental impact.

The R&D&i within the company is not limited to just one department but is in each production phase so that the majority of the staff participates in it. That is why, every year, the Company organises the aforementioned “Rafael Naranjo” Awards, with which it rewards the best ideas in this field.

The Group also convened the second edition of the Acerinox Prize in 2017, organised by the Association for the Development of Stainless Steel (Cedinox). The student of Industrial Engineering at the Polytechnic University of Madrid, Almudena Menéndez González, was awarded the Acerinox Prize for her work, 'Functionalization of surfaces using LIPSS with femtosecond laser'.

The jury awarded this study about an application in development for surface treatment using stainless steel (among other metals) laser, with promising possibilities for future use in surface staining and its properties hydrophobic, which can contribute to increase the advantages of the stainless steel in various applications. The award is accompanied by a cash prize of €3,000 and is delivered in the presence of all the members of the jury and the Acerinox management in a public ceremony.

In addition, Cedinox, supervised in its entirety by Acerinox, taught courses in the 2016-2017 academic year to 1,415 students from 19 engineering and architecture schools.



ACERINOX | **4** ANNEXES



SUPPLEMENTARY INFORMATION

Acerinox Group Workforce Breakdown

Year	2016	2017
Professional Staff		
By Gender		
Women	592	631
Men	5222	5261
Total	5814	5892
By Contract		
Open-ended		
Women	540	570
Men	4912	4752
Total	5452	5322
Temporar		
Women	53	61
Men	309	509
Total	362	570
By Contract Type		
Full time		
Women	586	608
Men	5020	5079
Total	5606	5687
Part time		
Women	7	23
Men	201	182
Total	208	205
By age group		
Up to 30 years (30 not included)		
Women	144	165
Men	942	1040
Total	1086	1205
Between 30 and 50 years (inclusive)		
Women	335	356
Men	3042	3051
Total	3377	3407
Over 50 years old		
Women	114	110
Men	1237	1170
Total	1351	1280

Year	2016	2017
By region		
Spain		
Women	149	160
Men	2212	2200
Total	2361	2360
U.S.A.*		
Women	133	140
Men	1259	1273
Total	1392	1413
South Africa		
Women	232	242
Men	1301	1320
Total	1533	1562
Malaysia		
Women	78	89
Men	404	468
Total	482	557

*The data reported by the US originates from the factory in Kentucky, not including subsidiaries.



Acerinox Group Workforce Breakdown by Category and Hours of Training

Hrs = Hours of Training Prof = Total

number of professionals

H/P = Hours of training per professional

Year	2016			2017		
Professionals						
By category and hours of training						
	Hrs	Prof	H/P	Hrs	Prof	H/P

ACERINOX

Higher education

Women	998	48	20.79	660	40	16.5%
Men	1660	165	10.06	1908	147	12.98%
Total	2658	213	12.47	2568	187	13.73%

Administration

Women	898	81	11.08	764	62	12.32%
Men	2254	175	12.88	2406	118	20.39%
Total	3152	256	12.31	3170	180	17.61%

Manual Workers

Women	814	21	38.76	1440	27	53.33%
Men	26728	1871	14.29	35524	1407	25.25%
Total	27542	1892	14.55	36964	1434	25.78%

NAS

Higher education qualifications

Women	283	27	10.5	431	31	13.90
Men	1355	129	10.5	2085	150	13.90
Total	1593	156	10.21	2516	181	13.90

Administration

Women	291.5	53	5.5	302.5	55	5.50
Men	385	70	5.5	374	68	5.50
Total	676.5	123	5.5	676.5	123	5.5

Manual Workers

Women	768.5	53	14.5	870	60	14.50
Men	21200	1060	20	20980	1049	20.00
Total	21968.5	1113	19.73	21850	1109	19.70

Year	2016			2017		
Professionals						
By category and hours of training						
	Hrs	Prof	H/P	Hrs	Prof	H/P

COLUMBUS

Higher education

Women	52,877	95	557	1,918	76	25.24%
Men	192,146	713	269	20,373	556	36.64%
Total	245,023	808	303	22,291	632	35.27%

Administration

Women	68,929	88	783	556	92	6.04%
Men	30,139	37	815	269	35	7.69%
Total	99,068	125	793	825	127	6.50%

Manual Workers

Women	522	49	11	7,071	73	96.86%
Men	37,704	551	68	114,417	730	156.74%
Total	38,226	600	64	121,488	803	151.29%

BAHRU

Higher education qualifications

Women	96	6	16.00	140	7	20.00%
Men	949.5	36	26.38	1024	32	32.00%
Total	1045.5	42	24.89	1164	39	29.85%

Administration

Women	438.5	45	9.74	1215.5	66	18.42%
Men	2420	86	28.14	3352.5	99	33.86%
Total	2858.5	131	21.82	4568	165	27.68%

Manual Workers

Women	185	19	9.74	256	17	15.06%
Men	3370.5	329	10.24	8675.5	362	23.97%
Total	3555.5	348	10.22	8931.5	369	23.57%



Evaluation of the Acerinox Group Performance

Prof = Total number of professionals

% = Percentage of employees who receive performance and career development assessments.

Year	2016		2017	
Professional Category	Prof	%	Prof	%

ACERINOX

Higher education qualifications

Women	48	40	32	63%
Men	165	92	91	52%
Total	213	81	123	55%

Administration

Women	81	38	50	62%
Men	175	34	31	18%
Total	256	35	81	32%

Manual Workers

Women	21	0	0	0%
Men	1871	0.27	0	0%
Total	1892	0.26	0	0%

NAS

Higher education qualifications

Women	27	0	31	100%
Men	129	7	150	100%
Total	156	6	181	100%

Administration

Women	53	11	55	100%
Men	70	24	68	100%
Total	123	19	123	100%

Manual Workers

Women	53	0	60	100%
Men	1060	0	1049	100%
Total	1113	0	1109	100%

Year	2016		2017	
Professional Category	Prof	%	Prof	%

COLUMBUS

Higher education qualifications

Women	95	100	76	100%
Men	713	100	556	100%
Total	808	100	632	100%

Administration

Women	88	100	92	100%
Men	37	100	35	100%
Total	125	100	127	100%

Manual Workers

Women	49	100	73	100%
Men	551	100	730	100%
Total	600	100	803	100%

BAHRU

Higher education qualifications

Women	6	100	8	100%
Men	36	100	26	96%
Total	42	100	34	97%

Administration

Women	45	100	48	80%
Men	86	100	101	92%
Total	131	100	149	88%

Manual Workers

Women	19	100	17	81%
Men	329	100	321	97%
Total	348	100	338	96%



New Additions and Employee Turnover at the Acerinox Group

M = Malaysia / S = South Africa / E = Spain / U = USA

Year	2016	2017
New additions		
By gender		
Women	114	92
Men	635	521
By age group		
Up to 30 years (30 not included)	467	368
Between 30 and 50 years (inclusive)	276	231
Over 50 years old	6	14
By region		
Spain	397	296
U.S.A	147	132
South Africa	49	31
Malaysia	156	154

Staff leaving		2017 % turnover by region					
By gender		2016	2017	M	S	E	U
Women	61	55	22%	7%	1%	6%	
Men	385	376	22%	5%	5%	8%	
By age group							
Year	2016	2017	M	S	E	U	
Up to 30 years (30 not included)	215	138	30%	5%	4%	8%	
Between 30 and 50 years (inclusive)	170	155	14%	5%	1%	7%	
Over 50 years old	61	138	33%	7%	12%	8%	

Acerinox Group Staff on Maternity or Paternity Leave

Year	2016	2017
Professionals		
With the right to leave		
Women	548	631
Men	3964	3988
Those who exercised their right to leave		
Women	22	36
Men	159	151
Those who returned to work at the end of their leave		
Women	22	35
Men	159	149
Those who returned and kept their job after 12 months		
Women	22	35
Men	159	149
Return and retention rate		
Women	100%	100%
Men	100%	100%



Acerinox Group Health and Safety Indicators

M = Malaysia / S = South Africa / E = Spain / U = USA

Year	2016				2017			
Personnel Accidents								
Number of accidents								
By region	M	S	E	U	M	S	E	U
Fatalities								
Women	0	0	0	0	0	0	0	0
Men	0	0	0	0	0	1	0	0
With leave								
Women	0	0	1	0	2	0	1	0
Men	17	8	75	6	15	5	67	7
Without leave								
Women	0	4	0	1	0	1	6	3
Men	4	52	11	18	8	27	315	21
Number of workdays lost								
Women	0	0	35	0	32	0	43	0
Men	213	196	4761	136	160	446	3290	28
Accident rate *								
Women	0%	0.13%	0.07%	0.07%	1.66%	0.38%	6.72%	2.09%
Men	100%	4.09%	4.47%	1.68%	3.64%	2.28%	23.34%	2.1%

*The accident rate is the number of accidents with or without sick leave/total hours worked*200,000.

Number of occupational sicknesses								
Women	0	0	0	0	0	0	0	0
Men	0	2	0	0	0	3	0	0

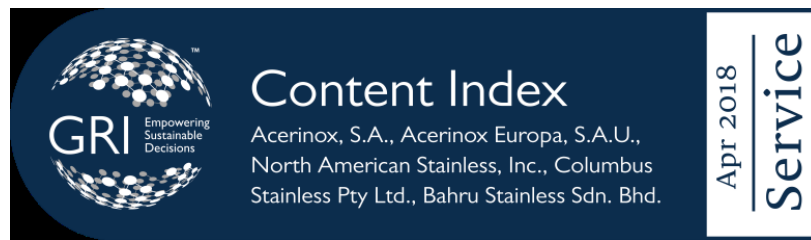
Year	2017			
Absenteeism rate				
By region	M	S	E	U
Total	1.27%	2.88%	4.26%	0.02%

Financial Value Created in 2017

Tax year	2016	2017
Supplier expenditure (raw materials and other consumables)*	€11,163,411,180	€3,858,987,809
Donations	€552,292	€369,174



GRI Content Rate



OVERVIEW OF BASIC CONTENTS

Overview of basic contents	Page	Omissions	External verification	Description
STRATEGY AND ANALYSIS				
G4-1	Statement by the Chief Executive Officer (pages 3-5)		✓	Statement from the senior person in charge on sustainability relevance and strategy.
ORGANISATIONAL PROFILE				
G4-3	1. About this Report - 1.1 Company Profile (page 7) - 1.2 Principles Governing this Report - Scope (pages 22-23).		✓	Name of the organisation
G4-4	1. About this Report - 1.1 Company Profile – Factories (page 7) - Countries in Which We Operate (page 8) - Product (pages 9-13).		✓	Most important brands, products and services.
G4-5	Calle Santiago de Compostela no. 100 (28035), Madrid.		✓	Location of the organisation's head office.
G4-6	1. About this Report - 1.1 Company Profile – Factories (page 7) - Countries in Which We Operate (page 8).		✓	Number of countries in which the organisation operates, and names of those in which it carries out activities that are significant or relevant, specifically concerning the aspects of sustainability covered in this report.
G4-7	1. About this Report - 1.1 Company Profile - 1.1.6.3 Parent Company (page 18)		✓	Nature of ownership and legal form.
G4-8	1. About this Report - 1.1.2 Countries in Which We Operate (page 8).		✓	Markets served.
G4-9	1. About this Report - 1.1 Company Profile (pages 7-8) 3. The Acerinox Commitment - 1.1.6.1 The Acerinox Group Worldwide (page 15)		✓	Size of the organisation
G4-10	4. Annexes - Supplementary Information - Breakdown of the Workforce (page 81). Freelancers do not perform a substantial part of the work, nor do employees or workers subcontracted by contractors. This year, there was no significant change in the number of workers.		✓	Breakdown of the total workforce by employment type, contract type, region and gender.
G4-11	100% of the employees of Acerinox and Bahru are covered by some type of collective bargaining agreement. At Columbus, about 74% of the permanent employees are subject to some type of collective agreement, but at NAS this indicator is not applicable because there are no collective bargaining agreements. In every case, the regulations of each country are rigorously complied with.		✓	Percentage of employees covered by collective bargaining agreements.



G4-12	3. The Acerinox Commitment - 3.5.2 Description of the Supply Chain (page 64)		✓	Description of the organisation's supply chain.
G4-13	On 21 September 2017, Hanwa Co., Ltd. acquired a 3% stake in Bahru from Metal One Corporation. Its current shareholders are Acerinox (67%), Nisshin Steel (30%) and Hanwa (3%). Furthermore, the Company appointed three new female directors this year, which means there are now 4 independent female directors.		✓	Significant changes during the reporting period.
G4-14	2. Corporate Responsibility - 2.1 Corporate Governance (pages 22 and 23) - Risk Management (pages 34-35)		✓	Explanation of how the precautionary approach or principle has been adopted by the organisation.
G4-15	3. The Acerinox Commitment - 3.1 Commitment to Society (pages 46-48) In addition, the Company has signed up to the ten principles of corporate citizenship established in the United Nations Global Compact and the Company is a member the Spanish Global Compact Network.		✓	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.
G4-16	1. About this Report - 1.1 Company Profile - Alliances and External Initiatives (pages 19-21).		✓	Memberships in associations and national bodies it supports.
MATERIAL ASPECTS AND COVERAGE				
G4-17	3. The Acerinox Commitment - 3.4 Commitment to Our Shareholders (pages 59-61) - Point 5 of the Annual Financial Report 2017 . 1.1.6.1 The Acerinox Group Worldwide (page 15). The companies included in the scope of this report are Acerinox Europa, S.A.U., Acerinox, S.A., North American Stainless, Bahru Stainless, SDN. BHD. and Columbus Stainless.		✓	Entities included in the organisation's consolidated financial statements or equivalent documents.
G4-18	1. About this Report- 1.3 GRI Principles Behind the Drafting of this Report (pages 24-26) 2. Corporate Responsibility - 2.2 Materiality (pages 36-39).		✓	Process for defining report content.
G4-19	2. Corporate Responsibility - 2.2 Materiality (pages 36-39).		✓	Material aspects identified.
G4-20	2. Corporate Responsibility - 2.2 Materiality (pages 36-39).		✓	Limit of each material aspect within the organisation.
G4-21	2. Corporate Responsibility - 2.2 Materiality (pages 36-39).		✓	Limit of each material aspect outside the organisation.
G4-22	No restatement of information with respect to previous reports has been made.		✓	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.
G4-23	1. About this Report - 1.2 Principles Governing this Report (pages 22-23). In 2017, a complete audit of the Sustainability Report was conducted for the first time by KPMG.		✓	Significant changes in scope and coverage with respect to previous reports.
STAKEHOLDER ENGAGEMENT				
G4-24	2. Corporate Responsibility - 2.3 Stakeholder Engagement (pages 40-42).		✓	List of stakeholders linked to the organisation.
G4-25	2. Corporate Responsibility - 2.3 Stakeholder Engagement (pages 40-42).		✓	Basis for stakeholder selection.
G4-26	2. Corporate Responsibility - 2.3 Stakeholder Engagement (pages 40-42).		✓	Approaches to stakeholder engagement.
G4-27	2. Corporate Responsibility - 2.2 Materiality (page 38) - 2.3 Stakeholder Engagement (pages 40-42).		✓	Main concerns and points of interest arising from stakeholder engagement and the way in which they were responded to.



REPORT PROFILE				
G4-28	Calendar year 2017 (1 January 2017 to 31 December 2017)		✓	Reporting period for information provided.
G4-29	Calendar year 2016 (1 January 2016 to 31 December 2016)		✓	Date of the last report.
G4-30	Annually		✓	Reporting cycle.
G4-31	1. About this Report - 1.2 GRI Principles Behind the Drafting of this Report (page 26)		✓	Contact point for questions regarding the Report or its contents.
G4-32	4. Annexes - GRI Content Index (page 86) and the Industry Supplement for mining and metallurgy (page 98).		✓	Table identifying the location of the standard disclosures in the report.
G4-33	1. About this Report - 1.2 Principles Governing this Report (page 23)		✓	Policy and current practice with regard to seeking external assurance for the report.
GOVERNANCE				
G4-34	2. Corporate Responsibility - 2.1 Corporate Governance (page 28) Annual Report on Corporate Governance and Regulations .		✓	The organisation's governance structure, which identifies the committees responsible for making decisions on financial, environmental and social issues.
ETHICS AND INTEGRITY				
G4-56	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	Description of the organisation's values, principles, standards and rules, such as codes of conduct or ethics.



SPECIFIC BASIC CONTENTS				
Information on the management approach and indicators	Page	Omissions	External verification	Description
CATEGORY: FINANCES				
Material aspect: Economic Performance				
G4-DMA	3. The Acerinox Commitment - 3.4 Commitment to its Shareholders - Financial Performance (Page 59).		✓	
G4-EC1	1. About this Report - 1.1 Company Profile - Business Model (pages 14-17) 3. The Acerinox Commitment - 3.4 Commitment to its Shareholders (pages 59-61) 4. Annexes - Supplementary Information - Financial Value Generated (page 85)		✓	Direct economic value generated and distributed.
G4-EC2	3. The Acerinox Commitment - 3.6.5 Air (page 73)		✓	Financial implications and other risks and opportunities for the organisation's activities due to climate change.
G4-EC3	3. The Acerinox Commitment - 3.3 To Our People - Employee Benefits (page 58).		✓	Coverage of the organisation's obligations concerning social benefit programmes.
G4-EC4	The South African government, and the Industrial Development Corporation (IDC) have a stake in the shareholding structure of the organisation amounting to 3.05%.		✓	Financial aid granted by governmental bodies.
Material aspect: Market presence				
G4-DMA	1. About this Report - 1.1 Company Profile (pages 7-8 and 15-17).		✓	
G4-EC5	The Company uses social welfare as one of the methods for investing in its employees, having a significant impact on the local labour market. There is no distinction in the group between men and women's salaries. The entry level wage at Acerinox is €1,300.00, which is well above the legal minimum of €707.60. At NAS, the entry level wage is €2,282.00 and the legal minimum is €1,417.00. In South Africa, there is no legal minimum wage, although there is the intention to establish one. At Columbus the entry level wage is €970. At Bahru, the legal minimum wage of €223.10 is applied. As a result, strong links are formed with the community in which the Company is located and with the workforce.		✓	Comparison of the entry level wage according to gender and the local minimum wage in places where significant operations are performed.
G4-EC6	No internal policy exists in Acerinox Group with respect to preference for local hiring. 100% of managers come from the local community, except in Bahru, where, due to its recent creation, 4 out of 5 members of senior management are not local. The group promotes equal opportunities based on merit in selection and promotion processes.		✓	Percentage of senior management originating from the local community in places where significant operations are performed.
Material aspect: Indirect Financial Consequences				
G4-DMA	3. The Acerinox Commitment - 3.1 To Society (page 46) - 3.2 To Clients (page 48) - 3.3 To Our People (page 51).		✓	



G4-EC7	3. The Acerinox Commitment - 3.1 To Society (pages 46-47).		✓	Development and impact of infrastructure investment and types of services provided.
G4-EC8	At the Company, there have been no significant indirect economic impacts.		✓	Significant indirect financial impacts and scope thereof.
Material aspect: Procurement Practices				
G4-DMA	3. The Acerinox Commitment - 3.5 To Our Suppliers (page 62)		✓	
G4-EC9	3. The Acerinox Commitment - 3.5 To Our Suppliers (page 65) 4. Annexes - Supplementary Information - Value value generated (page 85).		✓	Percentage of expenditure in places with significant operations that corresponds to local suppliers.
CATEGORY: ENVIRONMENT				
Material aspect: Materials				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 66).		✓	
G4-EN1	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 67).		✓	Materials used by weight or volume.
G4-EN2	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 67).		✓	Percentage of materials used that are recycled input materials.
Material aspect: Energy				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (pages 67-68).		✓	
G4-EN3	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 67).		✓	Internal energy consumption
G4-EN4		Given the activity performed by the Group Acerinox Group, this indicator is not applicable to our organisation.	✓	External energy consumption.
G4-EN5	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 67).		✓	Energy intensity
G4-EN6	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 67).		✓	Reduction of energy consumption
G4-EN7	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 67).		✓	Reductions in energy requirements for products and services.
Material aspect: Water				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment - Water – Our Best Ally (pages 70-72).		✓	
G4-EN8	3. The Acerinox Commitment - 3.6 To the Environment - Water – Our Best Ally (page 70).		✓	Total water catchment by source.



G4-EN9	3. The Acerinox Commitment - 3.6 To the Environment - Water – Our Best Ally (pages 70-71).		✓	Water sources significantly affected by water intake.
G4-EN10	The installation recirculates water through the various plants available. The total percentage of water recycled and reused is a 55% at Acerinox, 98% at NAS, 99% at Columbus and 98% at Bahru.		✓	Percentage and total volume of water recycled and reused.
Material aspect: Issues				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment (pages 73-76).		✓	
G4-EN15	3. The Acerinox Commitment - 3.6 To the Environment - Air (page 74).		✓	Direct greenhouse gas emissions (Scope 1).
G4-EN16	3. The Acerinox Commitment - 3.6 To the Environment - Air (page 74).		✓	Indirect greenhouse gas emissions (Scope 2).
G4-EN17	3. The Acerinox Commitment - 3.6 To the Environment - Air (page 74).		✓	Other indirect greenhouse gas emissions (Scope 3).
G4-EN18	3. The Acerinox Commitment - 3.6 To the Environment - Air (pages 74-76).		✓	Intensity of greenhouse gas emissions.
G4-EN19	3. The Acerinox Commitment - 3.6 To the Environment - Air (pages 74-76).		✓	Reduction of greenhouse gas emissions.
G4-EN20	In the EMS there is an environmental programme which controls equipment that contains substances that deplete the ozone layer. Every year, Acerinox monitors the replacement of refrigerant gases and, in 2017, the impact on global warming was calculated in compliance with ISO 14064.		✓	Emissions of ozone-depleting substances.
G4-EN21	3. The Acerinox Commitment - 3.6 To the Environment - Air (page 73).		✓	NOX, SOX and other significant atmospheric emissions.
Material aspect: Effluent and waste				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment - Waste Treatment (pages 76-77).		✓	
G4-EN22	3. The Acerinox Commitment - 3.6 To the Environment - Water: Our Best Ally (pages 70-72).		✓	Total water discharge by type and destination.
G4-EN23	3. The Acerinox Commitment - 3.6 To the Environment - Waste Treatment (pages 76-77).		✓	Total weight of waste by type and disposal method. treatment.
G4-EN24	3. The Acerinox Commitment - 3.6 To the Environment - Water: Our Best Ally - Spill Prevention (page 72).		✓	Total number and volume of the most significant spills.
G4-EN25	At Acerinox in 2017, a total of 31,764 mt of hazardous waste was managed, of which 3.98% was shipped internationally. At NAS, a total of 31,110 mt of hazardous waste was managed, but it was not shipped internationally. At Columbus, a total of 44,194 mt was managed, of which 2.22% was shipped internationally. At Bahru, a total of 11,868 mt was managed, but it was not shipped internationally.		✓	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention (Annexes I, II, III, and VIII), and percentage of waste shipped internationally.



Material aspect: Products and services				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (pages 66-68).		✓	
G4-EN27	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (pages 66-68) - Environmental Expenditure and Investment (pages 68-69)		✓	Mitigation of environmental impact of products and services.
G4-EN28	Stainless steel is 100% recyclable and requires an insignificant amount of packaging with respect to the weight of the product.		✓	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life, by category.
Material aspect: Regulatory Compliance				
G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-EN29	In 2017, the Company is not aware of any significant fines or regulatory proceedings, in accordance with the established procedures.		✓	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
Material aspect: Transport				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment - Air (pages 73-76).		✓	
G4-EN30	3. The Acerinox Commitment - 3.6 To the Environment - Air (pages 73-76).		✓	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.
Material aspect: Overall				
G4-DMA	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Expenditure and Investment (pages 68-69).		✓	
G4-EN31	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Expenditure and Investment (page 68).		✓	Breakdown of expenditure and investments for the protection of the environment.
Material aspect: Environmental Assessment of Suppliers				
G4-DMA	3. The Acerinox commitment - 3.5 To Our Suppliers - Ethical Fair and Responsible Hiring (pages 62-64).		✓	
G4-EN32	3. The Acerinox commitment - 3.5 To Our Suppliers - Ethical Fair and Responsible Hiring (pages 62-65) - Description of the Supply Chain (pages 64-65).		✓	Percentage of new suppliers that were assessed on the basis of environmental criteria .
G4-EN33	There are no real, significant, negative impacts in the supply chain. Potential impacts are evaluated and controlled by the Environmental Departments at each of the Acerinox Group factories.		✓	Significant negative environmental impacts, actual and potential, in the supply chain and measures in that regard.



Material aspect: Complaint Mechanisms in Environmental Matters

G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-EN34	In 2017, there were no environmental complaints recorded, in accordance with the established procedures.		✓	Number of environmental complaints that were submitted, addressed and resolved using formal complaint mechanisms.

CATEGORY: SOCIAL PERFORMANCE

Subcategory: Employment Practices and Decent Work

Material aspect: Employment

G4-DMA	3. The Acerinox Commitment - 3.3 To Our People (page 51).		✓	
G4-LA1	4. Annex - Supplementary Information - Breakdown of the Acerinox Group Workforce (page 81) - Employee Turnover (page 84).		✓	Total number of employees and turnover rate of new additions and employees, broken down by age group, gender and region.
G4-LA2	3. The Acerinox Commitment - 3.3 To Our People - Employee Benefits (page 58). There is no difference between the benefits offered to full-time employees compared to those offered to part-time employees.		✓	Employee benefits provided to full-time employees that are not provided to part-time employees, broken down by main activity.
G4-LA3	4. Annex - Supplementary Information - Maternity or Paternity Leave (page 84).		✓	Rates of return to work and retention after maternity or paternity leave, broken down by gender.

Material aspect: Relationship Between Workers and Management

G4-DMA	3. The Acerinox Commitment - 3.3 To Our People (page 51) - Diversity and Equal Opportunities (page 58).		✓	
G4-LA4	The minimum notice periods are in compliance with current legislation in each country.		✓	Minimum notice periods for operating changes and possible inclusion of these in collective bargaining agreements.

Material aspect: Health and Safety at Work

G4-DMA	3. The Acerinox Commitment - 3.3 To Our People - Health and Safety at Work (pages 52-54).		✓	
G4-LA5	3. The Acerinox Commitment - 3.3 To Our People - Health and Safety at Work (pages 52-54).		✓	Percentage of total workforce represented in joint management-employee health and safety committees, set up to help monitor and advise on occupational health and safety programmes.



G4-LA6	3.The Acerinox Commitment - 3.3 To Our People - Health and Safety at Work (52-54) 4.Annexes - Supplementary Information - Health and Safety Indicators (page 85).		✓	Injury type and rates, occupational diseases, lost days, absenteeism and number of work-related fatalities by region and by gender.
G4-LA7	Annex - Supplementary Information - Acerinox Group Health and Safety Indicators (page 85)		✓	Jobs whose which involve a high risk or incidence of disease.
G4-LA8	3. The Acerinox Commitment - 3.3 To Our People - Health and Safety at Work (pages 52-54).		✓	Health and safety issues covered in formal agreements with trade unions.
Material aspect: Training and Education				
G4-DMA	3. The Acerinox Commitment - 3.3 To Our People - Employee Training (pages 55-57).		✓	
G4-LA9	4. Annex - Supplementary Information - Workforce Training (page 82).		✓	Average hours of training per year per employee, broken down by category and gender.
G4-LA10	3. The Acerinox Commitment - 3.3 To Our People - Employee Training (pages 55-57).		✓	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
G4-LA11	4. Annexes - Supplementary Information - Performance Assessment (page 83)		✓	Percentage of employees receiving regular performance and career development assessments, broken down by gender and professional category.
Material aspect: Diversity and equal opportunities				
G4-DMA	3. The Acerinox Commitment - 3.3 To Our People - Diversity and Equal Opportunities (page 58).		✓	
G4-LA12	2.Corporate Responsibility - 2.1 Corporate Governance (page 29). Annexes - Supplementary Information - Workforce Training (page 81).		✓	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.
Material aspect: Pay Equality for Men and Women				
G4-DMA	3. The Acerinox Commitment - 3.3 To Our People - Diversity and Equal Opportunities (page 58).		✓	
G4-LA13	The Acerinox Group makes no distinction between men and women as regards basic salary.		✓	Ratio of men's and women's basic salary by employee category and by locations with significant activity.



Material aspect: Evaluation of Supplier Employment Practices

G4-DMA	3. The Acerinox Commitment - 3.5 To Our Suppliers - Ethical Fair and Responsible Hiring (pages 62-63).		✓	
G4-LA14	3. The Acerinox Commitment - 3.5 To Our Suppliers - Ethical Fair and Responsible Hiring (pages 62-63).		✓	Percentage of new suppliers that were assessed with regard to employment practice criteria.
G4-LA15	3. The Acerinox Commitment - 3.5 To Our Suppliers - Ethical Fair and Responsible Hiring (pages 62-63)		✓	Significant negative impacts, actual and potential, from employment practices in the supply chain and measures in that regard.

Material aspect: Complaint Procedures Regarding Employment Practices

G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 34-36).		✓	
G4-LA16	In 2017, Columbus received 10 complaints from its employees through formal complaint channels, of which 6 were resolved amicably and 4 are still being addressed.		✓	Number of complaints regarding employment practices that have been submitted, addressed and resolved using formal complaint mechanisms.

Subcategory: Human Rights

Material aspect: Investment

G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-HR1	In view of the activity that the Acerinox Group carries out and the geographical scope it operates in, no risks are considered to exist in terms of non-compliance with human rights. Moreover, hiring standards comply with the criteria of the global organisation, which are more rigorous than the legislation in force in each country. In addition, the company has signed up to the principles of the Global Compact.		✓	Number and percentage of significant investment agreements and contracts which include human rights clauses or which have undergone human rights screening.

Material aspect: Non-discrimination

G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44) 3. The Acerinox Commitment - 3.3 To Our People - Diversity and Equal Opportunities (page 58).		✓	
G4-HR3	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 aim to defend workers' Rights and are committed to compliance with the Code of Conduct and Good Practices. In 2017, the Company was not aware of incidents of discrimination.		✓	Number of cases of discrimination and corrective action taken.

Material aspect: Freedom of Association and Collective Bargaining

G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-HR4	There are no activities in the Acerinox Group in which the right to freedom of association and collective bargaining are significantly at risk.		✓	Activities of the company and significant suppliers in which the right to



				freedom of association and collective bargaining may be at significant risk and measures taken to defend these rights.
Material aspect: Complaint Mechanisms for Human Rights Issues				
G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-HR12	In 2017, there were no complaints made about human rights through the established formal complaints channels.		✓	Number of complaints regarding human rights that were submitted, addressed and resolved using formal complaint procedures.
Subcategory: Company				
Material aspect: Local Communities				
G4-DMA	3. The Acerinox Commitment - 3.1 To Society (page 46)		✓	
G4-SO1	3. The Acerinox Commitment - 3.1 To Society (pages 46-47)		✓	Percentage of centres where development programmes and impact assessments have been implemented which have included local community participation.
G4-SO2		Not applicable, since the group's activity does not have a significant negative impact on local communities.	✓	Operations centres with significant negative effects, actual or potential, on local communities.
Material aspect: The Fight Against Corruption				
G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance - The Fight Against Corruption (page 44).		✓	
G4-SO3	All centres are obliged to comply with the Acerinox Group's policy with regard to prevention of corruption. Moreover, in all cases, compliance with the provisions of the Code of Conduct and Good Practices is compulsory. The company has signed up to the principles of the Global Compact.		✓	Percentage and number of centres where the risks associated with corruption have been assessed with significant risks detected.
G4-SO4	2. Corporate Responsibility - 2.4 Ethics and Compliance - The Fight Against Corruption (page 44).		✓	Policies and procedures for communication and training on the fight against corruption. Code of Conduct and Good Practices.
G4-SO5	In 2017, no significant incidents of discrimination were recorded.		✓	Confirmed cases of corruption and measures taken.



Material aspect: Unfair Competition Practices				
G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-SO7	In 2017, no significant legal procedures due to unfair competition, monopolistic practices or those which are against free competition were recorded through the mechanisms set up by the legal department.		✓	Number of legal proceedings for monopolistic practices or those which are against free competition and their outcomes.
Material aspect: Regulatory Compliance				
G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-SO8	The Company is not aware of any significant fines through the mechanisms established by the legal department.		✓	Monetary value of significant fines and number of non-monetary sanctions imposed for non-compliance with laws and regulations.
Material aspect: Evaluation of Social Repercussion of Suppliers Hired				
G4-DMA	3. The Acerinox Commitment - 3.5 To Our Suppliers (page 62)		✓	
G4-SO9	3. The Acerinox Commitment - 3.5 To Our Suppliers - Ethical Fair and Responsible Hiring (pages 62-63).		✓	Percentage of new suppliers that were assessed with regard to social impact criteria.
G4-SO10	3. The Acerinox Commitment - 3.5 To Our Suppliers - Ethical Fair and Responsible Hiring (pages 62-63).		✓	Significant negative social impacts, actual and potential, in the supply chain and measures taken in that regard.
Material aspect: Complaint Procedures in Cases of Social Impact				
G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-SO11	In 2017, in Columbus there were 4 complaints from local business organisations over the use of local businesses in procurement processes. Once again, they were resolved amicably.		✓	Number of complaints regarding social impacts that were submitted, addressed and resolved using formal complaint mechanisms.
Subcategory: Product Responsibility				
Material aspect: Client Health and Safety				
G4-DMA	3. The Acerinox Commitment - 3.2 To Our Clients (page 48) - Health and Safety in Our Products (page 49) 1. About this Report - 1.1 Company Profile - Product (pages 9-13)		✓	
G4-PR1	3. The Acerinox Commitment - 3.2 To Our Clients (Page 48) - Health and Safety in Our Products (page 49).		✓	Percentage of categories of products whose impacts on health and safety were assessed so as to promote improvements.
G4-PR2	The Company is not aware of any significant impact on Health and Safety.		✓	Total number of incidents arising from the breach of



				legal regulations or voluntary codes concerning Health and Safety impacts of products and services during their life cycle, by type of outcomes.
Material aspect: Labelling of products and services.				
G4-DMA	1. About this Report - 1.1 Company Profile - Product (pages 9-13).		✓	
G4-PR3	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (page 67)		✓	Types of information required by the organisation's procedures relating to information and labelling of their products and services, and percentage of categories of products and services that are subject to such requirements.
G4-PR4	As a result of the mechanisms established by the legal department, the Company is not aware of any breach of legal regulations or voluntary codes concerning information and labelling of products and services.		✓	Number of breaches of the regulations and of the voluntary codes concerning product and service information and labelling, by type of outcomes.
G4-PR5	3. The Acerinox Commitment - 3.2 To Our Clients - Customer Satisfaction (page 50).		✓	Results of surveys conducted to measure customer satisfaction.
Material aspect: Regulatory Compliance				
G4-DMA	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44).		✓	
G4-PR8	In 2017, no significant complaints regarding breaches of client privacy and losses of client data, were made through the established complaints channels.		✓	Number of substantiated claims based on the violation of privacy and losses of personal client data.
G4-PR9	The Company is not aware of any significant fines through the mechanisms established by the legal departments of the group's companies.		✓	Cost of the significant fines for breach of regulations and legislation concerning the supply and use of products and services.



Industry Supplement for Mining and Metals

METAL SECTOR INDICATORS			
Indicator	Page	External verification	Description
ENVIRONMENT			
MM3	In 2017, Acerinox managed a total of 31,764 mt of hazardous waste, of which 3.98% was shipped internationally. At NAS, a total of 31,110 mt of hazardous waste was managed, but it was not shipped internationally. At Columbus, a total of 44,194 mt was managed, of which 2.22% was shipped internationally. At Bahru, a total of 11,868 mt was managed, but it was not shipped internationally.	✓	Total amounts of overburden, rock, tailings and sludges and their associated risks.
LABOUR PRACTICES AND DECENT WORK			
MM4	In 2017, there were no strikes or lock-outs of this type in Acerinox Group.	✓	Number of strikes and lock-outs exceeding one week's duration, by country.
SOCIETY			
MM6	In 2017, no significant conflict in relation to land use and customary rights of local communities and Indigenous peoples was recorded.	✓	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.
MM7	The various legal departments in the group establish the mechanisms required to resolve conflicts through direct communication. Nevertheless, in 2017, the Company was not aware of any complaints having been made through said mechanisms.	✓	Grievance mechanisms to resolve disputes relating to local communities and Indigenous Peoples, and the outcomes of such incidents.
PRODUCT RESPONSIBILITY			
MM11	3. The Acerinox Commitment - 3.6 To the Environment (page 68) - 3.7 To Innovation (pages 78-79).	✓	Programmes and progress relating to products responsibility.



United Nations Global Compact Principles

THE TEN PRINCIPLES OF THE UNION NATIONS GLOBAL COMPACT		
Areas	Principles	Reference
HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed Human Rights within their area of influence.	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44) 3. The Acerinox Commitment - 3.1 To Society (pages 46-48) - 3.3 To Our People (pages 51-58) 4. Annexes - Supplementary Information - Economic value generated donations (page 85) - Table of GRI Content - Human Rights (pages 95-96).
Principle 2	Businesses must ensure that their companies are not complicit in Human Rights violations.	2. Corporate Responsibility - 2.4 Ethics and Compliance (pages 43-44) 3. The Acerinox Commitment - 3.3 To Our People (pages 51-58) 4. Annexes - Table of GRI Content - Human Rights (pages 95-96).
EMPLOYMENT RIGHTS		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	All Acerinox Group employees are protected by the principle of freedom of association recognised in the Spanish Constitution and the laws of the countries in which it operates. The Company's work regime complies with current legislation of each country and the collective bargaining agreement that applies in each case. In addition, the Company has signed up to the principles of the Global Compact.
Principle 4	Companies must support the abolition of all forms of forced labour or that performed under duress.	The Acerinox Group has not identified activities or operations of this type. In addition, the Company has signed up to the principles of the Global Compact.
Principle 5	Businesses should uphold the effective abolition of child labour.	The Acerinox Group has not identified activities or operations of this type. In addition, the Company has signed up to the principles of the Global Compact.
Principle 6	Companies must uphold the effective abolition of discriminatory practices in recruitment and in the workplace.	3. The Acerinox Commitment - 3.3 To Our People - Diversity and Equal Opportunities (page 58) 4. Annexes - Supplementary Information (pages 81-85) - Table of GRI Content - Employment Practices and Decent Work (pages 93-95) - Human Rights (pages 95-96).
ENVIRONMENT		
Principle 7	Companies should support a preventive approach to the Environment.	3. The Acerinox Commitment - 3.6 To the Environment (pages 66-77) - 3.5 To Our Suppliers - Ethical, Fair and Responsible Hiring (pages 62-63) - The Supply Chain (pages 64-65) 4. Annexes - Supplementary Information (81-85) - Table of GRI Content - Environmental Dimension (pages 90-93).
Principle 8	Businesses should foster initiatives to promote greater environmental responsibility.	3. The Acerinox Commitment - 3.6 To the Environment (pages 66-77) - 3.5 To Our suppliers - Ethical Fair and Responsible Hiring (pages 62-63) - The Supply Chain (pages 64-65) 4. Annexes - Supplementary Information (81-85) - Table of GRI Content - Environmental Dimension (pages 90-93).
Principle 9	Companies must encourage the development and diffusion of	3. The Acerinox Commitment - 3.6 To the Environment - Environmental Management Approach (pages



	environmentally-friendly technologies.	66-68) - Water, Air and Waste Treatment (pages 76-77) 4. Annexes - Table of GRI Content - Environmental Dimension (pages 90-93).
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	2. Corporate Responsibility - 2.4 Ethics and Compliance - The Fight Against Corruption (page 44).

