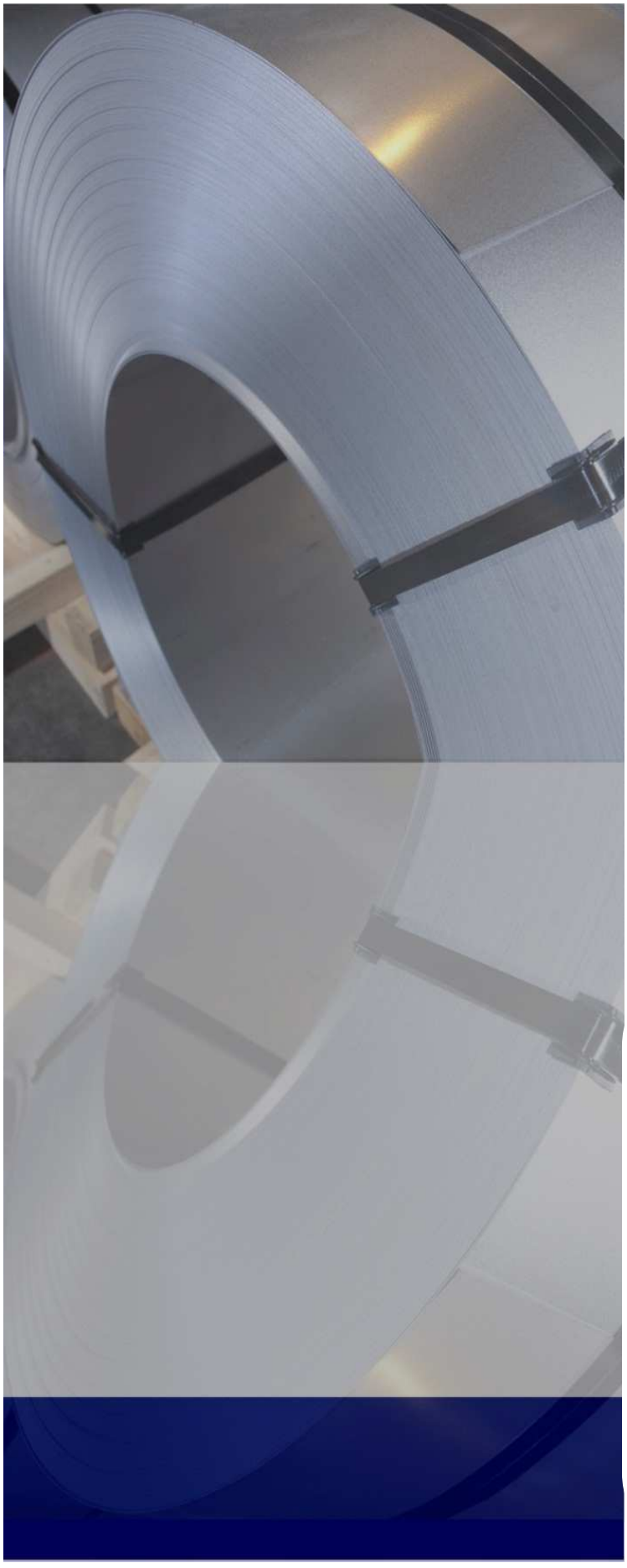

GENERAL POLICIES

4. General Policy for Risk Management and Control at Acerinox, S.A. and its Group of Companies

15 December 2015

GENERAL POLICY FOR RISK MANAGEMENT AND CONTROL AT ACERINOX, S.A. AND ITS GROUP OF COMPANIES

The ACERINOX, S.A. ('Acerinox' or 'the Company') Board of Directors is responsible for the areas of the ongoing approval, design, assessment and review of the Corporate Governance of the Company and the approval of the corporate Policies that are implemented through the principles set out in the Companies Act and in the Good Governance Code of Listed Companies, which contain guidelines that govern the performance of the Parent Company and member companies of the Group and their directors, managers, and employees.

The General Policy for Risk Management and Control in the Company is based on the following:

I.- Aim

The aim of the General Policy for Risk Management and Control is to establish the main principles and general framework for control and management of all types of risks that the Company and the Group may face.

The General Policy for Risk Management and Control is developed with and as a supplement to corporate risk policies and specific policies for risks that may occur in relation to certain companies in the Group.

II.- Scope

The General Policy for Risk Management and Control applies to all companies that make up the Group.

In those member companies in which the General Policy for the Control and Management of Risks cannot be applied, the Company promotes some principles, guidelines and risk limits, consistent with those established through the General Policy for the Control and Management of Risks and shall maintain the appropriate information channels to guarantee sufficient knowledge of these.

III.- General risk factors - definitions

In general, a risk is understood as any threat of an event, action or omission that could prevent the Group from successfully achieving its objectives and executing its strategies.

In general, the risk factors that the Group is subject to are those listed below.

a) **Market Risks**: this is the exposure of the Group's profit or loss and equity to variations in prices and market variables, such as interest rates, the price of raw materials, the price of financial assets, etc.

b) **Credit Risks**: this is the possibility that one counterpart fails to fulfil their contractual obligations and causes an economic or financial loss in the Group. The counterparts may be end clients or counterparts in financial markets.

c) **Business Risks**: established as the uncertainty in terms of the performance of key variables inherent to the business, such as the characteristics of demand.

d) **Regulatory Risks**: these risks stem from regulatory changes established by the various regulators or in social, environmental or tax regulations.

e) **Operational Risks**: these refer to direct or indirect financial losses from inadequate internal processes, technological failures, human error, or due to certain external events, including their economic, social, environmental and reputational impact, as well as legal risks and fraud, or problems with partners, suppliers and contractors. Operational risks also include those associated with information technology and cybersecurity.

f) **Reputational Risks**: these are the potential negative impacts on the value and reputation of the Company, caused by the behaviour of the Company or its employees below the expectations created among various stakeholders.

IV.- Basic principles

The Group is subject to various risks that are inherent to the different countries, sectors and markets in which it operates and to the activities it carries out that may prevent it from successfully achieving its aims and executing its strategies.

The Company's Board of Directors, through the General Policy for Risk Management and Control, shall establish the basic principles and mechanisms to sufficiently manage risks and opportunities, with a level of risk that allows:

a) the strategic aims set out by the Group to be achieved;

b) the maximum level of assurance to shareholders to be given;

c) profit or loss to be protected and the Group’s reputation to remain intact;

d) the interests of shareholders, clients, other stakeholders interested in the running of the Company and the Company in general to be defended, and

e) corporate stability and financial strength to be guaranteed in a sustainable and long-term manner.

To implement the declared undertaking, the Board of Directors collaborates with the Audit Committee which, as an advisory body, supervises and reports on the suitability of the assessment system and internal control of significant risks, in coordination with the bodies of other companies of the Group.

V.- Integrated system of risk management and control

Acerinox has implemented a Risk Management Model promoted by Senior Management, designed for the identification, classification and assessment of potential events that may affect all of the organisation's key units and departments. The overall objective is to manage risks and ensure a reasonable level of certainty with regard to achieving the Company's goals, whether they are related to strategy, operations, compliance or information.

1.- Organisational Model

The terms of reference and responsibilities of the various parties involved in the Risk Management Model are as follows:

- Board of Directors:

The Board of Directors is responsible for adopting the General Policy for Risk Management and Control. This body is ultimately responsible for supervising the efficiency of this process. To achieve this task, the Board has a delegated body: the Audit Committee.

- Audit Committee:

It is the responsibility of the Audit Committee to supervise the Internal Control and Risk Management System.

- CEO and Senior Management Committee:

The CEO and Senior Management are responsible for the design, implementation and monitoring of an efficient Risk Management model and the daily management of inherent business risks.

- Corporate Risks:

The role of the Corporate Risk Department, which reports directly to the CEO, is to design methodological proposals for the Risk Management model and to design the model's information and reporting channels.

- Internal Audit:

As well as advisory services, the Group's Internal Audit service provides an independent and objective guarantee in order to assess and report the effectiveness of the Internal Control and Risk Management processes.

2. Process

Acerinox is aware of its exposure to a series of uncertainties that are unique and inherent to the industrial sector in which it operates, mainly characterized by volatility in terms of its most important indexes and values, which can affect both financial and non-financial results.

In order to increase confidence and certainty in terms of reaching the targets set and the sustainability of its business, the Company's Board of Directors has implemented the Risk Management process throughout the entire organization, as part of the usual management activities.

The process is based on the following principles:

- Efficiency. The model and the processes shall be efficient and shall continuously adapt to the circumstances and nature of the risks.

- Commitment. Each manager has to take responsibility for the risks they face in their activity.

- Leadership. The CEO shall ensure ongoing improvement of the process at all the Group's companies.

- Compliance and transparency. Strict and rigorous compliance with the laws and regulations enforced where the company operates, and the internal codes and rules that the organisation has established in the process with efficacy and efficiency, complementing the established information channels.

- Supervision. Tracking and monitoring of the entire process by the bodies and departments in charge of these tasks.

3. Stages

a) Identification of Events

The Group's management has identified potential occurrences that involve, or may involve, risks, creating a risk inventory for each individual entity and for the Group as a whole.

b) Assessment and Tolerance

All identified risks have been assessed from two perspectives: Probability and Impact. For this, qualitative techniques are used which are mainly based on the knowledge, judgement and experience of the persons involved. Regular assessments are performed throughout the financial year to update the risk map by those in charge of the operational units with sufficient materiality. They analyse and assess all risks by monitoring them. Subsequently, the Acerinox Board of Directors performs a complete review of the assessments, by creating a ranking system and assigning tolerance levels.

c) Attendance by Proxy

After identifying and performing probability and outcome assessments, the importance of each risk to the business is shown on a map of overall high-level risks. The map has been and continues to be monitored by the Group's Management and presented to the Board of Directors.

d) Response

In the Acerinox Group's Risk Management System, after assessing the significant risks, the managers determine how to respond to these. The responses, depending on the cases in question and the time, may be to avoid, reduce, share or accept the risk. On considering its response, the Management of Acerinox assesses the effects on the business, as well as expected costs and benefits, choosing options that are within acceptable ranges according to the prudent standards of a good manager.

e) Supervision

The supervision of the Acerinox Group's Risk Management System is performed by the Audit Committee. For this, in its annual work plan, it periodically receives thorough information about the changing risks within the Acerinox Group, mainly with the reviews of the overall Risk Map of the Group. The Board of Directors also receives information from the overall Risk Map of the Group periodically throughout the financial year.

4. Main Business Risks:

a) Overcapacity on a worldwide level
b) Raw material price volatility
c) Economic crises and economic cycles
d) Competition
e) Financial risk
f) Regulatory risk

VI.- Distribution

The Company shall publish this policy and the risks inherent to its activity in the Annual Report and on the corporate website.