



GENERAL POLICIES

3. General Policy for the Remuneration of Acerinox, S.A. Directors

GENERAL POLICY FOR THE REMUNERATION OF ACERINOX, S.A. DIRECTORS

The Board of Directors of ACERINOX, S.A. ("Acerinox" or "the Company") is responsible for the ongoing approval, design, assessment and review of the Corporate Governance System of the Company, and for approving the Corporate Policies that implement the principles set out in the Companies Act and in the Good Governance Code of Listed Companies, which contain the guidelines that govern the actions of the Parent Company and those of the companies forming part of the Group, as well as its board members, managers, and employees.

In compliance with what is established in article 529 section 19 and concordant articles and in accordance with the Capital Companies Act, 16.I), and 25.3 of the Articles of Association, and 11.III.B.f) of the Acerinox S.A. Board of Directors Regulations, on the motion of the Acerinox S.A. Board of Directors, and following a report prepared by the Appointments, Remuneration and Corporate Governance Committee, at the General Shareholders' Meeting of Acerinox, S.A. held on May 10, 2018, the following Policy for the Remuneration of Directors was approved:

I.- Director Remuneration in General

- 1) The remuneration for members of the Board of Directors in their capacity as such shall be the following:
 - a) A fixed annual remuneration of 60,614.26 euros, divided into 14 payments. Periods of less than one year will be apportioned correspondingly.
 - b) An additional remuneration of 1,855.55 euros for each meeting of the Board of Directors that is attended, even if said attendance is performed on-line.
 - c) An additional remuneration of 1,855.55 euros for each meeting of the Executive Committee, the Audit Committee, or the Appointments, Remunerations and Corporate Governance Committee that is attended, even if said attendance is performed telephonically.
 - d) In the event that other committees are created in the future, the additional remuneration earned shall be the same as the amount established in letters b) and c), unless the Board proposes otherwise.
 - e) The Chairman of the Board of Directors will receive a fixed remuneration of 121,228.52 euros, as well as an additional one of 3,711.10 euros for each meeting of the Board of Directors he attends. Chairmen of the other Committees will receive an attendance fee of 3,711.10 euros for each Committee meeting that they attend in said capacity.

- f) If a Vice-Chairman is appointed, said individual would only receive the amounts assigned to the Chairman for the sessions where the Vice-Chairman stands in for the Chairman.
- g) Unless he is a manager of Acerinox, the Secretary of the Board or a Committee will receive the same remuneration as the directors, whether he is one or not.

The maximum annual remuneration to be paid to the group of directors, for their position as such, shall be:

- A total of 1,750,000 euros for the items stated under letters a) through g), both inclusive.

The aforementioned amounts may or may not be updated annually, as long as this policy remains in force, through the decision of the Board of Directors and a prior report drawn up by the Appointments, Remuneration and Corporate Governance Committee on the basis of rationality and prudence.

II.- Remuneration of Directors who perform executive duties at Acerinox S.A.

1) Prior considerations

A special contract must be executed between a Director and the company when said Director performs executive duties; said special contract must be approved by the Board of Directors by a majority of two thirds.

A special clause shall determine the effects of acquiring the status of director and any future loss of this status in any case in which the director has been an employee of Acerinox, under any condition and in any position. This clause shall resolve any doubts that could arise from the change in the individual's relationship with the company, in accordance with legislation and case law interpretations at any given time.

At present the only Director who is an executive director of Acerinox, S.A. is the Chief Executive Officer (the "Executive Director") so that it is him to whom reference is made. If, in the future, there are more executive directors, the Board of Directors will determine their conditions, within the framework of this Policy and the Regulations on the remuneration of Senior Management.

2) Fixed remuneration

The Executive Director shall receive a fixed remuneration of 500,000 euros.

3) Variable remuneration

3.1 Bonus

The bonus pool, participation in the bonus pool and its effects.

The “bonus pool” refers to an amount equivalent to 0.425% of the consolidated Ebitda of the Acerinox Group for the previous tax year at the time of the bonus payment.

The bonus pool has an upper limit which is the amount equivalent to 250% of the sum of all the bonus targets of the Senior Management members, including the Executive Director, as described below.

Bonus Target:

The Senior Management members, including the Executive Director, will receive an annual bonus for fulfilling the objectives set by the Board of Directors.

The so-called “bonus target” will be received by the Executive Director, in principle, in the event that he fulfils the exact objectives assigned to him. The amount will be 100% of his fixed remuneration.

Exceeding the objectives shall be rewarded by the application of a multiplier greater than 100% and up to 250% of the target bonus, which will occur if the fulfilment of the objectives exceeds 130% of those assigned as targets.

Fulfilling objectives below targets will result in the application of a multiplier less than 100% of the bonus target, and as low as 0% if the assigned objectives are not fulfilled by at least 70%.

The preliminary individual bonus shall be the product of the bonus target multiplied by the weighted coefficient of the achievement of personal objectives. If the sum of the individual bonuses of all Senior Management does not exhaust the amount in the bonus pool, an additional distribution of the surplus will take place, so that the final individual bonus for each manager, including the Executive Director, will be the result of multiplying the individual preliminary bonus by the ratio between the bonus pool and the sum of all of the preliminary bonuses. The same procedure will be applied if the sum of said individual bonuses exceeds the bonus pool, in which case said quotient will be lower than the unit and, consequently, the individual preliminary bonus of the Executive Director will be reduced.

3.2. Long-Term Incentive or LTI

The LTI, with a three-year duration or cycle and for which a new cycle or Plan will be adopted each year to enable the Executive Director, as Senior Manager, to receive an incentive to be paid in Acerinox, S.A. shares of a target amount of 50% of their fixed remuneration.

The LTI is implemented through the allocation to each Senior Manager Beneficiary of a certain theoretical number of Performance Shares. To calculate this theoretical number of shares, the Acerinox S.A. shares will be valued at the market price they had in the 30 trading days before the beginning of the Plan. That number of Performance Shares shall serve as

the basis to determine the actual number of shares of Acerinox, S.A. to distribute, where applicable, to the Beneficiary at the end of each temporal cycle, depending on the degree of fulfilment of the objectives and subject to compliance with the requirements set out in the Regulations that govern each Plan.

Determination of the LTI to be received. The total gross number of shares to be distributed on the Settlement Date for each cycle, in the event of meeting the established requirements, will be determined on the Date of Calculation according to the following formula:

$$\text{Final Incentive} = \text{Target Incentive} \times \text{Weighted Achievement Coefficient}$$

Where:

- Final Incentive = number of shares of the Company, rounded by default to the nearest whole number, to distribute to each Beneficiary on the Plan Termination Date, according to the procedure stipulated in the Regulation.
- Target Incentive = number of Performance Shares assigned to the Beneficiary.
- Weighted Achievement Coefficient = Coefficient dependant on the level of fulfilment of the objectives to which the Plan is linked and which will be determined in accordance with the Regulations approved by the Board.

Metrics. The Weighted Achievement Coefficient will depend on the degree of fulfilment of the objectives to which the Plan for each cycle is linked. The achievement of the objectives will be measured through identifiable and quantifiable parameters, called Metrics (hereinafter, the "Metrics"). The Metrics of the Plan will always be aligned with the Strategic Plan of the Company. For this reason, the Metrics may vary in each cycle depending on the Company's strategic priorities set at the beginning of each period.

In order to calculate the Achievement Coefficient attained for each grade of fulfilment of each objective, a scale of achievement has been decided for each of the Metrics, as detailed below:

(i) The Total Shareholder Return (TSR):

This Metric makes up 75% of the Weighted Achievement Coefficient. At the end of each cycle, the TSR will be calculated, corresponding to Acerinox and each one of the companies in the Reference Group, which will be composed of companies listed on the IBEX 35 Index which are related to the regulation of each Plan. The companies of this Reference Group, including Acerinox, will be ordered from the largest to the smallest according the corresponding TSR for each company. The departure of any of these companies from the IBEX 35 during the Plan's duration will not affect its inclusion in the Reference Group. If a company goes out of business or disappears, it will be considered to be in last place in the Reference Group.

The payment coefficient for the position it occupies in the Acerinox ranking will be determined below. For each position in the ranking, there is a corresponding payment coefficient, ranging from 0% to 200% of the Target Incentive, according to the following scale:

- For a lower than average position in the Reference Group, the payment coefficient is 0% of the Target Incentive.
- For an average position in the Reference Group (15th position in the ranking) ("minimum compliance level"), the payment coefficient will be 50% of the Target Incentive.
- For a position in 75th percentile of the Reference Group (8th position in the ranking) ("maximum compliance level"), the payment coefficient will be 200% of the Target Incentive.

For intermediate positions between the average and the 75th percentile of the Reference Group, the payment coefficient will be calculated by linear interpolation.

In the event of a transformation, merger or demerger of any of the companies that make up the Reference Group, the TSR will be used until the moment of the transformation, merger or demerger, and afterwards the TSR of the company which maintains the share price code which corresponded to the original company at the start of the Plan.

The value references in the main market will be used to calculate the Initial Value and the Final Value of the share price.

By way of example, and in the event that no changes occur in the Reference Group, the Payment Coefficient shall be as follows:

Position in the ranking	% of Target Incentive to be distributed
1st-8th	200%
9th	179%
10th	157%
11th	136%
12th	114%
13th	93%
14th	71%
15th	50%
16th	- hereinafter 0%

(ii) Return on Equity (hereinafter, "ROE"):

This Metric makes up 25% of the Weighted Achievement Coefficient. For these purposes, ROE is understood to be the ratio: "(Net Profit – minorities) / equity". At the end of each cycle, the ROE will be calculated in respect of Acerinox and each of the companies in the Reference Group, which will be composed of companies listed in the regulations of each Plan. The

companies of this Reference Group, including Acerinox, will be ordered from the largest to the smallest according their corresponding ROE.

The payment coefficient for the position it occupies in the Acerinox ranking will be determined below. For each position in the ranking, there is a corresponding payment coefficient, ranging from 0% to 200% of the Target Incentive, according to the following scale:

- For a lower than average position in the Reference Group, the payment coefficient is 0% of the Target Incentive.
- For an average position in the Reference Group (5th position in the ranking) ("minimum compliance level"), the payment coefficient will be 50% of the Initial Target Incentive.
- For a position in 75th percentile or higher of the Reference Group (2nd position in the ranking) ("maximum compliance level"), the payment coefficient will be 200% of the Target Incentive.

For intermediate positions between the average and the 75th percentile of the Reference Group, the payment coefficient will be calculated by linear interpolation.

The Board of Directors of Acerinox, following the report of the AR&CGC, will have the power to adapt, where necessary, the composition of the Reference Group when faced with unforeseen circumstances that affect the companies which initially made up the Group, in accordance with the provisions of this section, or when the adaptation to Acerinox's strategic objectives so requires. If a company disappears, it will be considered to be in last place in the Reference Group.

By way of example and in the event that no changes occur in the Reference Group, the Payment Coefficient shall be as follows:

Position in the ranking	% of Target Incentive to be distributed
1st-2nd	200%
3rd	150%
4th	100%
5th	50%
6th-8th	0%

The shares finally received by the Beneficiary shall be as follows:

Share Incentive = Final Incentive x (1 - Withholding Tax Rate)

Where:

- "Share Incentive" = Shares to be distributed after applying Personal Income Tax.
- "Final Incentive" is the gross number of shares which results from applying to the Target Incentive the weighted coefficient of target achievement.

- “Withholding Tax Rate” = Rate of tax withheld as Personal Income Tax corresponding to the Beneficiary in accordance with the applicable legislation on Personal Income Tax.

The shares received by means of this Plan will be fully paid, admitted to trading, free from any charge or tax. The Beneficiaries will be subject to the limitation that includes the obligation to retain the received shares (net of any corresponding payment of Personal Income Tax) during a period of one year from the date of receipt. After that period has passed, the shares will be freely available.

Settlement of the Plan and Valuation of the distributed shares.

The settlement of the Plan will be carried out in the 30 days following the approval of the corresponding annual accounts at the end of each Plan and will be paid to the directors before 30 July of that year. The number of shares that has to be awarded shall be calculated taking into account the value of the Acerinox shares at the beginning of the respective Plan, any subsequent increase or decrease in their value being borne by the director.

4) Contribution to the Social Welfare System (SWS)

The Proprietary and Independent Directors of the Company are not beneficiaries of long-term savings systems.

The Executive Director is the object of a retention plan articulated by means of a long-term savings system with a defined benefit, and with the following characteristics:

- i) Retirement. This (SWS) shall guarantee that Executive Director receives a constant, lifetime pension, supplementary to the social security so that, added to the pensions recognised by the Spanish social security system or an equivalent or similar body abroad - or the total sum of these - they amount to the equivalent of 75% of the pensionable salary to be received. In the event of the death of the Executive Director, their spouse shall receive a constant and lifetime pension which, together with that received from the social security, will be equivalent to 53.33% of the pension that the Executive Director had been receiving.
- ii) Disability. These contracts shall guarantee that an Executive Director, in the event of a total permanent disability or an absolute permanent disability or major disability, recognised by the competent institutions, shall receive a constant, lifetime pension, supplementary to social insurance so that, added to the pensions recognised by the Spanish social security system or an equivalent or similar body abroad - or the total sum of these - the equivalent of 75% of the pensionable salary shall be obtained. In the event of the death of the Executive Director due to any of the disabilities described herein, his or her spouse shall receive a constant lifetime pension which combined with the widow's

pension provided under the state social security system shall be in an amount equivalent to 53.33% of the total which the Executive Director is receiving once the disability is declared.

- iii) Death of the active Executive Director. These contracts shall guarantee their spouse a constant, lifetime pension, supplementary to the social security so that, added to the pensions recognised by the Spanish social security system or similar equivalent body abroad - or the total sum of these - they amount to the equivalent of 40% of the pensionable salary. In the case of the death of the director in active service, the children who fulfil the requirements under the Social Security Law and its complementary provisions for the receipt of an orphan's pension, providing they meet the stated requirements, will each receive a pension supplementary to that provided by the Social Security so that they receive ten percent (10%) of the pensionable salary.
- iv) The total amount of the widow's and/or orphan's pension may not exceed, in any case, 75% or, if appropriate 100% of the retirement pension or disability allowance that was being received.
- v) If the orphan has been classified as being disabled (above a degree of 50%) in accordance with current regulations, the pension to be paid to the said orphan will be understood to persist until their recovery, regardless of their age.
- vi) Only for retirement benefits and those covering both total and absolute permanent disability can the payments of future pensions be substituted by the receipt of a lump sum equivalent according to that established in the insurance policy. If the Executive Director had used this facility to receive a lump sum, the surviving spouse will not receive any amount after the death of said director.
- vii) These obligations for future commitments of the company will be outsourced in policies taken out with insurance companies, which shall always be a company renowned for its prestige and solvency and mediated by a reputable broker.

The pensionable salary is the amount resulting from the annual application to the fixed payment received by the Executive director for 2017 of the lesser of the following two amounts: the Spanish positive RPI or 2%.

In order to start receiving the retirement pension supplement from the SWS, the director must have reached 65 years of age or have reached the age that the company and Executive Director have mutually agreed. Likewise, in the event that the relationship is terminated at the behest of the company and grounds other than gross and culpable breach on the part of the Executive Director, the latter shall have the right to all funds accumulated or constituted up to the date of the dissolution of the relationship in the amount that exceeds the compensation received by the manager as severance pay. In the case of the current Executive Director, if this excess of the mathematical provision should

not reach the amount of three years of total remuneration (without LTI or payment-in-kind), at that point there shall be added the difference until that amount is reached, whether by adding to the accumulated funds or in such form as the parties may agree. The Executive director will have same right in the event there is a change of control of Acerinox S.A. or the subsidiary to which they provide their services or if there was a substantial change in their position or working conditions. For this purpose, a significant change of control is considered a change in ownership of the company which results in a renovation of the governing bodies of the said company, the content and approach towards its main activity or the transfer of the head office to another country.

5) Other items

5.1 The Executive Director, in addition to the attendance fees earned for attending meetings of the Board of Directors of Acerinox SA or its Committees, may receive attendance fees derived from attending meetings of professional bodies of subsidiary companies. The amounts received for this may not exceed 100,000 euros per year.

5.2 The Executive Director shall have the right to the use of a company vehicle and a paid insurance policy to cover accidental death as well as medical care for the director and his/her family.

6) Clawback

The Executive Director's contract shall provide for the need to return shares that have been given under the relevant LTI Plan or offset the return of said shares with other amounts the Executive Director is entitled to receive if during the two years subsequent to the date of liquidation of the relevant Plan losses occur that are attributable to a negligent management during the period assessed or a need to reconfigure the company's financial statements if this is deemed to be mandatory by the external auditors, unless the cause thereof is a change in accounting rules.

7) Compensation

The Executive Director shall be entitled to compensation corresponding to two years of their full and total remuneration, except for what is received through the LTI or payment-in-kind. All contracts signed with future executive directors shall have the same limit.

8. Establishment

A Regulation approved by the Board of Directors may establish the characteristics of said remuneration system without exceeding the above limits.

III. Maximum amount of the annual remuneration payable to all members of the Board of Directors in their capacity as such.

To directors in their capacity as such, 1,750,000 euros.

IV. Maximum amount to be received by the Executive Director for the exercise of executive functions.

The maximum remuneration to be received by the Executive Director during 2018 and subsequent years for the performance of executive duties and responsibilities and on the assumption that the maximum variable remuneration target is achieved is 1,750,000.

That amount does not include the cost of any compensation for dismissal nor contributions to the state pension system, which are estimated to be a similar amount to those in the 2017 financial year. The amount of the LTI is not included either, as this new incentive will begin to accrue for the first time, as appropriate, in 2021, following the timely measurement of the metrics in the 2018-2020 period. In the event that new executive directors are appointed, the figure indicated in Section IV will increase in accordance with the remuneration of these new directors.

V. Period of validity of the Remuneration Policy.

The Company will apply this Directors' Remuneration Policy in 2018, 2019 and 2020. Any modification or replacement of the policy during said period will require the prior approval of the General Shareholders' Meeting, in accordance with the provisions of the current legislation.

Madrid, 22 March 2018