

Sustainability Report

Acerinox 2011





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Statement of the Chief Executive Officer



Statement of the Chief Executive Officer

At a time when we speak so much about sustainability and social responsibility, we may tend to forget that any company, in order to operate as such and to do so for a long time, has to be sustainable and to act responsibly.

Sustainability must not, therefore, be an attribute of the company, but rather a premise on which the company is built. It marks the difference between a business and an organization that truly strives to keep going and stand the test of time.

In the same way, a company that did not act responsibly could not be sustainable. Being responsible means adapting to the environment, predicting the future, investing wisely, avoiding problems, creating a working environment that attracts talent, and ensuring the efficiency of the production process.

A company cannot change the world on its own. It can, however, help to make the world a better place for the people it deals with. The people that work for this company believe in a free world, an efficient world, a world with fairly distributed economic resources, a world and society that respects the environment, a world and society in which profit is the reward for a job well done, for thorough decision-making, for effort and continual improvement. At Acerinox, we believe that if we keep to these principles, we ensure our long-term sustainability and the fulfilment of the interests of our employees, shareholders and all other stakeholders.

The company boasts over 40 years of corporate history, an investment schedule that stands even the most turbulent times, presence on all five continents, shareholders that have always supported the Company's strategy, loyal clients and suppliers and a highly committed workforce. These factors clearly demonstrate, in their own right, that the driving aim of the Company's directors and shareholders has been to endure through time, which is the very definition of sustainability. Nevertheless, I invite you to keep reading the following sections, in which we focus in turn on each of the aspects of our activity, our concerns and our goals, on the company that we have become and the one we strive to be, and the legacy we wish to leave for future generations.



1. Business model: organization and activities



Business model: organization and activities

Organizational profile

Based at its headquarters in Madrid, ACERINOX S.A. is the world's most competitive manufacturer of stainless steels. From its very foundation, the company has developed through a continual programme of investment, with the development of its own technological innovations which, in certain cases, have involved true technological breakthroughs in the field of stainless steels.

With respect to production capacity, the Acerinox Group is the world's leading manufacturer, with a steelwork capacity of 3.5 million tonnes. The company has three factories that operate the entire process of manufacturing flat products:

1. Acerinox Europa, our production plant in Campo de Gibraltar (Spain) was the first plant to produce in excess of a million tonnes in a year (2001),
2. North American Stainless, N.A.S. (Kentucky, USA), completely integrated since February 2002 when the steelworks began operation,
3. Columbus Stainless (Middleburg, South Africa), which became part of the Acerinox Group in 2002.

In February 2008, after a thorough feasibility study in which other alternatives were included, Acerinox S.A. made the decision to undertake the new project in Malaysia in phases, the final objective of which is the construction of a new complete production plant in Johor Bahru.

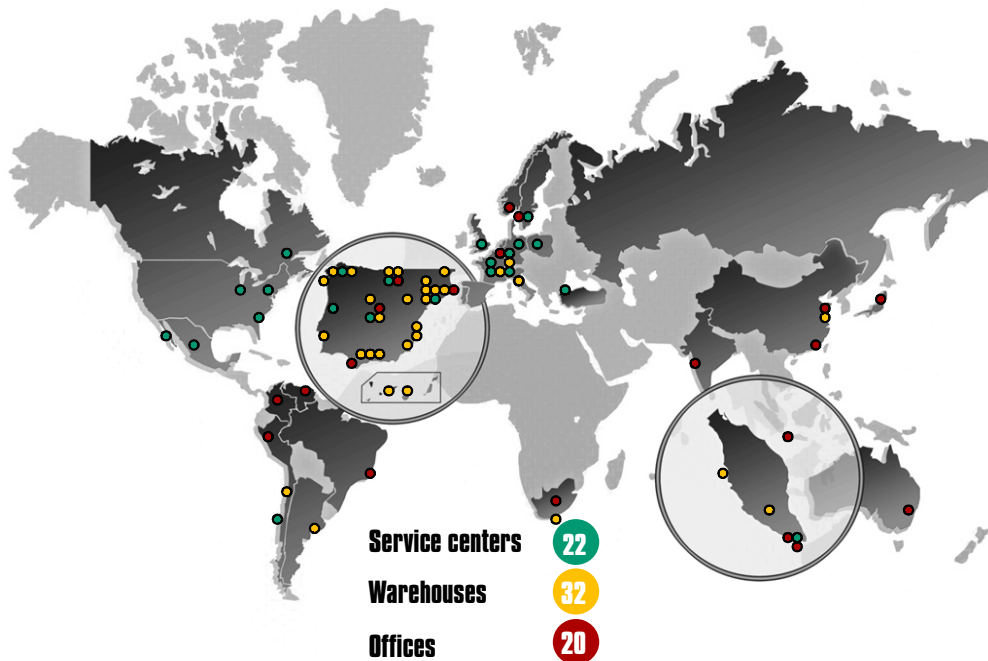
The project involves an entire stainless steel production plant with a capacity of 1 million metric tonnes in steel production and 600,000 metric tonnes of cold rolling.

In terms of long products, the company has three factories: Roldán S.A. (Ponferrada, Spain), N.A.S.'s highly modern long product factory (Kentucky, USA), inaugurated in 2002, and Inoxfil S.A. (Igualada, Spain) are all pioneering leaders at an international level in terms of the competitiveness of their production structure.

This excellent manufacturing structure enables the Acerinox Group to reinforce its leadership in terms of competitiveness, boasting three of the world's most competitive complete production plants located on three continents, with a fourth to follow in the near future.

Thanks to its extensive commercial network, the Acerinox Group has an active presence on all five continents, with sales in over 80 countries.

In 2011, the Group continued to expand its distribution network in line with the Strategic Plan which aims to improve the allocation of production between the factories and to increase our presence in markets in which we already operate. Currently, the Group's [sales network](#) includes 22 Service Centres, 32 Warehouses and 20 Sales Offices spread across all five continents.



The following countries are those in which the company conducts significant production activities, as this is where the stainless steel production plants are located: Europe (Spain), the United States of America, South Africa and Malaysia. With respect the markets that the company serves, Acerinox has a strong presence on the five continents mentioned, with sales in over 80 countries. As a common component in all sectors of industrial activity, stainless steel experienced a boost in demand from the consumer goods sector in 2011. Acerinox is the world's most competitive company in all sectors of the stainless steel business and the largest producer on a global scale.

Activities and products

In such challenging times, in which we are ever more aware of the need to take the utmost care with our planet's natural resources, stainless steel remains one of the materials with the highest potential for the future.

As well as being one of the most sustainable products (100% recyclable), it is an element that responds to a true need, as no alternative product offers the same characteristics.

As a result, throughout the hundred years in which it has been used, the consumption of stainless steel has maintained growth rates of 6% per year on average, with the only interruptions to this growth being wars and wide-scale crises.



This continual growth is due to the fact that the number of applications of stainless steel has continued to multiply through time. Initially, it was used to replace pieces that were subject to high levels of rusting. Based on the metal's hygienic properties, it later went on to be used in the food industry. It subsequently spread to other sectors thanks to its unbeatable mechanical properties. Today it is even used in technical projects for its aesthetic and decorative qualities.

Consumption of stainless steel is directly proportional to the standard of living in a society. The higher the income per capita, the greater the consumption.

Key applications include:

- Pioneering fields of industry such as nuclear and non-nuclear energy production, the pharmaceutical and chemical industries, the petroleum industry and biotechnology.
- These sectors all require low maintenance components in projects such as coastal or mountainous constructions, street furniture, high quality engineering and healthcare.
- Its decorative applications are based on its excellent malleability, ease of cleaning and attractive visual and tactile qualities, as well as its appearance always seeming new and clean.
- A growing number of construction projects and means of transport make use of stainless steel due to its fantastic mechanical properties and the significant reduction in maintenance requirements.

Stainless steel flat products include the following:

Slabs	Product cast in steel mill for further hot rolling.
Black coil	Hot-rolled product in coils.
Plates (N1 Finish)	Hot-rolled product in sheets, annealed and pickled.
Hot-rolled coil (N1 Finish)	Hot-rolled product in coils, annealed and pickled.
Hot-rolled sheet	Hot-rolled product in sheets, annealed and pickled.
Checkered coil/sheet	Hot-rolled engraved product, annealed and pickled.
Flat bar (N1 Finish)	Bar with rectangular cross section made from hot-rolled sheet/strip.
Cold-rolled coil (strips)	Cold-rolled product in coils, annealed and pickled.
Cold-rolled sheet	Cold-rolled product in sheets, annealed and pickled.
Discs	Cold-rolled circular product, annealed and pickled.



Our stainless steel long products include the following:

Billet	Hot-rolled product with square cross section.
Wire rod	Hot-rolled product in coils.
Angles	Hot-rolled product with equal-sided angular cross section.
Flat bars	Hot-rolled bar with rectangular cross section.
Hot-rolled ribbed bar	Hot-rolled ribbed product, straightened and cut.
Ribbed in coils	Ribbed product in coils.
Cold-rolled ribbed bar	Cold-rolled ribbed product, straightened and cut.
Black bar	Black hot-rolled product, straightened and cut.
Peeled bar	Hot-rolled product, peeled, straightened and cut.
Calibrated bar	Hot-rolled cold-calibrated product with thin diameter.
Wire	Cold-drawn wire in coils.
Cross sections	Square and equilateral triangle.
Colour-coated wire	Wire painted black or grey (other colours on request).
Prestressed wire	Cold-rolled wire with three indents or ribs.
Ribbed wire	Cold-rolled wire with four sets of ribs.

In line with our quality standards and policies, all Acerinox products are marked and labelled for identification in compliance with the current international supply regulations. The mark 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.

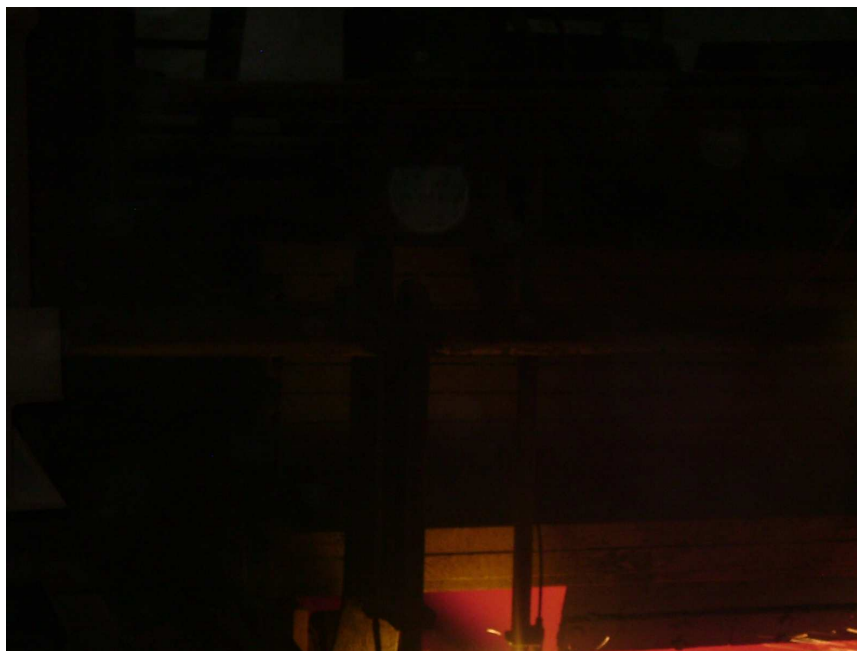
In compliance with current regulations, Acerinox provides a Safety Information Sheet (SIS) which outlines all of the guidelines for the safe use of our products, both with respect to personal safety and environmental issues.

Global production

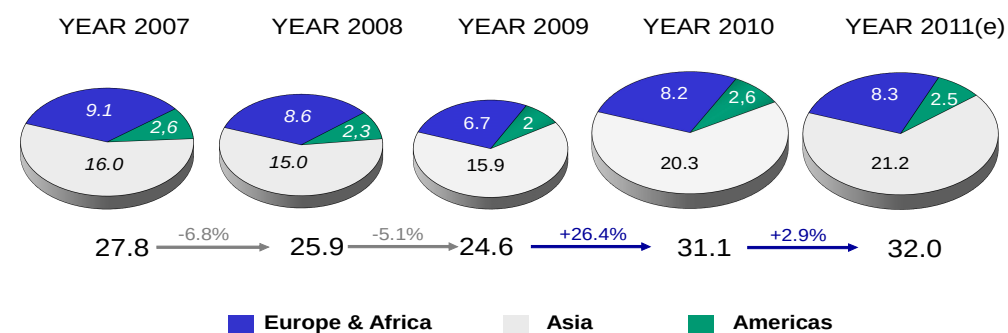
Acerinox generates economic value by fulfilling its needs and overcoming challenges, thereby ensuring the sustainability of the business and creating value for shareholders, while always bearing the expectations of its stakeholders in mind.



In 2011, the global production of stainless steel reached around 32 million tonnes, representing a 2.9% increase with respect to 2010.



Evolution of the global production of stainless steel. Metric tonnes (millions)



Source of statistics: International Stainless Steel Forum (ISSF)

		1º Quarter	2º Quarter	3º Quarter	4º Quarter	Total
Year 2010	Thousand Mt	7,724	8,122	7,494	7,749	31,090
Year 2011		8,395	8,054	7,730	7,818	31,997

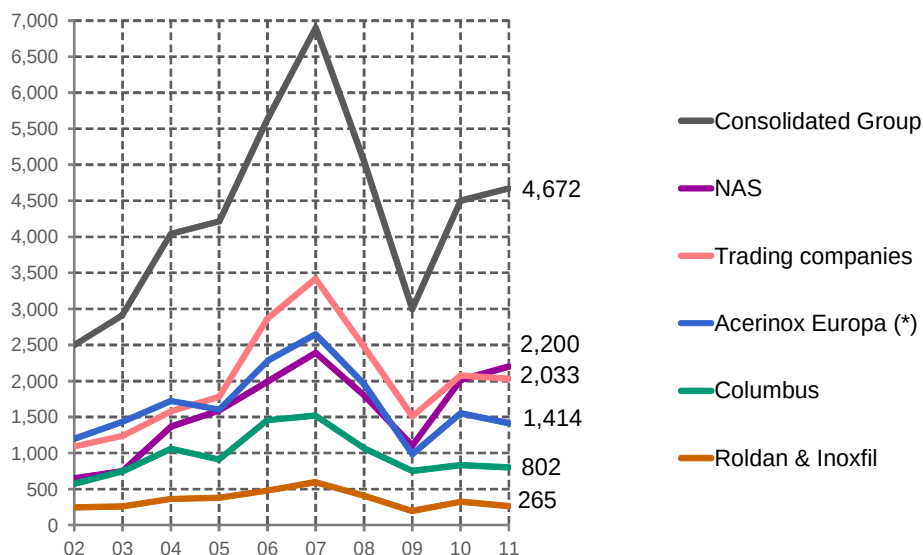


In view of the activity that Acerinox carries out and the markets in which it operates, the rate of growth varies significantly between each of its markets. Two rates can be clearly distinguished: On the top end of the scale, South American and Asian markets, with countries such as India and China growing at 10% and 12%, respectively. At the other end of the spectrum, developed markets that have stagnant or even shrinking markets include Europe, the United States and Japan.

		2010	2011	Variation
Europe / Africa	Thousand Mt	8,214	8,260	0.6%
United States		2,610	2,492	-4.5%
Asia		20,266	21,245	4.8%
Total		31,090	31,997	2.9%

The global market for stainless steel consolidated in 2011 (2.9%) with strong growth recorded last year (+26%), which reinforced our confidence in the strength of the sector in the medium and long term. Stainless steel is the only one of the industrial metals and alloys that has recorded an annual growth rate around 6% over the last 62 years.

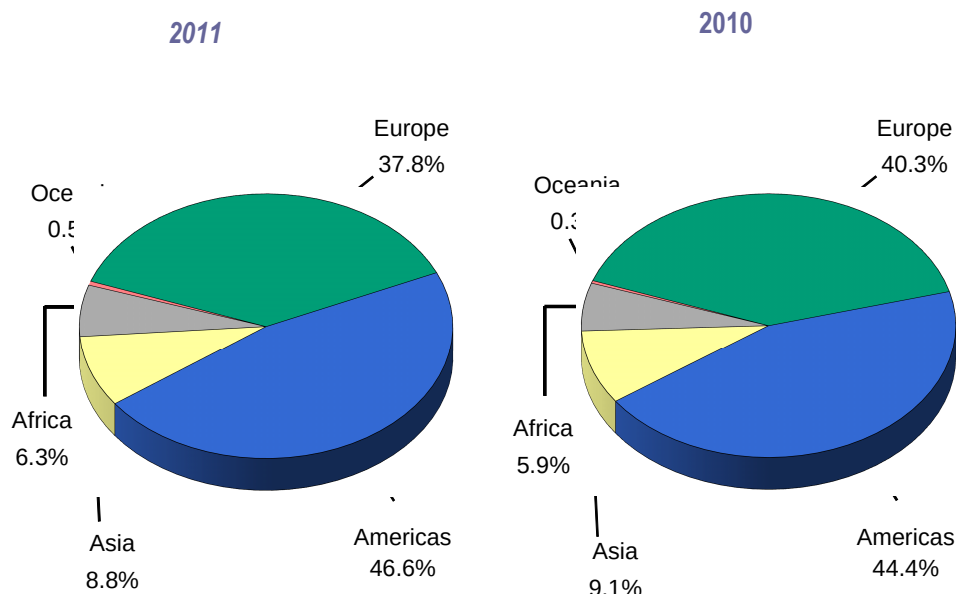
Evolution of Acerinox's turnover
2011



The North American market remains the primary market for the Acerinox Group, representing 46.6% of total turnover (44.4% in 2010). The Spanish market accounts for 9.2% of the total.



Geographical distribution of Acerinox's turnover in 2010 and 2011



Spanish production

Acerinox S.A.

The General Shareholder's Meeting of Acerinox S.A. was held on 29th September 2011. At the meeting, the creation of a new company was agreed, Acerinox Europa S.A.U, in order to take charge of the production at the Campo de Gibraltar factory and the commercialization of its products, including the Service Centres in Spain. Once the separation was complete, Acerinox S.A. focused its activity on running and coordinating the Group's different activities, as well as holding the shares of the companies that make up the Acerinox Group.

As valued by an independent expert, the book value of the assets transferred to Acerinox Europa was 934 million euros. On 31st December 2011, once the separation had been finalized, the total assets of Acerinox S.A were valued at 2.305 billion euros, with the principal assets being 1.677 billion euros of shares in subsidiary companies and 366 million euros in loans to the Group's companies.

The Company's equity rose to 982 million euros and its net financial debt was 839.7 million euros, mainly used for financing the Group. The revenue obtained by Acerinox S.A. in 2011 was 153.7 million euros coming from dividends received and the attribution of strategic and management expenses to all of the company's subsidiaries. The year's expenses were mainly attributable to personnel costs for the employees working for the company and financial and corporate expenses. The balance after tax reached 62.63 million euros.



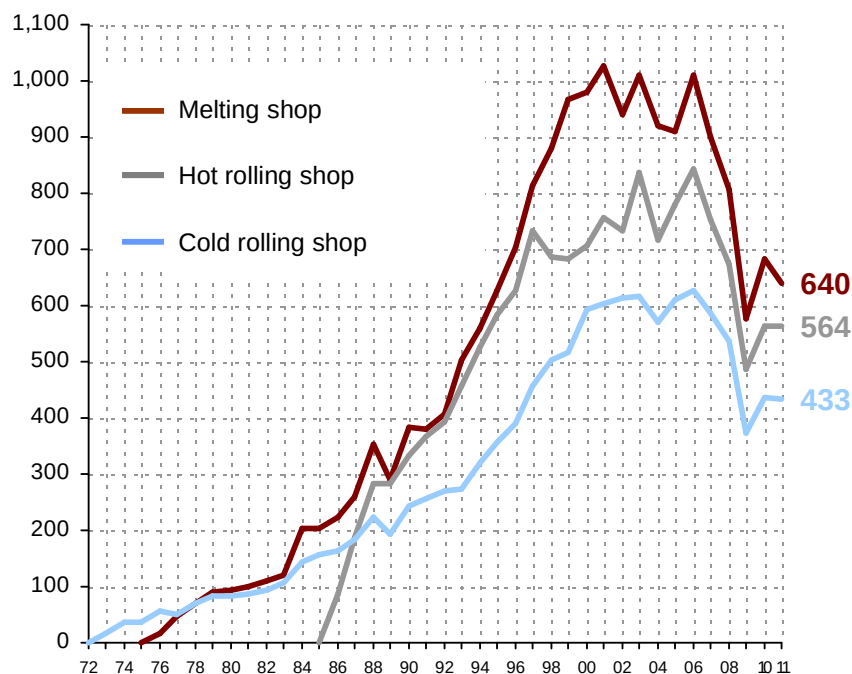
The following table summarizes results of Acerinox S.A. on the 31st December 2011:

		2011
Net turnover	Million euros	153.7
Result before taxes		101.1
Depreciation		0.6
Result after taxes		92.6
Net cash flow		93.2

Acerinox Europa S.A.U.

Production at the Campo de Gibraltar factory has always responded exactly to the order book and is aligned to the stock reduction strategy. As a result of the fire that occurred in Roldán, steel production fell by 6.3% compared to the previous year, due to the lack of the manufacture of billet (629,679 tonnes).

Evolution of production at the Campo de Gibraltar factory. Metric tonnes (thousands)



The cold-rolling mill processed 564,046 t, which represents a slight increase (+0.2%) from 2010. Cold-rolling production fell by 1% to 433,063 t.



Alliances and external initiatives:

Acerinox is a company that actively participates in a number of entities:

- Eurofer
- Euro-inox
- Confemetal
- CEOE
- The World Steel Association
- Unesid
- The Circle of Businesspeople
- The Spain-US Advisory Foundation
- The International Chromium Development Association
- The Association of Large Industries of Campo de Gibraltar
- The Federation of Businesspeople of Leon
- The Metallurgy Industry Employer's Union
- The Anoia Business Association
- The Alavés Business Association
- Cedinox
- The ISSF (*International Stainless Steel Forum*)
- The Chamber of Commerce of the United States and Spain, Amcham
- The Elcano Royal Institute

In addition, due to its strong commitment to society in general, Acerinox collaborates in and donates to various social, cultural and sporting organizations in a range of sporting, cultural and social events.



2. Sustainability in Acerinox / GRI Report



Sustainability in Acerinox

Contribution to sustainable development

Being sustainable, in its essence, means enduring through time and Acerinox is a model of lasting relationships with its shareholders, clients, suppliers, employees and associates. The strong relationship, good harmony and cohesion between the stakeholders always reaps beneficial results for all parties. Acerinox works for the benefit and progress of the communities in which it operates, striving to be the preferred employer of young people in the areas in which it is located. Our aim is for Acerinox to offer the opportunity to develop their entire professional career, as has been the case since the Company's foundation.

This would be impossible without Acerinox implementing strict practices in the fulfilment of its responsibility towards society and the environment. As well as being one of the biggest recyclers of scrap metal in the world, we contribute through an extensive range of waste reduction projects, through reuse programmes in industry, with the efficient use of resources being one of the company's guiding principles. Acerinox's greatest competitive advantage is based on its ceaseless quest for improving the efficiency of its use of natural resources, both in terms of energy efficiency and the optimization of raw materials used in its processes.

At all times, the challenge that Acerinox faces is to redress the disadvantages of the global economic crisis through the application of technology and efficiency, as well as the overcapacity of the sector and the relocation of production to Asia. In other words, sustainable and sustained growth is the result of investment and continual improvement based on financial prudence and the maximization of the value of its shareholders' investment, while fulfilling the expectations of its clients and employees. To this end, the Excellence Plan and Cost Reduction Plan have been put into place and the new Bahru Stainless factory has begun operation in Malaysia in order to capitalize of the growth in the market.

Unwavering in its commitment to generate value responsibly, Acerinox integrates environmental and social opportunities into its strategy and management model. This commitment to sustainability and sustainable development extends throughout all of the Group's companies and to all of the people that work for or that are associated with Acerinox.

Stakeholder relations

For Acerinox, its stakeholders include all those individuals and groups that influence the company's activities, decisions and management systems, and may be influenced by them in such a way that generates significant associated effects.

Historically, Acerinox has always paid keen attention to the expectations of all of its stakeholders with the aim of guaranteeing an effective response to these expectations, interests and concerns. A good relationship and a full understanding of the expectations of our shareholders leads to:



- Better risk management and reputation management for Acerinox.
- Improvements in products and processes.
- Constructive and transparent dialogue.
- Increased confidence.
- Identification of new strategic and business opportunities.
- Improvements in communication and decision-making processes.

The Corporate Social Responsibility Committee identifies and defines the stakeholders. As a result of this analysis, the main stakeholders are defined as shareholders, clients, suppliers and employees and their families.

It is crucial for Acerinox to establish and maintain effective lines of communication with all stakeholders and with each group specifically, as detailed below. This management results in the establishment of relationships of trust based on the voluntary commitment taken on by Acerinox, after ensuring strict compliance with the laws in each country and the internationally agreed regulations that apply.

In addition to the Customer Survey and ISO 9001 accreditation, as a quality management procedure and in order to gauge the level of satisfaction of our clients, Acerinox also issues a Client Satisfaction Survey to gather possible suggestions, recommendations and complaints. It provides Acerinox with a method to improve any aspect that may be required. The results of this survey are processed and any necessary corrective measures are adopted.

To enhance the procedures that are put in place by the company in response to potential incidents, as well as the Code of Conduct and Good Practices, Acerinox has established complaints channels through which any relevant incident can be reported.

By sending an e-mail to accionistas@acerinox.com, shareholders can request any clarification about published information and can make any suggestions regarding sustainability. The solutions to the issues suggested or proposed are analysed thoroughly. Via an e-mail to the same address, shareholders can make recommendations or notifications to the highest governance body. These comments are analysed by the Corporate Social Responsibility department. Moreover, regular meetings are held to discuss the most relevant issues.

Lastly, suppliers that are under contract with Acerinox can also make complaints or suggestions at any time, either in writing by email to the department of the Commercial Director or to the person that contracted them.

Ethical and Responsible Conduct

Our public commitment to ethical conduct is set out fully in our Code of Conduct and Good Practices, which is a key pillar of our performance rooted in principles of honesty and morality, and the values of integrity and transparency. Our Code of Conduct is aligned to the Group's mission, vision and values.

The Company is committed to the implementation of commercial, ethical and personal standards, without which it would not be possible to develop the business in the way we wish. To this end, any employee that feels it necessary, can contact their direct superior or



the Company's governance bodies to report any conduct that they consider to constitute a breach of legal regulations or the Company's principles of conduct.

A specific commission is responsible for appropriate monitoring and evaluation, which in extreme cases will be the governance bodies at the Company's Headquarters.

As Acerinox is also strongly committed to the fight against corruption, the Company has also implemented measures such as:

- Payments made by any of the Group's companies must be made only by authorized personnel, and this authorization extends only to registered certificates and bank transfers. Payments in cash or by means other than those expressly authorized are strictly prohibited, except for amounts below the limit indicated by the Chief Executive Officer of Acerinox S.A.
- Under no circumstances may people in the Acerinox Group resort to unethical or morally dubious practices in order to influence the will of people external to the Company for the purposes of obtaining some type of benefit for the Group or for themselves. People in the Group must also remain vigilant in order to avoid other people resorting to such practices.
- Nobody who works for the Group must ever make promises nor give gifts or compensation for the purposes of speeding up procedures with administrative, judicial or political bodies, or to ensure or influence the results of these procedures.
- The Group's companies must remain politically neutral and their dealings with the authorities are to be founded solely on respect for the institutions that represent the authorities and the Law.

Training and awareness building with respect to our Code of Conduct is an indispensable requirement for facilitating its application and greater understanding in the everyday operations of the Company. To this end, 100% of the professionals that work at Acerinox are obliged, from the moment that they sign their employment contract, to attend the relevant courses regarding the policies and procedures set out in the Code of Conduct and Good Practices.

The measures that Acerinox has put in place regarding potential incidents of corruption are as follows:

- Reporting channels that the organization has set up in order to report such incidents.
- Disciplinary dismissals.
- Obligatory job reassignment.
- Termination of commercial contracts.



Regulations that govern the Group

Articles of Association

In 2011, a new version was approved by the General Shareholders' Meeting with a dual objective:

- Firstly, in order to include the modifications to the competencies of the Audit Commission that were necessary by Law.
- Secondly, in order to adapt the text of the Articles of Association to the Capital Companies Law, whether it be to make references to a legal regulation that differs from those that applied up to the previous year which govern all corporations, or whether it be to introduce minor modifications to these laws.

The Company's Articles of Association can be accessed publicly on the Company's website and is available in two languages, Spanish and English.

Regulations of the Board of Directors and other Delegated Committees.

Until the end of the year, The Regulations of the Board of Directors and those relating to any of its Delegated Committees have been set out in separate texts.

With a view to facilitating awareness and consultations of these regulations, it was considered beneficial to combine all of the existing regulations in a single regulatory document with the simultaneous reorganization of the various issues covered in the contents.

This new version has recently been duly registered on the Madrid Company Register and its translation into English is currently in process. In the same way as the Articles of Association, the Regulations can be accessed on the Company's website.

Guidelines for the Operation of the Senior Management Committee.

These Guidelines are not a company requirement and are purely internal, although certain parts of their content can be found in the Regulations of the Appointment and Remuneration Committee which, as mentioned above, has been assimilated into the Regulations of the Board of Directors.

The Guidelines limit the exercise of the internal competencies of the Chief Executive Officer and the assignation of internal tasks to the different members of the Senior Management Committee and Strategic Committee, as well as the relations between the various directors.

As mentioned above, the Senior Management Committee of the Acerinox Group has certain uncommon characteristics, even in comparison to similar companies, in terms of it being a permanent body that holds a daily meeting whenever circumstances allow, and which adopts and considers decisions within an uninterrupted work schedule.



Guidelines of the Operation of the Internal Audit Service.

These Guidelines are clearly based on the schedules set out by the continental public administrations, and enshrine a dual dependence at both an organic and functional level between the Internal Auditor or the Central Audit Service and the delegated auditing bodies that operate in each of the Group's large industrial subsidiaries.

They establish certain guarantees regarding the person that takes responsibility for the Central Audit Service to ensure the impartiality and independence that is required of the role.

However, the important development is that the Internal Audit Service no longer finishes its duties at the identification of issues, but rather the Service is obliged to provide proactive courses of action from the analysis of the situation and propose improvements and innovations in those areas of activity that have received a critical evaluation in the primary analysis.

The Code of Conduct and its supplementary regulations.

Nowadays, the Company is not only expected to comply with the Law but also to conduct its activity within an ethical framework which is applied throughout its decision-making and the decisions of each and every one of its members, from directors to employees.

The large corporations in the most developed countries must set limits of what is acceptable and unacceptable in line with the strictest interpretation of current laws, as well as governing areas not addressed by the law. The Internal Code covers such areas and is applied throughout the organization.

A company's shareholders and stakeholders need to know where their money is invested and who they are dealing with. The employees and directors of a company must act in such a way that their conduct takes place within a universal framework of conduct.

To this end, the Code of Conduct has been developed for all of the companies in the Acerinox Group. The Code, which applies to directors, employees and any other associate, has been available on the Acerinox website since 2010.

The scope of Code of Conduct does not cover all possible aspects but it is supplemented with specific regulations set by the companies located in various locations around the world. However, the Code does not represent an entirely new innovation, but rather it is a collection that brings together the standards of conduct required and applied throughout all of the Group's companies.

The result of collective negotiation, the content of the Code is gradually being incorporated into the various union agreements as they are modified. A crucial aspect of the Code is the advanced measures in place to ensure obligatory compliance with respect to harassment for reasons of belief, race, gender or any other cause. These measures are relaid by the executive bodies to the various companies in order to ensure that provisional preventive measures are taken in response to a single report of one of these situations having arisen.



Lower regulations with obligatory compliance.

In 2011, the Senior Management Committee approved various provisions of a lower magnitude regarding all issues that, due to compliance requirements or the result of an analytical process and flowcharts of certain areas of activity, were considered to be a guide for individual initiative or to set certain guidelines for activity. In matters concerning financial information, these lower regulations are subject to verification by external auditors when requesting their opinion on the Internal Systems of Control of Financial Information (SCIIF by its Spanish acronym). As a result, the Group has internal regulations for each of its areas of activity: risks, travel, relocation, etc.

Compliance activities

In a joint initiative of the Chief Executive Officer and the Audit Committee, an ambitious process of review, identification and coding of all compliance activities was launched.

This objective is closely related to those detailed above with respect to the task of detection and reduction of risks and the establishment of a framework of conduct that extends beyond that imposed by the relevant laws in each case.

The task of coding began after the unification and standardization in 17 different fields regarding the various areas in which significant conduct standards have been established.

The purpose of this task is bringing the general level of compliance within the Group into line with standards similar to those implemented by financial institutions, despite the fact that a less strict framework is required under the relevant laws.

Excellence Plan II 2011-2012

Following the success achieved by the Excellence Plan 2009-2010, a second biennial plan was approved in February 2011. The Excellence Plan 2011-2012 consists of 15 chapters which set out the objectives to be achieved in the short and medium term, with a particular emphasis on the improvement of plant efficiency, purchasing management and attaining excellence within the supply chain.

As a result of the implementation of this programme, recurring savings of 90 million euros per year are expected from 2013 onwards.

In the same way as its predecessor, this second Plan is the result of an intense and continuous process of internal benchmarking between the Group's companies that was initiated in 2008. In this process, the best practices of each of the companies were brought into line with each other in order to improve processes, while ambitious yet achievable objectives were set. Each of these objectives has been achieved in at least one of the factories. It is worth highlighting the great contribution and involvement of the technicians from all of the factories in the development of this plan, with constant proposals for new objectives and areas of study.



With three complete production plants of a similar size and structure in three continents, the geographical distribution of the Acerinox Group gives us a unique opportunity in the sector to carry out these comparative exercises. The exchange of technical information between the experts from the various areas within all of the factories provides the perfect framework for continual improvement of quality, processes, efficiency and cost management.

On 31st December 2011, twelve months after this Plan was put into place, 35% (or 32 million euros per year) of the objectives set had been achieved on a steady basis. The forecast savings are constantly being reaped and are improving in each quarter.

Acerinox and society

Acerinox generates employment and social improvement in the locations in which it conducts its activity. One of the main challenges we face is the promotion of local development in the places that we operate. To this end, the organization's main social action initiatives are evaluated and approved by the Senior Management. These actions include the volunteer programme, donations, support for various associations and a range of agreements with universities and institutions.

At Acerinox, 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. It is also essential that the Company contributes to public expenditure through the current fiscal system and to the Social Security systems in the countries in which we operate.

These obligations are held over time and do not depend on circumstantial decisions or marketing plays that can easily be revoked. In their essence, these obligations constitute the greatest and most committed demonstration of a corporation's social responsibility.

In this field, our principal contributions towards the development of society are as follows:

277,798,000 euros in salaries
71,074,000 euros in taxes
49,381,000 euros in contributions to various Social Security systems
112,187,046 euros in remuneration to our shareholders

In addition, the Group's companies have provided other benefits through their social actions.

Acerinox is a company with a strong commitment to society and that invests wisely in the community. Throughout 2011, the Company collaborated in various fields including sporting events, festivals and social projects in the town of Los Barrios, with a total investment of 20,600 euros.

The most significant social action carried out in 2011 was the Company's investment in the renovation of the Palmones Park. The renovation was on a large scale and involved significant responsibility as it included a children's park, which therefore required the highest level of rigour and detailed planning to ensure the children's safety.

In Spain, the Company also collaborated in the maintenance of the local football club, which we hope to see promoted to the higher league. Other projects included



collaborations with various local institutions for the development and maintenance of a range of social services.

In Spain, we awarded 50 grants to children of our employee's who had achieved good grades at school. The students attend class during the morning and then, in the afternoons, they carry out various activities in the factory, around the school timetable, and have the opportunity to do work experience in the summer. The students perform their work experience in various areas of activity, including accounting, engineering, environment, human resources, purchasing, warehouse and transport.

A number of engineering programmes require periods of work experience in companies to be carried out at various points in the course. There are currently several engineering students gaining their work experience in our factories.

Drafting process of this report

For Acerinox, sustainability is a key element of the organization, crucial for persevering and enduring in the market and responding to the concerns of its stakeholders and future generations.

In this respect, the publication of the first Sustainability Report represents the first step in sharing information about Acerinox's results, challenges and commitments with respect to sustainability. The purpose of the Report is to give a clear account of our environmental, social and economic performance to each of our stakeholders.

This report has been produced in line with the guidelines for drafting sustainability reports set out in version G3 of the Global Reporting Initiative (GRI), application level B. Our self-evaluation in the Report has been reviewed and verified by the GRI.

Acerinox has carried out research with respect to the reported period which has enabled it to identify and analyse all relevant aspects that, if left unchecked, may pose a risk to the sustainability and reputation of the company in the current social and economic climate. This research has enabled the development of the layout and content of the Sustainability Report.

The scope of the present Report includes Acerinox S.A and Acerinox Europa S.A.U. In the case of information being provided that is not covered under this general scope, the group involved will be specified. The scope encompasses all of the principles on which decisions are based with respect to ensuring the quality of the information, thereby enabling stakeholders to make a considered and rational evaluation of the Report.

In order to guarantee the quality of the information presented, the GRI's principles of balance, comparability, accuracy, regularity and clarity have been adopted. The GRI's guidelines in terms of the content of the Report have also been followed and the Company has complied with the Initiative's principles of materiality, stakeholder engagement, the context of sustainability and completeness.

The present report reflects the risks and challenges faced by the organization during 2011. The information reported comes from the management systems of the various areas that are responsible for the data. These systems are subject to a number of verification processes, as well as internal and external audits. The quantification



techniques for the various statistics reported and the bases for the calculations comply with the indicator protocols established by the Global Reporting Initiative (GRI).

As the General Secretary of Acerinox, Luis Gimeno is responsible for drafting the present Report and its submission to the Company's governance bodies. To make any enquiries or to contact Acerinox directly regarding any issues related to this Report, an e-mail should be sent to the following address: antonio.lopez@acerinox.com.



3. Corporate Governance



Corporate Governance

Acerinox strives to achieve the maximum transparency and efficiency in its Corporate Governance. The Company's governance bodies are responsible for the set of regulations and guidelines that strive to develop the best practices. (Further information on the Acerinox website).

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

Board of Directors:

Chairman:

Mr. Rafael Naranjo Olmedo

Chief Executive Officer:

Mr. Bernardo Velázquez Herreros

Members of the Board:

Mr. Pedro Ballesteros Quintana
Mr. Clemente Cebrián Ara
Mr. Manuel Conthe Gutiérrez
Mr. José Ramón Guerediaga Mendiola
Mr. Óscar Fanjul Martín
Mr. Ryo Hattori
Mr. Luis Lobón Gayoso

Mr. Santos Martínez-Conde Gutiérrez-Barquín
Mr. Braulio Medel Cámara
Mr. Yukio Nariyoshi
Ms. Belén Romana García
Mr. Diego Prado Pérez-Seoane
Mr. Mvuleni Geoffrey Qhena

Board Secretary:

Mr. Álvaro Muñoz López

Executive Committee:

Mr. Rafael Naranjo Olmedo (Chairman)
Mr. Óscar Fanjul Martín
Mr. José Ramón Guerediaga Mendiola
Mr. Ryo Hattori

Mr. Luis Lobón Gayoso
Mr. Santos Martínez-Conde Gutiérrez-Barquín
Mr. Bernardo Velázquez Herreros

Secretary:

Mr. Álvaro Muñoz López

Appointment and Remuneration Committee:

Mr. José Ramón Guerediaga Mendiola (Chairman)
Mr. Óscar Fanjul Martín
Mr. Braulio Medel Cámara
Mr. Santos Martínez-Conde Gutiérrez-Barquín

Audit Committee:

Ms. Belén Romana García (Chairwoman)
Mr. Pedro Ballesteros Quintana
Mr. Clemente Cebrián Ara

Mr. Ryo Hattori
Mr. Diego Prado Pérez-Seoane



Secretary:

Mr. Álvaro Muñoz López

Senior Management Committee

Mr. Bernardo Velázquez Herreros
Chief Executive Officer

Mr. José Luis Sainz de los Terreros
Chief Executive Officer of Acerinox Europa

Mr. Antonio Fernández-Pacheco Martínez
General Director

Mr. Miguel Ferrandis Torres
Financial Director

Mr. Oswald Wolfe Gómez
Commercial Director

Mr. Luis Gimeno Valledor
General Secretary

The General Shareholders' Meeting

This is the highest ranking body which makes decisions on the most important issues.

In 2011, two General Shareholders' Meetings were held:

1. The Annual General Shareholders' Meeting, in which the accounts for the previous year and the management of the governance body were approved. Another important issue discussed was the update of the Articles of Association in order to adapt them to recent legislative changes.
For the first time in the Company's history, a digital shareholder forum was set up for this General Shareholders' Meeting. The operational regulations of the forum were and are available to interested parties on the corporate website (www.acerinox.com). Few shareholders made use of this valuable tool in its first year of existence but it is sure to grow in importance with practice over the coming years, in which it will remain available for access.
Between the time that the 2011 General Shareholders' Meeting was called and publicized and the date on which it was held, over 900 calls were received from shareholders with enquiries. This figure is slightly less than the previous year but still clearly demonstrates the level of interest of our shareholders in all aspects of these Meetings.
2. The Extraordinary General Shareholders' Meeting, held in September, had a single item on the agenda, namely the approval of the separation of the Spanish business in order to create Acerinox Europa, which comprised the industrial and distribution assets of the parent company, Acerinox S.A, which became the holder of the Group's shares and management body for the business at a global level. Having been praised by the national and international financial community, this operation was approved by the shareholders with an extremely high majority and welcomed as a great strategic move for the medium and long term.

Main governance organs: the Board of Administration and other executive organs

- *The Board of Directors*



With the exception of the competencies of the General Shareholders' Meeting, the Board of Directors is the Company's highest governance body. While it may consist of between 5

and 15 members, it has always had 15 members. A total of 20% of the members are aged between 30 and 50 years old, while the remaining 80% are over 50 years old.

Acerinox's highest governance body is formed of 15 members, four of whom are Independent Non-executive Members.

The Board strongly embodies the principles of excellence that the Company demands of itself, and this is apparent from the professional careers of the Board Members. All of the Members have a wealth of experience in the world of business or have held positions of great responsibility in the public sector, including in regulatory bodies.

During 2011, the Board held a total of 7 sessions in Acerinox S.A.

The Board has three Delegated Committees: the Executive Committee, the Appointment and Remuneration Committee and the Audit Committee. The last of these Committees was the most active, with a total of 9 sessions. Following the recommendations of Good Governance and the application regulations, an Independent Board Member acts as the Chairwoman.

The Members of the Board receive remunerations for the performance of their duties. This remuneration is detailed in the Annual Corporate Governance Report and is subject to a vote at the General Shareholders' Meeting, together with the remuneration policy of the body.

Since July 2010, the positions of Chairman and Chief Executive Officer have been held by separate individuals. Since this date, Rafael Naranjo has acted as Non-Executive Chairman of the Board and of the General Shareholders' Meeting, while Bernardo Velázquez has held the position of Chief Executive Officer. Both of these men have worked for Acerinox throughout their entire professional careers and have steadily been promoted through the ranks, from the entry level to the positions that they now hold. This experience has given them a profound understanding and knowledge of the Company and its operations. Of all of the Board Members, only the Chief Executive Officer holds the status of Executive. Four of the Members are Independent (26.67% of the board) while the remaining nine are Proprietary Directors (60% of the Board). The numbers of Proprietary and Independent Board Members reflect the proportion of capital owned by the proprietary directors with respect to the total capital. Taking into account the complexity of the Company and the Executive Board Members' share of the Company's capital, Acerinox S.A. complies with recommendations and requirements of the Code of Good Governance, which state that Proprietary and Independent Board Members should make up a large majority of the Board, while the number of Executive Board Members should be kept to a minimum.

A number of modifications were made in the composition of the Board in 2011: Fernando Mayans, Proprietary Board Member for the Alba Financial Corporation, stepped down from his position to begin a well-earned retirement. He was replaced by Pedro Ballesteros. RihojiShinohe, the Proprietary Board Member representing the Metal One Corporation resigned from the Board as he no longer considered his role in the Company to be strategic. He was replaced by an Independent Board Member, Manuel Conthe, who boasts a wide experience in the Spanish public sector and is the author of the Unified Code of Good Governance, which is commonly referred to as the Conthe Code. Above all



others, this appointment highlights the commitment of the Company's shareholders to being a pioneer in terms of clarity, transparency and good corporate governance.

Fumio Oda, the Proprietary Board Member representing the Nisshin Steel Corporation stood down from his duties in order to take on a role of significant responsibility in the company in the United States. He was replaced by fellow Nisshin Steel Director, Yukio Nariyoshi, who was recently appointed.

Once a year, the Board evaluates:

- The quality and efficiency of the Board's operation.
- The performance of the duties of the Chairman of the Board and the Company's Senior Executive, based on the report drafted by the Appointment Committee.
- The operation of the Committees, based on reports drafted by the Committees themselves.

- *Audit Committee*

The Audit Committee is presided over by Belén Romana, an Independent Board Member who is a State Commercial Advisor and Economist, and former General Director of the Treasury, serving under two governments on opposite ends of the political spectrum. The Committee is responsible for overseeing the calculation of financial information, the selection of external auditors and supervising and facilitating the external audit process.

Throughout the year, certain changes were applied to regulations in the Spanish legislation. To ensure compliance with the amended regulations, the Company voluntarily initiated a programme of six monthly reviews by external auditors. Among other things, this commitment has led the listed Company to prioritize audit verification of the suitability and effectiveness of the Internal Systems of Control of Financial Information (SCIIF by its Spanish acronym) in line with the recommendations of the Treadway Commission and the CNMV (Spanish National Securities Market Commission), in order to complete a map of the consolidated Group's risks and to strengthen other internal compliance systems.

- *Executive Committee*

Chaired by Rafael Naranjo, the Executive Committee is a flexible and responsive body with the capacity to analyse and take decisions on the most urgent issues. The Executive Committee takes the opinions of all of the Group's Directors into account in their decision-making processes and monitors activities closely.

- *Appointment and Remuneration Committee*

Chaired by the Independent Board Member José Ramón Guerediaga Mendiola, this Committee held two meetings in 2011.

- *The Chief Executive Officer*

Since July 2010, in light of the separation of the roles of Chairman and Chief Executive Officer, the latter position has been held by Bernardo Velázquez.

Bernardo Velázquez is a Spanish engineer belonging to the ICAI who has spent his entire professional career in Acerinox. As such, he is a perfect example of the Company's model of professional development.



After thorough technical and commercial training, he was assigned to the Company's subsidiary in Mexico before being relocated to Australia in order to develop the Company's commercial network. In both of these positions, he gained a deep knowledge of the Company from both a commercial and corporate perspective. Subsequently, he held positions as the Assistant to the General Director, the Director of Planning and the General Director of the Group.

The appointment of Bernardo Velázquez represents the culmination in a generational succession programme that the Company had been carefully planned over many years.

- *Senior Management Committee*

The Senior Management Committee of Acerinox consists of the individuals that hold the position of Director as appointed by the Board of Directors of Acerinox S.A. based on the recommendations of the Appointment and Remunerations Committee and the decision of the Chief Executive Officer.

Five people and Bernardo Velázquez currently sit on the Senior Management Committee. The Committee meets daily and, in the absence of the Chief Executive Officer, the General Director chairs the Committee. In view of the fact that one of the Committee members is the Director of the Campo de Gibraltar factory, the meetings are often held by telephone.

The duties of the Senior Management Committee are set out in the Operational Guidelines of the Committee, which also govern the duties assigned to its members by the Chief Executive Officer.

Key competencies of the Committee include:

- The Senior Management Committee provides support and advice to the Board of Administration in decision-making and the development of the Group's policies.
- Under the coordination of the Chief Executive Officer, it is also the Committee's responsibility to direct the different units of Acerinox S.A. which each member has been assigned, as well as the coordination of the equivalent units in the Group's various subsidiaries and the definition of the internal structure of the Group's companies.
- It is the responsibility of the Committee as a whole and with respect to the competencies of each of its Members, under the senior direction of the Chief Executive Officer, to design, implement and operate the SCIIF (Internal Systems of Control of Financial Information) at a corporate level and within each company, as well as its effective dissemination and strict compliance.
- With the aid of the Committee, the Chief Executive Officer defines the lines of responsibility and reporting in the various units of the Group's companies, either directly or through the Directors of the companies.

The Chief Executive Officers of the Group's main other industrial companies are also assimilated into the Senior Management Committee, who, for obvious reasons, are not always present. The difficulties inherent in these Members belonging to the Senior Management Committee as well as the governance bodies of the subsidiaries became increasingly apparent in 2010, especially with three global directors meetings being held per



year, in which all issues related to strategy are dealt with collectively, as well as any items that the Chief Executive Officer has included on the agenda.

In addition, the Senior Management Committee is formed by Directors that hold the additional status of company executives and the rest of the Senior Management personnel.

- *Internal Audit Service*

The Internal Audit Service brings together the Company's General Audit Department and one delegated audit committee for each of the Group's large industrial companies. Approved by the Audit Committee in 2011, the Operational Guidelines set out the respective competencies and the operational and organic relations between the various services and the companies, respectively.

The Service produces an Annual Plan, the content of which is determined by the Audit Committee and the Chief Executive Officer. The analysis that the Service carries out may give rise to lessons or experiences that the Service communicates to the Group's governance bodies if applicable.

- *Risk Management*

The recommendations of Good Governance and the increasing interrelation in the commercial field, due to the width of the scope of the Group's products, included a recommendation for the creation of the position of Director of Risk Management, who reports directly to the Chief Executive Officer. The role of this Director is to detect, analyse and evaluate risks to which we are exposed and to propose reduction mechanisms for any risk that may affect the Group or one or several of its companies, as well as drafting and updating the risk map.

Acerinox's activities are carried out in many countries under a diverse range of regulatory frameworks. As a result, efficient risk management is necessary in all areas, both functional and geographical, in order to ensure the achievement of objectives in a prudent manner and to guarantee the treatment of all stakeholders and the sustainability of the organization.

As a consequence, the Group's activities are exposed to a range of risks. Key examples include:

- Market risk: risk that results from the variation in market prices, perhaps due to changes in the exchange rate, interest rate or the price of raw materials and other inputs, which may affect both the Company's results and the value of its assets and liabilities.
- Credit Risk: risk that results from potential losses that may lead to the non-fulfilment of contractual obligations by clients or debtors.
- Liquidity risk: risk related to the Company's liquidity position and solvency.



4. Our shareholders and investors



Our shareholders and investors

Commitment to shareholders and value creation

Acerinox S.A has been listed in the Madrid and Barcelona Stock Markets since 1986. Since 1992, the ratio of the trading volume and frequency of its shares and its capitalization has meant that the Company has continuously remained on the IBEX 35 selective index. Our company is one of the very few IBEX 35 listed companies that has not reduced the dividends paid to its shareholders in comparison to pre-recession levels.

In 2011, 335,858,766 shares were traded for a total value of 3,874,313,278 euros. The Company's capital stock totals 62 million euros divided into 249 million common shares with a nominal value of €0.25 each.

A large proportion of Acerinox shares have been held by the same shareholders since 1970. This has led to the benefits associated with a great level of stability and the opportunity to design policies and create wealth in the long term, without having to search for profits from outside the Company's main area of activity. The constancy of the shareholder base also facilitates a high level of shareholder representation in the Company's governance bodies, a thorough knowledge of the business on their part and a medium to long term commitment. Without doubt, the fact that a certain profit per action is always distributed has consolidated the status of the Company's shares as benchmark securities in times of instability.

In 2011, Acerinox paid out a total of 112.2 million euros to its shareholders. Since the Company's flotation on the Stock Market in 1986, the total amount that shareholders have received in regular payouts is 1.386 billion euros.

The Company's Stock Market performance in 2011 continued the trends experienced in 2010. Acerinox shares have not completely escaped the current uncertainty affecting all financial markets. However, in comparison to securities of other stainless steel manufacturers in Europe, the Company's shares have been the least badly affected by the economic crisis. In fact, the shares have fared better than the majority of those traded on the IBEX 35.

Once again this year, shareholders have received a total dividend of 0.45 euros per share. This amount is the same as the dividend paid to shareholders in 2010 as well as in the years preceding the global recession which has affected the industrial sector particularly badly. The same dividend was even paid out on the rare occasions that the Company did not register profits. At Acerinox, we believe that it is a more sustainable strategy to build up reserves on good years to be able to maintain dividends to shareholders in other years.

The importance that Acerinox places on shareholders is particularly evident at the General Shareholders' Meeting through a well entrenched decision that is highly symbolic. In contrast to other listed companies, rather than outsourcing to external companies, professionals within Acerinox S.A. are responsible for the operation of our shareholder office, logistics, distribution of annual reports and dealing with the public.



Communication with our shareholders.

Acerinox has open communication channels in place with shareholders and the financial community in order to promote and maintain a framework of relations based on trust, transparency and respect.

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, C.P. 28035 Madrid) or by e-mail (accionistas@acerinox.com).

In addition, Acerinox has an Investor Relations and Communication Department which is responsible for the dissemination of the financial schedule and for provided any information that may be requested by analysts and investors, usually in relation to share values. Moreover, the Department organizes the regular investor meetings in various cities around the world.

We believe that it is important for us to find out the significance that shareholders place on ethical, social, environmental and governance issues, as this enables us to align our policies and practices and improve our performance.



5. Our clients



Our clients

Client relations

Acerinox has built a wide network of national and international clients based on trust, quality and operational excellence. Our clients value attributes such as punctuality, efficiency, quality, responsibility and competitiveness.

As a leader in the steel sector, at Acerinox, we strive to fulfil our clients' needs and expectations, optimize the channels of communication and ensure the sustainability of the business by establishing stable and long-lasting relationships. As a result, for a single material, Acerinox applies the same General Sales Conditions and prices without regard to the geographical area.

In order to ensure the application of this policy, 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.



Client Satisfaction

Acerinox bases its Quality Management System on the Customer Survey and its ISO 9001 certification from the International Organization for Standardization, an international regulation that focuses on all aspects of quality administration that a company must have in place in order to have an effective system for administering and improving the standards of its products and services.



With a view to analysing the main strengths and opportunities with respect to our client relations, Acerinox regularly evaluates the level of satisfaction of its clients by sending a survey with nine questions and a section for adding any suggestions.

Clients are asked to give an evaluation between 1 and 5 of the service that they have received from Acerinox and the product supplied.

This survey is sent to the Service Centres/Subsidiaries every year, from where they are distributed to the clients. These surveys are attached as annexes to the PC821 Quality Management procedure. Bearing in mind that 5 represents the highest rating, the average rating of 4.5 in 2011 was extremely satisfactory.

As of this year, the client surveys that are used to gauge trust and satisfaction with the Company will be carried out quarterly, through the Quality Managers/Delegates in all of the Service Centres/Subsidiaries.

In order to process all of the data before the end of the quarter, the deadline by which survey results must be received by the factory is the 10th of the month after the end of the quarter. Once all of the results have been received by the factory, they are processed and any appropriate corrective measures are adopted.

Acerinox technicians visit clients and draft a Technical Assistance Report (TAR) which sets out the corrective measures whenever necessary. The TAR programme was initiated in January 2010 with a total of 83 reports produced in 2010 and 50 in 2011 (as of 19th October).

In July 2008, the Company began the initiative of Client Quality Specification Sheets. The sheets detail all of the specifications and special needs of each of the clients, based on company visits, and are used to redefine the quality of the process.

Other Technical Reports are also drafted for clients for several reasons:

- Client needs.
- Complaints.
- Technical enquiries.

In addition, Delegation Technical Reports are regularly drafted.

Just as in the case of our suppliers, clients cannot order products without identifying the entity responsible for payment, which must be made via an accredited banking institution.

Sales operations must be covered by a letter of credit or credit and surety insurance. The performance of operations that do not comply with the above regulations are only permitted with express prior authorization and must fall within the authorized limits of risk set by the Senior Management of Acerinox S.A. under the terms defined in the internal authorization and risk coverage regulations.

For a number of years, our efforts to measure and accredit our client service systems has led the Company to request and obtain the most highly accredited quality and service certifications in terms of the product, supply chain and environmental relations.



Safety in our products

The area manager identifies, evaluates and communicates any potential risks to health and safety through risk analysis in factories, drafting and distributing Product Safety Sheets and compliance with the Regulations of Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH), the main objective of which is to ensure a high level of protection for human health and the environment. These regulations establish an obligation to keep a register of all of the chemical substances that are sold within the European Union. The regulations are analysed by European authorities which take any necessary actions, such as restricting or prohibiting the use of any substances that pose a significant risk to health or the environment.



6. Our people



Our people

Human Capital

Acerinox's business model is indicative of its employment stability in the current financial situation. In this respect, it is worth highlighting that, over the last few years, Acerinox is the only European manufacturer in the sector that has not been forced to make workforce re-alignments in order to improve the sustainability of the business.

At Acerinox, maximum priority is given to a good working atmosphere and, as a result, the number of employees that leave the Company every year is minimal (as shown in the table in Annex 1). Acerinox believes that a high employee turnover indicates high levels of uncertainty and dissatisfaction among employees. This situation is not the case in Acerinox. In addition, high employee turnover may lead to changes in the organization's human and intellectual capital that can affect productivity.

The Acerinox Group owns industrial establishments in 4 countries on four different continents, with sales in over 80 countries. With almost 90% of its revenue coming from outside Spain, Acerinox is probably the most international Spanish Group.

In particular, the fact that the Group originates from Spain means that, up to 2010, the majority of the Acerinox Group's workforce was based in the country. This proportion currently stands at 46% and is decreasing due to the rising number of contracts in Asia.

By continent, the figures are as follows: ¹

Europe (including Turkey).....	3,795
America.....	1,421
Africa.....	1,696
Asia and Oceania.....	437

It is clear from the figures that, year after year, the specific proportion of the entire workforce is shifting away from Europe. With the majority of the Group's workforce working not only outside Spain but also outside Europe within the next two years, this trend is the result of an unstoppable shift of the global centre of the exchange of goods and services from the Atlantic towards Asia. The Acerinox Group has had the foresight to respond to this trend in advance with investments in the Americas and, more recently, the opening of a new factory in Malaysia.

The good working relationship between Acerinox and its employees has led to the children of former employees following their parents into the workforce and their experience and affection for the factory has been passed on to the next generation. This phenomenon is particularly evident in the Palmones factory, which is practically the oldest in the Group (1970) and has witnessed this handover between generations.

The quality of our working environment means that the average age of our employees is particularly high in those work centres that have been established for a number of decades. A special example of this is the Spanish factory at Campo de Gibraltar, which

¹ On 29th February 2012



began operation in the 1970s, where the average age is 44 with a total of over 400 employees having retired.

This high average age is in no way perceived as a problem by the Group. In fact, just the opposite is true. It is seen as an extremely valuable accumulation of experience, expertise and loyalty to the Company. It is no coincidence that the Group's company with the highest revenue from technical support projects is Acerinox Europa, as its factory has spread its know-how and expertise to the entire Group, and continues to do so, particularly in the new factory in Malaysia.

Many of the technicians that have provided technical support services during the construction of this factory have reached the age of retirement in Malaysia. The people that work at Acerinox are proud and grateful that expert professionals have travelled half way around the world to end their working career, throughout which they have shown their full potential. It is also a great advantage that, between all of the technicians, so many years worth of experience has been applied to the new project.

Training our employees

Acerinox is keenly aware of the importance of the employees for the Company and it considers them one of its greatest assets. Any investment into human capital is sure to reap benefits. With this in mind, the average number of hours that Acerinox invests per employee is very high. Training is provided for employees in the following areas:

- Languages - English, French, German and Mandarin.
- Information systems - MS Access Advanced / Microsoft Visio 2010 / Symantec Backup Exec 2010
- Financial and fiscal - Case study courses in the Financial Studies Centre regarding both Value Added Tax and Income Tax.
- Legal - Spanish/English legal translation classes

Of course, one of the most important areas in which Acerinox trains its employees is Workplace Risk Prevention. Key examples of this include the following courses:

- Basic Workplace Risk Prevention (50h)
- Basic Principle of Safety against Fires
- Introduction to Workplace Risk Prevention
- Basic First Aid
- Road Safety in the Working Environment
- Traffic as a Risk: Preventive Measures

During 2011, the Group's companies awarded a total of 58 research grants in order to integrate research into disciplines related to the factory's activities. In this respect, and in compliance with the guidelines of the 1998 Employment Equity Act, 77% of grants were awarded to employees from ethnic minorities. At the same time, a special emphasis has been made to train and promote black employees, in order to strike a racial balance in middle and senior management in the South African subsidiary.

The specific aspects of the Excellence Plan and the high results achieved have led to the decision to standardize and set guidelines based on the experience for internal dissemination. To this end, a special dissemination plan is currently in the research stage



which aims to spread the potential of internal benchmarking through training channels in order to make the Group the world's first corporation to carry out such exercises.

There can be no quality or innovation without training. Acerinox remembers the enormous advantage that the first in-company training courses represented, which the first employees took in the factories of the Company's loyal shareholder NISSHIN STEEL.

From that point onwards, the Group's factories have participated enthusiastically in the preparation of employees contracted at Bahru Stainless, with over 200 people having undergone their practical training in Algeciras, Columbus and NAS. The quality of the first sheet coils in Malaysia highlights the fact that nothing beats learning from somebody who truly knows and nobody can teach how things need to be done as well as someone with a wealth of experience. These training sessions are remunerated and, if the trainees pass successfully, they have a guaranteed job in the Bahru factory.



Performance evaluation

Our Chairman, Chief Executive Officer and the majority of the Senior Management Team of the Group and its subsidiaries have risen through the company ranks as a result of internal promotion.

Any newly-hired employee knows that their promotion prospects within the Group are based on the endorsement of their Directors and their own capacity of effort, sacrifice and skills.

Our people know that they will have the best training opportunities within the Group and that their professional career has no limits other than those that each individual freely chooses.



In addition, Acerinox shows great concern with respect to the motivation of its employees, as this impacts directly on their effort, discipline and commitment. Therefore, in order to evaluate the performance of the employees, Acerinox conducts regular assessments, as shown in the following table:

Regular assessments

	ACERINOX S.A.	ACERINOX EUROPA S.A.U.
Employees with performance-related variable salaries	56	263
Promotions	0	482
Total people evaluated	56	745
Percentage of people evaluated	82.35%	30.82%

Equality and diversity

Acerinox complies with all policies related to gender equality, not only because the Collective Bargaining Agreement establishes such requirements but because Acerinox's policy is completely aligned with these objectives, which aim to ensure non-discrimination and equality of treatment in a working environment that is free of prejudice.

In this respect, it should be highlighted that opportunities are identical in all selection processes and the remuneration policy is based on brackets associated with each professional category, with any discrimination based on gender being strictly prohibited.

On this point, Acerinox stands out as a multicultural company with the philosophy that increasing diversity enriches the organization, promoting the development of innovative solutions and facilitating the exchange of knowledge and experience, thereby creating competitive advantages. In cases where different beliefs, cultures or religions coexist, the Group takes care to ensure that each of them is given due protection through the conduct of the Group and its companies.

In view of the geographical diversity of the Group, our employees may have different rights and obligations but have equality in all essential aspects. With respect to the determination of working conditions, the Group's companies take inspiration from the standards set by the Universal Declaration of Human Rights and the International Labour Organization.

Discrimination of any kind is not permitted in any of our factories or any other work centre, with a range of protocols having been implemented in order to prevent such conduct. During 2011, the Group received no reports of the existence of any serious breach in terms of discrimination in the workplace.

In cases in which legislation requires certain measures to promote disadvantaged groups, these measures are applied. One such example is the case of the Republic of South



Africa, where directors take particular care to ensure the implementation of the Broad Based Black Economic Empowerment measures, which have led to significant progress in

this respect, as explained above. In Europe and particularly in Spain, the set of regulations for the prevention of discrimination against women are applied.

There is no racial data available for European companies or the USA. However, the collection of such data is legal, and in some cases obligatory or strongly recommended by law, in other countries.

With respect to the Senior Management bodies in the Company, the Group usually prioritizes the inclusion of local directors in its companies.

The company has always been committed to local management bodies and the promotion of local residents, thereby ensuring their contribution to our business culture. Our companies have an abnormally low proportion of foreign employees and the presence of Spanish nationals on the management teams is purely symbolic. Being sustainable also involves opening up to the world and understanding that there are different ways of doing things, working and adapting.



Social Benefits

All of the Group's employees are given the necessary medical coverage in the case of accidents, as well as the obligatory coverage provided by the Social Security systems in each country.

This insurance applies from the very moment that the employee starts working at Acerinox. In countries in which the obligatory accident insurance coverage systems are deemed insufficient, the Company has increased the minimum coverage.

Acerinox is aware of the potential implications that social benefit programmes have for the Company, as in some cases, they may become commitments which the beneficiaries take into account when planning their long-term economic welfare.



Acerinox provides the following social benefits:

- Assistance to the company group
- Life insurance
- Accident insurance
- Master's courses and other courses for employees
- Meal vouchers
- Discounts on computers and internet connection
- Nursery vouchers
- Grants to employees' children
- Medical insurance - special offers

Health and safety

The implementation of additional measures within the Group with respect to safety has resulted in a continued reduction in the accident rate and absenteeism.

Acerinox has always been committed to its professionals by providing a safe working environment. Ensuring a safe workplace for all employees is a priority that goes far beyond compliance with current legislation.

As a result, and despite the existence of a certain risk involved in Acerinox's activity, the number of victims of fatal accidents is zero and the level of absenteeism is as shown in the table:

ACERINOX S.A.			ACERINOX EUROPA S.A.U.		
	Accident rate	Illness rate		Accident rate	Illness rate
Madrid	0.00	1.02	Madrid	0.10	1.92
			Pinto	0.03	2.02
			Gavà	0.21	5.82
			Betanzos	0.00	0.69
			Algeciras	1.71	2.43

Many of the achievements can be attributed to the Good Practices programmes that were implemented throughout the year at the request of the Department of Safety and the Environment in the Campo de Gibraltar factory. In particular, the following key initiatives:

- Process line audits
- Safety equipment operability audits
- Service company audits

In addition, during the year, new vehicles were acquired. One particular example was the platform truck that enables rescues up to a height of 20 metres.



The importance placed on safety at the factory in Andalusia has led to the merger of the abovementioned Environmental and Safety departments into a single unit with increased funding.

Without doubt, the fact that the Directors of the various construction areas come from the Group's companies has enabled the Company's own safety standards to be fully implemented, based on their broad experience in this field. At the same time, safety experts in other factories have made a number of technical support visits with the aim of reproducing their results in the rest of our factories.

Our Roldán factory (Ponferrada, Spain) deserves a special mention in this respect. After the fire that occurred at the end of 2010 which, thanks to the measures taken, did not result in a single injury, the reconstruction of the affected areas and the replacement of equipment has led to Roldán becoming the factory that received the highest investment in safety by the Group in proportion to its capacity in 2012. The experience in 2010 demonstrated that the implementation of high standards and efficiently trained staff enables us to overcome even the greatest incidents.

Various formal agreements with unions are in place with respect to health and safety in the workplace. In particular, the Company has agreements with the Spanish Confederation of Metal Business Organizations (CONFEMETAL) representing companies in the sector, as well as with the UGT Federation of Metal, Construction and Related Activities (MCA-UGT) and the CCOO Federation of Mining and Metallurgy (FM-CCOO) representing union workers in these sectors. These agreement set out standards for the health and safety training and promotion, as well as occupations and job positions subject to electrical risks.

In addition, as part of our commitment to the health and safety of our employees, a high percentage of Acerinox employees are represented on joint health and safety committees made up of directors and employees. In this way, Acerinox helps to ensure that its employees are advised on health and safety matters. The following table shows the high percentage of employees represented on these committees:

HEALTH AND SAFETY COMMITTEES

Headquarters	Nº of people	Percentage
Madrid	6	3.77
Pinto	4	13.33
Gavà	4	6.06
Betanzos	4	26.66
Algeciras	12	0.54



7. Acerinox and the Environment



Acerinox and the Environment

Environmental management

Acerinox firmly believes that caring for the environment and the protection of biodiversity are fundamental principles in business management.

Acerinox promotes the compatibility between its industrial activity and environmental protection. The Company is committed to finding the most sustainable models with the lowest carbon footprint, thereby integrating climate change into its business strategy and adopting active emission reduction policies. In this respect, Acerinox strives to ensure continual improvement in the design of its installations, processes and management systems, as well as the identification, analysis and assessment of risks and the mitigation of their impacts.

The Company's environmental policy is firmly committed to sustainable development and, as a result, it carries out continual assessment of the environmental impacts generated by its activity. The application of these criteria leads to the allocation of significant amounts of resources, both economic and organizational, which help to ensure that a balance is struck between production needs and environmental protection.

The Senior Management at Acerinox assesses both the risks and the opportunities in terms of the environment. These include potential legislative changes, modifications to the allocation of greenhouse gas emission rights, variations in energy prices, potential losses in competitiveness and physical risks associated to climate change, such as floods, droughts, etc. The results of this analysis give a global overview of the organization within its surroundings and provides opportunities to improve both as a Company and for the environment.

The Senior Management oversees the effective implementation of the Environmental Management System (EMS) based on the ISO 14001 regulation. 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 following materials balance sheet for 2011 shows various monitoring indicators that allow Acerinox's environmental performance to be assessed.

Materials Balance Sheet

Inputs	
Energy	2,561,098 GJ
Natural Gas	59,374 t
Recycled material	545,965 t
Ferroalloys	173,504 t
Gases	67,484 t
Acids	12,425 t



Outputs	
Steel	639,679 t
Smoke dust	14,820 t
Slag	192,709 t
Scale	4,281 t
Neutralized red mud	14,630 t
NOx	30 t
CO ₂	167,502 t
Particulate matter	22 t

In view of the fact that the stainless steel manufacturing process involves an intensive use of energy, one of the main objectives of the Environmental Management System is the monitoring this resource. The EMS carries out annual environmental management programmes that focus on energy reduction which involve investments such as the installation of heat recovery boilers and improvements in steam distribution, as well as actions such as stoppage programming and the management of illuminated areas, all resulting in a considerable reduction in energy consumption. During 2011, the energy efficiency measures taken represented a saving of 31,309 GJ which is equivalent to a reduction of 8,400 tonnes of CO₂ emissions.

Environmental expenditure and investment

Our environmental expenditure in 2011 totalled 15,519,172 euros in the Campo de Gibraltar factory alone.

Key activities at this factory included:

- Installation of concrete walls to improve waste storage and avoid unwanted intermixture.
- Expansion of the monitoring area of automatic measurement equipment.
- Renovation of the steam and air network systems in order to eliminate losses and leak due to the age of certain installations.
- Optimization of the steam boiler in the hot-rolling furnace.
- Acquisition of flame retardant oil recycling equipment on the AP2, AP3 and AP4 lines.

The following investments were planned for 2012 (and are therefore underway at the time of publication of this Report):

- Expansion of the slag warehouse.
- Improvements in the suction capacity of AODs (argon, oxygen and decarburization 'furnaces').
- Oil separators in the A and C collectors.
- Pumping equipment for the interior disposal sites in the neutralization area.



In addition, significant investment to ensure the safety of employees has been made, as well as investment in fire protection equipment and prevention and extinguishing systems.

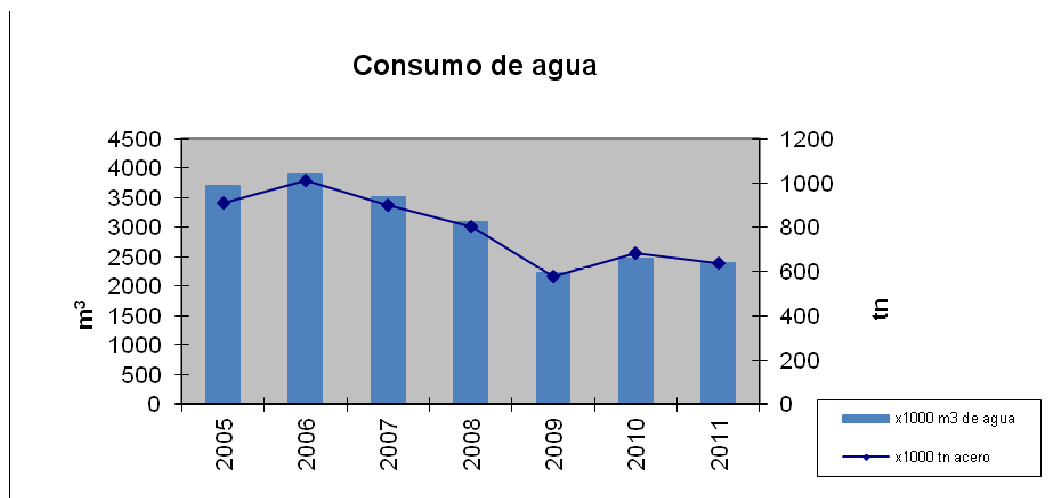
The assessment of the Company's environmental conduct is an internal management system that forms part of Acerinox's EMS which uses indicators to provide information that enables the comparison of past and present environmental conduct in terms of our criteria in this field. The process follows a 'Planning-implementation-monitoring-action' 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.

Environmental programmes

Within Acerinox's EMS, various environmental programmes are established aimed at controlling the main environmental impacts generated by the Company's activity.

1. **Water:**

This element is a hugely important resource in Acerinox's activity and is sourced from a marsh near the installation.

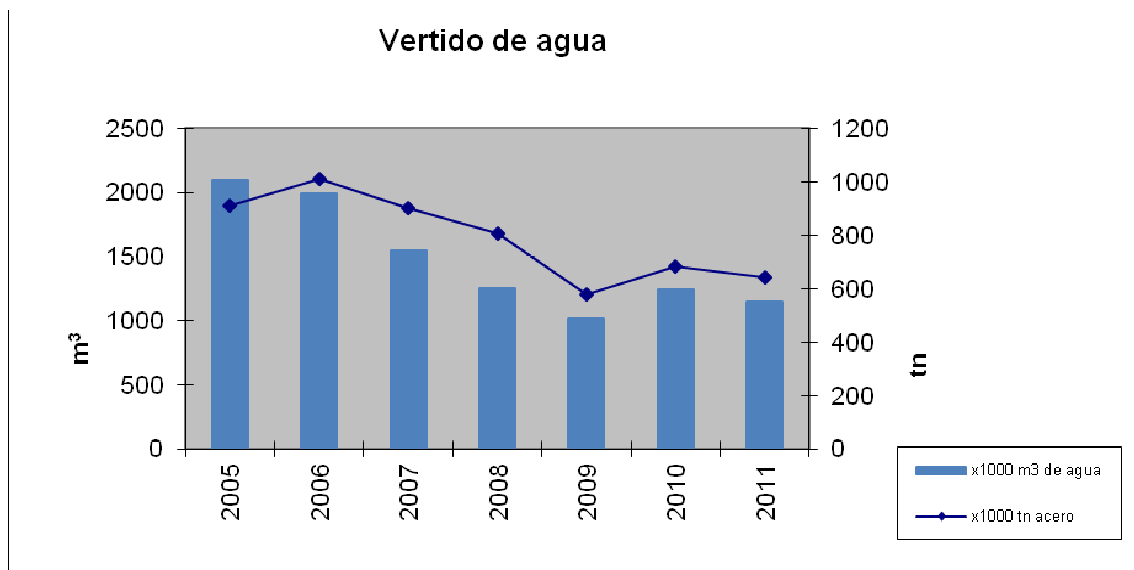


Graph 1: Water consumption 2015-2011

Water is consumed on process lines, refrigeration systems and auxiliary plants. The water used is subjected to various treatments that enable the recovery of quality levels and its subsequent reuse. There are various installations that enable the recovery of acids used which can then be reintroduced in the stainless steel pickling processes. In addition, oily waters are treated in the oil recovery plant to obtain water that is free of oil, which is then transported to the Neutralization Plant, while the oil is disposed of by an authorized expert. Water with organic load is treated in the Residual Water Purification Station (RWPS).

These treatments ensure that the water that is finally collected complies with the legal limits established in Acerinox's Integrated Environmental Authorization (IEA). There are three disposal points, two in the Bay of Algeciras and the other at the mouth of the Palmones River.

It should be highlighted that, in 2011, the Company obtained satisfactory results in terms of the operation of submarine pipelines. This installation, which involved an investment of 3,762,204 euros provides a dilution effect that minimizes the potential effect of the pollutant load on the receptor environment. The official monitoring plans of the water quality in the Bay of Algeciras confirm these results.



Graph 2: Water disposal 2005-2011

Factories use both mains supply water and, above all, untreated water that, as such, contains no chlorides that can damage material. The water used is subjected to various treatments that enable the recovery of majority of substances used in the stainless steel pickling processes.

Water consumption varies greatly between the various plants. This is due to the fact that the atmospheric temperature and evaporation and refrigeration requirements affect the amounts needed.

In certain cases, water scarcity necessitates special recycling and recovery measures, as well as collection from rainwater and from marshes and rivers. Depending on the location of each factory, the Acerinox Group has had to adapt and develop the most appropriate measures to ensure our water supply respects the environment.

It is worth highlighting the Group's strict controls when returning used water to the environment. In the case of the Algeciras plant, the water is taken many kilometres into the bay by a submarine pipeline that was constructed after an agreement with environmental authorities and fishing unions. An investment of 3 million euros was made at this installation. In addition, the oil recovery plant treats oily waters, obtaining water that is free of oil, which is sent to the Neutralization Plant, and oil, which is disposed of by an



authorized expert. Water with organic load is treated in the Residual Water Purification Station (RWPS).

Water quality is monitored in real time in order to prevent any anomalies. Cooling the water allows any deposits that it may contain to be decanted.

2. Air:

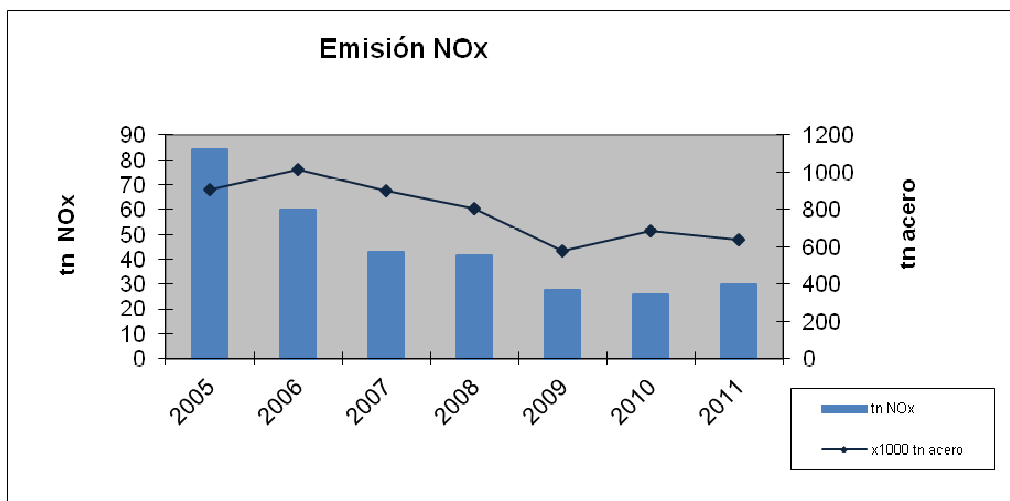
Gas emissions into the air is a key impact which Acerinox strives to control.

In order to control and minimize air gas emission, the Company implements continuous monitoring of the main emission points around the factory. As a result, continuous measures are taken with respect to emissions of particulate matter and the most common gases, such as NO_x.

All of the Group's steelworks incorporate particulate matter filters that enable the collection and recovery of metallic materials. This provides both an environmental and economic benefit, due to the recovery of valuable metals. Continuous opacity and flow statistics are gathered for each emission point, which enables these parameters to be monitored thoroughly.

In addition, the data gathered by international organizations shows that Acerinox's intensity of direct emissions (tonnes of CO₂/ tonne steel) is 35% below the average for stainless steel manufacturers around the world. As a result of the Company's measures, CO₂ emission have decreased significantly over recent years. Moreover, there has also been a clear reduction of the intensity of CO₂ emissions in the cold-rolling process.

Nitric acid is used in the stainless steel pickling process. As a consequence, NO_x vapour is generated. Acerinox has an installation known as the Catalytic Tower which converts these acidic vapours into molecular nitrogen. As a result, NO_x gas emission into the atmosphere is well below legal limits.



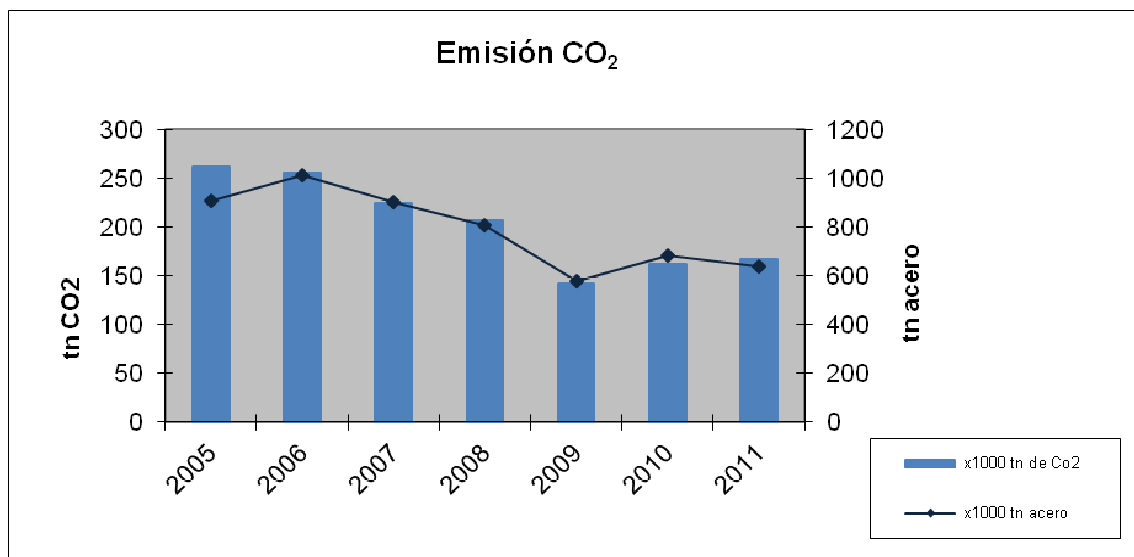
Graph 3: NO_x emission



One of the most important environmental objectives is the reduction of CO₂ into the atmosphere. Over recent years, a number of investments have been made, such as the installation of chimneys that regenerate natural gas, hot-rolling furnace improvements, heat recovery boilers, etc. These measures have enabled Acerinox to become one of the most efficient companies in terms of these aspects. According to data from the ISSF (*International Stainless Steel Forum*), Acerinox's intensity of direct emissions (tonnes of CO₂/ tonne steel) is 35% below the average for stainless steel manufacturers around the world.

Acerinox participated in the 2011 Carbon Disclosure Programme (CDP), which enables the assessment of the impact of CO₂ emissions management with the Organization and allows comparison with other companies. Responding to all enquiries for information from the Carbon Disclosure Programme is also a fundamental step towards a more mature and integrated business information model that places climate change within the business context that is now required by capital markets.

In line with the recommendations of the various international regulations, Acerinox not only calculates its direct emissions (scope 1) but also indirect emissions that arise from electricity consumption (scope 2) and the supply chain (scope 3). In 2011, Acerinox carried out the verification of emissions for the first time according to the ISO 14064-1:2006 regulations, covering direct and indirect emissions (scopes 1 and 2) and reviewing indirect emissions from the supply chain (scope 3), focusing on the categories of business travel and transport of workers in particular.



Graph 4: CO₂ emissions

The Company is keenly aware of the importance of protecting the environment and human health, while maintaining competitiveness and strengthening the spirit of innovation. To this end, in 2011, Acerinox has implemented the second phase of the Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH)



programme, cooperating fully with four inspections from the authority that monitors REACH implementation throughout the period.

In addition, the Company collaborates with the Union of Steel Companies (UNESID), preparing the inventory of CO₂ emissions for the Ministry for the Environment and developing the MIRAT project as part of the Law of Environmental Responsibility. The Company is committed to acting responsibly in order to minimize or prevent negative environmental impacts. To this end, it also collaborates with the Worldsteel Association, which ensures compliance with environmental regulation, promoting best practices and developing new technologies to prevent emissions from the sector.

3. Waste:

Stainless steel is considered to be one of the products that makes the largest contribution to environmental sustainability. In terms of both its manufacturing process and functional life cycle, stainless steel generates a significant reduction in the consumption of natural resources.

It should be highlighted that the Acerinox Group has developed its own technology that uses a high proportion of recycled material in its manufacture of steel, well above the sector average. This rate is far above the world average for stainless steel manufacturers, which is currently 60% according to the most respected environmental organizations, such as the International Stainless Steel Forum (ISSF). The use of recycled material replaces the consumption of other raw materials, thereby achieving a dual environmental objective: firstly, the reduction of natural resources and, secondly, the prevention of contaminants in the environment that would have been caused in the manufacture of ferroalloys required to replace the recycled material (CO₂ for example).

Aware of the need to assess the environmental implications of the entire product life cycle, from the manufacturing process to the end of its useful life, Acerinox participates in the Life Cycle Inventory (LCI) run by Eurofer. Both the quantity of recycled material used and the possibility of recovering and reusing stainless steel products in the manufacturing process at the end of their useful life lead to an extremely positive rating in the life cycle assessment of stainless steel.

Many of the applications of stainless steel are found in sectors that are clearly associated to respect for the environment. Key examples include renewable energy equipment such as solar panels, the construction of energy optimized buildings and water treatment plants, among others.

After a long life cycle, stainless steel is systematically recycled. In fact, this great material is produced mainly from scrap. Scrap is pressed into blocks which are then transported to steelworks for reuse. As a result, there is a reduction in the consumption of raw materials and energy, contributing significantly to less industrial waste in the environment.

The life cycle assessment of stainless steel is extremely positive due to the fact that production uses large quantities of scrap, as well as the future potential for the complete recycling of all products made of stainless steel.

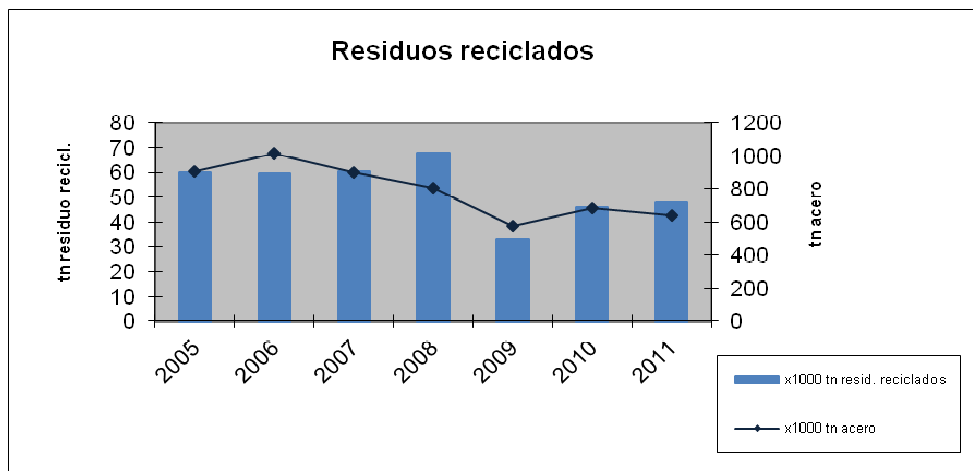
During 2011, a total of 20% of total waste generated was recycled, with 16% being hazardous waste and 84% non-hazardous.

Principal waste generated	
Smoke dust (h)	14,820 t
Slag (nh)	192,709 t
Scale (nh)	4,281 t
Neutralized red mud (nh)	14,630 t

Note: It is indicated in brackets if the waste is classified as hazardous (h) or non-hazardous (nh).

Recovery of metallic content takes place in the slag treatment plant. This means that we obtain a material with a value as high as metal that contains certain alloy contents. In 2011, 33,210 t of metal were recovered which were transported for resmelting. The resulting slag is considered non-hazardous, with the advantage that this implies for its subsequent use. Acerinox participates in various projects at a national and international level for the development of applications for this type of waste.

Austenitic smoke dust gathered in the bag filters at steelworks coming from the scale and dust that is produced in the acid recovery plant is transported to a European installation where metal recovery takes place. A metallic product is obtained that can be reused in the smelting process of stainless steel. In 2011, 3,361 t of this material were recovered.



Graph 5: Recycled waste.

During 2011, a process was developed to obtain briquettes that enables the recovery of all of the scale generated in the factory. In 2012, the installation will become fully operational leading to the complete recovery of this type of waste.

Further information on waste treatment

As well as being one of the biggest recyclers of scrap metal in the world, in the exercise of its responsibility, Acerinox contributes through an extensive range of waste reduction projects, through reuse programmes in industry, with the efficient use of resources being one of the company's guiding principles. One of the Company's main objectives is the recovery, reuse and minimization of the waste generated.



Scrap does not fit a clear definition as a subproduct or waste. Thanks to its application of the REACH regulations and the End of Waste (EoW) criteria, as well as Acerinox's good reputation, the Company gained authorization as a Non-hazardous Waste Manager. This enables all possibilities to be covered in relation to the implementation of the regulations.

As mentioned above, large quantities of metal were recovered in 2011 which we transported for resmelting. The resulting slag is considered non-hazardous, with the advantage that this implies for its subsequent use. Following strict practices, recovery of metallic content takes place at the slag treatment plant, leading to a high value material being obtained. In addition, the Company participates in various projects at a national and international level for the development of applications for this type of waste.

Moreover, the Group's companies all make good use of the smoke dust gathered in the steelworks' filters. The scale that is produced in the acid recovery plant and the dust from the steelworks is transported to a European installation where metal recovery takes place. As a result, a metallic product is obtained that can be reused in the smelting process of stainless steel.

Furthermore, a process was developed to obtain briquettes that enables the recovery of all of the scale generated in the factory. In 2012, the installation will become fully operational leading to the complete recovery of this type of waste.

In addition, as well as scale and dust, the company recycles the following types of waste:

- Regenerated acid
- Oil used in the decanting plant
- Recovered oil
- Oily paper
- Diatomaceous earth

Acerinox and respect for natural habitats

Acerinox conducts its activity in a protected area known as the Palmones River Marsh Natural Park. This protected zone forms part of the Algeciras and Los Barrios municipal areas. The park covers an area of 58 hectares and covers the salt water marsh estuary at the mouth of the Palmones River. This haven has also been declared a 'Specially Protected Bird Zone' and is being considered for status as a 'Place of Special Interest'.

The biological interest that the natural park holds is partly based on its being a stop off point for a large number of birds that migrate across the Straits of Gibraltar. It is also of great interest for its own animal and plant species. Sand dune and marsh ecosystems are currently experiencing a regression along the majority of the Mediterranean coastline. As a result, their conservation is a priority of current environmental legislation. The protected estuary is home to coastal species that are adapted to saline environments.

Committed to its environmental policy, Acerinox regularly conducts a surveillance and control plan that aims to monitor the sedimentary hydrological quality and the health of the organisms within the environment that may be affected by wastewater spills. Always below the permitted maximum limits, the results show that the receptor environment has not been affected.

Acerinox, participates in and implements the environmental initiatives in the area through its membership of the Local Board of Environment and Sustainability of Los Barrios Town



Council, and the Environmental Committee of the Association of Large Industries of Campo de Gibraltar. This enables the Organization to keep in close contact with the rest of the key sectors present in the Bay of Algeciras and share environmental protection initiatives.

Visitors to the Campo de Gibraltar factory are surprised by the excellent fishing to be enjoyed in the area, which has led to a proliferation of acclaimed restaurants, some of which are right next to the factory.

The administrative authorities monitor the water and air in real time with sophisticated electronic systems. Bathers at the attractive Palmones beach provide a less technical yet more intuitive seal of approval when the good weather arrives.

The preservation of the waters of the Bay of Algeciras is a success story for the various industries, including Acerinox, that have brought wealth to an area without harming the environment.



8. Our suppliers



Our suppliers

Acerinox goes to great lengths to promote sustainability among its network of suppliers, encouraging responsible practices throughout its supply chain. Steadfast in this commitment, Acerinox has a management system in place that strives to ensure the integrity of the relations that the Company has with its supplier and contractors, enforcing the requirement that they meet internationally recognized standards, such as the United Nations Global Compact.

Ethical and Responsible Contracting

Although Acerinox's policy does not specifically include the requirement of preference for locally hired suppliers, we are committed to ensuring that all of our suppliers have equal opportunities in terms of hiring and they are subject to an accreditation process by Acerinox.

In this respect, Acerinox promotes the development of sustainable contracting through its commitment to hiring suppliers with models of conduct that are consistent with the Company's principles of business responsibility and the Acerinox Code of Conduct with respect to human, worker and environmental rights in all of the dealings that it has with its suppliers.

Our Code of Conduct states that we have to carry out active monitoring of our suppliers' standards of conduct. Therefore, we cannot contract from companies that may carry out activities that are incompatible with international declarations on human rights. To this end, in 2010 and 2011, on-site inspections have been conducted on the purchasing services managers of various work centres of our suppliers.

The selection of our suppliers involves accreditation by Acerinox through the accreditation survey which includes requirements related to the ISO 9001 and ISO 14001 international standards and the REACH regulations.

Fair hiring practices

We strive to maintain relations with our suppliers that are based on trust and good faith to ensure fair and cordial relations that stand the test of time.

To this end, we are committed to honest and fair general hiring conditions that are not based on easy, short-term benefits. Good supplier relations are an essential pillar of the business's sustainability and enable us to demand quality, punctuality and support with the resolution of problems.

The publication of the General Purchasing Conditions enables suppliers to know about the framework within which dealings must be conducted in advance. This reduces the potential risk of certain suppliers or tenderers enjoying better conditions than others.

Our contracts always aim to include an amicable mechanism for conflict resolution and, if necessary, are subject to tribunals in countries in which the Rule of Law is well established.



9. Research, development and innovation



Research, development and innovation

Part of Acerinox's competitiveness strategy is based on maintaining the technological level necessary to respond to the challenges and demands that are faced in the stainless steel sector. For over two decades, Acerinox has remained committed to this strategy, which has been particularly reinforced during the current period of uncertainty.

The policy has been enforced with the involvement of the various production lines and through the establishment of a specific working group, the R&D&I Department, which is responsible for the development and management of the large majority of the technological development and sustainability activities of the Acerinox Group.

In 1986, the Group set up its first research and development laboratory. Over time and in response to the increasing activity of the Company, a laboratory was established in each factory, thereby creating a network of research and information exchange that is unique among our competitors. The mission of this network is to enhance productivity within our operational system by improving quality, applicability and efficiency.

The R&D&I Department consists of 14 full-time professionals, as well as employees from the Production Departments that regularly take part in the various projects that are underway (51 associate researchers). The Department also benefits from the skills of a group of 8 university-qualified interns through agreements with the Universities of Cádiz, Málaga and Seville. These interns have chosen our Organization to work on their post-graduate studies. In addition, during 2011, various final degree projects were carried out in our installations by students of Engineering through a collaboration with the University of Cádiz.

Throughout 2011, Acerinox focused its efforts on various research, development and innovation projects. Key projects include:

- Optimization of manufacturing processes and final properties of steels.
- Research into new manufacturing technologies.
- Technical support and consultancy for clients.
- Research into new applications for stainless steel.
- Development and dissemination of the features and main applications of our wide product range, in collaboration with CEDINOX.
- Monitoring and participation in the project to update European regulations on stainless steels.
- Technological surveillance.

In addition, Acerinox conducts joint research programmes with a number of universities close to its installations. Thanks to the know-how that the Group has accumulated throughout its long history and the trust placed in the Company by our clients, we are proud to have used steel in some of the most ambitious and creative projects in the world.

In this respect, a significant proportion of our research activities have been carried out as part of a Spanish macro-project that encompasses four lines of investigation funded by the Centre for Industrial Technological Development, three European projects run by the RFCS (Research Fund for Coal and Steel, reporting to the European Commission), a



project in the Spanish programme of the National Strategic Consortia in Technical Research, and a project that forms part of the Avanza Plan (within the framework of the

Strategic Initiative of Telecommunications and the Information Society). In addition, a project in the INNPRONTA programme was recently initiated, which gives support for the promotion of public-private cooperation in industrial research in areas of strategic importance.

Furthermore, a project was started as part of the Competitiveness Plan of Strategic Industrial Sectors run by the Spanish Ministry of Industry, as well as two projects within the framework of the Incentive Programme for Sustainable Energy Development in Andalusia, run by the Andalusia Energy Agency.

All of these projects develop different lines of work such as the optimization of existing manufacturing processes and the development of new processes with a special focus on their environmental consequences, research into new applications and, in particular, in the construction and renewable energy sectors. Other lines of work include the development of production of new stainless steels with high service provision and lower sensitivity to the volatility of raw materials, as well as designing advanced solutions in security systems in response to industrial emergencies.





Annex 1: Supplementary information



Annex 1: Supplementary information

Economic value generated

	Economic value generated (€)
Expenditure on suppliers	465,016,734
Donations	20,600

Breakdown of the workforce

<i>By sex</i>	Acerinox S.A.	Acerinox Europa S.A.U.
Women	29	112
Men	39	2,305
Total	68	2,417

<i>By age group</i>	Acerinox S.A.	Acerinox Europa S.A.U.
Up to 30 (30 not included)	8	165
Between 30 and 50 (inclusively)	38	1,394
Over 50	22	858
Total	68	2,417

<i>By employment type</i>	Acerinox S.A.	Acerinox Europa S.A.U.
Full time	65	2,177
Part time	3	240
Total	68	2,417

<i>By contract type</i>	Acerinox S.A.	Acerinox Europa S.A.U.
Open-ended	66	2,400
Temporary	2	17
Total	68	2,417



By region	Acerinox S.A.	Acerinox Europa S.A.U.
Madrid	68	91
Betanzos		15
Pinto		30
Gavà		66
Algeciras		2,215
Total	68	2,417

Employee turnover

Percentage of employee turnover	Acerinox S.A.		Acerinox Europa S.A.U.	
	Men	Women	Men	Women
Up to 30 (30 not included)	2.94%	1.47%	0.41%	0.08%
Between 30 and 50 (inclusively)	0%	1.47%	1.19%	0.16%
Over 50	4.41%	0%	2.77%	0.04%

Training of the Workforce

Acerinox S.A.

Category	Nº of employees 2011 (A)	Total hours worked 2011 (B)	Average training per employee 2011 (B/A)
Office Administration 2nd level	2	97.00	48.5
Office Administration 1st level	16	428.00	26.75
Security guard	1		
Second Head of Administration	3	69.00	23
First Head of Administration	1	0.00	0
Engineer	13	170.00	13.1
Bachelor's degree	31	718.00	23.2
University diploma	1	0.00	0
Total	68	1,482.00	134.55



Acerinox Europa S.A.U

Category	N° of Employees 2001 (A)	Total hours worked 2011 (B)	Average training per employee (2011) (B/A)
Administrative Assistant	12	247.25	20.60
IT operator	7	266.00	38
Assistant IT operator	1	13.75	13.75
Office Administrator levels 1, 1a and 2.	148	1,149.75	7.77
Line manager	76	720.50	9.48
Assembler	37	171.25	4.63
Driver	1	22.75	22.75
Interpreter	1	0.00	0
Second Head of Administration	22	174.00	7.90
Labourer and specialized labourer	96	1,491.50	15.54
Official levels 1, 1a, 2 and 3	1,570	15,991.05	10.18
Line manager 1	2	12.00	6
Group manager	43	200.50	4.66
Laboratory assistant	1	34.00	34
Analyst levels 1, 1a and 2	39	348.75	8.94
Draughtsman	9	233.75	25.97
Assistant operating application programmer	2	53.75	26.87
Organizational technician 2	1	0.00	0
Assistant Technician 1	3	16.00	5.33
Programming analyst	1	0.00	0
Chief draughtsman	1	0.00	0
Technical assistant	12	95.50	7.96
IT programmer	16	244.75	15.30
Project draughtsman	1	0.00	0
IT analyst	8	31.75	3.97
Workshop manager	26	34.25	1.32
Manager	2	0.00	0
Technical engineer	37	138.75	3.75
Industrial engineer	1	0.00	0
Technical Architect	1	1.00	1
Engineering assistant 1	1	15.00	15
Office aid	3	0.00	0
Unqualified technician	6	0.00	0
Engineer	56	100.25	1.79
Bachelor's degree	80	416.50	5.21
Engineering assistant	94	456.00	4.85
Total	2,417	22,680.30	322.52



Annex 2: GRI Index



For further information about the content of Acerinox's Sustainability Report index, please see Annex 3 'Complete GRI Content Index' at: www.acerinox.es

	Page
1. Strategy and analysis	
1.1. Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	Statements of the Chief Executive Officer (page 3) / Excellence Plan II 2011-2012 (page 20)
1.2. Description of key impacts, risks, and opportunities.	Statements of the Chief Executive Officer (page 3) / Sustainability in Acerinox (pages 14-23).
2. Organizational profile	
2.1. Name of the organization	Business model - Organizational profile (pages 5-6)
2.2. Primary brands, products and services.	Business model - Organizational profile (pages 5-6) - Activities and Products (pages 6-8)
2.3. Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Business model - Organizational profile (pages 5-6) - Corporate Governance (pages 24-30)
2.4. Location of organization's headquarters.	Business model - Organizational profile (pages 5-6)
2.5. Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Business model - Organizational profile (pages 5-6)
2.6. Nature of ownership and legal form.	Sustainability in Acerinox - Drafting process of this Report (pages 22-23)
2.7. Markets served.	Business model - Global Production (pages 8-11)
2.8. Scale of the reporting organization.	Business Model (pages 4-13)
2.9. Significant changes during the reporting period.	During 2011, the separation of the branch of activities of Acerinox S.A. was carried out in order to form a new Company, Acerinox, S.A.U.
2.10. Awards and accolades received in the reporting period.	Award for the Development of the Internationalization of Spanish Companies. Awarded by the Circle of Businesspeople.
3. Report parameters	
3.1. Reporting period for information provided.	Calendar year 2011 (1st January 2011 to 31st December 2011)
3.2. Date of most recent previous report.	2010
3.3. Reporting cycle.	Annually
3.4. Contact point for questions regarding the report or its contents.	Sustainability in Acerinox - Drafting process of this Report (pages 22-23)
Scope and boundary of the Report	



3.5.	Process for defining report content.	Sustainability in Acerinox - Drafting process of this Report (pages 22-23)
3.6.	Boundary of the report .	Sustainability in Acerinox - Drafting process of this Report (pages 22-23)
3.7.	State any specific limitations on the scope or boundary of the report.	Sustainability in Acerinox - Drafting process of this Report (pages 22-23)
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.	Business model - Organizational profile (pages 5-6) - Spanish production (pages 11-12)
3.9.	Data measurement techniques and bases of calculations.	Sustainability in Acerinox - Drafting process of this Report (pages 22-23)
3.10.	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	No restatement of information with respect to previous reports has been made.
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	During 2011, the separation of the branch of activities of Acerinox S.A. was carried out in order to form a new Company, Acerinox, S.A.U.
	GRI content index	
3.12.	Table identifying the location of the Standard Disclosures in the report.	Annex 2: Global Reporting Initiative (GRI) content index (page 66-77)
	Assurance	
3.13.	Policy and current practice with regard to seeking external assurance for the report.	Sustainability in Acerinox - Drafting process of this Report (pages 22-23)
4.	Governance, Commitments and Stakeholder Engagement	
4.1.	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational supervision.	Corporate Governance - Main governance bodies (pages 26-30)
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer.	The Chairman of the highest governance body does not hold an executive position.
4.3.	The number of members of the highest governance body that are Independent and/or Non-executive Members.	Corporate Governance - Main governance bodies (pages 26-30)
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Our shareholders and investors - Communication with our shareholders (page 33)
4.5.	Linkage between compensation for members of the highest governance body, senior managers and executives, and the organization's performance.	Annual Corporate Governance Report
4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Conflicts of interest in the highest governance body are avoided through rigorous compliance with the provisions of the Statute of Worker's Rights, the Regulations of the Board of Directors of Acerinox S.A., the Capital Companies Law and the Code of Conduct and Good Practice of Acerinox.



4.7.	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.	Corporate Governance (pages 24-30) Acerinox Regulations
4.8.	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation.	Sustainability in Acerinox - Contribution to sustainable development (page 15) - Ethical conduct (pages 16-17) - Regulations that govern the Group (pages 18-20)
4.9.	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance.	Corporate Governance (pages 24- 30) Acerinox Regulations
4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Corporate Governance (pages 24-30) Acerinox Regulations
Commitments to external initiatives		
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Corporate Governance - Main governance bodies (pages 26-30) - Risk Management (page 30)
4.12.	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Sustainability in Acerinox - Acerinox and society (pages 21-22)
4.13.	Memberships in associations and national bodies it supports.	Business model - Alliances and external initiatives (page 13)
Stakeholder engagement		
4.14.	List of stakeholder groups engaged by the organization.	Sustainability in Acerinox - Stakeholder relations (pages 15-16)
4.15.	Basis for identification and selection of stakeholders with whom to engage.	Sustainability in Acerinox - Stakeholder relations (pages 15-16)
4.16.	Approaches to stakeholder engagement.	Sustainability in Acerinox - Stakeholder relations (pages 15-16)
4.17.	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting.	Sustainability in Acerinox - Contribution to sustainable development (page 15) - Stakeholder relations (pages 15-16)
5.	Management approach and performance indicators	
5.1. Economic aspects		
Information on the economic management approach		
Economic Performance		
EC1	Direct economic value generated and distributed.	Business model - Global Production (pages 8-11) - Spanish production (pages 11-12) / Our shareholders and investors (pages 31-33).Annex 1: Supplementary information - Economic value generated (page 63)



EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Acerinox and the Environment - Environmental management (pages 47-48)
EC3	Coverage of the organization's defined social benefit plan obligations.	Our people -Social benefits (pages 43-44)
EC4	Significant financial assistance received from government.	In 2011, Acerinox received the amount of 1,644,863.18 euros as a grant for research and development projects of preferential interest.
Market presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Acerinox uses social welfare as one of the methods for intervention with its employees, having a significant impact on the local labour market. The entry level wage at Acerinox is 1,300.13 euros and is, therefore, far above the legal minimum of 641.40 euros.As a result, strong links are formed with the community in which the Company is located and with the workforce.
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	Our suppliers (pages 57-58)
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	No internal policy exists in Acerinox with respect to preference for local hiring. 100% of the Directors come from the local community.
Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Sustainability in Acerinox - Acerinox and society (pages 21-22)
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	At Acerinox, there have been no significant indirect economic impacts.

5.2. Environmental aspects

Information on the environmental management approach

Environmental performance

Materials

EN1	Materials used by weight or volume.	Acerinox and the Environment - Environmental management (pages 47-48)
EN2	Percentage of materials used that are recycled input materials.	Acerinox and the Environment - Environmental programmes - Waste (pages 53-55)

Energy

EN3	Direct energy consumption by primary energy source.	Acerinox and the Environment - Environmental management (pages 47-48)
EN4	Indirect energy consumption by primary energy source.	Acerinox and the Environment - Environmental management (pages 47-48)



EN5	Energy saved due to conservation and efficiency improvements.	Acerinox and the Environment - Environmental management (pages 47-48)
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Acerinox and the Environment - Environmental management (pages 47-48)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Acerinox and the Environment - Environmental management (pages 47-48)
Water		
EN8	Total water withdrawal by source.	Acerinox and the Environment - Environmental programmes - Water (pages 49-51)
EN9	Water sources significantly affected by withdrawal of water.	Acerinox and the Environment - Environmental programmes - Water (pages 49-51)
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas, products and services in protected areas and areas of high biodiversity value outside protected areas.	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN13	Habitats protected or restored.	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN15	Number of IUCN Red List species at risk of extinction and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
Emissions, effluents, and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
EN17	Other relevant indirect greenhouse gas emissions by weight.	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Acerinox and the Environment - Environmental management (pages 47-48)



EN19	Emissions of ozone-depleting substances by weight.	An environmental programme exists in the EMS which controls equipment that contains substances that deplete the ozone layer. Every year, Acerinox monitors the replacement of refrigerant gases and, in 2011, for the first time, the impact on global warming was calculated in compliance with ISO 14064-1:2006.
EN20	Nitrous Oxides (NOx), Sulphur Oxides (SOx) and other significant air emissions by type and weight.	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
EN21	Total water discharge by quality and destination.	Acerinox and the Environment - Environmental programmes - Water (pages 49-51)
EN22	Total weight of waste by type and disposal method.	Acerinox and the Environment - Environmental programmes - Waste (pages 53-55)
EN23	Total number and volume of significant spills.	No significant spills were recorded in 2011.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	In 2011, a total of 19,892 t of hazardous waste was managed of which 12% was shipped internationally.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Acerinox and the Environment - Environmental management (pages 47-48)
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Stainless steel is 100% recyclable and requires an insignificant amount of packaging with respect to the weight of the product.
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	In 2011, no significant sanctions or fines were incurred.
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
Overall		
EN30	Total environmental protection expenditures and investments by type.	Acerinox and the Environment - Environmental expenses and investments (pages 48-49)

5.3. Social aspects

Information on the management approach to employment practice and work ethic.

Social performance

Employment

LA1	Total workforce by employment type, employment contract and region.	Our people - Human capital (pages 39-40) / Annex 1: Supplementary information - Breakdown of the workforce (pages 63-64)
LA2	Total number and rate of employee turnover by age group, gender and region.	Our people - Human capital (pages 39-40) / Annex 1: Supplementary information - Employee turnover (page 64)
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Our people -Social benefits (pages 43-44)
Labour/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements.	Acerinox is an extremely rigorous company in general terms, but even more so with respect to compliance with current legislation and the collective bargaining agreements that apply. 100% of employees are covered by some type of collective bargaining agreement.
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	The minimum notice periods are in compliance with current legislation.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Our people -Health and Safety (pages 44-45)
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	Our people -Health and Safety (pages 44-45)
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	Our people - Employee training (pages 40-41)
LA9	Health and safety topics covered in formal agreements with trade unions.	Our people -Health and Safety (pages 44-45)
Training and Education		
LA10	Average hours of training per year per employee by employee category.	Annex 1: Supplementary information - Workforce training (pages 64-65)
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Our people - Employee training (pages 40-41)
LA12	Percentage of employees receiving regular performance and career development reviews.	Our people - Performance evaluation (pages 41-42)
Diversity and equal opportunities		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Corporate Governance (pages 24-30) Annex 1: Supplementary information - Breakdown of the workforce (pages 63-64)



LA14	Ratio of basic salary of men to women by employee category.	Our people - equality and diversity (pages 42-43)
Information on the human rights management approach		
Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	In view of the activity that Acerinox carries out and its geographic scope it operates in, no risks are considered to exist in terms of non-compliance with human rights. In addition, the contracting regulations comply with the criteria of the global organization, which are more rigorous than the current legislation.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	100% of Acerinox's suppliers and contractors have undergone screening on human rights. Suppliers are required to comply with the principles of the UN Global Compact Initiative (a clause to this effect is included in all contracts).
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	This data is not available at the time of publishing this report but will be available for the next edition.
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	Acerinox 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. This process led to the resolution of the only incident of discrimination that was reported.
Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Acerinox employees are all covered by the right to form unions enshrined in the Spanish Constitution. The Company's work regime complies with current legislation and the collective bargaining agreement that applies in each case.
Child labour		
HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour.	With its headquarters of its activities in Spain and in view of the nature of the activity it performs, Acerinox is not aware of any potential risks of the incidence of child labour. At the closing date of this report, Acerinox complies with the strictest international regulations on this matter, the California Transparency in Supply Chain Act.
Forced and Compulsory Labour		



HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	In view of the nature of the activity Acerinox performs in Spain, there is no significant risk that may give rise to the incidence of forced labour. At the closing date of this report, Acerinox complies with the strictest international regulations on this matter, the California Transparency in Supply Chain Act.
Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Acerinox carries out no activities in Spain that may violate indigenous rights.
Information on the management approach with respect to society		
Community		
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities.	Sustainability in Acerinox - Acerinox and society (pages 21-22)
Corruption		
SO2	Percentage and total number of business units analysed for risks related to corruption.	100% of the business units are obliged to comply with Acerinox's policy with respect to corruption prevention. In addition, in all cases, compliance with the provisions of the Code of Conduct and Good Practices is compulsory.
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures.	Sustainability in Acerinox - Ethical and Responsible Conduct (pages 16-17)
SO4	Actions taken in response to incidents of corruption.	Sustainability in Acerinox - Ethical and Responsible Conduct (pages 16-17)
Public policy		
SO5	Public policy positions and participation in public policy development and lobbying.	In Spain, the existence of lobbies and pressure groups is not permitted. However, Acerinox is a member of business associations in the sector. Business model - Alliances and external initiatives (page 13)
Anti-Competitive Behaviour		
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust and monopoly practices and their outcomes.	The Company is not aware of any significant fines through the mechanisms established by the legal department.
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	The Company is not aware of any significant fines through the mechanisms established by the legal department.
Information on the management approach to responsibility in terms of products.		
Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant product and service categories subject to such procedures.	Our clients - Safety in our products (page 37)



PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	There has been no significant impact on health and safety.
Product and Service Labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Business model - Activities and product (pages 6-8)
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	As a result of the mechanisms established by the legal department, the Company is not aware of non-compliance of legal regulations or voluntary codes related to product and service information and labelling.
Marketing Communications		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Our clients - Client satisfaction (pages 35-37)
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Acerinox forms part of the Carbon Disclosure Project 2011.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	The Company is not aware of any significant incidents through the mechanisms established by the legal department.
Client privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	In compliance with the requirements of the Spanish Data Protection Agency, Acerinox has a Security System in place that is audited externally and which applies extremely strict policies. The Company is not aware of any complaint related to privacy or losses or misuse of confidential information.
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of the organization's products and services.	The Company is not aware of any significant fines through the mechanisms established by the legal department.



Annex 3: Complete GRI Content Index



G3 Content Index - GRI Application Level B

Application Level B

Assured by

STANDARD DISCLOSURES PART I: Profile Disclosures

REPORT FULLY ON THE BELOW SELECTION OF PROFILE DISCLOSURES OR PROVIDE A REASON FOR OMISSION

1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	Statement of the Chief Executive Officer (page 3) / Excellence Plan II 2011-2012 (page 20)		
1.2	Description of key impacts, risks, and opportunities.	Partially	Statement of the Chief Executive Officer (page 3) / Sustainability in Acerinox (pages 14-23)	Not available	We do not report "Prioritization of key sustainability issues as risks and opportunities according to their relevance for long-term organizational; table(s) summarizing targets, performance against targets and lessons learned; table(s) summarizing targets for the next reporting period and mid-term objectives and goals (i.e. 3-5 years) related to key risks and opportunities".

2. Organizational Profile

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
2.1	Name of the organization.	Fully	Business model – Organizational profile (page 5-6)		
2.2	Primary brands, products, and/or services.	Fully	Business model – Organizational profile (page 5-6) - Activities and products (pages 6-8)		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Business model – Organizational profile (page 5-6) / Corporate Governance (pages 24-30)		
2.4	Location of organization's headquarters.	Fully	Business model – Organizational profile (page 5-6)		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Business model – Organizational profile (page 5-6)		
2.6	Nature of ownership and legal form.	Fully	Sustainability in Acerinox - Drafting process of this Report (page 22-23)		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Business Model – Global Production (page 8-11)		
2.8	Scale of the reporting organization.	Fully	Business Model (pages 4-13)		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	In 2011, the separation of the branch of activity of Acerinox S.A. was carried out to create a new company, Acerinox S.A.U.		
2.10	Awards received in the reporting period.	Fully	Award for the Development of the Internationalization of Spanish Companies. Awarded by the Circle of Businesspeople.		

3. Report Parameters

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Calendar year 2011 (1st January 2011 to 31st December 2011)		

G3 Content Index - GRI Application Level B

Application Level B					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3.2	Date of most recent previous report (if any).	Fully	2010		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annually		
3.4	Contact point for questions regarding the report or its contents.	Fully	Sustainability in Acerinox - Drafting process of this Report (page 22-23)		
3.5	Process for defining report content.	Fully	Sustainability in Acerinox - Drafting process of this Report (page 22-23)		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Sustainability in Acerinox - Drafting process of this Report (page 22-23)		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Sustainability in Acerinox - Drafting process of this Report (page 22-23)		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Business model - Organizational profile (page 5-6) - Spanish production (pages 11-12)		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Sustainability in Acerinox - Drafting process of this Report (page 22-23)		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statement of information pertaining to previous reports has occurred		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	In 2011, the separation of the branch of activity of Acerinox S.A. was carried out to create a new company, Acerinox S.A.U.		
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Annex 2: Global Reporting Initiative (GRI) Context Index (pages 66-77)		
3.13	Policy and current practice with regard to seeking external assurance for the report.	Partially	Sustainability in Acerinox - Drafting process of this Report (page 22-23)	Not applicable	We do not report "the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided" because this report is not externally assured.

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational supervision.	Fully	Corporate Governance - Main Governance Bodies (pages 26-30)		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Partially	The Chairman of the highest governance body does not hold a proprietary executive position	Proprietary	We do not report "If so, if their function is within the organization's management and the reasons for this arrangement" since this information is proprietary.
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are Independent and/or Non-executive Members.	Fully	Corporate Governance - Main Governance Bodies (pages 26-30)		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Our shareholders and investors - Communication with our shareholders (page 33)		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Annual Corporate Governance Report		

G3 Content Index - GRI Application Level B

G3 Content Index - GRI Application Level B					
	Application Level B			Assured by	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Conflicts of interest in the highest governance body are avoided through rigorous compliance with the provisions of the Statute of Workers' Rights, the Regulations of the Board of Directors of Acerinox S.A. the Capital Companies Law and in the Code of Conduct and Good Practices of Acerinox.		
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social issues.	Fully	Corporate Governance (pages 24-30) / Acerinox Regulations		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Sustainability in Acerinox - Contribution to sustainable development (page 15) - Ethical conduct (pages 16-17) - Regulations that govern the Group (page 18-20)		
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Corporate Governance (pages 24-30) / Acerinox Regulations		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Corporate Governance (pages 24-30) / Acerinox Regulations		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Corporate Governance – Main Governance Bodies (pages 26-30); Risk Management (page 30)		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Sustainability in Acerinox - Acerinox and society (page 21-22)		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Business Model - Alliances and External Initiatives (page 13)		
4.14	List of stakeholder groups engaged by the organization.	Fully	Sustainability in Acerinox - Stakeholder relations (pages 15-16)		
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Sustainability in Acerinox - Stakeholder relations (pages 15-16)		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Sustainability in Acerinox - Stakeholder relations (pages 15-16)		
4.17	Key issues and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key issues and concerns, including through its reporting.	Fully	Sustainability in Acerinox - Contribution to sustainable development (page 1 – Stakeholder relations (pages 15-16)		
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)					
REPORT ON THE DISCLOSURES ON MANAGEMENT APPROACH FOR EACH CATEGORY. YOU SHOULD BE ABLE TO DISCLOSE THIS INFORMATION ON THE ASPECT LEVEL FOR EACH PERFORMANCE INDICATOR THAT YOU HAVE REPORTED FULLY ON.					
G3 DMA	Description	Reported	Cross-reference/Direct answer	Further comments	
DMA EC	Disclosure on Management Approach EC				

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	Application Level B		Assured by	
Aspects	Economic performance	Partially	Business model - Global production (pages 8-11) - Spanish production (page 11-12) / Our shareholders and investors (pages 31-33) Annex 1: Supplementary information – Economic value generated (page 56).	
	Market presence	Fully	Acerinox and the Business Model (pages 4-13)	
	Indirect economic impacts	Fully	Business Model (pages 4-13) / Sustainability in Acerinox - Acerinox and society (pages 21-22) Annex 1: Supplementary information – Economic value generated (page 63)	
DMA EN	Disclosure on Management Approach EN			
Aspects	Materials	Fully	Acerinox and the Environment - Environmental management (pages 47-48) - Environmental Programmes (pages 53-55)	
	Energy	Partially	Acerinox and the Environment – Environmental Programmes (page 47-48)	
	Water	Partially	Acerinox and the Environment – Environmental Programmes - Water (page 49-51)	
	Biodiversity	Partially	Acerinox and the Environment -Acerinox and respect for natural habitats (pages 55-56)	
	Emissions, effluents and waste	Partially	Acerinox and the Environment - Environmental management (pages 47-48) - Environmental Programmes (pages 51-53)	
	Products and services	Partially	Acerinox and the Environment - Environmental management (pages 47-48)	
	Compliance	Fully	In 2011, no significant sanctions or fines were incurred	
	Transport	Fully	Acerinox and the Environment – Environmental Programmes (page 51-53)	
	Overall	Fully	Acerinox and the Environment - Environmental expenditure and investments (page 48-49)	
DMA LA	Disclosure on Management Approach LA			
Aspects	Employment	Fully	Our people - Human Capital (pages 39-40) -Social benefits (page 37) / Annex 1: Supplementary information (pages 63-64)	
	Labour/management relations	Fully	Our people (pages 43-44)	
	Occupational health and safety	Partially	Our people - Employee training (pages 40-41) - Health and safety (pages 44-45)	
	Training and education	Fully	Our people - Employee training (pages 40-41) - Performance evaluation (pages 41-42) / Annex 1: Supplementary information - Workforce training (pages 64-65)	
	Diversity and equal opportunity	Fully	Corporate Governance (pages 24-30) / Our people - equality and diversity (pages 42-43) Annex 1: Supplementary information - Breakdown of the work force (pages 63-64)	
DMA HR	Disclosure on Management Approach HR			
Aspects	Investment and procurement practices	Partially	Aspects of our suppliers (pages 58)	
	Non-discrimination	Fully	Sustainability in Acerinox - Ethical and responsible conduct (pages 16-17) / Our people -Equality and diversity (pages 42-43)	
	Freedom of association and collective bargaining	Fully	All Acerinox employees are covered by the right to form unions enshrined in the Spanish Constitution. The Company's work regime complies with current legislation and the collective bargaining agreement that applies in each case.	



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	Application Level B			Assured by	
	Child labour	Fully	With its headquarters of its activities in Spain and in view of the nature of the activity it performs, Acerinox is not aware of any potential risks of the incidence of child labour. At the closing date of this report, Acerinox complies with the strictest international regulations on this matter, the California Transparency in Supply Chain Act.		
	Forced and compulsory labour	Fully	In view of the nature of the activity Acerinox performs in Spain, there is no significant risk that may give rise to the incidence of forced labour. At the closing date of this report, Acerinox complies with the strictest international regulations on this matter, the California Transparency in Supply Chain Act.		
	Security practices	Not			
	Indigenous rights	Fully	Acerinox carries out no activities in Spain that may violate indigenous rights.		
	DMA SO	Disclosure on Management Approach SO			
Aspects	Community	Partially	Sustainability in Acerinox - Acerinox and society (pages 21-22)		
	Corruption	Partially	Sustainability in Acerinox - Ethical and responsible Conduct (page 16-17)		
	Public policy	Partially	In Spain, the existence of lobbies and pressure groups is not permitted. However, Acerinox is a member of business associations in the sector.		
	Anti-competitive behaviour	Fully	The Company is not aware of any significant fines through the mechanisms established by the legal department.		
	Compliance	Fully	The Company is not aware of any significant fines through the mechanisms established by the legal department.		
DMA PR	Disclosure on Management Approach PR				
Aspects	Customer health and safety	Fully	Our clients - Safety in our products (page 37)		
	Product and service labelling	Fully	Business model - Activities and product (pages 6-8)		
	Marketing communications	Fully	Business model - Alliances and external initiatives (page 13) / Our clients – Client satisfaction (page 35-37)		
	Customer privacy	Fully	In compliance with the requirements of the Spanish Data Protection Agency, Acerinox has a Security System in place that is audited externally and which applies extremely strict policies. The Company is not aware of any complaint related to privacy or losses or misuse of confidential information.		
	Compliance	Fully	The Company is not aware of any significant fines through the mechanisms established by the legal department.		
STANDARD DISCLOSURES PART III: Performance Indicators					
REPORT FULLY ON AT LEAST 20 CORE OR ADDITIONAL PERFORMANCE INDICATORS - AT LEAST 1 FROM EACH CATEGORY (ECONOMIC, ENVIRONMENT, LABOUR PRACTICES & DECENT WORK, HUMAN RIGHTS, SOCIETY, PRODUCT RESPONSIBILITY)					
Economic					
Performance Indicator	Description	Reported	Cross-reference/Direct answer		
Economic performance					



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EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	Business model - Global production (pages 8-11) - Spanish production (pages 11-12) Our shareholders and investors (pages 31-33) Annex 1: Supplementary information - Economic value generated (page 63)
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	Acerinox and the Environment - Environmental management (pages 47-48)
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	Our people -Social benefits (pages 43-44)
EC4	Significant financial assistance received from government.	Fully	In 2011, Acerinox received the amount of 1,644,863.18 Euros as a grant for research and development projects of preferential interest.
Market presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	Acerinox uses social welfare as one of the methods for intervention with its employees, having a significant impact on the local labour market. The entry level wage at Acerinox is 1,300.13 Euros and is, therefore, far above the legal minimum of 641.40 Euros. As a result, strong links are formed with the community in which the Company is located and with the workforce.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Our suppliers (pages 57-58)
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	No internal policy exists in Acerinox with respect to preference for local hiring. 100% of Directors come from the local community.
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Sustainability in Acerinox - Acerinox and society (pages 21-22)
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	At Acerinox, there have been no significant indirect economic impacts.
Environmental			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Materials			
EN1	Materials used by weight or volume.	Fully	Acerinox and the Environment - Environmental management (pages 47-48)
EN2	Percentage of materials used that are recycled input materials.	Fully	Acerinox and the Environment - Environmental programmes - Waste (pages 53-55)
Energy			
EN3	Direct energy consumption by primary energy source.	Partially	Acerinox and the Environment - Environmental management (pages 47-48)
EN4	Indirect energy consumption by primary source.	Fully	Acerinox and the Environment - Environmental management (pages 47-48)
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Acerinox and the Environment - Environmental management (pages 47-48)
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Acerinox and the Environment - Environmental management (pages 47-48)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	Acerinox and the Environment - Environmental management (pages 47-48)
Water			
EN8	Total water withdrawal by source.	Fully	Acerinox and the Environment - Environmental programmes - Water (pages 49-51)
EN9	Water sources significantly affected by withdrawal of water.	Partially	Acerinox and the Environment - Environmental programmes - Water (pages 49-51)
EN10	Percentage and total volume of water recycled and reused.	Not	
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN13	Habitats protected or restored.	Partially	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Partially	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Acerinox and the Environment - Environmental management (pages 47-48)
EN19	Emissions of ozone-depleting substances by weight.	Fully	An environmental programme exists in the SGA which controls equipment that contains substances that deplete the ozone layer. Every year, Acerinox monitors the replacement of refrigerant gases and, in 2011, for the first time, the impact on global warming was calculated in compliance with ISO 14064-1:2006.
EN20	NOx, SOx, and other significant air emissions by type and weight.	Partially	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
EN21	Total water discharge by quality and destination.	Partially	Acerinox and the Environment - Environmental programmes - Water (pages 49-51)



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EN22	Total weight of waste by type and disposal method.	Fully	Acerinox and the Environment - Environmental programmes - Waste (pages 53-55)
EN23	Total number and volume of significant spills.	Partially	No significant spills were recorded in 2011.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Partially	In 2011, a total of 19,892 t of hazardous waste was managed of which 12% was shipped internationally.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Partially	Acerinox and the Environment - Acerinox and respect for natural habitats (pages 55-56)
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Acerinox and the Environment - Environmental management (pages 47-48)
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Partially	Stainless steel is 100% recyclable and requires an insignificant amount of packaging with respect to the weight of the product.
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	In 2011, no significant sanctions or fines were incurred.
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	Acerinox and the Environment - Environmental programmes - Air (pages 51-53)
Overall			
EN30	Total environmental protection expenditures and investments by type.	Fully	Acerinox and the Environment - Environmental expenses and investments (pages 48-49)
Social: Labour Practices and Decent Work			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Employment			
LA1	Total workforce by employment type, employment contract, and region.	Fully	Our people - Human capital (pages 39-40) / Annex 1: Supplementary information - Breakdown of the workforce (pages 63-64)
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	Our people - Human capital (pages 39-40) / Annex 1: Supplementary information - Staff turnover
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Our people - Social benefits (pages 43-44)
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Acerinox is an extremely rigorous company in general terms, but even more so with respect to compliance with current legislation and the collective bargaining agreements that apply. 100% of employees are covered by some type of collective bargaining agreement.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	The minimum notice periods are in compliance with current legislation.
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Fully	Our people - Health and Safety (pages 44-45)
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	Our people - Health and Safety (pages 44-45)
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Our people - Employee training (pages 40-41)
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Our people - Health and Safety (pages 44-45)
Training and education			
LA10	Average hours of training per year per employee by employee category.	Fully	Annex 1: Supplementary information - Workforce training (pages 64-65)
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Our people - Employee training (pages 40-41)
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	Our people - Performance evaluation (pages 41-42)
Employment			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Corporate Governance (pages 24-30) Annex 1: Supplementary information - Breakdown of the workforce (pages 63-64)
LA14	Ratio of basic salary of men to women by employee category.	Fully	Our people - equality and diversity (pages 42-43)
Social: Human Rights			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Investment and procurement practices			



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	Application Level B		Assured by
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	In view of the activity that Acerinox carries out and its geographic scope it operates in, no risks are considered to exist in terms of non-compliance with human rights. In addition, the contracting regulations comply with the criteria of the global organization, which are more rigorous than the current legislation.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	100% of Acerinox's suppliers and contractors have undergone screening on human rights. Suppliers are required to comply with the principles of the UN Global Compact Initiative (a clause to this effect is included in all contracts).
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	This data is not available at the time of publishing this report but will be available for the next edition.
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	Fully	Acerinox 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. This process led to the resolution of the only incident of discrimination that was reported.
Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	Acerinox employees are all covered by the right to form unions enshrined in the Spanish Constitution. The Company's policies comply with current legislation and the collective bargaining agreement that applies in each case.
Child labour			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Fully	With its headquarters of its activities in Spain and in view of the nature of the activity it performs, Acerinox is not aware of any potential risks of the incidence of child labour. At the closing date of this report, Acerinox complies with the strictest international regulations on this matter, the California Transparency in Supply Chain Act.
Forced and compulsory labour			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Fully	In view of the nature of the activity Acerinox performs in Spain, there is no significant risk that may give rise to the incidence of forced labour. At the closing date of this report, Acerinox complies with the strictest international regulations on this matter, the California Transparency in Supply Chain Act.
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not	
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Acerinox carries out no activities in Spain that may violate indigenous rights.
Social: Society			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Partially	Sustainability in Acerinox - Acerinox and society (pages 21-22)
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	100% of the business units are obliged to comply with Acerinox's policy with respect to corruption prevention. In addition, in all cases compliance with the provisions of the Code of Conduct and Good Practices is compulsory.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	Sustainability in Acerinox - Ethical and Responsible Conduct (pages 16-17)
SO4	Actions taken in response to incidents of corruption.	Partially	Sustainability in Acerinox - Ethical and Responsible Conduct (pages 16-17)
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	In Spain, the existence of lobbies and pressure groups is not permitted. However, Acerinox is a member of business associations in the sector. Business model - Alliances and external initiatives (page 13)
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not	
Anti-competitive behaviour			



SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Fully	The Company is not aware of any significant fines through the mechanisms established by the legal department.
Compliance			

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	Application Level B		Assured by
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	The Company is not aware of any significant incidents through the mechanisms established by the legal department.
Social: Product Responsibility			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Our clients - Safety in our products (page 37)
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	There has been no significant impact on health and safety
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Business model - Activities and product (pages 6-8)
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Fully	As a result of the mechanisms established by the legal department, the Company is not aware of non-compliance with legal regulations or voluntary codes related to information and labelling of its products and services.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Our clients - Client satisfaction (pages 35-37)
Marketing communications			
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Acerinox forms part of the "Carbon Disclosure Project 2011"
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	The Company is not aware of any significant fines through the mechanisms established by the legal department.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	In compliance with the requirements of the Spanish Data Protection Agency, Acerinox has a Security System in place that is audited externally and which applies extremely strict policies. The Company is not aware of any complaint related to privacy or losses or misuse of confidential information.
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	The Company is not aware of any significant fines through the mechanisms established by the legal department.