

Annual Corporate Governance Report

LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DATA

DATE FINANCIAL YEAR ENDED: 31/12/2012

COMPANY TAX CODE: A-28250777

Company name: ACERINOX, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT MODEL FOR LISTED PUBLIC LIMITED COMPANIES

The instructions for completing the model appearing at the end of this report should be read in order to gain a better understanding of it and how it should subsequently be prepared.

A - OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
17/08/2009	62,326,136.50	249,304,546	249,304,546

State whether there are different types of shares with different associated rights:

NO

A.2 Give details of the direct or indirect owners of significant holdings in your organisation as at the close of the financial year, excluding Board Members:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
CORPORACION FINANCIERA ALBA, S.A.	0	60,437,949	24.243
NISSHIN STEEL CO. LTD.	38,144,820	0	15.300
MS ALICIA KOPLOWITZ ROMERO DE JUSEU	0	28,899,902	11.592
FEYNMAN CAPITAL SL (OMEGA)	28,183,292	0	11.305
CASA GRANDE DE CARTAGENA, SL	12,465,247	0	5.000
LOLLAND, S.A.	0	12,465,247	5.000

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
METAL ONE CORP.	9,361,560	0	3.755
INDUSTRIAL DEVELOPMENT CORPORATION (I.D.C.)	7,733,332	0	3.102

Name or company name of the indirect owner of the holding	Held through: Name or company name of the direct owner of the holding	Number of direct voting rights	% of total voting rights
CORPORACION FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	60,437,949	24.243
MS ALICIA KOPLOWITZ ROMERO DE JUSEU	FEYNMAN CAPITAL SL (OMEGA)	28,183,292	11.305
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, SL	12,465,247	5.000

State the most significant movements in the shareholding structure that have taken place during the financial year:

A.3 Complete the following tables on members of the company's Board of Directors who have voting rights on company shares:

Name or company name of the Director	Number of direct voting rights	Number of indirect voting rights(*)	% of total voting rights
MR RAFAEL NARANJO OLMEDO	212,865	0	0.085
MR BERNARDO VELAZQUEZ HERREROS	9,400	0	0.004
MS BELÉN ROMANA GARCÍA	160	0	0.000
MR CLEMENTE CEBRIAN ARA	22,000	0	0.009
MR DIEGO PRADO PEREZ-SEOANE	4,100	0	0.002
MR JOSE RAMON GUEREDIAGA MENDIOLA	5,000	0	0.002
MR LUIS LOBÓN GAYOSO	3,000	0	0.001
MR MANUEL CONTHE GUTIÉRREZ	3,600	0	0.001

Name or company name of the Director	Number of direct voting rights	Number of indirect voting rights(*)	% of total voting rights
MR OSCAR FANJUL MARTIN	17,200	0	0.007
MR PEDRO BALLESTEROS QUINTANA	660	0	0.000
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	7,420	0	0.003

% total voting rights held by the board of directors	0.114	
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Complete the following tables on members of the company's Board of Directors that have rights over company shares:

A.4 State, where appropriate, the relationships of a family, commercial, contractual or corporate nature that exist among the owners of significant holdings, insofar as they are known to the company, unless they are insignificant or arise from the ordinary course of business:

A.5 State, where appropriate, the relationships of a commercial, contractual or corporate nature that exist among the owners of significant holdings, and the company and/or its group, unless they are insignificant or arise from the ordinary course of business:

A.6 State whether shareholders' agreements that affect the company under Article 112 of the Spanish Securities Market Act have been reported to the company. If so, describe them briefly and list the shareholders bound by the agreement:

NO

State whether the company is aware of the existence of concerted actions between its shareholders. If so, describe them briefly:

NO

In the event that during the financial year there were any modifications or termination of such agreements or concerted actions, explicitly state this:

A.7 State whether there are any natural or legal persons who exercise or could exercise control over the company pursuant to Article 4 of the Spanish Securities Market Act. If so, identify them:

NO

A.8 Complete the following tables on the company's treasury stock:

At the close of the financial year:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
0	0	0.000

(*) Through:

Total	0
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Describe any significant changes, in accordance with the provisions of Royal Decree 1362/2007, that have taken place during the financial year:

Gain/(Loss) on treasury shares disposed of during the period (thousands of euros)	0
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A.9 Describe the conditions and current term of mandate given by the Meeting to the Board of Directors to acquire or transfer treasury shares.

ACERINOX's General Shareholders' Meeting, held on the 7th of June 2012, adopted under the fifth item in the agenda, by majority, with a 99.98% vote in favour of the subscribed capital with voting rights who attended the Meeting, the following resolution: To authorise and empower the Board of Directors of ACERINOX, S.A. or the person or persons to whom it delegates, to acquire shares from the company itself, either through the company itself or through any Group Company under the terms of Article 146 of the Spanish Corporations Act, for any consideration and for a period of 18 months counted from today, equivalent to a minimum exchange value of not less than 5% of the corresponding value during the trading day on which the transaction is made, and at a maximum exchange value of not greater than 5% of the corresponding value during the trading day on which the transaction is made, as well as, where appropriate, to dispose of them within the

limits mentioned.

The maximum number of treasury shares that the company may acquire in virtue of this agreement shall be 10% of the subscribed capital.

This authorisation supersedes that granted for the same purpose during the General Shareholders' Meeting held on the 9th of June 2011.

A.10 State, where appropriate, any legal and statutory restrictions on the exercise of voting rights, as well the legal restrictions on the acquisition or transfer of holdings in the share capital. State whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder can exercise under legal restriction	0
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State whether there are statutory restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder can exercise under statutory restriction	0
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State whether there any legal restrictions on the acquisition or transfer of holdings in the share capital:

NO

A.11 State whether the General Meeting has resolved to adopt neutralisation measures in relation to a public takeover bid in virtue of the provisions of Law 6/2007.

NO

Where appropriate, explain the measures approved and the terms in which inefficiency of the restrictions shall take place:

B - COMPANY ADMINISTRATION STRUCTURE

B.1 Board of Directors

B.1.1 State the maximum and minimum number of Directors set out in the by-laws:

Maximum number of Board Members	15
Minimum number of Board Members	5

B.1.2 Complete the following table with the members of the Board:

Name or company name of the Director	Representative	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR RAFAEL NARANJO OLMEDO	--	CHAIRMAN	30/05/2002	08/06/2010	VOTING IN THE SHAREHOLDERS' MEETING
MR BERNARDO VELAZQUEZ HERREROS	--	CEO	08/06/2010	08/06/2010	VOTING IN THE SHAREHOLDERS' MEETING
MS BELÉN ROMANA GARCÍA	--	DIRECTOR	28/05/2009	08/06/2010	VOTING IN THE SHAREHOLDERS' MEETING
MR BRAULIO MEDEL CAMARA	--	DIRECTOR	27/05/2008	07/06/2012	VOTING IN THE SHAREHOLDERS' MEETING
MR CLEMENTE CEBRIAN ARA	--	DIRECTOR	14/06/2007	09/06/2011	VOTING IN THE SHAREHOLDERS' MEETING
MR DIEGO PRADO PEREZ-SEOANE	--	DIRECTOR	09/06/2005	28/05/2009	VOTING IN THE SHAREHOLDERS' MEETING
MR JOSE RAMON GUEREDIAGA MENDIOLA	--	DIRECTOR	21/06/1994	07/06/2012	VOTING IN THE SHAREHOLDERS' MEETING
MR LUIS LOBÓN GAYOSO	--	DIRECTOR	28/10/2009	08/06/2010	VOTING IN THE SHAREHOLDERS' MEETING

MR MANUEL CONTHE GUTIÉRREZ	--	DIRECTOR	09/06/2011	09/06/2011	VOTING IN THE SHAREHOLDE RS' MEETING
MR MVULENI	--	DIRECTOR	01/06/2006	08/06/2010	VOTING IN

Name or company name of the Director	Representative	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
GEOFFREY QHENA					SHAREHOLDERS' MEETING
MR OSCAR FANJUL MARTIN	--	DIRECTOR	30/05/2000	07/06/2012	VOTING IN THE SHAREHOLDERS' MEETING
MR PEDRO BALLESTEROS QUINTANA	--	DIRECTOR	09/06/2011	09/06/2011	VOTING IN THE SHAREHOLDERS' MEETING
MR RYO HATTORI	--	DIRECTOR	28/05/2009	28/05/2009	VOTING IN THE SHAREHOLDERS' MEETING
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	--	DIRECTOR	30/05/2002	08/06/2010	VOTING IN THE SHAREHOLDERS' MEETING
MR YUKIO NARIYOSHI	--	DIRECTOR	09/06/2011	09/06/2011	VOTING IN THE SHAREHOLDERS' MEETING

Total number of Directors	15
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State any vacancies that have taken place on the Board of Directors during the period: B.1.3

Complete the following tables on the Board Members and their various directorships:

EXECUTIVE DIRECTORS

Name or company name of the Director	Committee that proposed his/her appointment	Position in the company's organisational chart
MR BERNARDO VELAZQUEZ HERREROS	APPOINTMENT AND REMUNERATION COMMITTEE	CEO

Total number of Executive Directors	1
Total % of the Board	6.667

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of the Director	Committee that proposed his/her appointment	Name or company name of the significant shareholder who he/she represents or who has proposed his/her appointment
MR CLEMENTE CEBRIAN ARA	APPOINTMENT AND REMUNERATION COMMITTEE	CASA GRANDE DE CARTAGENA, SL
MR DIEGO PRADO PEREZ-SEOANE	APPOINTMENT AND REMUNERATION COMMITTEE	FEYNMAN CAPITAL SL (OMEGA)
MR LUIS LOBÓN GAYOSO	APPOINTMENT AND REMUNERATION COMMITTEE	CORPORACION FINANCIERA ALBA, S.A.
MR MVULENI GEOFFREY QHENA	APPOINTMENT AND REMUNERATION COMMITTEE	INDUSTRIAL DEVELOPMENT CORPORATION (I.D.C.)
MR OSCAR FANJUL MARTIN	APPOINTMENT AND REMUNERATION COMMITTEE	FEYNMAN CAPITAL SL (OMEGA)
MR PEDRO BALLESTEROS QUINTANA	APPOINTMENT AND REMUNERATION COMMITTEE	CORPORACION FINANCIERA ALBA, S.A.
MR RYO HATTORI	APPOINTMENT AND REMUNERATION COMMITTEE	NISSHIN STEEL CO. LTD.
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	APPOINTMENT AND REMUNERATION COMMITTEE	CORPORACION FINANCIERA ALBA, S.A.
MR YUKIO NARIYOSHI	APPOINTMENT AND REMUNERATION COMMITTEE	NISSHIN STEEL CO. LTD.

Total number of Proprietary Directors	9
Total % of the Board	60.000

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the Director

MS BELÉN ROMANA GARCÍA

Profile

- Holds an undergraduate degree in Economics and Business
- Commercial Expert and State Economist
- Chairwoman of the Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria S.A. (SAREB)

Name or company name of the Director

MR BRAULIO MEDEL CAMARA

Profile

- Holds undergraduate and Doctoral degrees in Economics and Business
- Chairman of Unicaja and the Andalusian Federation of Savings Banks
- Professor of Public Finances at the University of Malaga

Name or company name of the Director

MR JOSE RAMON GUEREDIAGA MENDIOLA

Profile

- Holds an undergraduate degree in Economics and Law
- Board member of Calcinor, S.A.
- Member of the Governing Board of the University of Deusto.

Name or company name of the Director

MR MANUEL CONTHE GUTIÉRREZ

Profile

- Holds an undergraduate degree in Law; Commercial Expert and State Economist
- Has chaired the Advisory Board for the newspaper *Expansión y Actualidad Económica* since 2007.
- Chairman of the National Securities Market Commission between 2004 and 2007.
- Former Vice President for the Financial Sector at the World Bank and Secretary of State for Economic Affairs.

Total number of Independent Directors	4
Total % of the Board	26.667

OTHER EXTERNAL DIRECTORS

Name or company name of the Director	Committee that proposed his/her appointment
MR RAFAEL NARANJO OLMEDO	APPOINTMENT AND REMUNERATION COMMITTEE

Total number of other External Directors	1
Total % of the Board	6.667

Describe the reasons why they cannot be considered proprietary or independent and their connections, either with the company or its executives, or with its shareholders.

Name or company name of the Director

MR RAFAEL NARANJO OLMEDO

Company, executive or shareholder with which there is a connection

ACERINOX, S.A.

Reasons

Mr Rafael Naranjo Olmedo, who joined ACERINOX in 1970, the year the company was founded, has been General Director since 1994, a Board Member since the 30th of May 2002, CEO since

2007 and Chairman and CEO since the 27th of May 2008 until the 8th of June 2010, when he left the position of CEO. He is currently Non-Executive Chairman of ACERINOX, S.A.

State the changes that, where appropriate, have taken place in the classification of Directors during the period:

B.1.4 Explain, where appropriate, the reasons why Proprietary Directors have been appointed at the request of shareholders whose shareholding is less than 5% of the capital.

Name or company name of the shareholder

INDUSTRIAL DEVELOPMENT CORPORATION (I.D.C.)

Justification

IDC (Industrial Development Corporation) is a governmental agency for development in South Africa, a country in which the Group has an affiliate, which is also owned by this body.

State whether any formal requests for representation on the Board have not been addressed that have come from shareholders whose shareholding is equal to or greater than that of others at whose request Proprietary Directors have been appointed. If so, explain the reasons why these have not been addressed.

NO

B.1.5 State whether any Director has stood down before the end of his or her term of office, whether this person has explained the reasons to the Board and by what means, and, in the event this has been done in writing to the entire Board, explain at least the reasons that this person has given below:

NO

B.1.6 State the powers, if any, that have been delegated to the CEO(s):

Name or company name of the Director

MR BERNARDO VELAZQUEZ HERREROS

Short description

All the powers that apply to the Board except for those that cannot be delegated.

B.1.7 Identify, where appropriate, any members of the Board who hold positions as directors or executives in other companies that make up the listed company's group:

Name or company name of the Director	Company name of the group entity	Position
MR BERNARDO VELAZQUEZ HERREROS	ACERINOX EUROPA S.A.U.	CHAIRMAN
MR BERNARDO VELAZQUEZ HERREROS	BAHRU STAINLESS	CHAIRMAN

Name or company name of the Director	Company name of the group entity	Position
MR BERNARDO VELAZQUEZ HERREROS	INOXCENTER. S.L.	CHAIRMAN

B.1.8 Describe, where appropriate, the company directors who sit on the Boards of Directors of other entities publicly traded in Spain other than those in the company's group, and of which the company is aware.

Name or company name of the Director	Company name of the listed entity	Position
MR BRAULIO MEDEL CAMARA	IBERDROLA. S.A.	DIRECTOR
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	ACS. ACTIVIDADES DE CONSTRUCCION Y SERVICIOS. S.A.	DIRECTOR
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	CORPORACION FINANCIERA ALBA. S.A.	CEO

B.1.9 State, and where appropriate explain, whether the company has established rules on the number of Boards on which its Directors may sit:

NO

B.1.10 In relation to recommendation 8 of the Unified Code, indicate the company's general policies and strategies the Board reserves for plenary approval:

Investment and funding policy	YES
Defining the structure of the corporate group	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, as well as the annual management and budget objectives	YES
Remuneration policy and performance evaluation for senior executives	YES
Risk control and management policy, as well as regular monitoring of internal information and control systems	YES
Dividend policy, as well as treasury share policy and, particularly, the limits to be applied	YES

B.1.11 Complete the following tables showing the total remuneration of Directors accrued over the financial year:

a) In the company covered by the present report:

Remuneration item	Figures in thousands of euros
Fixed remuneration	386
Variable remuneration	429
Allowances	341
By-law perquisites	0
Stock options and/or other financial instruments	0
Other	970
Total	2,126

Other benefits	Figures in thousands of euros
Advances	0
Loans granted	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations assumed	0
Life insurance premiums	0
Guarantees arranged by the company in favour of Directors	0

b) On account of the company Directors sitting on other Boards of Directors and/or as senior management in group companies:

Remuneration item	Figures in thousands of euros
Fixed remuneration	0
Variable remuneration	0
Allowances	43

Remuneration item	Figures in thousands of euros
By-law perquisites	0
Stock options and/or other financial instruments	0
Other	0

Total	43
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Other benefits	Figures in thousands of euros
Advances	0
Loans granted	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations assumed	0
Life insurance premiums	0
Guarantees arranged by the company in favour of Directors	0

c) Total remuneration by Director type:

Director type	By company	By group
Executive	903	43
External Proprietary	750	0
External Independent	313	0
Other External	160	0
Total	2,126	43

d) In relation to profit attributed to the parent company

Total remuneration of Directors (in thousands of euros)	2,169
Total remuneration of Directors/profit attributed to the parent company (expressed as a %)	0.0

B.1.12 Identify the members of senior management who are not at the same time Executive Directors, and state the total remuneration accrued in their favour during the financial year:

Name or company name	Position
MR ANTONIO FERNÁNDEZ-PACHECO MARTÍNEZ	GENERAL DIRECTOR
MR OSWALD WOLFE GÓMEZ	COMMERCIAL DIRECTOR
MR JOSÉ LUIS MASI SAINZ DE LOS TERREROS	CEO of ACERINOX EUROPA SAU
MR MIGUEL FERRANDIS TORRES	FINANCIAL DIRECTOR
MR LUIS GIMENO VALLEDOR	GENERAL SECRETARY

Total remuneration of senior management (in thousands of euros)	2,281
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B.1.13 Identify in aggregate terms whether there are guarantee or ring-fence clauses for cases of dismissal or changes in control in favour of the members of the company's or its group's senior management, including Executive Directors. State whether these contracts must be disclosed to and/or approved by the company's or its group's bodies:

Number of beneficiaries	9
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	Board of Directors	General Meeting
Body that authorises the clauses	YES	NO

Is the General Meeting informed of the clauses?	NO
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B.1.14 State the process for establishing the remuneration of members of the Board of Directors and relevant statutory clauses in this respect.

Process for establishing the remuneration of members of the Board of Directors and statutory clauses
The process for establishing the remuneration of the Board of Directors is as follows: following examination, the Appointment and Remuneration Committee informs the Board of the need for a review, who proposes the adoption of the relevant agreement to the General Meeting. The Board's current remunerations were approved by the General Meeting held on the 27th of May 2008, which adopted the following agreement under the twelfth item in the agenda, which

Process for establishing the remuneration of members of the Board of Directors and statutory clauses

was approved by majority, with the favourable vote of 96.56% of the share capital with voting rights in attendance at the meeting. TWELVE.- In accordance with the provisions of Article 23 of the Articles of Association, to set a fixed monthly allocation (14 payments) of 4,112.54 euros for each member of the Board of Directors and 1,762.52 euros as attendance fees

for attending Board and Committee meetings. The allocations established herein for the Board of Directors and the Committees shall be updated annually in accordance with the CPI, unless there is a new agreement from the General Meeting, and shall be valid for five years.

At the proposal of the Appointment and Remuneration Committee, the Board of Directors of ACERINOX, S.A. agreed to freeze the remunerations of Directors for 2012 at the same amounts that were set for 2011. This agreement to freeze the remunerations of Directors was included as part of the Annual Report on the Directors' remuneration policy, which was subject to an advisory vote during the General Shareholders' Meeting held in Madrid on the 7th of June 2012.

The by-law provisions that regulate remuneration of the Directors are set out in Article 23 of the Articles of Association, which provide:

Article 23. Remuneration of Directors. The ordinary General Meeting shall establish the form and amount of remuneration of Directors within the limits laid down by Law. This participation shall consist of a fixed monthly allocation in return for attendance at Board Meetings and a share of the liquid profits. The share of the profits may not exceed five percent and may not be deducted until the responsibilities determined by the law in force have been covered and a dividend of four percent has been awarded to the shareholders. The amount shall be distributed between the Directors at the moment and in the manner and proportion as decided by the Board. The remuneration established by the Meeting for one year shall be applicable for successive years unless otherwise agreed by the General Meeting. Board Members who discharge executive duties in the Company, irrespective of the nature of their legal relationship with the latter, shall have the right to receive remuneration for performing these duties, which shall consist of: a fixed amount appropriate to the services and responsibilities assumed, a variable supplementary amount and the incentive schemes that are established generally for the Senior Management of the Company, which may include shares subject to the requirements established in the legislation in force at the time. This will be in addition to a supporting element, which shall include the appropriate pension and insurance plans, as well as social security. Termination for reasons other than a breach of duties shall carry the right of compensation.

Indicate whether approval of Board, in plenary session, has been reserved for the following decisions.

At the request of the company's chief executive, the appointment and possible dismissal of senior executives, as well as related compensation clauses.	YES
Remuneration of Directors, as well as, in the case of executives, the additional remuneration for their executive duties and other conditions that must be met in their contracts.	YES

B.1.15 State whether the Board of Directors approves a detailed remuneration policy and specify the issues it addresses:

YES

Amount of the fixed components, with a breakdown, where appropriate, of Board and Committee attendance fees and an estimate of the fixed annual remuneration arising from the same	YES
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Variable remuneration items	YES
Main features of the pension systems, with an estimate of their amount or equivalent annual cost.	YES
Conditions that must be met in the contracts of those who perform senior management duties such as Executive Directors	YES

B.1.16 State whether the Board submits a report on the Director remuneration policy to an advisory vote by the General Meeting, as a separate item in the agenda. If so, explain the aspects of the report with respect to the remuneration policy approved by the Board for future years, the most significant changes of such policies compared to the policy applied during the financial year and an overall summary of how the remuneration policy was applied during the financial year Describe the role played by the Remuneration Committee and if they have received any external advice, identify the external consultants who have provided it.

YES

Issues addressed by the remuneration policy
At the General Shareholders' Meeting held on the 27th of May 2008, a separate item was included in the agenda in which the remuneration of the Board of Directors and Board Committees was proposed for the next five years, as reported in point B.1.14, and therefore it was not necessary to submit it to an advisory vote. In recent years there have not been any significant changes to the resolution that was approved at this Meeting and, although the resolution called for updating the allocations annually in line with the CPI, the Board of Directors held on the 15th of December 2011 agreed to freeze the allocations for 2012 at the same amounts that were set for 2011. This agreement to freeze the remunerations of Directors was included as part of the Annual Report on the Directors' remuneration policy, which was subject to an advisory vote during the General Shareholders' Meeting held in Madrid on the 7th of June 2012.
Role played by the Remuneration Committee
Presents the Directors' remuneration package to the Board and proposes the periodic review of this package.

Has external advice been used?

NO

Identity of the external consultants

B.1.17 State, where appropriate, the identity of the Directors who are at the same time members of the Board of Directors, executives or employees of companies, who are significant shareholders in the listed company and/or in entities in its group:

Name or company name of the Director	Company name of the significant shareholder	Position

Name or company name of the Director	Company name of the significant shareholder	Position
MR DIEGO PRADO PEREZ-SEOANE	OMEGA CAPITAL S.L.	DIRECTOR
MR LUIS LOBÓN GAYOSO	CORPORACION FINANCIERA ALBA, S.A.	DIRECTOR
MR MVULENI GEOFFREY QHENA	INDUSTRIAL DEVELOPMENT CORPORATION (I.D.C.)	CEO
MR OSCAR FANJUL MARTIN	OMEGA CAPITAL S.L.	DIRECTOR
MR RYO HATTORI	NISSHIN STEEL CO. LTD.	DIRECTOR
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	CORPORACION FINANCIERA ALBA, S.A.	CEO
MR YUKIO NARIYOSHI	NISSHIN STEEL CO. LTD.	DIRECTOR AND VICE PRESIDENT

Describe, where appropriate, any relevant relationships, other than those included in the point above, which could associate any members of the Board of Directors with the significant shareholders and/or entities in their group:

Name or company name of the associated Director

MR PEDRO BALLESTEROS QUINTANA

Name or company name of the associated significant shareholder

CORPORACION FINANCIERA ALBA, S.A.

Description of the relationship

Chairman of UNIPSA, a wholly-owned entity of Banca March, S.A., main shareholder of Corporación Financiera Alba, S.A.

Name or company name of the associated Director

MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN

Name or company name of the associated significant shareholder

CORPORACION FINANCIERA ALBA, S.A.

Description of the relationship

Board Member of Banca March, S.A., main shareholder of Corporación Financiera Alba, S.A.

B.1.18 State whether any amendments have been made to the Board Regulations during the financial year:

NO

B.1.19 State the procedures for appointment, re-election, assessment and removal of Directors. Describe the competent bodies, the steps to be followed and the criteria to be used in each of the procedures.

'Directors are appointed, re-elected or removed by the General Meeting of Shareholders or by the Board of Directors in accordance with the provisions laid down in the Spanish Corporations Act and the Company's Articles of Association. The persons appointed must be of recognised solvency, competence and professional experience. It is required that persons who are proposed for appointment or re-election are under the age of 72.'

Article 19.2 of the Board of Directors Regulations sets out the following:

Proposals for the appointment or re-election of Directors that are submitted by the Board to the General Shareholders' Meeting, as well as provisional appointment by co-option, shall be approved by the Board:

- a) At the proposal of the Appointment and Remuneration Committee, in the case of Independent Directors.
- b) Following a report from the Appointment and Remuneration Committee, in the case of other Directors.

Such proposals for the appointment or re-election of Directors must only be submitted for persons of recognised solvency, competence and professional experience.

Article 32 of the Board of Directors Regulations sets out the Assessment of the Board; its full text is as follows:

Article 32. Assessment of the Board.

Once a year, the Board is responsible for assessing the following:

- a) Its performance and the quality and efficiency of its work.
- b) The performance of the Company Chairman and Executive Board Members. '

The reasons for dismissing Directors are set out in Article 21 of the Board of Directors Regulations; its full text is as follows:

Article 21. Dismissal of Directors.

- 1. Directors must terminate their duties at the end of the period for which they were appointed and when decided by the General Meeting.
- 2. Directors must submit their resignation to the Board of Directors and, if necessary, formalise the dismissal, in the event of fulfilling any of the established conditions of incompatibility or legal prohibition that prevent them from performing their duties with due diligence.
- 3. Proprietary Directors must tender their resignation when the shareholder that they represent sells his or her entire shareholding interest. In the event that their shareholding interest is reduced, they must tender their resignation when the corresponding figure is reached.
- 4. No proposals can be made for the dismissal of Independent Directors prior to the expiration of the statutory period for which they were appointed, except in the event of justifiable cause, as judged by the Board at the proposal of the Appointment and Remuneration Committee, or if it is necessary to modify the structure of the Board as the result of a takeover bid in order to maintain the principle of proportionality.
- 5. When a Director terminates his or her duties before the end of their term of office, they must notify all of the Board Members of their reasons in writing.

B.1.20 State the cases in which Directors are obliged to resign.

'In accordance with the provisions of Article 21 of the Board of Directors Regulations:

- 2. Directors must submit their resignation to the Board of Directors and, if necessary, formalise the dismissal, in the event of fulfilling any of the established conditions of incompatibility or legal prohibition that prevent them from performing their duties with due diligence.
- 3. Proprietary Directors must tender their resignation when the shareholder that they represent sells his or her entire shareholding interest. In the event that their shareholding interest is reduced, they must tender their resignation when the corresponding figure is reached.

B.1.21 Explain whether the duties of the company's chief executive fall upon the position of Chairman of the Board: If so, state the measures the have been taken to limit the risks of accumulating powers in one person:

NO

State, and where appropriate explain, whether rules have been established that empower any of the Independent Directors to request that the Board be called or that new items are included in the agenda, in order to coordinate and voice the concerns of the External Directors and to direct the assessment by the Board of Directors

YES

Explain the rules
Article 23.2 of the Board Regulations sets out that: In the performance of their duties, Directors must work with the diligence required of a professional businessperson and loyal representative. To this end, they are required to: d) Request that a Board meeting is called whenever it is deemed necessary or to request the inclusion of items in the agenda to discuss issues considered important, in accordance with the law and the Articles of Association.

B.1.22 Are reinforced majorities, other than legal majorities, required for any kind of decision?

NO

State how resolutions are adopted in the Board of Directors, indicating at least the minimum quorum of attendance and the type of majorities for adopting resolutions:

Description of the resolution:

Any kind of resolution with the exception of: The permanent delegation of any power of the Board of Directors to the Executive Committee or the CEO and the appointment of Directors who are to hold such positions.

Quorum	%
The Board Meeting will be deemed validly convened when at least half plus one of the present or represented members in office attend the meeting.	51.00

Type of majority	%
Vote in favour of the absolute majority of Directors present at the meeting.	51.00

Description of the resolution:

The permanent delegation of any power of the Board of Directors to the Executive Committee or the CEO and the appointment of the Directors who are to hold such positions.

Quorum	%
The Board Meeting will be deemed validly convened when at least half plus one of the present or represented members in office attend the meeting.	51.00

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Type of majority	%
Vote in favour of two-thirds of the members of the Board.	66.66

B.1.23 Explain whether there are any specific requisites, other than those related to Directors, for being named Chairman.

NO

B.1.24 State whether the Chairman has a casting vote:

NO

B.1.25 State whether the By-laws or Board Regulations set any limits on the age of Directors:

YES

Chairman age limit	CEO age limit	Director age limit
72	72	72

B.1.26 State whether the By-laws or Board Regulations set any limits on the term of office for Independent Directors:

YES

Maximum number of years in office	12
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B.1.27 In the event that there are few or no female Directors, explain the reasons for this and the initiatives adopted to remedy the situation

Explanation of the reasons and initiatives
Ms Belén Romana Garcia has been a Director of ACERINOX since the 28th of May 2009. She has wide experience in multinationals and is currently Chairwoman of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (Sareb).

Specifically, state whether the Appointment and Remuneration Committee has established procedures so that selection processes are not implicitly biased so as to hinder the selection of female Board Members, and so that candidates who meet the required profile are deliberately sought:

YES

Describe the main procedures
The procedure used by the Appointment and Remuneration Committee does not allow for selection processes to be implicitly biased so as to hinder the selection of female Directors, and seeks and includes females who meet the appropriate professional profile among potential candidates. The professionalism and neutrality of this Appointment and Remuneration Committee and its members ensures the impartiality of the selection system and puts the quality of the proposals into objective terms, solely addressing the principles of merit and ability without any discrimination on the grounds of gender. The Company shall make a special effort to seek candidates who meet the required profile on the occasion of future vacancies.

B.1.28 State whether there are any formal processes for delegating votes in the Board of Directors. If so, describe them briefly:

'The delegation of votes in the Board of Directors must be done in writing.'

B.1.29 State the number of meetings that the Board of Directors has held during the financial year. In addition, indicate, where appropriate, the number of times the Board has met without its Chairman present:

Number of Board meetings	7
Number of Board meetings without the Chairman present	0

State the number of meetings held by the Board's various Committees during the financial year:

Number of Executive or Delegated Committee meetings	5
Number of Audit Committee meetings	11
Number of Appointment and Remuneration Committee meetings	5
Number of Appointment Committee meetings	0
Number of Remuneration Committee meetings	0

B.1.30 State the number of meetings held by the Board of Directors during the financial year without the presence of all its members. Proxies granted without specific instructions shall be considered as absences in the calculation:

Number of Board Member absences during the financial year	7
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% of absences out of total votes during the financial year	6.660
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B.1.31 State whether the individual and consolidated annual accounts that are submitted to the Board for approval are previously certified:

YES

Identify, where appropriate, the person/people who has or have certified the company's individual and consolidated accounts for approval by the Board:

Name	Position
MR BERNARDO VELAZQUEZ HERREROS	CEO
MR MIGUEL FERRANDIS TORRES	FINANCIAL DIRECTOR

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts it prepares from being submitted to the General Meeting with qualifications in the auditors' report.

As part of its duties in its meetings with external auditors, the Audit Committee follows the progress of the audits throughout their various phases, resolving any issues that may arise.

B.1.33 Is the Board Secretary also a Board Member?

NO

B.1.34 Explain the procedures for appointing and dismissing the Board Secretary, stating whether his or her appointment and dismissal have been reported by the Appointment Committee and approved by the Board in plenary session.

Appointment and dismissal procedure
At the proposal of the Appointment and Remuneration Committee and approved by the Board.

Does the Appointment Committee report the appointment?	YES
Does the Appointment Committee report the dismissal?	YES
Does the Board in full approve the appointment?	YES

Does the Board in full approve the dismissal?	YES
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Is the Board Secretary specifically responsible for ensuring that good governance recommendations are followed?

YES

B.1.35 State the mechanisms, if any, established by the company to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

A special duty of the Audit Committee, recognised in the Articles of Association and in the Board of Directors Regulations, is to safeguard the independence of the auditors; its members are External Directors and its Chairman is an Independent Director.

The Audit Committee's competences include:

- Establishing appropriate relations with accounts auditors and auditing companies in order to gather information regarding any matters that may jeopardise their independent status, for submission to the Committee, and any other information related to the performance of accounts auditing and any communications established in the provisions set out in the accounts auditing legislation and technical audit regulations. In any event, written confirmation must be provided annually by accounts auditors and auditing companies affirming their independent status to the Committee with respect to any entities to which they are directly or indirectly related. Any other services of any nature that have been provided by the accounts auditors and auditing companies, or any associated body, must be reported to the Committee, in accordance with the provisions of Accounts Auditing Law 19/1988 of the 12th of July.
- Issuing an annual report outlining its opinion regarding the independent nature of the accounts auditors and auditing companies, prior to issuing the Account Audit report. This report must comment, in all cases, on the provision of the additional services mentioned in the above paragraph.

B.1.36 State whether the company has changed external auditors during the financial year. If so, identify the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

In the event there were any disagreements with the outgoing auditor, please provide details of these:

NO

B.1.37 State whether the auditing firm does work for the company and/or its group other than auditing, and if so, state the amount of fees received for this work and the percentage it represents out of the fees invoiced to the company and/or its group:

YES

	Company	Group	Total

Amount for work other than auditing (thousands of euros)	306	187	493
Amount for work other than auditing/Total amount invoiced by the auditing company (as a %)	97.400	19.770	39.160

B.1.38 State whether the auditors' report on the annual accounts for the previous financial year had any reservations or qualifications. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

NO

B.1.39 State the number of consecutive years that the current auditing firm has been auditing the company's and/or its group's annual accounts. In addition, state the percentage that represents the number of years audited by the current auditing firm out of the total number of years in which the annual accounts have been audited:

	Company	Group
Number of consecutive years	9	9

	Company	Group
Number of years audited by the current auditing firm/Number of years the company has been audited (as a %)	32.1	40.9

B.1.40 State the holdings of members of the company's Board of Directors in the capital of entities engaged in business that is the same, similar or complementary to the business that is the corporate purpose of both the company and its group, and of which the company is aware. In addition, state the positions or duties they perform in these companies:

Name or company name of the Director	Name of the target company	% ownership	Position or duties
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	ARCELOR MITTAL, S.A.	0.000	--
MR SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	APERAM	0.000	--

B.1.41 State, and where appropriate explain, whether there is a procedure for Directors to obtain external advice:

YES

Describe the procedure
The Board of Directors Regulations expressly set out the possibility that Board Members who belong to the Audit and Appointment and Remuneration Committees may seek external advice as they deem it necessary for performing their duties. However, due to the nature of ACERINOX's business, and the proven experience of the Directors, no Director has requested any external advice. In any event, it will be made available to Directors upon request.

B.1.42 State, and where appropriate explain, whether there is a procedure for Directors to obtain the necessary information for preparing the meetings of the administrative bodies sufficiently in advance:

YES

Describe the procedure
The Board Members have a procedure for obtaining the necessary information for preparing the meetings of the administrative bodies, which consists of issuing all the documentation regarding subjects included in the agenda that are going to subject to decision, sufficiently in advance.

B.1.43 State, and where appropriate explain, whether the company has established rules that oblige Directors to report, and, where appropriate, resign, in any cases where the company's credit and reputation could be undermined:

YES

Explain the rules
Included in the duties of loyalty set out in Article 26 of the Board Regulations, Board Members are required, among other things, to inform the Board of Directors of all legal and administrative incidents or any other incidents affecting them, which, due to their importance, may severely affect the reputation of the Company. They are also required to avoid conflicts of interest, whether the interest be their own or that of a family member, and in the case of unavoidable conflicts, to notify the Board of Directors of such cases at all times.

B.1.44 Indicate whether any Member of the Board of Directors has notified the Company that he or she has been subject to a judicial procedure or has had a court order issued against him or her for any of the offences set out in Article 124 of the Spanish Public Limited Companies Act:

NO

Indicate whether the Board of Directors has analysed the case. If this response is affirmative, give a reasoned explanation of the decision taken as to whether or not the Board Member should remain in his or her post.

NO

Decision taken	Reasoned explanation

B.2 Committees of the Board of Directors

B.2.1 Give details of all committees of the Board of Directors and their members:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
MR RAFAEL NARANJO OLMEDO	CHAIRMAN	OTHER EXTERNAL
MR. BERNARDO VELAZQUEZ HERREROS	MEMBER	EXECUTIVE
MR. JOSE RAMON GUEREDIAGA MENDIOLA	MEMBER	INDEPENDENT
MR. LUIS LOBÓN GAYOSO	MEMBER	PROPRIETARY
MR. OSCAR FANJUL MARTIN	MEMBER	PROPRIETARY
MR. RYO HATTORI	MEMBER	PROPRIETARY
MR. SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	MEMBER	PROPRIETARY

AUDIT COMMITTEE

Name	Position	Type
MR JOSE RAMON GUEREDIAGA MENDIOLA	CHAIRMAN	INDEPENDENT
MR. CLEMENTE CEBRIAN ARA	MEMBER	PROPRIETARY
MR. DIEGO PRADO PEREZ-SEOANE	MEMBER	PROPRIETARY
MR. PEDRO BALLESTEROS QUINTANA	MEMBER	PROPRIETARY
MR. RYO HATTORI	MEMBER	PROPRIETARY

APPOINTMENT AND REMUNERATION COMMITTEE

Name	Position	Type
MR. MANUEL CONTHE GUTIÉRREZ	CHAIRMAN	INDEPENDENT
MR. BRAULIO MEDEL CAMARA	MEMBER	INDEPENDENT
MR OSCAR FANJUL MARTIN	MEMBER	PROPRIETARY
MR. SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	MEMBER	PROPRIETARY

B.2.2 Indicate whether the following duties correspond to the Audit Committee.

Supervising the preparation and integrity of the financial information relating to the Company and, where appropriate, to the Group, and ensuring that regulatory requirements are respected, the scope of consolidation is appropriately defined and the accounting criteria are properly applied.	YES
Periodically reviewing the internal control and risk management systems, so that the main risks are identified, managed and appropriately disclosed.	YES
Ensuring the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and removal of the head of the internal audit function; proposing the budget for that function; receiving periodic information on its activities; and verifying that senior management acts on the conclusions and recommendations of its reports.	YES
Establishing and supervising a system whereby employees can report confidentially and anonymously, if necessary, any irregularities they detect in the course of their duties that may have serious implications for the Company.	YES
Making recommendations to the Board regarding the selection, appointment, re-election and replacement of the external auditor, as well as his or her contracting conditions.	YES
Receiving regular information from the external auditor on the progress and findings of the audit plan and ensuring that senior management takes its recommendations into account.	YES
Ensuring the independence of the external auditor.	YES
In the case of groups, encouraging the group auditor to take responsibility for the audits of the companies that comprise it.	YES

B.2.3 Write a description of the rules of organisation and operation, as well as the responsibilities attributed to each of the Committees of the Board of Directors.

Name of committee

APPOINTMENT AND REMUNERATION COMMITTEE

Brief description

The Appointment and Remuneration Committee shall comprise no fewer than three and no more than six External Directors. The renewal, re-election and dismissal of Committee Members shall be governed by the regulations established by the Board of Directors.

The Board of Directors shall appoint the Committee Chairman and Secretary every four years. The Chairman shall be appointed from among the Independent Directors.

The Committee shall convene at the request of the Chairman. Any of the members may in turn request that the Chairman call a meeting if an issue arises that requires such action.

Decisions shall be taken by a majority vote. Through its Chairman, the Committee shall report to the Board of Directors all of the actions taken and decisions taken or pending.

The Members of the Committee may any seek external consulting services deemed necessary for them to perform their duties effectively.

Name of committee

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

The Chairman of the Board shall also be the Chairman of the Executive Committee and the Secretary of the Board shall act as Secretary of the Committee. The number of Members of the Executive Committee shall be six. If the Company Chairman does not hold the status of Managing Director, this person shall also be a necessary Committee Member, even if this means that the number of Members increases to seven.

The Executive Committee convenes as required by the Chairman as often as he or she considers it necessary, as well as meeting when the Board of Directors is not able to convene within a period of 45 days, for whatever reason.

The Committee shall be validly convened when more than half of its members are present.

The Chairman is responsible for opening and closing debates, granting the floor to whoever requests it and ensuring that each Member exercises his or her right to speak.

Minutes recording the content of the meeting are to be prepared by the Secretary and then submitted to the Chairman for approval. The book of minutes of Executive Committee meetings must be made available to all Members of the Board of Directors.

Name of committee

AUDIT COMMITTEE

Brief description

The Company shall have an Audit Committee that is made up of no fewer than three and no more than five Board Members appointed by the Board of Directors. The Members of this Committee must have a proven track record of the capacity, experience and commitment required to perform such duties.

The term of office for this appointment is four years and the members are eligible for re-election if they maintain their role as Board Members.

The majority of the Members of the Audit Committee shall be non-executive Board Members, and at least one Member shall be an Independent Board Member and shall be appointed on the basis of his or her knowledge and experience in matters of accounting, auditing or both.

The Chairman shall be appointed from among the non-executive Board Members, or Members who do not hold managerial or executive positions in the Company or who have contractual links separate from the position for which they were appointed, and shall be replaced every four years and may be re-elected when a period of one year has elapsed from his or her dismissal as Chairman.

The Committee shall hold meetings as required for the satisfactory performance of its functions whenever called by its Chairman or at the request of two of its Members, and a meeting shall be validly convened when more than half of the incumbent Members are present or represented. Any Board Member can delegate their representation in writing to another Board Member.

Decisions following deliberation shall be taken by majority vote of its Members and, through its Chairman, the Committee shall report to the Board of Directors all of the actions taken and decisions taken or pending.

B.2.4 Indicate the advisory, consulting and, if applicable, delegation powers of each committee:

Name of committee

APPOINTMENT AND REMUNERATION COMMITTEE

Brief description

The Appointment and Remuneration Committee has the following functions:

- Presenting proposals to the Board of Directors for the appointment, re-election and dismissal of Board Members.
- Presenting proposals to the Board of Directors for the appointment and dismissal of members of Senior Management and the regulations that govern such positions, as well as organising the succession of the Chairman and Chief Executive Officer.
- Approving both fixed and variable remuneration for Senior Management.
- Presenting to the Board of Directors the remuneration scheme for Board Members and submitting proposals for regular revision of such remuneration in order to ensure that it adequately reflects the duties performed.
- Any other function that is expressly recommended by the Board of Directors.

Name of committee

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

The Executive Committee performs the functions entrusted to it at given moment by the Board of Directors, in accordance with the provisions of the Law and Company By-laws.

Name of committee

AUDIT COMMITTEE

Brief description

- Proposing to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of account auditors.
- Ensuring that the annual external audit plan complies with the requirements set by the Board of Directors.
- Reporting to the General Shareholders Meeting on questions raised regarding matters for which it is responsible.
- Supervising the internal audit services, the effectiveness of the Company's internal control systems and the risk management systems.
- Supervising the process of drawing up and presenting the regulated financial information.
- Establishing appropriate relationships with the account auditors in order to receive information on issues that could jeopardise the auditors' independence. In any event, written confirmation must be provided annually by accounts auditors and auditing companies affirming their independent status to the Committee with respect to any entities to which they are directly or indirectly related. Any other services of any nature that have been provided by the accounts auditors and auditing companies, or any associated body, must be reported to the Committee, in accordance with the provisions of Accounts Auditing Act 19 of 12th July 1988.
- Issuing, on an annual basis, prior to the issue of the account audit report, a report stating an opinion on the independent nature of the account auditors.
- Any other function that is expressly recommended by the Board of Directors.

B.2.5 Indicate, where applicable, the existence of regulations governing the committees attached to the Board, where such regulations may be consulted and the amendments made during the financial year. Also state whether any voluntary annual report has been prepared on the work of each committee.

Name of committee

APPOINTMENT AND REMUNERATION COMMITTEE

Brief description

The Appointment and Remuneration Committee is governed by its own Regulations approved by the Board of Directors on 23 April 2003 and amended by the Board of Directors on 22 April 2008 and 15 December 2011. Article 14. quater of the Regulations of the Board of Directors also sets out the rules for the composition and operation of the Nomination and Remuneration Committee. These are available on the Company's website at www.acerinox.com.

Name of committee

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

The operation of the Executive Committee is governed by Article 14 bis of the Regulations of the Board of Directors. It is available on the Company's website at www.acerinox.com.

Name of committee

AUDIT COMMITTEE

Brief description

The Audit Committee is governed by Article 22 bis of the Company By-Laws and Article 14.ter. of the Regulations of the Board of Directors. This is available on the Company's website at www.acerinox.com.

B.2.6 State whether the composition of the Executive Committee reflects the level of participation of the different types of Board Members on the Board of Directors.

YES

C - RELATED TRANSACTIONS

C.1 State whether, following a favourable report from the Audit Committee or any other Committee assigned this task, the Board in full is responsible for approving the Company's transactions with Board Members, significant shareholders or shareholders represented on the Board, or individuals related to them:

YES

C.2 Give details of any relevant transactions involving a transfer of assets or liabilities between the Company or group entities and significant shareholders in the Company:

C.2 Give details of any relevant transactions involving a transfer of assets or liabilities between the Company or group entities and the administrators or executives of the Company:

C.4 Give details of any relevant transactions carried out by the Company with other companies belonging to the same group that are not eliminated in the process of preparation of the consolidated financial statements and do not form part of the Company's routine business.

C.5 State whether any Members of the Board of Directors have been involved in any conflicts of interest, in accordance with the provisions of Article 127 ter. of the Spanish Public Limited Companies Act.

NO

C.6 Give details of the systems established to identify, determine and settle possible conflicts of interests between the Company and/or the Group, and its Board Members, executives or significant shareholders.

The Regulations of the Board of Directors stipulate that Board Members may not provide services involving conflicting interests in competing companies and must avoid all conflicts of interest and notify the Board of Directors where such a situation is unavoidable. In particular, Board Members must abstain from voting or participating in the deliberations involving issues in which they hold a personal interest or which affect a family member or a company in which they hold an executive position or in which they are significant shareholders.

C.7 Does the Group have more than one company listed in Spain?

NO

List the subsidiaries that are listed in Spain:

D - RISK CONTROL SYSTEMS

D.1 Give a general description of the risk policy of the Company and/or Group, detailing and assessing the risks covered by the system, and justify why those systems conform to each type of risk.

The Group has carried out a rigorous process to classify the different risks that affect it, and in doing so, each risk has been identified, along with its probability of occurrence and the consequence level if it does occur.

The above analysis is carried out for the Group and for each of the companies considered materially relevant.

Once the relevance and materiality have been determined, the necessary measures are analysed and implemented in order to mitigate the risk of occurrence and impact, as detailed in the following sections.

The Group has identified and analysed the following theoretical risk categories:

FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to certain types of financial risk: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group attempts to minimise the potential adverse effects on the Group's financial performance through the use of certain derivative financial instruments on those risks, where appropriate, as well as the procurement of insurance.

The Group does not acquire financial instruments for speculative purposes.

1 Market risk

Market risk is 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.

1.1 Exchange rate risk

The Group operates internationally and is therefore exposed to exchange rate risks due to foreign currency transactions, particularly in the case of the US dollar (USD). Exchange rate risk arises from commercial transactions, financial and investment transactions, and the translation of financial statements whose functional currency is not the same as the presentation currency of the consolidated Group.

In order to control the exchange rate risk that arises from commercial transactions, the entities of the Group use forward exchange contracts in both purchases and sales, negotiated by the Group's Treasury Department, in accordance with the policies approved by the Board of Directors.

In order to control the exchange rate risk in financial transactions, the Group employs financial derivatives such as cross currency swaps.

Not all of the forward exchange contracts negotiated by the Group fulfil the conditions to be considered as cash flow hedge instruments and therefore be accounted for in accordance with the established policy. Those that do not meet these conditions have been accounted for in accordance with the valuation rule defined for financial instruments at fair value through profit or loss.

The fair value of the forward exchange contracts is equal to the market value as of the balance sheet date; that is, the current value of the difference between the guaranteed price and the forward price for each contract.

The Group covers the majority of its commercial and financial transactions in a currency other than the functional currency of each country; therefore, at the beginning of each month, each company takes account of loans in non-local currency, customer and supplier balances in foreign currency, purchase and sales forecasts in foreign currency for that period and forward exchange contracts, and reviews them fortnightly. The Group may take into account commercial transactions for assessing the total exposure when covering financial transactions.

Finally, the Group is exposed to exchange rate risk as a result of the translation of individual financial statements whose functional currency is not the same as the presentation currency of the Group, particularly in the case of the US dollar (USD), the South African rand (ZAR) and the Malaysian ringgit (MYR).

In 2013, the functional currency of the Bahru Stainless Group will become the US dollar, since the company will increase the tonnage invoiced in US dollars following completion of the first investment phase. Thus, the abovementioned currency will become the currency in which the majority of its commercial transactions are denominated and settled. The acquisition of raw materials for the production process is also carried out in US dollars. As a result of this change in functional currency, the Group's risk due to the Malaysian ringgit will be greatly reduced.

1.2 Interest rate risk

The Group is financed in different countries and in various currencies (mainly the euro, South African rand and US dollar), and with varying maturities, mostly tied to floating interest rates.

The Group's financial assets and liabilities are exposed to the risk of changing interest rates. In order to manage this risk, interest rate curves are analysed regularly and derivative instruments consisting of interest rate swaps are sometimes used. These qualify as cash flow hedge instruments. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to close said swap on the balance sheet date, taking into account the interest rates and exchange rates on that date and the credit risk of the counterparties in the swap.

In this regard, in both 2012 and 2011, the Group used different interest rate hedges for the majority of its loans.

As a result of the global financial crisis and the distortions that have arisen in the money markets, risk premiums and credit spreads have increased since 2009. The Group has minimised its exposure to this risk by granting more weight to long-term funding than short-term funding in its balance sheet.

The short-term interest rates for the euro decreased significantly during 2012 and even reached levels lower than those of the first half of 2010, due to concerns regarding recovery in certain European countries.

Regarding the sensitivity of the Group with respect to interest rates, if such rates had been 100 basis points higher, while all other variables remained constant, the consolidated profit after taxes would have been

2.86 million euros lower (6.06 million euros lower in 2011), due to a higher financial expenditure arising from variable rate debts. The effect on the Group's net worth of this increase in interest rates along the entire yield curve would have been a net increase of 20.95 million euros (11.19 million euros in 2011), given that the highest financial expenses would have been more than offset by positive variations in the valuations of the interest rate hedge derivatives existing at the close of this year.

1.3 Price risk

The Group is subject to three basic types of risks from changes in prices.

1. Risk from changes in the price of shares it holds in listed companies.

The risk from changes in the price of shares in listed companies is driven by the Group's share portfolio in the company Nisshin Steel, which is listed on the Tokyo Stock Exchange. The Group does not use any derivative financial instruments to cover this risk.

2. Risk due to regional crises

The global presence of Acerinox, with manufacturing facilities in four geographical areas and an active commercial presence in five continents, allows it to limit its exposure to one specific area.

3. Risk from changes in the price of raw materials

The stainless steel market is characterised by robust demand, which has been growing at a rate of approximately 6% per year for over 50 years. Unusually, the market fell by 11.8% between 2007 and 2009 due to the global economic recession, but in 2010, the market recovered by around 26.4% and this offset the decline, which confirmed in the medium term the validity of the abovementioned growth rate. In 2012, the stainless steel market experienced a growth of 5.4% (8.1% in 2011). The need for stainless steel in all industrial applications and its presence in all sectors mean that this growth rate is guaranteed over the coming years. Final consumption is stable and the majority control of the market by independent stockists makes apparent consumption volatile (depending on fluctuations in nickel prices on the London Metal Exchange).

In order to reduce the risk arising from the majority control of the market by independent stockists, whose policy is to accumulate/fulfil stock, the Acerinox Group policy has been to develop a commercial network that enables it to continuously supply end clients through warehouses and service centres that channel the

Group's production. Thanks to this policy, it has achieved a significant market share in terms of end clients and this enables it to stabilise sales and thus reduce this risk. Evidence of this strategy can be observed in recent investments in service centres in Pinto (Madrid), as well as the establishment of sales offices in Russia, Thailand, the Philippines, Taiwan and Korea.

The desirability of maintaining sufficient stock levels in its warehouses carries a risk that said stock is overvalued relative to the market price. The Group tries to reduce this risk by keeping its stock levels under control. Thus, in 2012, the Group reduced its stock levels (in tonnes) by 15.8%.

In order to reduce the risk of raw material volatility, a natural hedging mechanism is used in 90% of the Group's sales (all sales in Europe, the United States and South Africa) through the application of an alloy surcharge, which allows the Group to pass onto the customer any fluctuations in the price of nickel on the London Metal Exchange, as well as any fluctuations in the euro/dollar, during the manufacture period of the order. Because of this hedging mechanism, a 10% decrease in the price of nickel on the London Metal Exchange implies a variation in the gross sales margin of less than 1% for the Group.

Valuing raw materials, in-process materials and finished goods at average price helps reduce the volatility of costs and therefore reduce the impact of fluctuating nickel prices on margins.

The order commitment policy used by the Group involves a natural hedge to raw material prices, since every order accepted has a known risk. Moreover, a considerable effort has been made to reduce the production cycle to two weeks. As long as the Group maintains tight control over stock and adjusts production to the market situation, the risk of variation in raw material prices is reduced.

However, nickel price corrections on the London Metal Exchange determine the development of apparent consumption based on the expectations generated among stockists and their subsequent fulfilment and accumulation of stock.

The principle risk continues to be therefore, consumption volatility which as an external factor to the Group is outside of our control. The effective management of the solutions noted for the other risk factors allows us, as far as possible, to reduce exposure to this one.

3.2 Credit Risk

Credit risk is defined as potential losses arising as a result of breach of contractual obligations by clients or debtors.

The Group's exposure to credit risk is determined by the individual characteristics of each of the clients and, where applicable, by the risk of the country in which the client operates. Owing to the diversity of clients and countries in which they operate, the Group does not have a concentration of individual, sector or geographical risk

It is the Group's policy to over commercial and political risk either through credit insurance companies or through documentary credits or bank guarantees confirmed by first rate banks in countries with low financial risk. Credit insurance covers between 80% and 90% of commercial risk depending on the client's country and the insurance company, and 90% of political risk. The Group's main credit insurer has an AAA credit rating from Standard & Poor's.

During the 2012 financial year, compensation has been claimed from the insurance policy covering collection of accounts receivable to the sum of 2,868 thousand euros (2,420 thousand euros in 2011).

There is a Risk Committee tasked with monitoring the Group policy in terms of credit risk. In addition, and where so required, it analyses on an individual basis the client's creditworthiness, establishing credit limits and payment conditions. New clients are analysed in accordance with the insurance company before the Group's general payment conditions are offered, and those which do not meet the credit standing required will be billed in cash.

With much of the Group's clients comes a considerable amount of commercial experience. Delay in payment calls for the special monitoring of future deliveries, payment conditions, reviews of credit limits, and creditworthiness improvements were deemed necessary.

Depending on local legislation in the country in which the client operates, there are ownership rights, which allow, in the event of non-payment, of recovery of the merchandise.

Occasionally, the Group uses other financial instruments which allow it to reduce credit risk, such as transfer operations. When risks and benefits of the assets granted have been largely transferred, the Group shall proceed to remove from the accounts the transferred financial asset.

The Group performs valuation corrections on the commercial credits deemed necessary to protect against insolvency risk to cover balances of a certain age, or those whose circumstances mean they can reasonably be deemed as doubtful debt.

The consolidated client balance at 31 December 2012 was 386,259 thousand euros (476,981 thousand euros in 2011), and the net turnover figure in 2012 is 4,554,688 thousand euros (4,672,244 thousand euros in 2011). 48% of the consolidated net sales (42% in 2011) have been made through covering credit risk with insurance companies. 4% has been billed in cash (3% in 2011). 3% of the consolidated net sales (4% in 2011) have been made through covering credit risk through confirmed documentary credits. 40% of consolidated net sales (38% in 2011) refer to sales of the company North American Stainless Inc in its national market, with a period of cover lower than 30 days.

Analysis of the age of the debt sold is as follows: less than 30 days, 46,224 thousand euros (69,792 thousand euros in 2011), between 30 and 60 days 12,360 thousand euros (13,936 thousand euros in 2011), between 60 and 90 days, 3,962 thousand euros (6,661 thousand euros in 2011), more than 90 days 16,744 thousand euros (3,515 thousand euros in 2011). The Group has made provisions for the amount of 6,898 thousand euros (7,650 miles 2011). Most of the debt is secured, and is usually personal payment arrears for business activity. On the date of preparing the annual accounts, more than 76% of the aforementioned balances sold have been collected (69% in 2011).

We consider that in view of the delay in payment which has occurred in all sectors, the figures indicated are satisfactory and conform to the Group's forecast risk policy.

Those financial assets which are deemed non-recoverable, and non-covered, have been individually determined as deteriorated.

The initial outlay of suppliers of fixed assets, where applicable, are covered by means of bank guarantees issued by the supplier, and confirmed by first-rate banks.

3 Liquidity Risk

In a situation as complex as that which exists today, characterised by the scarcity of liquidity and the rise in cost thereof, the Group ensures its solvency and flexibility by means of long-term loans and credit lines valid for amounts greater than those necessary at any given time.

The Groups liquid assets are managed in a centralised way with the aim of optimising resources applying 'cash pooling' systems. In addition, net debt is chiefly focused on the capital of the Group (more than 90% of the total net debt at the end of the financial year).

In accordance with the estimation of cash flows and taking into account investment plans, the Group has sufficient financing available to meet its obligations and maintain its credit lines sufficiently to cover liquidity risk. During the financial years 2012 and 2011 there has been no non-payment either of the principal or interest of the Groups different financing lines.

The Group has at the end of the financial year both long and short term financing lines valid for 2,070 million euros, as well as lines approved for non-recourse factoring for 475 million euros. The amount available for financing lines at 31 December 2012 was 1,164 million euros. For 2011, the amount for both long and short-term financing lines was 2,142 million euros while lines for non-recourse factoring were 320 million euros and the balance available for financing lines

was 1,051 million euros. Treasury balances at 31 December 2012 rose to 583 million euros (165 million in 2011).

The Group's strategy of ensuring long-term liquidity by means of bank financing has determined that the significant reduction in working capital undertaken in the financial year has translated into a cash increase to the sum of 420 million euros.

The Group makes temporary cash investments for a period not longer than three months only in banks with recognised solvency.

On 11 January 2012, Acerinox, S.A. and North American Stainless signed a financial transaction for 482 million US dollars. With this transaction, the Group achieved a simple objective: to reduce exposure to European banks, reduce average financial costs and extend expiry periods.

The loan entities which have led the financing are: BBT Capital Markets, JP Morgan Chase Bank, Wells Fargo Bank and Fifth Third Bank. Ten American banks have also participated: BBT, JP Morgan Chase Bank, Wells Fargo Bank, Fifth Third Bank, Regions Bank, US Bank National Association, BMO Harris Bank, The Huntington National Bank, PNC Bank National Association and The Bank of Kentucky.

Future maturity of cash flows include the principal plus interest based on the contractual interest rates at the close of the financial year.

They don't include approved investments which are not registered as in-progress fixed assets on the date of the financial year-end.

4 Capital management

The objectives of capital management are:

- to safeguard the Companies capacity to continue to grow in a sustainable way
- to provide the appropriate return to shareholders
- to maintain an optimal capital structure

The Company manages the capital structure and undertakes adjustments to it depending on changes in economic conditions. In order to maintain and adjust the capital structure, the Company may adopt different policies related to dividend payments, issue premium refund, share repurchase, investment self financing, term debt, etc.

The capital structure is controlled on the basis of different ratios such as that of 'net financial debt / EBITDA', understood as the period required for the resources generated by the Company to cover borrowing, or the 'Gearing', debt ratio defined as the relation between the net financial debt and the Company's personal funds.

The net financial debt is defined as the sum of the financial liabilities with credit companies, both current and non-current less cash and other equivalent liquid means. The term EBITDA refers to the resulting figure of exploitation discounting provisions for amortization and valuation adjustments.

The 'net financial debt / EBITDA' ratio gives a figure of 2.9 times, 13% greater than that of the 2011 financial year (2.6 times), but much lower than that established in the 'covenants' of the majority of debt contracts, which is put around 3.5 times.

The 'Gearing' debt ratio has reached 33.9%, descending significantly in comparison with the 47.1% registered in 2011. Both the 'Gearing' debt ratio, and the net financial debt figure are the lowest figures in the last ten years. However, the volume of investments in accordance with the development of our strategic plan has been maintained, as well as the total rewards paid to our shareholders (0.45 euros per share in 2012, the same for the 2011 financial year). With this, and thanks to the intense effort made by Acerinox Group in reducing working capital financing requirements, the net financial debt figure of 581.5 million euros is significantly lower, 34%, in respect of the last financial year (886.6 million).

The Acerinox Group is not subject to strict capital management criteria, which, thanks to its solid financial base, allows it to adopt the most appropriate solution for optimum management at any given moment.

5 Insurance

The geographical diversification of the Group's factories, with three integral manufacturing plants of flat and long steel products, stop a supply from affecting more than a third of production and guarantees the continuity of business, where the appropriate coordination between the remaining factories reduces the consequence of material damage at any of its premises.

The Group's factories have sufficient Insurance cover for Harmful Materials and Loss of Benefits that assumes more than 39.69% of the insurance programme of the Acerinox Group. During the 2012 financial year the completed activities of Group's company Bahru Stainless is included in the aforementioned damages policy. Construction activities are subject to cover by the respective suppliers, there also being a global construction and assembly policy.

The Group also has a captive reinsurance Company, Inox Re, with headquarters in Luxembourg, which manages these risks assuming one part as self insurance and accessing the reinsurance market directly.

In addition, there are also general civil liability, environmental, credit, transport, group life and accident insurance programmes, which reduce the Acerinox Group's exposure to risks for these concepts.

D.2 Indicate if, during the financial year, any of the different types of risk (operative, technological, financial, legal, reputation, fiscal...) have occurred which affect the company and/or the group.

NO

Where there is a response in the affirmative, indicate the circumstances which caused it and if the established systems of control have worked.

D.3 Indicate if there is any commission or other government body responsible for establishing and supervising these provisions of control.

YES

If yes, specify their functions.

Name of commission or body

SENIOR MANAGEMENT COMMITTEE

Description of functions

The Senior Management Committee evaluates and monitors all risks which may occur in the parent company as well as other companies of the Group.

Name of commission or body

AUDIT COMMITTEE

Description of functions

To supervise the Company's Risk Control Systems.

D.4 Identify and describe the compliance procedures for the different Bylaws which affect the company and/or the group.

Through the General Secretariat the different regulatory procedures are identified, which once analysed, determine the adoption of the necessary measures for the purposes of compliance.

E - SHAREHOLDERS MEETING

E.1 Indicate and, where applicable, specify if there are differences in the system of minimums provided for in the Ley de Sociedades Anónimas [Limited Liability Companies Act] (LSA) with regard to constituting Shareholders' Meetings

NO

	% different to that established in Article 102 LSA for general meetings	% different to that established in Article 103 LSA for special meetings of Article 103
Quorum required on first notice to attend	0	0
Quorum required on second notice to attend	0	0

E.2 Indicate and where applicable specify if there are differences in the system provided for in the LSA for adopting company agreements.

NO

Describe how it differs from the system provided for in the LSA

E.3 List shareholders rights in relation to the ordinary general meetings which are different to those established in the LSA.

E.4 Indicate, where applicable, the measures adopted to encourage shareholder participation in the general meetings.

In the Ordinary General Meeting of Shareholders held on 10 June 2004, the number of shares required to attend the Ordinary General Meeting was lowered, from the 2,000 shares previously required to attend, to 1,000 shares.

According to Article 7 of the Ordinary General Meeting Bylaws, the company permits that, in the event that several shareholders have granted representation to the same financial intermediary who acts on their behalf, at the request of the aforementioned representative a division of the vote is permitted with the aim of complying with the instructions received from each shareholder represented.

In the Ordinary General Meeting of Shareholders held on 7 June 2012, the shareholders had the opportunity, amongst others, to issue their delegation or vote at the Meeting in advance by electronic means.

The attendees of the Ordinary General Meeting are bequeathed a gift, manufactured with a stainless steel component with the aim of promoting the applications of our project.

E.5 Indicate if the responsibilities of the Chair of the Ordinary General Meeting coincide with the responsibilities of the President of the Board of Directors. Specify, where applicable, the measures adopted to ensure the independent nature and proper functioning of the Ordinary General Meeting:

YES

Specify the measures
The Ordinary General Meeting of Shareholders Bylaws was approved at the Meeting held on 28 May 2003 and recorded in the Companies Register, and regulates all aspects relating to the notice to attend, preparation, development and holding of the Ordinary General Meeting, and the corresponding shareholder rights at the Meeting.

E.6 Indicate, where applicable, the amendments introduced during the financial year in the Ordinary General Meeting Bylaws.

On item Nine of the Agenda of the Ordinary General Meeting of Shareholders held in Madrid on 7 June 2012, amendments to the following Articles of the Ordinary General Meeting of Shareholders By-laws were approved:

- 9.1 Article 4 (Notice).
- 9.2 Article 5. (Shareholder right of participation and information)
- 9.3 Article 6 (Right of attendance)
- 9.4 Article 8 (Meeting Quorum).
- 9.5 Article 11 (Procedure).

These amendments are recorded in the Madrid Companies Register on 28 July 2012.

Amendment to Article 4 of the Ordinary General Meeting of Shareholders Bylaws written up follows:

Article 4. Notice

4.1 Notice of both Extraordinary and Ordinary Shareholders' Meetings are made by the Board of Directors through an announcement published in the Companies Register Official Gazette or in one of the major circulating newspapers in Spain, on the Comisión Nacional del Mercado de Valores [National Commission for the Stock Exchange] website and the company's website (www.acerinox.com). There must be a period of at least one month between the notice to attend and the date set for the Meeting.

The notice shall specify the place, date and time of the meeting on first call, and the matters included in the Agenda to be discussed thereat. In addition, it must also state the date and time at which the General Meeting will be held on second call, as the case may be. Between the first and second calls there must be a period of at least twenty-four hours. The notice shall also state the place and time the documents submitted for approval to the Board, and any other mandatory reports that may be decided by the Board of Directors, are to be made available to the shareholders, without prejudice to the powers that the shareholder has to request and receive free of charge all the aforementioned documents.

A copy of the notice to attend the Meeting shall be sent to the Stock Exchange on which the shares are listed.

4.2 Shareholders representing at least five percent of the share capital may request that a supplement be added to the notice of the ordinary general meeting, including one or more items on the agenda, provided that the new items are accompanied by an explanation, or where applicable, a justified proposal for resolution. Under no circumstances may this right be exercised for notices to attend an extraordinary general meeting. The right must be exercised by providing notice by attested means, which must be received at the registered office within five days following publication of the notice to attend. The supplement to the notice must be published within a minimum of fifteen days prior to the date set for the shareholders meeting. Failure to publish the supplement within the stated period shall lead to the meeting being declared null and void.

Shareholders representing at least five percent of the share capital may, within the same period indicated in the above paragraph, submit justified proposals for resolution on matters already included or which may be included on the agenda of the Meeting called. The company shall ensure the dissemination of these proposed resolutions and, where applicable, the accompanying documentation, to the remainder of the shareholders in accordance with the provisions in the Law.

4.3 The Board of Directors must call a general shareholders meeting when requested to do so by one or more shareholders who represent at least five percent of the share capital, stating in the application the matters to consider. In this case, the general meeting must be held within two months following the date on which the directors were formally requested to call one, including in the agenda the matters which are the subject of the request.

However, the Meeting shall be deemed to have been called and will meet a quorum to consider any matter provided that shareholders representing the entire share capital are present or represented and the attendees unanimously agree to hold the Meeting.

The Board of Directors is responsible for approving the operational guidelines of the Electronic Forum of Shareholders. These guidelines will be available on the company's website.

The Board of Directors shall draw up, in relation to item 9.2 Agenda of the Ordinary General Meeting the following matter to be decided.

Amendment to Article 5 of the Ordinary General Meeting of Shareholders Bylaws written up follows:

Article 5. (Shareholder's right to participation and information).

5.1 Up to the seventh day prior to the date set for the meeting, the shareholders may, in relation to the matters included on the Agenda, request from the Directors any information or clarification they may deem necessary, or put in writing any questions deemed relevant.

The shareholders may, in writing up to the seventh day before the date set for the meeting, or verbally during the meeting, request from the Directors any clarification deemed necessary concerning information accessible to the public which the company has provided to the Comisión Nacional del Mercado de Valores since the last General Shareholders Meeting and concerning the audit report.

The Directors shall be bound to provide this information in writing until the day of the General Meeting.

5.2 During the general meeting, the shareholders of the company may verbally request any information or clarification as deemed necessary concerning the matters covered in the Agenda. Where it is not possible to satisfy the shareholder's right in this respect, the directors must provide this information in writing within seven days from the end of the meeting.

5.3 The Board shall be bound to provide the information requested included in the two paragraphs above,

except in those cases where, in the Chair's opinion, publication of the information requested would damage company interests. The supply of this information cannot be refused when the request is backed by shareholders representing at least a quarter of the share capital.

5.4 Once the notice to attend the General Meeting has been published, the following information shall be made available to the shareholders on request:

- a) Notice of the General Meeting, with the proposals of the resolutions to be adopted and reports from the Board of Directors, where applicable, on their justification and timeliness.
- b) Financial Statements of Acerinox, S.A., and the consolidated accounts of Acerinox, S.A. and its affiliate companies, as well as the proposal for the appropriation of earnings for the financial year under discussion.
- c) The Management Report of Acerinox, S.A. and the consolidated Management Report for the financial year.
- d) Audit Reports of the Financial Statements of Acerinox, S.A. and of the Consolidated Financial Statements.
- e) Annual Corporate Governance Report.
- f) Any other report whose inclusion may be mandatory or may be required by the Board of Directors.

5.5 The documentation referenced in section 5.4 above will be made available to the shareholders at the location and on the date of the General Meeting.

5.6 To aid the shareholder's right to information, the notice to attend the Meeting shall state a telephone number for shareholder information and the details of the company's website.

The Board of Directors shall draw up, in relation to item 9.3 Agenda of the Ordinary General Meeting the following matter to be decided.

Amendment to Article 6 of the Ordinary General Meeting of Shareholders Bylaws written up follows:

Article 6. Right to attend

6.1 Shareholders owning a minimum of one thousand shares may attend the General Meeting, provided that they are registered in the corresponding accounting register five days before the meeting is held and are in possession of the corresponding attendance card bearing the holder's name issued by the legally appropriate agencies, and, where applicable, by the company. These agencies must send to ACERINOX, S.A. before the date fixed for the Meeting, a list of the cards which have been issued at the request of their respective clients.

Registration of attendance cards shall close at the time set for the Meeting.

6.2 Shareholders who do not possess the number of shares indicated in the above paragraph may pool their shares for the purposes of attendance, appointing from amongst themselves a representative at the Meeting.

In relation to item 9.4 of the Agenda of the General Meeting, the Board of Directors proposed the following resolution:

To amend Article 8 of the Regulation of the General Shareholders Meeting, which shall henceforth read as follows:

Article 8. Meeting Quorum

8.1 The General Shareholders Meeting will meet a quorum on first call when shareholders owning at least twenty-five percent of the subscribed capital with voting rights are present or represented. On second call the General Shareholders Meeting will be deemed to meet a quorum regardless of the share capital in attendance.

8.2 In order for the ordinary or extraordinary General Shareholders Meeting to legitimately agree to an increase or reduction in capital and any other amendment to the Articles of Association, the issuance of new bonds, the elimination or limitation of pre-emptive rights, as well as the transfer, merger, division or global assignment of assets and liabilities and the transfer of the registered offices abroad, shareholders owning at least fifty percent of the subscribed capital with voting rights must be present or represented on first call. On second call, it will be sufficient if only twenty-five percent are in attendance.

In relation to item 9.5 of the Agenda of the General Meeting, the Board of Directors proposed the following resolution:

To amend Article 11 of the Regulation of the General Shareholders Meeting, which shall henceforth read as follows:

Article 11. Procedure

11.1 On opening the session the Secretary shall read out the details of the call and attendance based on the attendance list created by the Board for this purpose which shall state the nature or representation of each one and the number of shares owned or held in representation.

The list of attendees may also be prepared as a file or stored on a digital medium. In such cases, the medium used shall be included in the Minutes and the sealed cover of the file or the medium shall carry the appropriate certificate identifying it, signed by the Secretary and counter-signed by the Chairman.

11.2 The summary of the list of attendees will determine the number of shareholders present or represented, as well as the amount of the capital held, specifying those shareholders that have the right to vote.

11.3 On checking the attendance list, the Chairman shall then declare the Meeting to be quorate, if appropriate. The Secretary of the Meeting, or where applicable, the Notary requested to take the Minutes of the Meeting by the Company, shall ask the attendees if they wish to make any reservations or challenge the statements of the Chairman concerning the attendance details regarding shareholders and capital. Any shareholder who makes a reservation must display his attendance card to the auxiliary staff of the Board, these being the persons responsible for checking and correcting the error, as the case may be.

11.4 The Chairman shall then inform the General Meeting of the most important issues arising in the year and the proposals of the Board, with any persons granted authorisation to do so then being entitled to make their presentations. The Chairman of the Audit Committee or any of its members representing the Audit Committee shall be available at the Meetings to respond to questions raised by the shareholders on matters of its competence. In order to facilitate the drafting of the Minutes, on completion of the presentation, the Chairman shall ask those shareholders wishing to take the floor to approach the relevant assistants and show them their attendance cards to allow them to organise the turns, he shall allow those shareholders who have so requested it to speak, directing and maintaining the discussion within the limits of the Agenda. The Chairman may stop the discussion when the matter, in his opinion, has been sufficiently debated and shall then submit the different proposed resolutions to a vote, with each resolution being read by the Secretary. The reading of the proposals may be extracted, at the Chairman's discretion, provided that shareholders representing a majority of the subscribed capital with the right to vote present at the Meeting make no objection and the complete text thereof has been made available to the attendees.

11.5 Resolutions must be adopted by a favourable vote of the majority of the capital with voting rights, either present or represented at the Meeting, without prejudice to the exceptions provided by Law and in the Bylaws. Individual voting will not be necessary when, through acclamation or a show of hands, the result of the vote is obvious, thereby facilitating the smooth running of the Meeting. This shall not prevent dissenting votes being recorded by any shareholders who so request it, for the purposes of challenge or for any other reason.

E.7 Please indicate the attendance figures for the general meetings held during the fiscal year covered by this report

Attendance Records					
General Meeting Date	% personal attendance	% by proxy	% distance voting		Total
			Electronic voting	Other	

Attendance Records					
General Meeting Date	% personal attendance	% by proxy	% distance voting		Total
			Electronic voting	Other	
07/06/2012	0.560	69.170	0.000	0.410	70.140

E.8 Briefly indicate the resolutions adopted at the general meetings held during the fiscal year covered by this report and the percentage of votes with which each resolution was adopted.

At the General Shareholders Meeting held on 7 June 2012, the following resolutions were adopted:

FIRST.- 'Approve the financial statements (balance sheet, income statement, statement of changes in equity for the year, cash flow statement and notes) and Management Report of ACERINOX, S.A., as well as the financial statements and management report of its Consolidated Group for the year ended 31 December 2011.

Also approve the following proposed appropriation of earnings of ACERINOX, S.A. for the year 2011.

Net profit for the year: EUR 92,633,313.32
Share premium: EUR 24,930,455.00

Appropriation:

- To shareholder remuneration: EUR 112,187,046.00
- To voluntary reserves: EUR 5,376,722.32

The Board of Directors having agreed at its meeting on 15 December 2011 an initial dividend of Euros 0.10 per share, and at its meeting of 28 February 2012, a second dividend of 0.10 Euros per share, both dividends for 2011, it now proposes to distribute a complementary dividend for financial year 2011 on 5 July, at the rate of 0.15 Euros gross per share.

- The first item on the Agenda was approved by majority, with the favourable vote of 99.30% of the share capital with voting rights in attendance at the meeting.

SECOND.- 'Approve the two dividend payments for the year 2011 for a total of EUR 0.20 gross per share, agreed by the Board of Directors at its meetings on 15 December 2011 and 28 February 2012, which became effective on 5 January 2012 and 4 April 2012 respectively'.

- The second item on the Agenda was approved by majority, with the favourable vote of 99.30% of the share capital with voting rights in attendance at the meeting.

THIRD.- 'Approve a refund of contributions to shareholders of ACERINOX, S.A., charged to the Share Premium account, in the amount of 0.10 Euros per share. It is proposed to distribute this share premium on 5 October 2012.'

- The third item on the Agenda was approved by majority, with the favourable vote of 99.30% of the share capital with voting rights in attendance at the meeting.

FOURTH.- 'Approve the management of the Board of Directors of ACERINOX, S.A. for the year ended 31 December 2011'.

- The fourth item on the Agenda was approved by majority, with the favourable vote of 99.30% of the share capital with voting rights in attendance at the meeting.

FIFTH.- 'Authorize and empower the Board of Directors of ACERINOX, S.A., or any person or persons the latter may delegate, to acquire shares in the Company, either by itself or through any of its Group companies

in the terms of Article 146 of the Corporations Act, for any valuable consideration and for a period of eighteen months from this day, the consideration being equivalent to a minimum of no less than 5% of their value during the corresponding stock market session at which the transaction is conducted, or a maximum not exceeding 5% of their value during the corresponding stock market session at which the transaction is conducted, as well as to transfer them within these same limits, as the case may be. The maximum number of shares that the Company may acquire under this resolution shall be 10% of the subscribed capital.

This authorization supersedes the one granted for the same purpose at the General Shareholders Meeting held on 9 June 2011.'

- The fifth item on the Agenda was approved by majority, with the favourable vote of 99.90% of the share capital with voting rights in attendance at the meeting.

SIXTH.- Appoint the company 'KPMG Auditors, S.L.' as its auditors to undertake the review and legal audit of the financial statements of ACERINOX, S.A. and its Consolidated Group for financial year 2012. Authorizing the Board of Directors of ACERINOX, S.A. to establish the conditions and formalize the corresponding contract.

- The sixth item on the Agenda was approved by majority, with the favourable vote of 99.12% of the share capital with voting rights in attendance at the meeting.

SEVENTH. -

7. 1. Re-elect Mr. Oscar Fanjul Martín to his position as Director of ACERINOX, S.A. for a period of four years as provided in the Bylaws, who would otherwise have had to step down as the statutory term for which he was nominated has reached its conclusion and is subject to re-election. Mr. Fanjul Martín is appointed as a Nominee Director.

- Item 7.1 on the Agenda was approved by majority, with the favourable vote of 91.27% of the share capital with voting rights in attendance at the meeting.

7. 2. Re-elect Mr. José Ramón Guerediaga Mendiola to his position as Director of ACERINOX, S.A. for a period of four years as provided in the Bylaws, who would otherwise have had to step down as the statutory term for which he was nominated has reached its conclusion and is subject to re-election. Mr. Guerediaga Mendiola is appointed as an Independent Director.

- Item 7.2 on the Agenda was approved by majority, with the favourable vote of 90.34% of the share capital with voting rights in attendance at the meeting.

7. 3. Re-elect Mr. Braulio Medel Cámara to his position as Director of ACERINOX, S.A. for a period of four years as provided in the Bylaws, who would otherwise have had to step down as the statutory term for which he was nominated has reached its conclusion and is subject to re-election. Mr. Medel Cámara is appointed as an Independent Director.

- Item 7.3 on the Agenda was approved by majority, with the favourable vote of 98.98% of the share capital with voting rights in attendance at the meeting.

EIGHTH.- Amendment of the following articles of the Bylaws:

8.1 - 'Amend Article 12 of the Bylaws to read as follows:

Article 12. Notice

Both the ordinary and extraordinary General Meetings shall be called by the Directors by means of an announcement published in the "Boletín Oficial del Registro Mercantil" [Official Gazette of the Commercial Register] or in one of the most widely circulating daily newspapers in Spain, on the website of the Comisión Nacional del Mercado de Valores and on the Company's website. There must be a period of at least one month between the notice to attend and the date set for the Meeting. The notice to attend may also state the date on which, if appropriate, the Meeting is to be held on second call. There must be at least a period of twenty-four hours between the first and second call. The notice must state all of the matters under consideration.

Shareholders representing at least five percent of the share capital may request that a supplement be added to the notice of the ordinary general meeting, including one or more items on the agenda, provided that the new items are accompanied by an explanation, or where applicable, a justified proposal for resolution. Under no circumstances may this right be exercised for notices to attend an extraordinary general meeting. The right must be exercised by providing notice by attested means, which must be received at the registered office within five days following publication of the notice to attend. The supplement to the notice must be published at least fifteen days prior to the date set for the shareholders meeting. Failure to publish the supplement within this period will be deemed a reason to cancel the meeting.

Shareholders representing at least five percent of the share capital may, within the same period indicated in the above paragraph, submit justified proposals for resolution on matters already included or which may be included on the agenda of the Meeting called. The company shall ensure the dissemination of these proposed resolutions and, where applicable, the accompanying documentation, to the remainder of the shareholders in accordance with the provisions in the Law.

The Board of Directors must call a general shareholders' meeting when requested to do so by one or more shareholders who represent at least five percent of the share capital, stating in the application the matters to consider.

In this case, the general meeting must be held within two months following the date on which the directors were formally requested to call one, including in the agenda the matters which are the subject of the request.

However, the Meeting shall be deemed to have been called and will meet a quorum to consider any matter provided that shareholders representing the entire share capital are present or represented and the attendees unanimously agree to hold the Meeting.

The Board of Directors is responsible for approving the operational guidelines of the Electronic Forum of Shareholders. These guidelines will be available on the company's website.

- Item 8.1 on the Agenda was approved by majority, with the favourable vote of 99.67% of the share capital with voting rights in attendance at the meeting.

8.2 - 'Amend Article 13 of the Bylaws to read as follows: Article 13. General Meeting Quorum

The General Shareholders Meeting will meet a quorum on first call when shareholders owning at least twenty-five percent of the subscribed capital with voting rights are present or represented. On second call, the Shareholders Meeting will meet a quorum regardless of the share capital in attendance.

In order for the ordinary or extraordinary General Shareholders Meeting to legitimately agree to an increase or reduction in capital and any other amendment to the Articles of Association, the issuance of new bonds, the elimination or limitation of pre-emptive rights, as well as the transfer, merger, division or global assignment of assets and liabilities and the transfer of the registered offices abroad, shareholders owning at least fifty percent of the subscribed capital with voting rights must be present or represented on first call.

On second call, it will be sufficient if only twenty-five percent are in attendance.

- Item 8.1 on the Agenda was approved by majority, with the favourable vote of 99.67% of the share capital with voting rights in attendance at the meeting.

NINTH. 'Amendment of the following articles of the Regulation of the General Shareholders Meeting:

9.1 Article 4 (Notice).

9.2 Article 5. (Shareholder right of participation and information)

9.3 Article 6 (Right of attendance)

9.4 Article 8 (Meeting Quorum).

9.5 Article 11 (Procedure).

9.1 - Article 4. Meeting Notice

4.1 Notice of both Extraordinary and Ordinary Shareholders' Meetings are made by the Board of Directors through an announcement published in the Companies Register Official Gazette or in one of the major circulating newspapers in Spain, on the Comisión Nacional del Mercado de Valores [National Commission for the Stock Exchange] website and the company's website (www.acerinox.com). There must be a period of at least one month between the notice to attend and the date set for the Meeting.

The notice shall specify the place, date and time of the meeting on first call, and the matters included in the Agenda to be discussed thereat. In addition, it must also state the date and time at which the General Meeting will be held on second call, as the case may be. Between the first and second calls there must be a period of at least twenty-four hours. The notice shall also state from where and when the documents submitted for

approval and other mandatory reports or those decided by the Board of Directors are to be made available to the shareholders, without prejudice to the powers that the shareholder has to request and receive free of charge all the aforementioned documents.

A copy of the notice to attend the Meeting shall be sent to the Stock Exchange on which the shares are listed.

Shareholders representing at least five percent of the share capital may request that a supplement be added to the notice of the ordinary general meeting, including one or more items on the agenda, provided that the new items are accompanied by an explanation, or where applicable, a justified proposal for resolution. Under no circumstances may this right be exercised for notices to attend an extraordinary general meeting. The right must be exercised by providing notice by attested means, which must be received at the registered office within five days following publication of the notice to attend. The supplement to the notice must be published within a minimum of fifteen days prior to the date set for the shareholders meeting. Failure to publish the supplement within the stated period shall lead to the meeting being declared null and void.

Shareholders representing at least five percent of the share capital may, within the same period indicated in the above paragraph, submit justified proposals for resolution on matters already included or which may be included on the agenda of the Meeting called. The company shall ensure the dissemination of these proposed resolutions and, where applicable, the accompanying documentation, to the remainder of the shareholders in accordance with the provisions in the Law.

4.3 The Board of Directors must call a general shareholders meeting when requested to do so by one or more shareholders who represent at least five percent of the share capital, stating in the application the matters to consider.

In this case, the general meeting must be held within two months following the date on which the directors were formally requested to call one, including in the agenda the matters which are the subject of the request.

However, the Meeting shall be deemed to have been called and will meet a quorum to consider any matter provided that shareholders representing the entire share capital are present or represented and the attendees unanimously agree to hold the Meeting.

The Board of Directors is responsible for approving the operational guidelines of the Electronic Forum of Shareholders. These guidelines will be available on the company's website.

- Item 9.1 on the Agenda was approved by majority, with the favourable vote of 99.67% of the share capital with voting rights in attendance at the meeting.

9.2 - Article 5. Shareholder right of participation and information

5.1 Up to the seventh day prior to the date set for the meeting, the shareholders may, in relation to the matters included on the Agenda, request from the Directors any information or clarification they may deem necessary, or put in writing any questions deemed relevant.

The shareholders may, in writing up to the seventh day before the date set for the meeting, or verbally during the meeting, request from the Directors any clarification deemed necessary concerning information accessible to the public which the company has provided to the Comisión Nacional del Mercado de Valores since the last General Shareholders Meeting and concerning the audit report.

The Directors shall be bound to provide this information in writing until the day of the general meeting.

5.2 During the general meeting, the shareholders of the company may verbally request any information or clarification as deemed necessary concerning the matters covered in the Agenda. Where it is not possible to satisfy the shareholder's right in this respect, the directors must provide this information in writing within seven days from the end of the meeting.

5.3 The directors shall be obliged to provide the information requested under the above paragraphs except where, in the opinion of the Chairman, publication of the requested information would harm the interests of the company.

The supply of this information cannot be refused when the request is backed by shareholders representing at least a quarter of the share capital.

5.4 Once the notice to attend the General Meeting has been published, the following information shall be made available to the shareholders on request:

- a) Notice of the General Meeting, with the proposals of the resolutions to be adopted and reports from the Board of Directors, where applicable, on their justification and timeliness.
- b) Financial Statements of Acerinox, S.A., and the consolidated accounts of Acerinox, S.A. and its affiliate companies, as well as the proposal for the appropriation of earnings for the financial year under discussion.
- c) The Management Report of Acerinox, S.A. and the consolidated Management Report for the financial year.
- d) Audit Reports of the Financial Statements of Acerinox, S.A. and of the Consolidated Financial Statements.
- e) Annual Corporate Governance Report.
- f) Any other report whose inclusion may be mandatory or may be required by the Board of Directors.

5.5 The documentation referenced in section 5.4 above will be made available to the shareholders at the location and on the date of the General Meeting.

5.6 To aid the shareholder's right to information, the notice to attend the Meeting shall state a telephone number for shareholder information and the details of the company's website.

- Item 9.2 on the Agenda was approved by majority, with the favourable vote of 99.67% of the share capital with voting rights in attendance at the meeting.

9.3 - Article 6. Attendance Right

6.1 Shareholders owning a minimum of one thousand shares may attend the General Meeting, provided that they are registered in the corresponding accounting register five days before the meeting is held and are in possession of the corresponding attendance card bearing the holder's name issued by the legally appropriate agencies, and, where applicable, by the company. These agencies must send to ACERINOX, S.A. before the date fixed for the Meeting, a list of the cards which have been issued at the request of their respective clients.

Registration of attendance cards shall close at the time set for the Meeting.

6.2 Shareholders who do not possess the number of shares indicated in the above paragraph may pool their shares for the purposes of attendance, appointing from amongst themselves a representative at the Meeting.

- Item 9.3 on the Agenda was approved by majority, with the favourable vote of 99.67% of the share capital with voting rights in attendance at the meeting.

9.4 - Article 8. Meeting Quorum

8.1 The General Shareholders Meeting will meet a quorum on first call when shareholders owning at least twenty-five percent of the subscribed capital with voting rights are present or represented. On second call the General Shareholders Meeting will be deemed to meet a quorum regardless of the share capital in attendance.

8.2 In order for the ordinary or extraordinary General Shareholders Meeting to legitimately agree to an increase or reduction in capital and any other amendment to the Articles of Association, the issuance of new bonds, the elimination or limitation of pre-emptive rights, as well as the transfer, merger, division or global assignment of assets and liabilities and the transfer of the registered offices abroad, shareholders owning at least fifty percent of the subscribed capital with voting rights must be present or represented on first call.

On second call, it will be sufficient if only twenty-five percent are in attendance.

- Item 9.4 on the Agenda was approved by majority, with the favourable vote of 99.67% of the share capital with voting rights in attendance at the meeting.

9.5 - Article 11. Procedure

11.1 On opening the session the Secretary shall read out the details of the call and attendance based on the attendance list created by the Board for this purpose which shall state the nature or representation of each one and the number of shares owned or held in representation.

The list of attendees may also be prepared as a file or stored on a digital medium. In such cases, the medium used shall be included in the Minutes and the sealed cover of the file or the medium shall carry the appropriate certificate identifying it, signed by the Secretary and counter-signed by the Chairman.

11.2 The summary of the list of attendees will determine the number of shareholders present or represented, as well as the amount of the capital held, specifying those shareholders that have the right to vote.

11.3 On checking the attendance list, the Chairman shall then declare the Meeting to be quorate, if appropriate. The Secretary of the Meeting, or where applicable, the Notary requested to take the Minutes of the Meeting by the Company, shall ask the attendees if they wish to make any reservations or challenge the statements of the Chairman concerning the attendance details regarding shareholders and capital. Any shareholder who makes a reservation must display his attendance card to the auxiliary staff of the Board, these being the persons responsible for checking and correcting the error, as the case may be.

11.4 The Chairman shall then inform the General Meeting of the most important issues arising in the year and the proposals of the Board, with any persons granted authorisation to do so then being entitled to make their presentations. The Chairman of the Audit Committee or any of its members representing the Audit Committee shall be available at the Meetings to respond to questions raised by the shareholders on matters of its competence. In order to facilitate the drafting of the Minutes, on completion of the presentation, the Chairman shall ask those shareholders wishing to take the floor to approach the relevant assistants and show them their attendance cards to allow them to organise the turns, he shall allow those shareholders who have so requested it to speak, directing and maintaining the discussion within the limits of the Agenda. The Chairman may stop the discussion when the matter, in his opinion, has been sufficiently debated and shall then submit the different proposed resolutions to a vote, with each resolution being read by the Secretary. The reading of the proposals may be extracted, at the Chairman's discretion, provided that shareholders representing a majority of the subscribed capital with the right to vote present at the Meeting make no objection and the complete text thereof has been made available to the attendees.

11.5 Resolutions must be adopted by a favourable vote of the majority of the capital with voting rights, either present or represented at the Meeting, without prejudice to the exceptions provided by Law and in the Bylaws. Individual voting will not be necessary when, through acclamation or a show of hands, the result of the vote is obvious, thereby facilitating the smooth running of the Meeting. This shall not prevent dissenting votes being recorded by any shareholders who so request it, for the purposes of challenge or for any other reason.

- Item 9.5 on the Agenda was approved by majority, with the favourable vote of 99.67% of the share capital with voting rights in attendance at the meeting.

TENTH. 'Approve the Annual Report on the remuneration policy of the Board of ACERINOX, S.A., the text of which has been made available to shareholders, together with the other documents relating to the General Meeting.'

- The tenth item on the Agenda was approved by majority, with the favourable vote of 88.07% of the share capital with voting rights in attendance at the meeting.

ELEVENTH. 'The General Meeting was informed that the Regulation of the Board of Directors was amended at the meeting of the Board of Directors held on 15 December 2011. This change was registered in the Commercial Registry of Madrid on 10 February 2012, and was communicated to the Spanish National Securities Market Commission as required by Law. The Report prepared by the Directors regarding these changes has been made available to the shareholders, together with the other documents relating to the General Meeting.'

- The eleventh point of the Agenda was not put to a vote, as it was for informational purposes only.

TWELFTH. Delegate to the Board of Directors of ACERINOX, S.A., the proper interpretation, correction, application, completion, development and implementation of the resolutions passed by the General Meeting, as well as substituting the powers received from the General Shareholders Meeting and delegating powers for the formalization and registration thereof, indistinctly authorizing Mr. Rafael Naranjo Olmedo, Mr. Bernardo Velazquez Herreros, Mr. Alvaro Muñoz Lopez and Mr. Luis Gimeno Valledor allowing any of them to appear before a Public Notary and notarise the foregoing resolutions. The power to rectify will include the power to make any such modifications, amendments and additions as may be necessary or desirable as a result of objections or observations raised by the regulators of the securities markets, the Stock Exchanges, the Commercial Register and any other competent public authorities relating to the resolutions adopted.

- The twelfth item on the Agenda was approved by a majority, with the favourable vote of 99.99% of the share capital with voting rights in attendance at the meeting.

THIRTEENTH. - 'Appoint as auditors to approve the Minutes of the General Shareholders Meeting of ACERINOX, S.A., Mr. Manuel Lopez de la Parte, by majority, and Mr. Maria Luz Blasco Perez, by minority.'

- The thirteenth item on the Agenda was approved by majority, with the favourable vote of 99.99% of the share capital with voting rights in attendance at the meeting.

E.9 Please indicate whether any bylaws exist that impose a minimum number of shares necessary to attend the General Shareholders Meeting.

YES

Number of shares necessary to attend the General Shareholders Meeting	1,000
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E.10 Please indicate and justify the policies followed by the company with reference to proxy voting at the general meeting.

There is no policy at the company regarding proxy voting at the general meeting.

E.11 Please indicate whether the company is aware of the policy of institutional investors to participate or not in the company's decision-making process:

NO

E.12 Please indicate the address and method for accessing corporate governance content on your Web page.

The address of the corporate website of our company is www.acerinox.com, on which home page there is a section called 'Investor Information' that contains all the information on the corporate governance of ACERINOX.

F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Please indicate the degree of compliance by the Company with the recommendations of the Unified Good Governance Code. In the event of non-compliance with any of them, please explain the recommendations, rules, practices or criteria applied by the company.

1. The bylaws of listed companies should not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles on the takeover of the company by acquiring its shares in the market.

See sections: A.9, B.1.22, B.1.23 and E.1,E.2

Compliant

2. When both the parent company and a subsidiary are listed, both must publicly define accurately:
- a) Their respective areas of activity and possible business relations between them, as well as those of the subsidiary with other group companies;
 - b) The mechanisms in place to resolve possible conflicts of interest that may arise.

See sections: C.4 and C.7

N.A.

3. Although not expressly required under company law, transactions involving a structural change to the company must be subjected to approval by the General Shareholders Meeting, in particular, the following:
- a) The transformation of listed companies into holding companies, through "subsidiarisation" or their incorporation into companies dependent on core activities conducted until then by the company itself, even though the latter retains full control over them;
 - b) The acquisition or transfer of essential operative assets, when this involves an effective modification of the corporate purpose.
 - c) Transactions whose effects are equivalent to those of liquidating the company.

Compliant

4. Detailed proposals of the resolutions to be adopted at the General Shareholders Meeting, including the information referred to in Recommendation 28, should be made public at the time of publication of the notice of meeting.

Compliant

5. The General Shareholders Meeting should vote separately on issues that are substantially independent so that shareholders may exercise their voting preferences separately. This rule applies in particular to:
- a) The appointment or ratification of directors, with separate voting on each candidate;
 - b) In the case of amendments to the Bylaws, each article or group of articles that are substantially independent.

See sections: E.8

Compliant

6. Companies should allow split votes, so that financial intermediaries who appear as legitimate shareholders but are acting on behalf of different clients, may issue their votes according to their instructions.

See sections: E.4

Compliant

7. The Board should perform its duties with unity of purpose and independent judgement, affording equal treatment to all shareholders and should be guided by the interests of the company, understood as the steady maximization of the economic value of the company.

Likewise, it should ensure that in its relations with interest groups (stakeholders) the company abides by the laws and regulations, meets its obligations in good faith, respects the customs and good practices of the sectors and territories where it does business; and observes any additional social responsibility principles it may have

voluntarily subscribed to.

Compliant

8. The Board should, as its core mission, approve the company's strategy and the organization required to implement and monitor it, and ensure that Management meets the targets set while pursuing the corporate purpose and interest of the company. And, to this end, the plenary session of the Board should reserve the right to approve:

a) The policies and strategies of the company, and in particular:

- i) The strategic or business plan, and management targets and annual budgets;
- ii) Investment and financing policy;
- iii) The definition of the structure of the corporate group;
- iv) The corporate governance policy;
- v) The corporate social responsibility policy;
- vi) Remuneration policy and performance assessment of senior officers;
- vii) Control and risk management policy, and the periodic monitoring of internal information and control systems.
- viii) Dividend policy, as well as treasury stock and, particularly, its limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) At the proposal of the chief executive of the company, the appointment and removal of senior executives and their compensation clauses.

See sections: B.1.14

- ii) The remuneration of directors and, in the case of executive directors, the additional consideration for their management duties and other terms of their contracts.

See sections: B.1.14

- iii) The financial information which, due to its status as a listed company, it must periodically disclose.
- iv) Investments or transactions of all kinds which, by virtue of their amount or special characteristics, are considered to be of a strategic nature, unless their approval corresponds to the General Shareholders Meeting;
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders or those represented on the Board, or with persons related thereto ("related-party transactions").

This Board authorization will not be understood, however, to be required for related-party transactions that simultaneously meet the following three conditions:

- 1st. They are conducted under contracts whose terms are standardized and apply en masse to many customers;
- 2nd. They are conducted at arm's length prices, generally established by the person supplying the goods or services in question;
- 3rd. The amount does not exceed 1% of the annual revenue of the company.

It is recommended that the Board approve the related-party transactions following a favourable report from the Audit Committee or, where appropriate, any other committee that may have been assigned this role; and that the directors involved, in addition to neither exercising nor delegating their voting right, should withdraw from the meeting room while the Board debates and votes thereon.

It is recommended that the powers attributed here to the Board be non-assignable, with the exception of those mentioned in paragraphs b) and c), which may be adopted for reasons of urgency by the Executive Committee and subsequently ratified by the plenary session of the Board.

See sections: C.1 and C.6

Compliant

9. The Board should be the right size for maximum effectiveness and participation, which means ideally it should comprise no fewer than five and no more than fifteen members.

See sections: B.1.1

Compliant

10. External nominee and independent directors should constitute a large majority of the Board and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the ownership interests of the executive directors in the company's capital.

See sections: A.2, A.3, B.1.3 and B.1.14

Compliant

11. In the event that some external director cannot be considered a nominee or independent director, the company should disclose this circumstance and their links either with the company or its directors, or its shareholders.

See sections: B.1.3

Compliant

12. Regarding the external directors, the relation between the number of nominee directors and independent directors should reflect the proportion existing between the capital represented by the nominee directors and the remaining capital.

This criterion of proportionality may be relaxed such that the weight of nominee directors is greater than would correspond to the total percentage of the capital they represent:

1st In large cap companies where few or no shareholdings attain the legal threshold to be classed as significant holdings, but there are shareholders with holdings that have a high absolute value.

2nd In the case of companies in which there are a number of shareholders represented on the Board, but they are not otherwise related.

See sections: B.1.3, A.2 and A.3

Compliant

13. The number of independent directors should represent at least one third of all board members.

See sections: B.1.3

Please explain

Given the nominee presence on the Board of Directors of five shareholders ranging from 24.243% to 3.102%, the current number of four Independent Directors out of a total of fifteen is considered sufficient since ACERINOX meets the condition that a number of shareholders represented on its Board not be otherwise related.

14. The nature of each director should be explained by the Board to the General Shareholders Meeting, which will make or ratify their appointment, and should be confirmed or, if necessary, reviewed annually in the Corporate Governance Report, after verification by the Appointments Committee. If applicable, the Report must explain the reasons for the appointment of nominee directors at the request of shareholders who have a holding of less than 5% of the share capital. In addition, the Report must explain, if necessary, the reasons why any formal proposals for presence on the Board were rejected from shareholders holding the same or a higher number of shares than other shareholders whose requests for the appointment of nominee directors were approved.

See sections: B.1.3 and B.1.4

Compliant

15. If there are few or no female directors, the Board should explain the reasons and the measures taken to correct the situation and, in particular, the Appointments Committee should ensure that when new vacancies arise:

- a) The selection procedures are not implicitly biased against the selection of female directors;
- b) The company makes a conscious effort to include among its potential candidates, women who meet the professional profile required.

See sections: B.1.2, B.1.27 and B.2.3

Compliant

16. The Chairman, as the party responsible for the proper functioning of the Board, should ensure that the directors receive sufficient information in advance; should stimulate the debates and the active participation of the directors during Board meetings, safeguarding their free opinion and expression; should organize and coordinate with the chairs of the relevant Committees the periodic assessment of the Board and, if appropriate, of the managing director or chief executive.

See sections: B.1.42

Compliant

17. When the Chairman is also the chief executive of the company, he should grant powers to one of the independent directors to call a meeting of the Board or to include new items on the Agenda, in order to coordinate and hear the concerns of the external directors and to direct the Board's assessment of its Chairman.

See sections: B.1.21

N.A.

18. The Secretary of the Board should take great pains to ensure that the Board's actions:

- a) Adhere to the letter and spirit of the laws and regulations, including those issued by regulatory agencies;
- b) Comply with the company bylaws and the regulation of the Board of Directors and any others of the company;
- c) Are informed by the good governance recommendations contained in the Unified Code that the company has accepted.

And that, to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and removal should be proposed by the Appointments Committee and approved by the plenary session of the Board, with the said procedure of appointment and dismissal being described in the Regulation of the Board of Directors.

See sections: B.1.34

Compliant

19. The Board shall meet as often as required to perform its duties, following the schedule of dates and agendas set at the beginning of the year, with each Director being able to propose items not initially on the agenda.

See sections: B.1.29

Compliant

20. Absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. Should proxy voting be unavoidable, it should be granted with strict instructions.

See sections: B.1.28 and B.1.30

Compliant

21. When the directors or the Secretary express concerns regarding some proposal or, in the case of directors, regarding the company's performance, and such concerns are not resolved at the meeting, at the request of the person expressing them they should be recorded in the minutes.

Compliant

22. Once a year, the Board should assess:

- a) The quality and efficiency of the Board's operation;
- b) Based on the report submitted by the Appointments Committee, the performance by the Chairman and most senior executive officer of their roles;
- c) The operation of its Committees, based on reports drafted by the Committees themselves.

See sections: B.1.19

Compliant

23. All directors should be able to exercise the right to request any additional information they require on matters within the competence of the Board. And, unless the Bylaws or Regulation of the Board indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See sections: B.1.42

Compliant

24. All directors should be entitled to call on the company for specific guidance in the performance of their functions. The company should provide suitable channels for the exercise of this right, which in special circumstances should extend to external advice paid for by the company.

See sections: B.1.41

Compliant

25. Companies should establish an orientation program that provides new directors with a rapid and sufficient overview of the company and its corporate governance regulations. Directors should also be offered refresher programs when circumstances warrant it.

Compliant

26. Companies should require that directors devote sufficient time and effort as required to perform their duties effectively and consequently:

- a) Directors should inform the Appointments Committee of any other professional obligations which could compromise the necessary dedication;
- b) Companies should lay down rules regarding the number of boards on which its directors may sit.

See sections: B.1.8, B.1.9 and B.1.17

Partial Compliance

The company has not established any rules that specifically limit the number of directorships that may be held by its members, but are required by the Regulation of the Board of Directors to tender their resignation to the Board when they are unable to undertake the role with the proper dedication.

27. Proposals for the appointment or re-election of Board Members put forward by the Board or the General Shareholders Meeting, as well as their provisional appointment by co-option, should be approved by the Board:

a) At the proposal of the Appointments Committee, in the case of independent directors. b)

Based on the report of the Appointments Committee, in the case of other directors.

See sections: B.1.2

Compliant

28. Companies should publish on their websites, kept regularly updated, the following information regarding their directors:

a) Professional experience and background;

b) Other Boards of Directors on which they sit, whether or not they are listed companies;

c) An indication of the classification to which the director belongs, indicating, in the case of nominee directors, the shareholder they represent or with which they are linked.

d) Date of his/her first appointment as director of the company, as well as subsequent appointments, and;

e) Company shares and share options which they may hold.

Compliant

29. Independent directors should not hold a position as such for a continual period of over twelve years.

See sections: B.1.2

Compliant

30. Nominee directors should tender their resignation when the shareholder that they represent sells its entire shareholding. And they should also do so in the appropriate number, when such shareholder reduces its stake to a level that requires a reduction in the number of its directors.

See sections: A.2, A.3 and B.1.2

Compliant

31. The Board of Directors should not propose the removal of independent directors before the end of the statutory period for which they were appointed, except where just cause is found by the board following a report by the Appointments Committee. Just cause exists when a director has breached the duties inherent to his/her position or falls under any of the circumstances described in paragraph 5 of section III of the definitions of this Code.

It may also propose the removal of independent directors as a result of takeover bids, mergers or other similar corporate transactions that involve a change in the capital structure of the company when such changes in the structure of the Board are supported by the principle of proportionality established in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Compliant

32. Companies should establish rules obliging directors to report and, if necessary, resign in those cases that could damage the image and reputation of the company and, in particular, should require them to inform the Board of any criminal proceedings in which they may be involved, and any subsequent developments in the proceedings.

If a director is indicted or a court order is issued against him for the commencement of a trial for any of the offences listed in Article 124 of the Public Limited Companies Act, the Board should examine the matter as soon as possible and, in view of the specific circumstances thereof should decide whether or not the director should remain in office. The Board should provide a clear account of all of these circumstances in the Corporate Governance Report.

See sections: B.1.43 and B.1.44

Compliant

33. All directors should clearly express their opposition when they feel a proposal submitted to the Board may be contrary to the company interest. This is particularly true of the independent directors and other directors unaffected by a potential conflict of interest, when this involves decisions that may be harmful to shareholders not represented on the Board.

When the Board adopts significant or repeated decisions on proposals in relation to which a director has expressed serious reservations, he should draw the appropriate conclusions and, if he chooses to resign, he should explain the reasons in the letter referred to in the following recommendation.

This recommendation also applies to the Secretary of the Board, even if he is not a director.

Compliant

34. When, either by resignation or otherwise, a director leaves office before the end of his term, he should explain the reasons in a letter sent to all members of the Board. And, without prejudice to the fact that such resignation may be filed as a reportable fact, the reason for the resignation should be explained in the Corporate Governance Report.

See sections: B.1.5

N.A.

35. The remuneration policy approved by the Board should include guidelines on at least the following issues:

- a) The amount of the fixed components, with an itemised breakdown, where necessary, of any per diems for participation on the Board and its Committees and an estimate of the fixed annual remuneration they provide;
- b) Variable remuneration items, including, in particular:
 - i) The types of directors they apply to, with an explanation of the relative importance of the variable remuneration compared to the fixed components.
 - ii) The performance assessment criteria on which any entitlement to share options, shares or variable components of remuneration may be based;
- iii) The main parameters and grounds for any system of annual bonuses (bonus) or other non-cash benefits, and
 - iv) An estimate of the absolute total of variable remuneration that would arise from the proposed remuneration plan, according to the degree of compliance with targets or benchmarks.
- c) The main characteristics of social welfare systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or equivalent annual cost.

d) The conditions that apply to the contracts of those who hold senior management roles, such as executive directors, including:

- i) Duration;
- ii) Notice periods, and
- iii) Any other clauses relating to signing bonuses, as well as severance or golden parachutes due to early termination of the contractual relationship between the company and the executive director.

See sections: B.1.15

Compliant

36. Remuneration consisting of shares of the company or group companies, stock options or instruments linked to the share price, variable payments linked to the performance of the company or pension schemes should all be confined to executive directors.

This recommendation does not apply to the delivery of shares when such shares must be retained until their tenure ends.

See sections: A.3 and B.1.3

Compliant

37. The remuneration of external directors should be sufficient to compensate them for the dedication, abilities and responsibilities that the post entails, but not so high as to compromise their independence.

Compliant

38. Remuneration linked to company earnings should take into account any qualifications stated in the external auditor's report that could reduce such earnings.

Compliant

39. In case of variable remuneration, the remuneration policies should include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector of industry or other similar circumstances.

Compliant

40. The Board should submit to the vote of the General Meeting, as a separate item on the agenda, and in the form of a consultation, a report on the remuneration policy of directors. This report should be made available to shareholders, either separately or in any other manner the Company deems appropriate.

The said report will focus on the remuneration policy approved by the Board for the current year and, where appropriate, the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in such remuneration policies compared to the policy applied during the previous year referred to at the General Meeting. It will also include an overall summary of how the remuneration policy was applied in the previous year.

The Board should also report on the role of the Remuneration Committee in developing the remuneration policy and, if external advice was provided, the identity of the external consultants that provided it.

See sections: B.1.16

Compliant

41. The Report should detail the individual remuneration of directors during the year, including:

- a) A breakdown of the remuneration of each director, including, where appropriate:
 - i) Attendance per diems or other fixed remuneration as director;
 - ii) Additional compensation for acting as a chairman or member of any committee of the Board;
 - iii) Any remuneration received under profit-sharing payments or bonuses and why they were granted;
 - iv) Contributions on behalf of the director to defined contribution pension plans, or the increase of the director's vested rights in the case of contributions to defined benefit plans;
 - v) Any severance packages agreed or paid upon termination of their functions;
 - vi) Any compensation received as a director of other group companies;
 - vii) The remuneration for the performance of senior management roles by executive directors; viii) Any kind of remuneration other than the above, whatever its nature or the group company that pays it, especially when it is considered a related-party transaction or its omission would distort the true picture of the total remuneration received by the director.
- b) An itemised breakdown of deliveries to directors of shares, share options or any other instrument linked to the value of the share, specifying:
 - i) Number of shares or options granted during the year and the conditions for their exercise;
 - ii) Number of options exercised during the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at year end, specifying their price, date and other exercise conditions;
 - iv) Any change during the year of the exercise conditions of previously awarded options.
- c) Information on the relation during the year between the remuneration obtained by the executive directors and the results or other performance measures of the company.

Please explain

The Company includes in the Report the remuneration of Directors as a whole, as this is allowed by the Corporations Act, in order to protect the privacy of the Directors, however, the individual breakdown of remuneration items was published and submitted to advisory voting at the General Meeting held on 7 June 2012.

42. When there is an Executive Committee or Delegate Committee (hereinafter "Delegate Committee"), the ownership structure of the different categories of directors should be similar to that of the Board itself and its secretary should be the Secretary of the Board.

See sections: B.2.1 and B.2.6

Compliant

43. The Board should be kept fully informed of the issues discussed and of the decisions taken by the Delegate Committee and all members of the Board should receive a copy of the minutes of the meetings of the Delegate Committee.

Compliant

44. The Board of Directors should set up, in addition to the Audit Committee required by the Securities Market Act, a Committee, or two separate committees, of Appointments and Remunerations.

The rules governing the composition and functioning of the Audit Committee and the Committee or Committees of Appointments and Remunerations should be recorded in the Regulation of the Board of Directors and include the following:

- a) The Board should appoint the members of these Committees on the basis of the knowledge, skills and experience of the directors and the remits of each Committee, they should discuss their proposals and reports and should provide an account of their activities and the work done, at the first full Board meeting following their meetings;
- b) These Committees should be formed exclusively of external directors and have a minimum of three members. This is without prejudice to the attendance of executive directors or senior managers, when expressly agreed by the members of the Committee.
- c) The Chairmen should be independent directors.
- d) They may seek any external consulting services deemed necessary for them to perform their duties effectively.
- e) Meeting proceedings should be recorded in the Minutes, and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

Compliant

45. The job of supervising compliance with internal codes of conduct and corporate governance regulations should be entrusted to the Audit Committee, the Appointments Committee, or, if they exist separately, to Corporate Governance or Compliance Committees.

Compliant

46. All members of the Audit Committee, and particularly its chairman, should be appointed based on their knowledge and experience in accounting, auditing and risk management.

Compliant

47. Listed companies should have an internal audit service, under the supervision of the Audit Committee, to ensure the proper functioning of information and internal control systems.

Compliant

48. The head of the internal audit service should present to the Audit Committee its annual action plan, and should inform it directly of any incidents arising during its implementation, and submit at the end of each year an activities report.

Compliant

49. The risk control and management policy should identify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational...) faced by the Company, including financial or economic risks, contingent liabilities and other off-balance sheet
- b) The level of risk that the company considers acceptable;
- c) The measures in place to mitigate the impact of identified risks, should they materialize;
- d) The information and internal control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See sections: D

Compliant

50. It should be the responsibility of the Audit Committee:

1st In relation to the information and internal control systems:

- a) Monitor the preparation and integrity of financial information on the company and, where appropriate, its group, checking for compliance with legal requirements, the accurate demarcation of the scope of consolidation and the correct application of accounting principles.
- b) Periodically review the internal control and risk management systems, so that the main risks are adequately identified, managed and disclosed.
- c) Ensure the independence and effectiveness of the internal audit service; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the budget for this service; receive regular information on its activities and ensure that the senior management takes into account the findings and recommendations of its reports.
- d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, that they may detect at the company.

2nd With respect to the external auditor:

- a) Submit to the Board proposals for selection, appointment, reappointment and removal of the external auditor, and the terms of engagement.
- b) Receive regular information from the external auditor on the audit plan and the results of its implementation, and ensure that senior management is on its recommendations.
- c) Ensure the independence of the external auditor, to which end:
 - i) The Company should communicate the change of auditor to the CNMV as a reportable fact, accompanied by a statement on any possible disagreements with the outgoing auditor and, if these exist, their nature.
 - ii) Ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to ensure the independence of auditors;
 - iii) In the event of resignation of the external auditor, the circumstances leading to the resignation.
- d) In the case of groups, encourage the group auditor to assume responsibility for the audits of the component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Compliant

51. The Audit Committee may call any employee or officer of the company, even ordering their appearance without the presence of any other director.

Compliant

52. The Audit Committee should report to the Board, prior to the adoption of the corresponding decision, on the following points indicated in Recommendation 8:

- a) The financial information which, due to its status as a listed company, it must periodically disclose. The Committee should ensure that interim statements are prepared using the same accounting principles as the annual statements and, to this end, consider the appropriateness of a limited review by the external auditor.

b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group. c) Related-party transactions, except where their scrutiny has been entrusted to another monitoring and control Committee.

See sections: B.2.2 and B.2.3

Compliant

53. The Board of Directors should present the accounts to the General Meeting without reservations or qualifications in the audit report and, in the exceptional case that these do exist, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of such reservations or qualifications.

See sections: B.1.38

Compliant

54. The majority of the members of the Appointments Committee or the Appointments and Remuneration Committee, if there is only one, should be independent directors.

See sections: B.2.1

Please explain

The Appointments and Remuneration Committee consists of two Independent Directors (one of whom is the Chairman of the Committee) of a total of four directors, we believe that this 50% is sufficient to guarantee the independence of its function without it being necessary for the Committee to have a majority of Independent Directors; the two remaining Directors are external.

55. It is the responsibility of the Appointments Committee, in addition to the functions indicated in the preceding recommendations, to undertake the following:

- a) Evaluate the skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to perform their duties.
- b) Examine or organize, in the manner it deems appropriate, the successor to the chairman and chief executive and, where appropriate, make proposals to the Board to ensure the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive may propose to the Board.
- d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See sections: B.2.3

Compliant

56. The Appointments Committee should consult the Chairman and chief executive of the company, especially on matters relating to executive directors.

Any director may request the Appointments Committee to consider specific candidates, if it deems them appropriate, to fill vacancies.

Compliant

57. It is the responsibility of the Remuneration Committee, in addition to the functions indicated in the preceding Recommendations, to undertake the following:

a) Propose to the Board of Directors:

- i) The remuneration policy for directors and senior executives;
- ii) The individual remuneration of executive directors and other terms of their contracts. iii) The basic conditions of the contracts of senior executives.

b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and B.2.3

Compliant

58. The Remuneration Committee should consult the Chairman and chief executive of the company, especially on matters relating to executive directors or senior managers.

Compliant

G - OTHER INFORMATION OF INTEREST

If you believe that there exists any principle or aspect regarding the corporate governance practices applied by the Company that has not been addressed in this Report, then, please explain its content below.

We provide details of the relevant transactions involving a transfer of assets and liabilities between the company or companies of its group, and companies related to the significant shareholders of the company as of 31 December 2012.

- Banca March, S.A. (a company belonging to Grupo March, the same as Corporación Financiera Alba, S.A.) has granted to ACERINOX, S.A. collateral agreements and loans amounting to EUR 30,390,000, of which EUR 30,390,000 have been drawn down, in a relationship of a financial nature.

- Banca March, S.A. (a company belonging to Grupo March, the same as Corporación Financiera Alba, S.A.), has granted to ACERINOX, S.A. and INOXCENTER, S.L. (a company controlled by ACERINOX, S.A.) agreements on credit facilities amounting to EUR 1,000,000, of which no amounts have so far been drawn down.

- Banca March, S.A. (a company belonging to Grupo March, the same as Corporación Financiera Alba, S.A.) has granted to ACERINOX, S.A. and ACERINOX Europa, S.A.U. (a company controlled by ACERINOX, S.A.), payments management agreements and credit facilities amounting to EUR 18,000,000, of which EUR 2,269,000 have been drawn down, in a relationship of a financial nature.

- Banca March, S.A. (a company belonging to Grupo March, the same as Corporación Financiera Alba, S.A.), has granted to INOXCENTER, S.L. (a company controlled by ACERINOX, S.A.) agreements on assignments of standing orders amounting to EUR 2,000,000, of which no amounts have so far been drawn down.

- March J.L.T. correduría de seguros S.A. (a company belonging to Grupo March, the same as Corporación Financiera Alba, S.A.), has brokered Insurance Premiums and other operations with Grupo ACERINOX, S.A., amounting to 12,841,306.00 Euros.

All these commercial transactions were made in the ordinary course of business in arms' length terms.

In this section you may include any other information, clarification or detail regarding previous sections of the report, to the extent that they are relevant and not repetition.

In particular, please indicate whether the company is subject to legislation other than Spanish legislation in the area of corporate governance and, where applicable, include the information that it is necessary to provide that may be different from that required in this report.

Binding definition of independent director:

Please indicate whether any of the independent directors has or has had any relationship with the company, its shareholders or its managers which, if it was sufficiently significant or important, would have prevented the director from being considered independent in accordance with the definition in section 5 of the Unified Good Governance Code:

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting held on

27/02/2013

Please indicate whether any Directors voted against or abstained from voting on the approval of this report.

NO

Informe de auditor referido a la “Información relativa al Sistema de Control Interno sobre la Información Financiera (SCIIF)” de Acerinox, S.A. correspondiente al ejercicio 2012

A los Administradores
Acerinox, S.A.

De acuerdo con la solicitud del Consejo de Administración de Acerinox, S.A. (la “Sociedad”) y con nuestra carta propuesta de fecha 31 de diciembre de 2012 hemos aplicado determinados procedimientos sobre la “Información relativa al SCIIF” adjunta e incorporada en el Informe Anual de Gobierno Corporativo de Acerinox, S.A. correspondiente al ejercicio 2012, en el que se resumen los procedimientos de control interno de la Sociedad en relación a la información financiera anual.

La Ley 24/2003, de 28 de julio del Mercado de Valores, una vez modificada por la Ley 2/2011, de 4 de marzo de Economía Sostenible, requiere que, a partir de los ejercicios económicos que comiencen el 1 de enero de 2011, el Informe Anual de Gobierno Corporativo (en adelante, IAGC) incorpore una descripción de las principales características de los sistemas internos de control y gestión de riesgos en relación con el proceso de emisión de información financiera regulada. En relación con este particular, la Comisión Nacional del Mercado de Valores (CNMV) promovió la creación de un Grupo de Trabajo de Control Interno sobre la Información Financiera (en adelante, el GTCI) de las entidades cotizadas con la finalidad de elaborar un conjunto de recomendaciones acerca del SCIIF. Como resultado del trabajo del GTCI, en Junio 2010 se publica el documento *Control interno sobre la información financiera de las entidades cotizadas* (en adelante el Documento del GTCI). Este documento, en su Apartado III, incluye una “Guía para la preparación de la descripción del sistema de control interno sobre la información financiera” que contempla los indicadores básicos que, a juicio del GTCI, deberían ser abordados por cada entidad en la descripción de las principales características de su SCIIF. La CNMV, en su carta de fecha 28 de diciembre de 2012, recuerda las citadas modificaciones legales que se han de tomar en consideración en la preparación de la “Información relativa al SCIIF” a publicar hasta la publicación definitiva de la Circular de la CNMV que defina un nuevo modelo de IAGC.

A los efectos de lo establecido en el indicador número 16 del apartado III del Documento del GTCI, que requiere que las entidades mencionen si la descripción del SCIIF ha sido revisada por el auditor externo y, si hubiera sido así, que incluyan el correspondiente informe, se ha hecho público por las Corporaciones representativas de los auditores de cuentas el Borrador de fecha 28 de octubre de 2011 de Guía de Actuación y su correspondiente modelo orientativo de informe de auditor (en adelante el Borrador de Guía de Actuación). Adicionalmente, con fecha 25 de enero de 2012, el Instituto de Censores Jurados de Cuentas de España, en su Circular E01/2012, establece ciertas consideraciones adicionales referidas al mismo.

El Consejo de Administración es responsable de adoptar las medidas oportunas para garantizar razonablemente la implantación, mantenimiento y supervisión de un adecuado sistema de control interno así como del desarrollo de mejoras de dicho sistema y de la preparación y establecimiento del contenido de la Información relativa al SCIIF adjunta.

En este sentido, hay que tener en cuenta que, con independencia de la calidad del diseño y operatividad del sistema de control interno adoptado por la Entidad en relación a la información financiera anual, éste sólo puede permitir una seguridad razonable, pero no absoluta, en relación con los objetivos que persigue, debido a las limitaciones inherentes a todo sistema de control interno.

En el curso de nuestro trabajo de auditoría de las cuentas anuales y conforme a las Normas Técnicas de Auditoría, nuestra evaluación del control interno de la Sociedad ha tenido como único propósito el permitirnos establecer el alcance, la naturaleza y el momento de realización de los procedimientos de auditoría de las cuentas anuales de la Sociedad. Por consiguiente, nuestra evaluación del control interno, realizada a efectos de dicha auditoría de cuentas, no ha tenido la extensión suficiente para permitirnos emitir una opinión específica sobre la eficacia de dicho control interno sobre la información financiera anual regulada.

A los efectos de la emisión de este informe, hemos aplicado exclusivamente los procedimientos específicos descritos a continuación e indicados en el Borrador de Guía de Actuación, que establece el trabajo a realizar, el alcance mínimo del mismo, así como el contenido de este informe. Como el trabajo resultante de dichos procedimientos tiene, en cualquier caso, un alcance reducido y sustancialmente menor que el de una auditoría o una revisión sobre el sistema de control interno, no expresamos una opinión sobre la efectividad del mismo, ni sobre su diseño y su eficacia operativa, en relación a la información financiera anual de la Sociedad correspondiente al ejercicio 2012 que se describe en la Información relativa al SCIIF adjunta. En consecuencia, si hubiéramos aplicado procedimientos adicionales a los citados a continuación o realizado una auditoría o una revisión sobre el sistema de control interno en relación a la información financiera anual regulada, se podrían haber puesto de manifiesto otros hechos o aspectos sobre los que les habríamos informado.

Asimismo, dado que este trabajo especial no constituye una auditoría de cuentas ni se encuentra sometido al Texto Refundido de la Ley de Auditoría de Cuentas, aprobado por el Real Decreto Legislativo 1/2011, de 1 de julio, no expresamos una opinión de auditoría en los términos previstos en la citada normativa.

Se relacionan a continuación los procedimientos aplicados:

1. Lectura y entendimiento de la información preparada por la entidad en relación con el SCIIF adjunta y evaluación de si dicha información aborda la totalidad de la información requerida que seguirá el contenido mínimo descrito en el Apartado III, “Guía para la preparación de la descripción del SCIIF” del Documento del GTCL.
2. Preguntas al personal encargado de la elaboración de la información detallada en el punto 1 anterior con el fin de: (i) obtener un entendimiento del proceso seguido en su elaboración; (ii) obtener información que permita evaluar si la terminología utilizada se ajusta a las definiciones del marco de referencia; (iii) obtener información sobre si los procedimientos de control descritos están implantados y en funcionamiento en la entidad.
3. Revisión de la documentación explicativa soporte de la información detallada en el punto 1 anterior, y que comprenderá, principalmente, aquella directamente puesta a disposición de los responsables de formular la información descriptiva del SCIIF. En este sentido, dicha documentación incluye informes preparados por la función de auditoría interna, alta dirección y otros especialistas internos o externos en sus funciones de soporte al comité de auditoría.
4. Comparación de la información detallada en el punto 1 anterior con el conocimiento del SCIIF de la entidad obtenido como resultado de la aplicación de los procedimientos realizados en el marco de los trabajos de la auditoría de cuentas anuales.

5. Lectura de actas de reuniones del consejo de administración, comité de auditoría y otras comisiones de la entidad a los efectos de evaluar la consistencia entre los asuntos en ellas abordados en relación al SCIIF y la información detallada en el punto 1 anterior.
6. Obtención de la carta de manifestaciones relativa al trabajo realizado adecuadamente firmada por los responsables de la preparación y formulación de la información detallada en el punto 1 anterior.

Como resultado de los procedimientos aplicados sobre la Información relativa al SCIIF no se han puesto de manifiesto inconsistencias o incidencias que puedan afectar a la misma.

Este informe ha sido preparado exclusivamente en el contexto de los requerimientos establecidos por la Ley 24/1988, de 28 de julio del Mercado de Valores, modificada por la Ley 2/2011, de 4 de marzo de Economía Sostenible y de lo establecido en el Documento del GTCI de Junio 2010 publicado por la Comisión Nacional del Mercado de Valores a los efectos de la descripción del SCIIF en los Informes Anuales de Gobierno Corporativo.

KPMG Auditores, S.L.



Borja Guinea López

28 de febrero de 2013

ANNEX 1

SUPPLEMENTARY INFORMATION TO THE ANNUAL REPORT ON CORPORATE GOVERNANCE FOR THE LISTED COMPANIES OF ACERINOX S. A. RELATED TO THE YEAR 2011, IN ACCORDANCE WITH ARTICLE 61 BIS OF LAW 24/1988 ON THE STOCK MARKET DATED 28TH JULY, IN ACCORDANCE WITH THE TERMS OF LAW 2/2011 ON ECONOMIC SUSTAINABILITY DATED 4TH MARCH.

- Securities that are not traded on a regulated market within the European Union, indicating, when necessary, the type of shares and, for each share type, the rights and obligations that are conferred:

Not applicable.

- Any restriction on the transferability of securities and any restriction to the right to vote:

ACERINOX S.A. does have any restrictions on the transferability of securities or to the right to vote. (See Section A.10 of the Annual Report on Corporate Governance).

- Applicable legislation to the modification of the Company's Articles of Association.

The modification of the Articles of Association of Acerinox S.A. must be agreed by the General Shareholders' Meeting and must comply with the following requirements:

- The administrators or, if applicable, the shareholders who put forward the modification proposal, must draft the entire text of the proposed modification and draft a written report explaining the reasons for the proposal.
- In the announcement in which the General Shareholders' Meeting is called, the aspects that are subject to the proposed modification must be clearly explained along with a statement of the rights that correspond to each shareholder so that the entire text of the proposed modification can be examined in the Company's registered offices and the report explaining this proposal, as well as the right to request that these documents be sent or delivered free of charge.
- In the General Shareholders' Meeting in which the modification of the Articles of Association are agreed, in the first convocation, the shareholders present or represented must account of at least fifty percent of the subscribed capital with voting rights. At the second vocation, shareholders representing twenty-five percent of this capital shall be sufficient.
- The agreement to validate the modification of the Articles of Association shall be adopted by simple majority if the shareholders in attendance or represented at the first convocation account for over fifty percent of the subscribed capital with voting rights. At the second convocation, the modification shall be adopted with a two-thirds majority of the capital in attendance or represented at the meeting if the shareholders present account for at least twenty five percent of the subscribed capital with voting rights but less than fifty percent.

- Significant agreements that the Company has held and that take effect, which are modified or terminated with respect to changes of control within the Company, due to a takeover bid and its effects:

Not applicable.

- Agreements between the Company and its administrators, directors or employees that are entitled to indemnity if they resign or are dismissed unfairly or if the employment relationship is terminated due to a takeover bid:

There is a total of nine individuals in the parent company and the Group that have clauses in their contracts that guarantee indemnity in excess of the amount set under current legislation.

- A description of the main characteristics of the internal control systems and risk management in relation to issuing financial information

REPORT ON THE ACERINOX GROUP'S INTERNAL CONTROL SYSTEM FOR FINANCIAL INFORMATION

THE ORGANIZATION'S CONTROL ENVIRONMENT

1. An explanation of which bodies and /or departments are responsible for: (i) the existence and maintenance of adequate and effective Internal Systems of Control of Financial Information; (ii) the implementation of these systems; (iii) their monitoring.

The Board of Directors at Acerinox are ultimately responsible for the existence and maintenance of an internal system of control and risk management, in compliance with Article 6.1. of the Company Regulations.

Together with the Senior Management Committee, the Chief Executive Officer is responsible for the drafting, implementation and operation of the internal control systems of Acerinox and its group of companies and, in particular, with respect to the Internal Systems of Control of Financial Information (SCIIF by its Spanish acronym), which it manages through the Corporate Financial Management Department at a corporate level and in each company. In addition, the Internal Audit and Corporate Risk Management Departments are responsible for establishing and maintaining the procedures for identifying and managing risk and internal control, making proposals for the most suitable management technologies and processes, and providing support for the Corporate Financial Management with respect to the implementation and maintenance of the SCIIF.

In accordance with Article 10 of the Audit Committee's Regulations, it is the Committee's duty to monitor the effectiveness of the Company's internal control systems and risk management systems, including the Internal Systems of Control of Financial Information (SCIIF). To this end, the Committee has an Internal Audit department which, in accordance with Section b) of

Article 4 of their operational regulations, is responsible for monitoring the smooth running of the internal control systems.

2. An explanation of which bodies and/or mechanisms are responsible for: (i) the design and review of the organizational structure. (ii) Clearly establishing the lines of responsibility and authority, with a suitable distribution of duties and functions. (iii) Establishing efficient procedures for the effective dissemination throughout the organization, particularly in relation to the process of drafting financial data.

(i)

Design and review of the organizational structure.

The Board of Directors has the power of approval with respect to the creation and termination of subsidiary companies within the Group, and the creation of new management bodies (or the appointment of new directors).

In consultation with the Senior Management Committee, the Chief Executive Officer is responsible for the modification of the structure of lower level management, with or without being at the initiative of the related Director.

On a monthly basis, a report of the Group's structure is submitted to the Senior Management Committee, with a breakdown of each subsidiary.

In the same way, the creation, modification or termination of units that are equal to or larger than a department must be authorized by the Company's Chief Executive Officer, at the responsibility or request of the unit manager, after an explanation of the reasons justifying such a measure.

(ii) Establishing the lines of responsibility

At a global level, the main instrument for the establishment of lines of responsibility is the operating instruction of the Senior Management Committee. This instruction is approved by the Chief Executive Officer in their joint capacity as member of the Board of Directors and *de facto* and *de jure* Chairman of the Senior Management Committee.

The instruction sets the limits of the profiles and actions of the various Directors of Acerinox S.A. with the necessary level of precision. The Directors currently include the Chief Executive Officer, the General Director, the Financial Director, the Commercial Director, the General Secretary and the Director of the Campo de Gibraltar Factory.

(iii) Dissemination throughout the organization

In terms of the dissemination of financial information and the SCIIF systems throughout the Group, the Corporate Finance Management Department is specifically responsible for ensuring communication throughout all of the units that form part of the Acerinox Group.

3. An explanation of whether the following elements exist in relation to the drafting of financial information:

- ***Code of Conduct, the approval body, degree of dissemination and instruction, principles and values included (indicating if the records of operations and drafting of financial information are specifically mentioned), the body in charge of monitoring non-compliance and proposing corrective actives and sanctions..***

The Acerinox Group has a Code of Conduct and Good Practices approved by the Board of Directors in December 2009 and revised in 2011 in order to place a stronger emphasis on the reliability of financial information. Available on the internet, the Code presents and defines the social commitments of the Acerinox Group, as well as the general principles or conduct and good practices.

There are two official versions of the Code: one in Spanish and the other in English, the latter being designed for all non Spanish-speaking countries. A version in Bahasa Malay is currently being drafted in order to facilitate its dissemination among the employees at Bahru Stainless SDN BHD.

These principles and good practices are aimed at all of the Acerinox Group's stakeholders: Board of Directors, Audit Committee, Senior Management Committee, Directors, Employees and all collaborators related to the group, both on a permanent or occasional basis, such as suppliers, clients, competitors, institutions, etc.

The Code of Conduct is distributed automatically with each new employment contract that is signed within the Group, as well as to our larger clients at a European level. Large clients outside Europe shall soon be notified as a matter of course. The Code is also available of the Acerinox website.

In the first Collective Bargaining Agreement of Acerinox S.A.U. which is in effect between January 2012 to December 2014, the fifth additional clause states that:

"The Company and its employees possess knowledge and values that must be preserved and transmitted to whoever succeeds them." "These values are brought together in the Code of Conduct and Good Practices of the companies in the Acerinox Group. Together with the regulations established by the applicable Law and the Collective Bargaining Agreement as well as any other regulations that may be approved in their operation or implementation, the Code governs the actions of the Company and its employees, as well as anybody that involved with the Company now or in the future."

These general principles include Section 5 of Article 13, which states:

"The economic and financial information shall be prepared in accordance with current legislation, ensuring that the transactions, acts and any other events that affect the Company have truly taken place and are effectively recorded in full and in compliance with applicable legislation at all times, with respect to their presentation, breakdown and comparability and that, as such, they provide an adequate representation of the Company's status and its rights and obligations on the date in question."

- ***A reporting channel that enables financial and accounting irregularities to be communicated to the Audit Committee, as well as eventual breaches of the Code of***

Conduct and any irregular activity in the organization, notifying, where appropriate, if the information is confidential.

The Acerinox Group has an internal reporting channel that enables potential breaches of the Code of Conduct to be reported. The First Additional Disposition regarding this channel establishes the procedure for reporting irregularities and stating who has the authority to receive and analyse such reports and to conduct the notification procedures to the Chief Executive Officer of the Acerinox Group and the Audit Committee, along with a statement of the guarantees of confidentiality and non-retaliation.

All of the reports are analysed by a Monitoring Committee, a body in charge of assessing the breaches and proposing corrective actions, that takes decisions that may involve the application of the corresponding sanctions according to the applicable legislation in each case. The Committee consists of the individuals that hold the following posts.

- The General Director of Acerinox S.A. who acts as the chairperson of the Committee.
- The Director of the Internal Audit Department of Acerinox S.A. who acts as the Committee's secretary.
- The General Secretary of Acerinox S.A.

In 2012, 8 reports were received through the reporting channel, none of which was related to the SCIIF.

The reports may be closed or start a proceeding with a notice to the Chief Executive Officer. If needed provisional measures may be adopted and a preliminary report be requested to the Audit Department.

Concerning the trading subsidiaries there is not a specific channel so the general one is used. In NAS and Columbus there are similar procedures with the direct intervention of the Chief Executive Officer as there is no specific committee for such reports. In Bahru the reporting channel has not yet been established although every employee is given the Code of Conduct.

- ***Regular training and refresher courses for employees involved in the preparation and revision of financial information, as well as the assessment of the SCIIF, which at least covers accounting regulations, auditing, internal control and risk management***

In addition, the Group has annual training programs and budgets which cover all aspects related to financial information, internal control, auditing and risk management. When a change in regulations occurs with respect to the area of financial information, it is analysed and, based on the applicability and impact of such changes, internal or external training sessions may be provided to all people affected by the changes. In 2012, training and refresher programs were run in the fields of auditing, internal control, consolidation, risk management and tax issues.

FINANCIAL INFORMATION RISK ASSESSMENT

4. An explanation of the main characteristics of the process for identifying risks, including those resulting from error or fraud, in terms of:

- ***An explanation of whether a process exists and is registered.***

- *An explanation of whether the process covers all of the objectives of financial information (existence and occurrence, completeness, assessment, presentation, breakdown and comparability, rights and obligations) and whether and how often this is updated.*
- *An explanation of whether an identification process for the consolidation perimeter exists, taking into account aspects such as the potential existence of complex corporate structures, instrumental bodies and special purpose organizations, etc.*
- *An explanation of whether the process takes the effect of other risk properties into account (operational, technological, financial, legal, reputational, environmental, etc.) in terms of their affect on financial statements.*
- *An explanation of which of the organization's governance bodies monitors the process.*

In 2010, the Acerinox Group began implementing a global process based on the criteria of materiality and qualitative risk factors that enables the identification of both the critical business unit areas and key processes in each of them in order to reduce the risk of significant error (including fraud) in terms of financial information. In the case of any unit that is subject to more rigorous legislation in this area, the process began in 2005. The results of this process provide the basis for the definition and the implementation of the procedures in each of the critical units and areas that have an impact on financial information.

The process of risk identification and assessment takes into account any type of risk that may affect the consolidated financial statements and the process of issuing financial information. Acerinox has a risk inventory with categorizations and assessments that are represented on the risk map of the Group and its main units. The inventory lists, categorizes and assesses all of the risks that may affect the Acerinox Group and its units, such as strategic, financial, operational, compliance and reputational risks, etc.

A quarterly procedure is in place for analysing the materiality of all of the units that form part of the Acerinox Group which aims to determine the necessity of incorporating another unit to the risk analysis procedure and any corresponding documentation of relevant cycles and processes.

The process covers all of the accounting objectives in order facilitate the monitoring bodies that the Audit Committee has incorporated, thereby guaranteeing the reliability of financial information:

- a) Transactions, acts and any other events recorded in the financial information have truly taken place and are effectively and duly recorded without delay (existence and occurrence).
- b) The information reflects the entirety of the transactions, acts and any other events that affect the Company (completeness).
- c) Transactions, acts and any other events are recorded and assessed in compliance with the applicable legislation (assessment)
- d) Transactions, acts and any other events are categorized, presented and displayed in the financial information in compliance with the applicable legislation (presentation, breakdown and comparability).
- e) The financial information reflects the rights and obligations at the current time through the corresponding assets and liabilities in compliance with the applicable legislation (rights and obligations)

There is a constant procedure in place for updating the process thanks to the monitoring tasks carried out by the Internal Audit Department of Acerinox S.A, and its group of companies, as well as the participation of the managers in charge of the procedures, the Financial Management

and, lastly, the Corporate Risk Department. The Management of the Internal Audit Department regularly reports on the progress made due to these updates in its presentations to the Audit Committee and in their meetings with the Chief Executive Officer.

The consolidation perimeter of Acerinox S.A. is determined by the Company's Corporate Financial Management Department through its Financial Reporting and Consolidation Department in the end of month accounts, which keeps a company record of all of the Group's shareholdings, of any nature, either directly or indirectly, as well as any organization in which the Group has the capacity to exercise control, regardless of its legal nature.

In accordance with Section f) of Article 10 of the Regulations governing its actions, the Audit Committee is in charge of monitoring the efficiency or the Company's internal control and risk management systems, including financial information risk management. To fulfil this duty, the Committee is supported by the Corporate Internal Audit Department, one duty of which is supervising the smooth running of the internal control systems, as stated in Section b) or Article 4 of its Regulations.

CONTROL ACTIVITIES

5. Descriptive documentation of the activity and control flows (including those related to the risk of fraud) of the various types of transactions that may have a significant impact on financial statements, including the accounts closing procedure and the specific review of relevant judgements, estimates, assessments and forecasts.

Since 2010, the Acerinox Group has operated an Internal Control System for Financial Information based on the COSO framework of reference proposed by the Expert Working Group in the document entitled 'Internal control of financial informations in listed companies' published by the Spanish National Securities Market Commission in July 2010. As mentioned in the preceding section, in the case of any units working in areas that are subject to more rigorous legislation, the process began in 2005 and is now fully implemented.

The Acerinox Group has identified cycles and macro processes in its internal control system that are integrated throughout all of the Group's activity. These cycles are later divided into processes which are then divided into sub-processes. For all of these and all of the units that form part of the Acerinox Group that are sufficiently significant and relevant, documentation has been drafted including detailed explanations, flow charts and risk matrices and controls.

The most relevant cycles are:

- Sales revenue
- Raw Materials
- Purchasing
- Stocks
- Staff
- Treasury
- Fixed assets
- Taxes
- Financial closure
- Reporting and consolidation
- Maintenance

At the current time, the descriptive documentation process of the activity and control flows (including those related to the risk of fraud) has been completed, or is near completion, in the main industrial companies. In 2012, due to the importance of the manufacturing plant, Bahru Stainless SDN BHD located in Johor Bahru (Malaysia) has been added to the schedule for documenting cycles and processes that may have a quantitative or qualitative relevance at a significant level. The same can be said for the main commercial companies, both nationally and abroad. The current documentation coverage rate for the main consolidated figures, including the accounts closing procedure and the specific review of relevant judgements, estimates, assessments and forecasts, provides a reasonable level of security to carry out the SCIIF monitoring duties with sufficient rigour within the Acerinox Group.

6. A description of internal control policies and procedures regarding information systems (including access security, change controls, system operation, operational continuity and functional segregation) which provide support for organization's relevant processes in relation to drafting and publishing financial information.

As part of the financial information risk identification procedure, Acerinox identifies which systems and applications are relevant in each of the areas and processes that are considered significant. The systems and applications identified included both those that are directly used for the preparation of financial information and those that are involved in ensuring the effectiveness of the controls that reduce the risk of errors in these systems.

A methodology is followed in the design and implementation of the different applications that determines the different points of control to ensure that the solution obtained complies with the requirements stated by the system user and that the level of quality meets all of the established standards in terms of stability, reliability and efficiency.

The Information Technologies Department is responsible for the maintenance and operation of the systems, as well as guaranteeing their continuity and security. This department has different procedures in place to ensure the assignment of functions and access through the use of passwords and personalized user profiles, menu controlled access and function assignment based on roles.

The importance of this department is based on the fact that it is not simply another management body that the Group has set up, but rather that it reports directly to the Group's central management bodies at an international level.

Therefore, and in accordance with the Operating Instruction of the Senior Management Committee, the following responsibilities correspond to the Group's General Director:

Conducting the direct leadership of the Groups Information System services and ensuring the compliance of the security systems and the internal control policies of these systems. “

Guaranteeing service continuity of the IT department, through the established support and replication procedures and the implementation and maintenance of a contingency plan to cover cases of severe breakdown and catastrophes, including pandemics.

The Information Technologies Department conducts and monitors the operation of regular backups and system replications, via the systems offered by top level companies and the existence of remote connection systems that remain in operation under any circumstances.

This ensures that, whatever the circumstances, be they internal or external, the financial information can be accessed by the authorised employees in real time and from any location, thereby significantly reducing the risk of losing essential data or records.

More specifically, this guarantees the security and reliability of the systems through the implementation of the following measures:

- 1) Personalized access codes.
- 2) Use of encoded keys for remote access.
- 3) Requirement of confidentiality and protection regulations.

The implementation of these measures begins with the security documents being annexed to new employment contracts for due compliance and the requirement from each new employee of acceptance and acknowledgement of the conditions contained in the documents.

- 4) Installation and regular maintenance of a security infrastructure that block unauthorized external access to the systems themselves.

7. A description of internal control policies and procedures aimed at monitoring the management of activities outsourced to third parties and any activities involved in assessment, calculation or evaluation that are performed by independent experts that may significantly affect the Company's financial statements.

The Acerinox Group does not currently subcontract any significant activity to third parties that may significantly affect the drafting or dissemination of its financial statements.

In any event, if the Group requires the service of independent third parties for the drafting, dissemination and assessment of financial information, judgements and estimates, an internal protocol is in place for contracting such external services that requires the necessary levels of approval and authorization, depending on the importance of the service. The results of these service are monitored by the Corporate Financial Management Department, the General Secretary and, lastly, the Management Committee.

8. Review and authorization procedures for financial information and the description of the SCIIF to be published on stock markets, indicating who is responsible for these procedures.

The economic and financial information is drafted individually every month in each of the units of the Acerinox Group. The information to be published on stock markets includes the information related to the quarterly closing of accounts. The review and authorization procedure is as follows: once the quarterly accounts have been closed and checked, the information is sent to the Corporate Financial Management Department and, more specifically, to its Consolidation and Financial Reporting Department, which verifies the information and collates the Group's consolidated information in accordance with the International Financial Reporting Standards. Once the consolidated information has been drafted, it is sent to the Corporate Financial Management Department for review and monitoring. The information is then submitted to the Group's Management Committee for approval. After this, it is sent to the Audit Committee,

which examines the information to be presented. When the closing of accounts coincides with the end of the first or second half of the year, the Audit Committee collates the information drafted by external auditors as the closing of Group's accounts in these cases involves external audits and reports.

Lastly, the Audit Committee passes the economic and financial information to the Board of Directors for approval. Once this approval has been given, the information is published on stock markets and other public bodies.

The Group's Chief Risks Officer -in co-ordination with the affected areas- is in charge of making the SCIIF description. Such description is formally approved by each area and by the Secretary General. The process ends up with the approval of the Annual Corporate Governance Report by the Executive Committee, Audit Committee and finally the Board of Directors.

The Internal Audit Department regularly describes the internal control that affects the SCIIF to the Audit Committee in its meetings.

INFORMATION AND COMMUNICATION

9. A specific department responsible for establishing and updating accounting policies (accounting policy section or department), as well as resolving enquiries or conflicts that result from the interpretation of the policies, maintaining fluid communication with the organization's operations managers.

The Consolidation Department that reports to the Financial Management Department is responsible for drafting, implementing, communicating and updating the Group's accounting policies. A specific department therefore exists that is fundamentally responsible for the following duties:

- Analysis of current accounting regulations and new developments that regularly occur, mainly with respect to Spanish and international accounting legislation, as well as the assessment of the potential impact of these developments on the individual annual accounts of the Group's companies in Spain and the Group's consolidated financial accounts.
- Drafting the Group's accounting policies based on the abovementioned applicable accounting regulations, as well as guidelines for their application as required.
- Identification and analysis of any differences between corporate accounting policies and the local accounting regulations applicable in each country in order to monitor the corresponding standardizations that must be carried out in terms of drafting the Group's financial information.

The flows of information and communication are constant between the Group's Consolidation and Financial Reporting Department and the financial departments of the organization in each country in relation to accounting policies. Communication is normally done by e-mail. In accordance with applicable legislation, accounting treatment of any relevant operation or development is analysed by the Consolidation Department and communicated to the financial information managers in each country. In addition, these managers notify the Consolidation Department of the accounting criteria applicable in each country in order to identify and communicate potential differences, which are then monitored. This also guarantees a

standardized treatment of reporting information which provides a base for drafting financial information for the Consolidation Department.

10. A manual of accounting policies that is updated and communicated to units through which the organization operates.

The Consolidation and Financial Reporting Department has a set of documents that adapt to the needs, requirements and dimensions of the Group. These documents establish and explain the Group's accounting policies. As well as identifying the regulations that apply to each type of transaction, when necessary, the documents also explain the adaptation to the Group's particular characteristics for each type of transaction.

As a result of this analysis of the operations of the Group's companies and the developments in the field of accounting that occur each year, the Consolidation and Financial Reporting Department updates the Group's accounting policies and, when necessary, communicates the changes to the various subsidiaries, via the most effective channel in each case: e-mail, conference or meeting.

11. Mechanisms for gathering and preparing financial information with standardized formats to be applied and used by all of the units of the organization or group, that provide support for the main financial statements and notes, as well as the information that is provided on the SCIIF.

The process of consolidation and drafting financial information is performed centrally under the coordination of the Consolidation and Financial Reporting Department and with the supervision of the Financial Management Department.

For the purposes of the annual, half yearly, quarterly and monthly financial information, the Group has a procedure in place to obtain the information required for the preparation of the information. The procedure is as follows:

- 1) The financial management information systems that exist in each individual company are standardized at a Group level, identifying two main categories: firstly, factories, which use a single advanced system (RPA) and, secondly, subsidiaries that market the Group's products, which use a different accounting that has been developed internally and is common to all such companies. A project is currently underway to implement the same RPA system used in factories in the commercial subsidiaries. In the first phase, the project will be implemented in all European subsidiaries. This phase is now at an advanced stage. These systems provide the base from which the information is extracted for drafting the monthly, quarterly, half yearly and annual financial statements. From the Group's respective accounting applications the information is extracted that is later transferred to the consolidation application.
- 2) The financial information obtained from each individual company is standardized centrally at a Group level and reviewed through a series of controls that are in place. This

standardized material is gathered by the internal consolidation tool and the necessary adjustments are made in order to obtain the Group's consolidated financial statements.

- 3) In order to draft the annual and half yearly consolidated financial statements, a standardized reporting package has been developed internally which enables all of the necessary information to be gathered centrally in terms of the breakdowns required by international regulations.

Specific controls are carried out to validate the integrity of the information received centrally and entered in the consolidation tool. In addition, controls are in place to monitor the resulting consolidated financial information. These controls aim to validate the asset items, significant variations and other verifications that the Consolidation Department deems necessary in order to ensure that the financial information has been properly gathered and processed.

The reporting package is updated annually to reflect modifications in the legislation that occur with respect to accounting breakdowns and which require information which must be passed on to the Group's subsidiaries.

MONITORING THE OPERATION OF THE SYSTEM

12. An explanation of whether an internal audit department exists, the duties of which include providing support to the Audit Committee with respect to monitoring the internal control system, including the SCIIF.

The Audit Committee is responsible for monitoring the internal control system of Acerinox's financial information. Section f) of Article 10 of the Committee's Regulations states that the Committee is responsible for supervising the effectiveness of the Company's internal control and risk management systems. To this end, the Acerinox Group has a Corporate Internal Audit Department that reports to the Audit Committee and, in turn, to the Chief Executive Officer. Section b) of Article 4 of the Department's operating Regulations states that the Department's duties include supervising the internal control systems, including the SCIIF. The Internal Audit Department reports the conclusions drawn from its reviews, including those related to the SCIIF, to the Audit Committee in the regular meetings that are held throughout the year, as well as reporting to the Chief Executive Officer.

13. An explanation of whether a discussion procedure exists, through which the account auditor (in accordance with the provisions of the NTA), the Internal Audit Department and other experts may notify the organization's Senior Management, the Audit Committee or the Board of Directors of any significant weaknesses in terms of internal control that have been identified in the annual accounts review process or any other process for which they are responsible. In addition, the organization must state whether it has an action plan which aims to correct or reduce the weaknesses observed.

As parts of its annual planning of activities, the Audit Committee establishes the parties with which it should meet, including at least the following: the Financial Director, who should attend all meetings, the external auditors, at least once every six months (before the publication or regulated information) and the Internal Auditor, the Corporate Risk Manager and any individuals

necessary in order to supervise the SCIIF for the purpose of analysing control weaknesses if they exist, as well as corrective actions and monitoring.

For their part, the Acerinox Group's external auditors are in constant communication with the Corporate Financial Management Department, the Group's Senior Management and Internal Audit Department in order to gather information for performing accounts auditing duties, as well as ensuring notification and discussion of the control weaknesses detected, thereby complying with the provisions of the NTA.

14. A description of the scope of the SCIIF assessment carried out in the financial year and the procedure by which the person responsible for the assessment communicates the results, including whether the organization has a action plan that sets out the eventual corrective measures and whether the impact on the financial information has been considered.

The Internal Audit Department has an Annual Action Plan with respect to FY2012 that has been approved by the Audit Committee. The Plan schedules reviews of units and areas that are considered relevant within the Acerinox Group, including the SCIIF.

In 2012, the Internal Audit Department conducted monitoring and assessment of the main cycles and processes of the Group's principal units: Acerinox S.A., Acerinox Europa, N.A.S. (North American Stainless) and Columbus Stainless PTY LTD. In addition, the assessment was carried out in six of the main commercial companies (Germany, Italy, Sweden, France, the United Kingdom and Poland).

The results of the assessments and review and the action plans recommended in view of the weaknesses detected were presented to the Director of the Audit Department, the Senior Management and the Audit Committee. The Plan is monitored and the impact that the identified weaknesses may have on financial information was analysed.

15. A description of the supervision of the SCIIF conducted by the Audit Committee.

The Audit Committee's duties include supervision of the effectiveness of internal control in Acerinox S.A. and its group of companies. These duties are performed by the Corporate Internal Audit Department. Throughout last year, the Audit Committee held nine meetings which enabled the Annual Plan to be approved and thoroughly monitored. These tasks were carried out by the Corporate Internal Audit Department, providing a detailed description of the performance and status of the SCIIF monitoring process, in which the Department acted as auditor.

Both the assessments and the Action Plans of the audits carried out by the Internal Audit Department were reviewed by members of the Audit Committee who, in turn, assessed the weaknesses identified and the proposed Action Plans to amend these weaknesses.

In addition, the Internal Audit Department holds regular meetings with Senior Management in order to communicate the performance and status of the Annual Plan, as well as other duties assigned to the Department.

16. An explanation whether the SCIIF issued to the markets has been subject to review by an external auditor, who should be included in the corresponding report by the organization. In the event that no external auditor was assigned this duty, an explanation of reasons for this decision should be given.

The review of the description of the SCIIF was conducted in accordance with the draft version of the Action Plan of 28th October 2011, published by the representative corporations of the auditors.

In addition, the Spanish Institute of Sworn Account Censors, in their Circulars dated 25th January, 2012 (Circular E01/2012) and 20th February, 2013 (Circular E03/2013), stated certain additional considerations on the same topic, taking the abovementioned procedures into consideration.