

## **REPORT ON THE OPERATION OF THE AUDIT COMMITTEE OF ACERINOX ON RELATED ACTIVITIES CORRESPONDING TO THE 2016 FINANCIAL YEAR, IN COMPLIANCE WITH THE SIXTH LETTER b) RECOMMENDATION OF THE GOOD GOVERNANCE CODE**

### **I.- Introduction**

The new Code of Good Governance for Listed Companies, approved by the Spanish National Stock Market Commission (CNMV) on 18 February 2015, recommends (see recommendation 6) that publicly listed companies prepare and publish certain reports on their website, among which is the report of the Audit Committee on related activities. To this end, the Audit Committee of the Group, complying with the foregoing recommendation, has prepared this report.

In 2016, related activities carried out by the companies of the Group comply with the requirements of 523.third.b) of the Capital Companies Act to be exempt from approval by the Board of Directors and informing the committee.

In the Annual Corporate Governance Report there are no operations recorded in section D, they appear in section H (along with other information of interest):

### **II.- Activities carried out in 2016 with companies relating to shareholders of Acerinox, S.A.**

Over this year, the following related activities have been authorised, involving a transfer of resources and bonds between the Company or companies of its Group, and companies related to the Company's significant shareholders as of 31 December 2016:

- Banca March, S.A. (a company belonging to Grupo March, the same as Corporación Financiera Alba, S.A.) has granted to ACERINOX, S.A. credit agreements amounting to 30,000,000 euros of which 30,000,000 euros 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.U. (a company controlled by ACERINOX, S.A.) agreements concerning guarantees amounting to 60,000 euros, of which 60,000 euros 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 ACERINOX Europa, S.A.U. (a company controlled by ACERINOX, S.A.), payment management agreements and credit facilities amounting to 3,000,000 euros of which 213,000 euros 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. non-recourse factoring agreements amounting to 70,000,000 euros of which 26,900,000 euros have 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 amounting to 11,563,900.78 euros.

All these commercial transactions were made in the ordinary course of business under market conditions.

- Bahru Stainless Sdn. Bhd., has sold products to the Nisshin Steel Group amounting to 1,264,000 euros.

- Wheeling Nisshin, a subsidiary of the shareholder Nisshin Steel Co. Ltd., provided services to North American Stainless Inc. in 2016, amounting to 1,244,000 euros.

All these commercial transactions were made in the ordinary course of business under market conditions.

The Company has reported these activities in its Annual Report and in the Annual Corporate Governance Report.

Madrid, 27 March 2017