

REPORT PRESENTED BY THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE TO THE BOARD OF DIRECTORS OF ACERINOX, S.A. IN COMPLIANCE WITH THE PROVISIONS OF ARTICLE 529R OF THE CAPITAL COMPANIES ACT, PERTAINING TO THE DIRECTORS' REMUNERATION POLICY INCLUDED IN THE FIFTH ITEM ON THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 31 MAY AND 01 JUNE 2017, AT FIRST AND SECOND NOTICE, RESPECTIVELY.

This report has been prepared by the Appointments, Remuneration and Corporate Governance Committee in accordance with article 529r of the Capital Companies Act.

In article 529r.2, it is established that the proposal of the Board of Directors' Remuneration Policy will be justified and accompanied by a Report by the Appointments, Remuneration and Corporate Governance Committee of Acerinox.

The transitional arrangements provided for in Law 31/2014, of 3 December, allow the Directors' Remuneration Policy not to be submitted to the General Shareholders' Meeting in the following years if the Annual Directors Remuneration Report corresponding to the 2014 financial year were approved at the General Shareholders' Meeting of 2015. However, the Board of Directors of Acerinox, S.A., has deemed it appropriate to put to the General Meeting, expected to be held on 01 June 2017, the Board of Directors' Remuneration Policy of Acerinox, S.A., for the purposes of greater transparency, without the need to wait for the period of three years granted by the Transitional Provision of Law 31/2014 of 3 December.

The Directors' Remuneration Policy of Acerinox, S.A. submitted to the General Shareholders' Meeting does not entail any increase in terms of the remuneration that the Directors have been receiving since 2011, the year in which their remuneration was frozen.

The remuneration proposed in this report for the members of the Board of Directors is as follows:

- a) A fixed annual remuneration of EUR 60,614.26 divided into 14 payments. Periods of less than one year will be apportioned correspondingly.
- b) An **additional** remuneration of EUR 1,855.55 for each meeting of the Board of Directors that is attended, even if said attendance is performed on-line.
- c) An **additional** remuneration of EUR 1,855.55 for each meeting of the Executive Committee, the Audit Committee, or the Appointments, Remuneration and Corporate Governance Committee that is attended, even if said attendance is performed on-line.
- d) The Chairman of the Board of Directors shall receive a fixed remuneration of EUR 121,228.52 and EUR 3,711.10 as salary and **additional remuneration respectively** when he/she participates on the Board of

Directors. If said individual holds is the chairman or is a member of another committee, said individual will receive the same allowances as the remaining directors.

- e) The maximum annual remuneration to be paid to the group of directors, for their position as such, shall be EUR 1,750,000.
- f) The remaining details can be found at www.acerinox.com.

The criteria that the Board of Directors has followed in order to establish the Remunerations Policy are those used over the past few years at the Company, which are outlined below:

- Moderation in terms of the amounts that should be sufficient but not so large that they compromise impartiality and independence.
- Motivate attendance at all meetings, encouraging true dedication.
- Not interfere in the goals of the company through the creation of short-term stimuli.
- Be reasonably aligned with the general practice at companies with a comparable capitalisation.
- Distinguish between the status of the executive directors and that of non-executive directors.

For its part, the remuneration of executive directors for the performance of executive duties is based on the following principles:

- Respecting the rights the interested party may have acquired if, before his appointment as executive director, he has provided labour services for the Company.
- Maintaining the competitive nature of the executive director remuneration with regard to that of the competition.
- Aligning the variable remuneration with the Group's **results** so that there is a direct relationship between the financial result and the incentives that will be received.
- Acknowledging the capacity for creating value, as well as the competences and personal profile of the executive director.

Madrid, 26 April 2017