

***EXECUTIVE COMMITTEE REPORT CORRESPONDING TO THE ACTIVITIES CARRIED OUT IN 2016 IN COMPLIANCE WITH RECOMMENDATION 6 letter b) OF THE GOOD GOVERNANCE CODE***

In 2016, the following changes took place in the Executive Committee: Oscar Fanjul, proprietary director representing Feynman Capital, S.L. presented his resignation in July, due to the entry into force of the new regulation of markets. His position in the Executive Committee became vacant.

In December, Javier Fernández, proprietary director of Corporación Financiera Alba also presented his resignation, due to other professional commitments for Alba and, as in the previous case, his resignation as director determined he was no longer a member of the Executive Committee.

The replacement of Mr. Fernández within the Executive Committee was postponed until the following Board meeting, therefore the composition of this body at 31<sup>st</sup> December was as follows:

- Rafael Miranda Robredo ( Chairman ) - Independent
- Ryo Hattori ( proprietary )
- George Donald Johnston ( independent )
- Santos Martínez-Conde ( proprietary)
- Bernardo Velázquez ( executive )

There was also a change in Secretary of the body, due to the retirement of Álvaro Muñoz and was replaced by Luis Gimeno as Secretary of the Board and therefore also of the Committee.

The Executive Committee in 2016, following the instructions of the Board, has played an active role in monitoring during the periods in which the Board of Directors do not meet, and has also progressively been acquiring the condition of being the forum where eminently strategic matters are discussed, among which are mentioned, to name but a few: the analysis of specific operations, the analysis of the state of the competence, the processing of strategic issues of the Group, the situation of the markets and the analysis of important financial matters, mergers and other corporate operations and possible interests in vertical integrations, all these matters of which will be subsequently dealt with by the Board of Directors.

This means that in the future the Committee will hold meetings more often, determined by the needs of the analysis of the aforementioned matters, and exceeding the three meetings which are normally held throughout the year.

In 2016, the Executive Committee has assured the preliminary analysis of ordinary matters in the periods between Board meetings and in particular it has been monitoring the non-ordinary matters, the main ones being, without limitation, the process of acquisition by Nippon Steel & Sumitomo Ltd. of a 51% majority of shares of Nisshin Steel Co., in the development of several activities in the commercial department of the Group and in the process for undertaking civil engineering works and setting up the equipment purchased in 2015 and which should lead to the opening of new installations in the factories of NAS and Acerinox Europa. The details of the agenda of the meetings held as well as their respective dates are attached as an annex to this Report.

Madrid, 17 April 2017

## ANNEX

### MAIN ISSUES ANALYSED BY THE COMMITTEE IN 2016

#### ***Meeting 28 January 2016 (Minutes No. 45)***

- Prior analysis of the 2015 results
- Reduction of accident rates in 2015

#### ***Meeting 30 March 2016 (Minutes No. 46)***

- Shareholder remuneration
- Selection process of the accounts auditor
- Preparation of the agenda for the General Shareholders' Meeting
- Information on the acquisition of Nisshin Steel by Nippon Steel & Sumitomo Metal

#### ***Meeting 28 September 2016 (Minutes No. 47)***

- Work plan proposal analysing specific matters
- Board Members Portal / Gobertia