



**SUSTAINABILITY REPORT
2019**



Contents

1- Statement from the CEO	3
2- Acerinox in 2019	7
3- We are ACERINOX	
3-1 Business model	8
3-2 Materiality analysis	11
4- Corporate Governance	
4-1 Corporate Governance Model	15
4-2 Ethics and Compliance	16
4-3 Risk Management	22
5- Social Sustainability	
5-1 Human Capital	24
5-2 Health & Safety	39
5-3 Social Action	43
5-4 Fiscal Contribution	51
6- Value Chain	
6-1 Supply chain	53
6-2 R&D&I	57
6-3 Customers	61
7- Environmental Management	
7-1 Circular Economy	67
7-2 Energy and Climate	73
7-3 Water Consumption and Discharge Management	79
8- Annexes	
8-1 GRI Context Index (Table of GRI indicators)	83



1. Statement from the CEO

We have experienced many challenges in 2019. Political and economic uncertainty and trade tensions among major powers have slowed down the global economy and consumption, affecting the stainless steel industry and impacting the Group's production. Nevertheless, in 2019 Acerinox recognised EBITDA of 364 million euros and a significant reduction in debt.

Our solid international presence has contributed to the obtainment of recurring yields year on year despite the fall in prices of stainless steel in certain markets. In 2019 we took a step further in reaching an agreement for the acquisition of all the ownership interest in the German company VDM Metals, global leader in the production of special alloys, which poses a great opportunity for Acerinox to grow in new higher added-value markets.

Acerinox is known globally as one of the most competitive companies in the world in the manufacture of stainless steel. We are a sound company that is turning 50; this would not be possible without the active involvement of our Stakeholders. Our shareholders, our employees, society and our other stakeholders value our company not only based on economic and financial parameters, but also increasingly on non-financial matters, to which we have always paid attention.

From the very beginning we have been aware that to become sustainable in the long term through the creation of shared and sustained value, it is essential that we bear in mind the social and environmental impacts of our business activities. Sustainability marks the difference of a true organisation with a desire to continue functioning and withstand the test of time. That is how we want to be and how we want to be seen.

Our commitment to sustainability responds to external demands, but it stems from the internal understanding in Acerinox that we must act responsibly and sustainably, adapt to the environment, foresee the future, invest wisely, avoid errors, create a working environment that attracts talent and be mindful of efficiency in the production process. A good example of this is our progress in this connection in 2019, which we present in this report.

We have strengthened the area of sustainability as a strategic element with presence in the senior management committee. In 2018 we began to modify our Corporate Governance model and in 2019 we continued to strengthen the role of the Committees of the Board of Directors and we opted for a Board of Directors in which diversity is one of its attributes, with a majority of independent directors and a greater presence of women.

Furthermore, it is the Board of Directors and the senior management of Acerinox who promoted the Risk Management Model to identify, classify and assess potential incidents that may affect the Group and, based on this, manage the risks and provide reasonable assurance on the achievement of the objectives defined.

Non-financial risks have been included in this model and this analysis will continue to be strengthened in future years.

In 2019 innovation continued to be one of our pillars which, year on year, increases the value of our activities and products. The launch of the Excellence 360°

programme was a milestone for our Group. This programme, which is based on the combination of digital transformation and improvements in internal benchmarking, will not only result in significant economic returns, estimated to total EBITDA of 125 million euros annually from 2023 onwards, but it will also enhance the service offered to customers by strengthening their position as the focal point of the business. The programme will also contribute to more efficient consumption of natural resources, to a reduction in waste and the associated emissions, and to redefining the way in which the Group manages demand and the supply chain.

These innovative efforts, which are reflected annually in our R&D&I investment figures, contribute to the Group's solid reputation. We are known by our customers for the quality of our products, which meet the highest standards, and also for the excellence of our processes, which are focused on efficiency through knowledge and substantial investment efforts that have consolidated us as an example of a high-technology company in the manufacture and sale of stainless steel. Adapting to the needs of our customers by providing a value proposition places us in an excellent position to maintain long-term relationships.

Similarly, developing our business activities responsibly involves acting in a context of fair competition and on a level playing field, demonstrating zero tolerance to behaviour, internally or externally, that goes against the commitments we have made through our Code of Conduct and Good Practices and the corresponding policies.

The actions taken by each of the bodies and the people that form Acerinox are regulated by a series of regulations and policies that define our activities. Our Code of Conduct and Good Practices establishes the ethical principles and the general operating standards.

The challenges experienced in recent years and the digital transformation of the business model give rise to the need for constant change, such as adaptation of the personnel structure to ensure stability. Dignified treatment and respect is a fundamental pillar in Acerinox's relationships with its employees. We have a team of more than 6,000 people who demonstrate their professionalism, commitment and diversity and to whom Acerinox provides stable and quality employment. The collective bargaining agreements are a key element in this relationship. In 2019 the collective bargaining agreements of Acerinox Europa and Bahru were renewed with significant social improvements such as reconciling work and family life.

Health and safety has been, is, and will be an indisputable priority for Acerinox. Industrial activities involve a series of risks and the Group, from the highest levels, encourages the control and management thereof to establish conditions that prevent any type of accident. Acerinox Europa's "ACero" campaign and NAS' Job Safety Observation programme reflect this importance.

2019 has also been a year of significant progress in the field of the environment.

The United Nations Climate Change Conference (COP 25) took place in Madrid in December 2019. The main aim was to review the outstanding matters regarding the full operationalisation of the Paris Agreement and, thus, continue to advance in helping to limit climate change and in the subsequent and necessary steps to achieve this. In COP 25 we ratified our commitment to achieving climate neutrality before 2050, aligned with the Spanish steel production companies association (UNESID), as one of the key principles in the carrying on of our business activities. We are convinced that this commitment to producing stainless steel with zero net emissions by 2050 is achievable. To meet this commitment the Group will continue

to opt for cutting-edge production processes; however, it will also be necessary to use electricity that is 100% carbon-neutral and from competitive sources, considering its technical and economic feasibility. Collaboration with the various social players will be key to overcoming possible difficulties in achieving this aim, such as the cost of CO₂ that Acerinox assumes and the price of renewable electricity. We will do everything we can so that we achieve this. The agreement entered into in December 2019 by Acerinox Europa to purchase 6 MW of renewable energy for a period of 10 years is a good illustration of this.

Another fundamental aspect with regard to the environment is the circular economy, which refers to the progression towards a production and consumption model that involves sharing, reusing, repairing, renewing and recycling materials and existing products as many times as possible to create value added. In doing so, the life cycle of the products is extended. We are experts in this field; the material we manufacture, stainless steel, is 100% recyclable and reusable, in addition to having a prolonged life cycle.

We seek to maintain and incorporate suppliers into our supply chain who work with the Group in our creation of value. We are constantly striving to improve operations in the procurement of raw materials and goods and to evolve towards more efficient model-based procurement systems. Planning 360°, which forms part of Excellence 360°, is an excellent example of this. This initiative will enable demand-based planning, adding a competitive advantage when it comes to making the relevant decisions throughout the supply chain that are aligned with market behaviour, and applying artificial intelligence and data analysis to organise the processes.

The actions of our suppliers must be consistent with our ethical, environmental and social principles included in the Code of Conduct and Good Practices and in the Group's Corporate Social Responsibility Policy.

All these measures and the results achieved in 2019 were recognised both in Spain and abroad.

We continue to be listed on the FTSE4Good global index, which recognises the companies that act responsibly and sustainably, and we also participate in the Carbon Disclosure Project (CDP). The International Stainless Steel Forum has recognised us as one of the most efficient and committed companies to reducing emissions: -35% less CO₂ emissions per tonne manufactured compared to the global average of stainless steel manufacturers and 30% less vapours than the global steel industry average. We are also members of the Worldsteel Climate Action Programme, a programme led by the Worldsteel Association that recognises steel manufacturers who have collaborated in the collection of CO₂ emissions data in the industry.

Lastly, it should be noted that this Sustainability Report complies with the GRI Sustainability Reporting Standards and also considers the 10 Principles of the Global Compact and the Sustainable Development Goals defined by the United Nations.

2020 will be another year of challenges. At Acerinox, we will continue, just as we did 5 decades ago, to contribute to a sustainable and responsible business that integrates all of our Stakeholders.

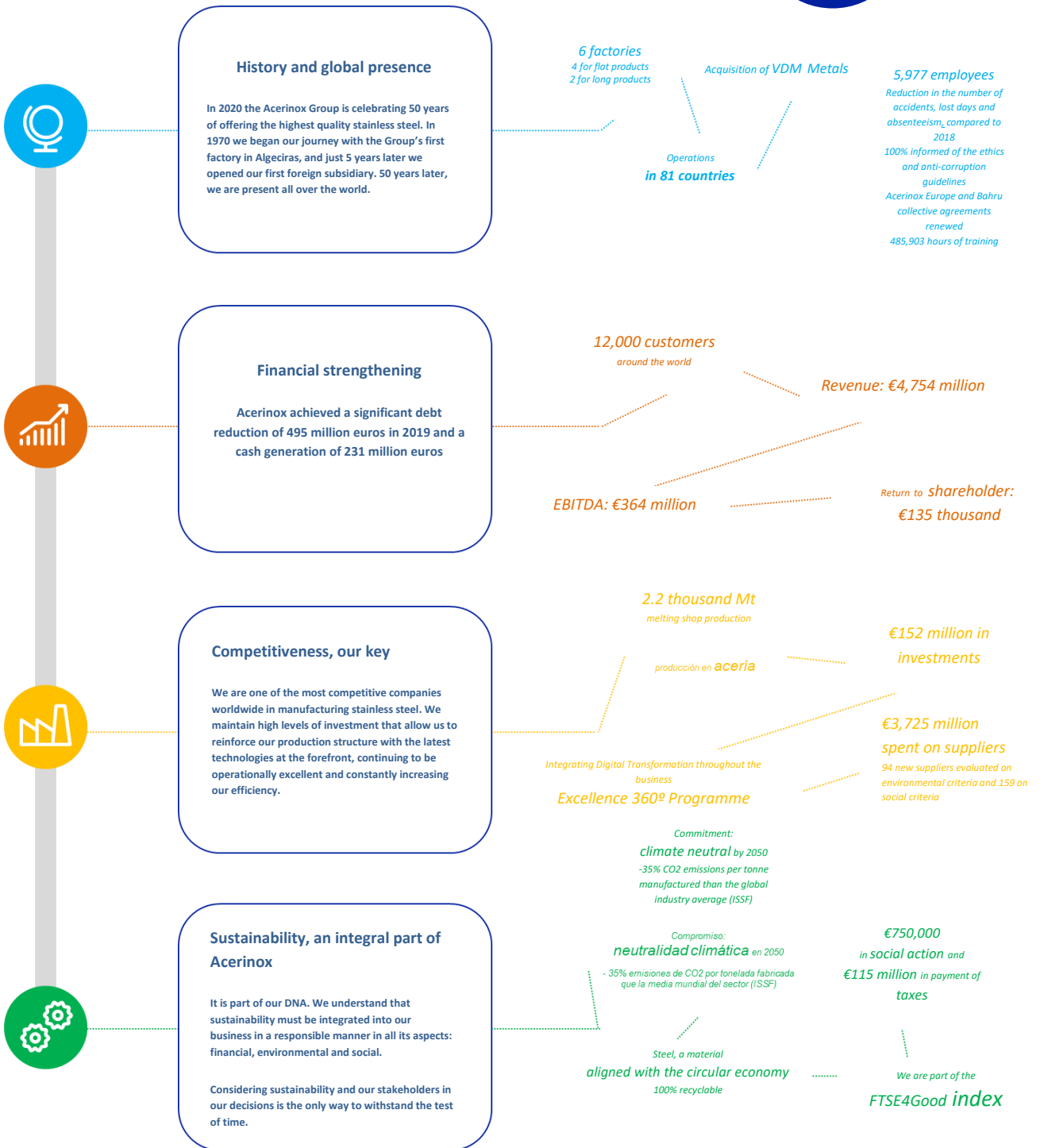
We are 50 years old, which in itself is evidence of our sustainability, and we are now laying the foundations for the next 50 years.

Bernardo Velázquez Herreros

Chief Executive Officer

2. Acerinox in 2019

2



The scope of this report reaches Acerinox, S.A., Acerinox Europa S.A.U, Roldan, S.A., Inoxfil, S.A., North American Stainless, INC., Columbus Stainless (PTY) LTD., and Bahru Stainless (SDN BHD)

WE ARE ACERINOX

3.1 Business Model

What is Acerinox?

Since its establishment in 1970, Acerinox has become one of the world's most competitive companies in terms of manufacturing and selling stainless steel. This sustainable and responsible growth has resulted in the Group having 6 factories on 4 different continents by 2019 year-end. Acerinox operates in 81 countries and has a commercial network with presence in 57 countries, and for this purpose, it has a steelmaking capacity of approximately 2.5 million tonnes.



Present in 57 countries



6 production plants



5,977 employees globally



AFRICA

- Algeria ↑
- Egypt ↑
- Morocco ↑
- South Africa ↑ ●
- Tunisia ↑
- Libya ↑
- Nigeria ↑

AMERICA

- Argentina ▲
- Brazil ●
- Canada ■
- Chile ▲
- Colombia ▲
- Guatemala ▲
- Mexico ■
- Panama ▲
- Peru ▲
- United States ●
- Venezuela ▲

ASIA

- Azerbaijan ↑
- China ▲
- Hong Kong ▲
- India ▲
- Indonesia ▲
- Kazakhstan ▲
- Malaysia ▲
- Pakistan ▲
- Philippines ▲
- Singapore ▲
- South Korea ▲
- Taiwan ▲
- Thailand ▲
- Vietnam ●

EUROPE

- Belgium ●
- Czech Republic ●
- France ●
- Germany ●
- Italy ●
- Norway ●
- Poland ●
- Portugal ●
- Russia ●
- Spain ●
- Sweden ●
- Switzerland ●
- United Kingdom ●

THE MIDDLE EAST

- Bahrain ↑
- Iraq ↑
- Israel ↑
- Jordan ↑
- Kuwait ↑
- Lebanon ↑
- Oman ↑
- Qatar ↑
- Saudi Arabia ↑
- Turkey ↑
- United Arab Emirates ↑

OCEANIA

- Australia ●



The Group's factories are as follows: Acerinox Europe (Campo de Gibraltar, Spain), North American Stainless (Kentucky, USA) and Columbus Stainless (Middelburg, South Africa) are integral factories, i.e., they have melting shops, hot rolling and cold rolling; and Bahru Stainless (Johor Bahru, Malaysia) only has cold rolling. For the manufacture of long products, the Group has the Roldan (Ponferrada, Spain) and Inoxfil (Igalada, Spain) plants, as well as production workshops in NAS.

The Group's commercial network, made up of 18 service centres, 25 warehouses and 35 sales offices, allows it to distribute stainless steel to a total of 81 countries on the 5 continents. Acerinox has commercial agents in the countries where it sells but does not have a commercial office.

How do we manufacture our products?



Flat products

<https://www.acerinox.com/en/grupo-acerinox/fabricas/acerinox-europa/esquemas-de-produccion/>

Long products

<https://www.acerinox.com/en/grupo-acerinox/fabricas/roldan/esquemas-de-produccion/>

Sustainability strategy

Acerinox's vision is to be a sustainable company in the long term, producing stainless and special steels that respond to the challenges of a changing world where people are increasingly concerned about their impact on the environment and with a commitment to maintaining the highest levels of safety, operational excellence and innovation, creating value for society and for our customers, investors and employees.

What we do makes us different from the market, but we also want to stand out because of the way we do things.

And we do so in a sustainable and responsible way, in the belief that this involves adapting to the environment, anticipating the future, investing wisely, avoiding mistakes, creating a healthy and safe working environment, which attracts talent, and taking care of efficiency in the production process. Collaborating with our stakeholders (shareholders, employees, customers, suppliers, analysts and investors, the media and society in general) in the creation of shared and sustained value.

At Acerinox we understand that a business with a vision of withstanding the test of time is not possible without integrating a sustainable vision into the business itself. This includes not only economic sustainability, but also social and environmental sustainability.

Sustainability understood in its three aspects



The Group's commitment to sustainability is reflected in its CSR policy, which aims to foster a culture of social responsibility within the Group, on a global scale, that contributes to improving people's well-being, promoting the economic and social development of the communities in which it is present and creating sustainable value for shareholders and investors, employees, customers, suppliers, creditors, the territories in which the Group conducts its business, the environment, the regulatory bodies and the media.

In fact, sustainability itself is integrated in the activities that Acerinox carries on, starting with the main material, stainless steel, a 100% recyclable metal with a wide range of applications. This material is fundamental for multiple industries, such as the construction and automotive industries and, therefore, the demand for stainless steel is crucial for continual growth.

These commitments defined in the CSR policy are implemented through the Acerinox Group's 2019-2020 Corporate Social Responsibility Master Plan. Through this plan, socially responsible actions are promoted in order to respond to the expectations of its stakeholders.

The Acerinox Group's 2019-2020 CSR Master Plan has the following main objectives:

- *Establish the strategic lines in the Corporate Social Responsibility of Acerinox and its areas for 2019.*
- *Coordinate the Corporate Social Responsibility strategy at Group level.*
- *Reinforce Acerinox's reputation through internal and external communication.*



The 2019 information regarding the economic performance, products and services, legal form and organisational structure of the Acerinox Group is available in the company's Annual Report:

<https://www.acerinox.com/en/accionistas-inversores/informacion-economico-financiera/informe-de-auditoria-cuentas-anuales-informe-de-gestion-y-memoria-anual/>

3.2 Materiality analysis

Through materiality analysis, Acerinox identifies and prioritises environmental, social and good governance issues relevant to the Group and its Stakeholders, and this Sustainability Report informs on and is structured to that end with respect to these issues. This analysis also allows Acerinox to align its strategy and form of action with the demands of its stakeholders.

All those persons and groups that maintain a relationship with the Group, who exercise influence on the activities, decisions and management systems, are considered to be stakeholders by Acerinox. Thus, the Group has defined its main stakeholders as its shareholders and investors, customers, employees, suppliers and the media.



Shareholders and investors

The Group maintains a direct and close relationship with its shareholders. The aim of Acerinox is to offer them an attractive and sustainable return.



Customers

Acerinox obtains the opinion of its customers and their degree of satisfaction with the products and services of the Group through diverse channels.



Employees

The people who work for the Group are Acerinox's main asset, so it is essential to promote and guarantee communication with them.



Suppliers

Acerinox makes the Supplier Portal available to its suppliers, which includes information such as the general contracting terms and conditions and tenders.



The media

Acerinox maintains continuous contact with the media, informing them of the latest news on the Group and its products.

For many years, Acerinox has reinforced this analysis by incorporating new perspectives. The 2019 materiality analysis is based on that performed in the 2018 financial year, updating and reinforcing it with certain additional external analyses.

2018

External aspect

Internal aspect



Assessment by different professional profiles and Group managers from different departments and geographies with respect to the issues previously identified in the external aspect. In this way, perception was obtained both at corporate and local level and from different areas to which the Acerinox stakeholders relate, such as shareholder and investor relations, finance, commercial and human resources.

2019



Study of Acerinox's main competitors

Aspects related to sustainability in Acerinox found in the media

Data reporting standards and analyst requirements




















Legal requirements for sustainability













FTSE4Good



The update of the materiality analysis in 2019 has enabled the detection of new material issues and the renaming of previously used terminology. A total of 33 issues were identified, of which 19 were selected due to their greater relevance for both Acerinox and its Stakeholders, 8 of these 19 issues being especially key for the Group. In addition, there are 4 new issues (Competitiveness, Corporate Governance, Economic Contribution and Human Rights), which were included in 2019.

Category	Material issue 2019	Description	SDG	Reference
Corporate Governance	Economic performance 	Acerinox's capability to grow as an organisation and create wealth through the economic value generated and distributed throughout society.		2019 Annual Report.
	Business ethics, transparency and compliance 	Implementation and development of policies and initiatives of ethical behaviour and transparency. Mechanisms for preventing and/or minimising cases of corruption.		2019 Sustainability Report: Chapter on Ethics and Compliance.
	Risk Management	The Group's ability to detect, manage, minimise and eliminate the main risks of the business, whether they be financial or non-financial.		2019 Sustainability Report: Chapter on Risks.
	Good Corporate Governance	Application of the best corporate governance practices to provide economic and legal security, promoting sustainable growth.		2019 Sustainability Report: Chapter on Corporate Governance Model.
Social	Health and safety 	Policies, systems, mechanisms and action plans in terms of health and safety for employees.		2019 Sustainability Report: Chapter on Health and Safety.
	Relationship with employees 	Freedom of association and relationship with trade unions, social benefits for employees, training and adherence to statutes, international charters and labour standards, among others.		2019 Sustainability Report: Chapter on Human Capital.
	Human Rights	Respect, without distinction, for the Human Rights defined at both international and national level, applied both internally at Acerinox and in the relationship with its stakeholders.		2019 Sustainability Report: Chapter on Corporate Governance Model.
	Diversity and Equality	Establishment of diversity and equality policies. Diversity not only refers to gender diversity, but also diversity in terms of ethnicity, culture, religion and language.		2019 Sustainability Report: Chapter on Human Capital.
	Economic contribution	Commitment to comply responsibly with legally established fiscal guidelines.		2019 Sustainability Report: Chapter on Fiscal Contribution.
	Socio-economic and cultural development of local communities	The Company's contribution to the development of the communities in which it operates.		2019 Sustainability Report: Chapter on Social Contribution.
	Talent development	Ability to attract, retain and develop talent. Pride of belonging among the workers. Training programmes to improve employability.		2019 Sustainability Report: Chapter on Human Capital.
Environmental	 Responsible management of the supply chain	Mechanisms to control and manage the supply chain to ensure traceability and Acerinox's responsibility with its suppliers.		2019 Sustainability Report: Chapter on Supply Chain.
	Circular Economy 	Management, measurement and control of the consumption of materials and waste generated by the company's activity. Analysis of the		2019 Sustainability Report: Chapter on Circular Economy.

			complete life-cycle of products and services and their environmental impact at every stage.		
	Energy and climate	★	Actions aimed at reducing greenhouse gas emissions. Energy efficiency in operations and measures to reduce energy consumption in processes.	 	2019 Sustainability Report: Chapter on Energy and Climate.
	Management of water consumption and discharge		Measures for water footprint reduction. Water pollution incidents and the associated impacts, as well as the management of discharges.	 	2019 Sustainability Report: Chapter on Management of Water Consumption and Discharge
Products and Services <div style="border: 1px solid black; padding: 2px; display: inline-block; transform: rotate(-90deg); transform-origin: left top;">Material issues</div>	Excellence and quality	★	Continuous improvement in both production and management processes, applying recognised quality standards.	 	2019 Sustainability Report: Chapter on Customers. 2019 Annual Report.
	R&D&I	★	Collaboration programmes in research, development and innovation to improve Acerinox's operations, processes and products.		2019 Sustainability Report: Chapter on R&D&I. 2019 Annual Report.
	Customer satisfaction		Monitoring customer satisfaction, both continuously and with specific measurement and action initiatives.		2019 Sustainability Report: Chapter on Customers.
	Competitiveness		Key objective to increase competitiveness, minimise costs and optimise the Group's efficiency in each of its activities.	 	2019 Sustainability Report: Chapter on R&D&I. 2019 Annual Report.
		★			

Regarding the reporting of information required by Law 11/2018, the contents included in Biodiversity (the measures taken to preserve or restore biodiversity and the impacts caused by activities or operations in protected areas) and the actions taken to combat food waste are not considered material.

CORPORATE GOVERNANCE

4.1 Corporate Governance Model

CSR Governance

The Group has implemented a governance organisation that is structured around the Board of Directors, the Senior Management Committee and a number of committees.

Specifically, the Appointments, Remuneration and Corporate Governance Committee is responsible for issues relating to Corporate Social Responsibility.

- Review the Company's CSR policy and ensure that it is aimed at the creation of value.
- Monitor the CSR strategy and practices, and evaluate the degree of compliance.
- Coordinate the process of reporting non-financial information and information regarding diversity, in accordance to the applicable law or regulation and the reference standards.

The Appointments, Remuneration and Corporate Governance Committee increased considerably its meetings during 2019, covering a wide range of activities. In the area of Corporate Governance and Corporate Social Responsibility, it monitored the CSR Plan, specifically those areas relating to communication, human rights, health and safety, commitment to society, social action and environmental achievements.

Creation of the Institutional Relations, Sustainability and Communication Department.

In 2019, the functions and tasks in fields as significant as sustainable growth, energy saving and circular economy were unified at Group level with the creation of the new Institutional Relations, Sustainability and Communication Department.

For more information on Corporate Governance, please consult Acerinox's annual Corporate Governance reports:



<https://www.acerinox.com/en/gobierno-corporativo/informe-anual-de-gobierno-corporativo/>

More information on the committees can be found at:

<https://www.acerinox.com/en/gobierno-corporativo/organos-de-gobierno-de-la-sociedad/consejo-de-administracion/>

4.2 Ethics and Compliance

Acting in a responsible and ethical way is a fundamental and transversal pillar in all the activities carried on by Acerinox.

The Group has developed a framework of policies, standards and management systems that contribute to the adequate definition and implementation of processes in order to comply with regulatory requirements and the obligations assumed in this area.

Code of Conduct and Best Practices

The Acerinox Group has a Code of Conduct and Best Practices, which was approved by the Board of Directors on 25 October 2016.

Main objectives of the Code of Conduct and Best Practices:

1. *Regulate the permitted and forbidden types of conduct in the Acerinox Group.*
2. *Establish the ethical principles and general rules that should guide the actions of the Group, the employees and the directors among themselves and in their relations with their stakeholders, with whom the Group, directly or indirectly, is related.*



Code of Conduct and Best Practices

What interests does it protect?



Employees
Occupational health and safety
Customers
Suppliers
Competitors
Shareholders

What commitments are made?



Conflicts of interest
Presents, gifts and favours
Prevention of corruption
Use and protection of the Group's assets
Contribution to the welfare state
Private or confidential information
Inside information
Environmental protection
General rules for procurement and sales
Prevention of harassment in the workplace
Truthful, adequate and useful information

Acerinox will communicate and disseminate the Code among all its employees, who must accept and comply with the principles and norms established therein. The Code of Conduct is given to each employee upon joining the company and is available on the corporate website, and the employee must give acknowledgement of receipt.

The hierarchical superiors who have been informed of breaches or violations of the Code must, in turn, notify immediately prior to any further action, the Internal Audit Service, which shall inform the Code of Conduct Monitoring Committee. Moreover, Acerinox makes different complaints channels available to its employees and stakeholders.

Also, to ensure the rights and duties established in this Code are exercised, all managers and employees of the Group can send any doubts they may have from their interpretation of the Code and its scope by e-mail to the General Secretariat of Acerinox S.A., who shall provide the appropriate reply after consultation, where appropriate, with the units, companies or bodies concerned.

The functions of the Monitoring Committee, which reports to the Board of Directors through the Audit Committee and the Chief Executive Officer, include supervising compliance with and internal dissemination of the Code among all employees, interpreting the Code of Conduct, providing a Complaints Channel to gather information on compliance with the Code of Conduct, and controlling and supervising the processing of files and their resolution.



The Code is available on the website: <http://www.acerinox.com/en/contenido-en-detalle/Cdigo-de-conducta-y-buenas-practicas>

Complaints Channels

Through the Code of Conduct and Best Practices, Acerinox prohibits any manifestation, expression or intent to, directly or indirectly, denigrate or discriminate personally or professionally any person employed in the Group. There are various channels available to employees and collaborators for them to express possible non-compliance in this area.

Acerinox makes different complaints channels available to the employees and any person outside the organisation.

These complaints channels are a communication tool accessible to all Acerinox employees and stakeholders to report behaviours that do not or may not comply with the guidelines established in this Code.

Any person who has knowledge or well-founded suspicion of a breach of the Group's Code of Conduct and Best Practices has the obligation to inform a superior or the Internal Audit Service, or to report it through the mechanisms that Acerinox makes available for the filing of complaints.



Reporting channels available



The Reporting channel on the corporate website.



The following email address (comitededenuncias@acerinox.com).



Postal address (Comité de Denuncias, Acerinox S.A., Santiago de Compostela 100, 28035 Madrid, Spain).

What guarantees are made?

Confidentiality of the data of the complainant, and the information and background, unless the disclosure of information is required by law or judicial order.

The absence of reprisals against employees who report suspected breaches in good faith.

Respect for the rights of persons suspected of involvement in a possible breach.

The comprehensive analysis of the information on which the promotion of its action is based.

The actions and investigations, which are carried out as a consequence of a complaint, shall be carried out independently, swiftly and confidentially, guaranteeing the rights of the complainant and the persons under investigation and in accordance with the Protocol on Complaints and Internal Investigations. The complaints are managed by the Code of Conduct Monitoring Committee (comprising the Director of Compliance, Director of Internal Audit and the General Secretariat) and is carried out in accordance with the fourth section of the aforementioned Code and the Internal Complaints and Investigations Protocol.

Breaches of Acerinox's Code of Conduct and Best Practices can lead to labour sanctions, without prejudice to the possible administrative or criminal proceedings which may also ensue, always in accordance with the legislation in force in the area in which it occurs.

Ethics and compliance training

Acerinox considers communication and training within the ethical and compliance framework established by the Group as a key aspect in achieving behaviours aligned with the expectations of Acerinox and its Stakeholders.

For this reason, Acerinox has made a considerable effort over the years to develop different initiatives to transmit this importance to the different stakeholders, developing different communication and training programmes for its employees and the Board of Directors, as well as for its suppliers.

Communication and training on ethics and compliance	2019	2018
Board of Directors		
Members of the Board of Directors and Senior Management	39	24
Members of the Board of Directors and Senior Management informed of anti-corruption policies and procedures	34	22
Members of the Board of Directors and Senior Management trained in anti-corruption matters	22	0
Employees		
Employees informed of the policies and procedures	100%	95%
Employees trained in anti-corruption matters	40%	84%
Suppliers		
Number of Suppliers	7,838	6,168
Suppliers informed of the Group's policies and procedures on anti-corruption matters	4,854	4,123

The Board of Directors approved the Code of Conduct and Best Practices in its different versions and the Group's Crime Prevention Model, following the relevant advice. It is also the editor and approving body of the Rules of Conduct on the stock markets and the Conflicts of Interest Prevention Policy.

For their supervisory work in these matters and to verify the implementation of the prevention and compliance measures, the Board and the Audit Committee have the Group's internal audit services and the functions of a Prevention and Compliance Director. Both bodies appear regularly before the Board and more frequently before the Audit Committee.

Board members can access the essential rules governing these matters at all times through the company's portal or through the Director's Portal, in addition to obtaining any specific information through the usual channels.

Specifically, in 2019 a training activity on the Code of Conduct, criminal compliance and data protection was organised for all employees of the Group's Spanish companies.

Likewise, another of the most relevant advances in this area during 2019 was the creation of a training tool and standards repository: "Acerinorm".

Three key features of Acerinorm, the new training tool and standards repository are:

- 1. Storage of relevant internal corporate instructions, such as the Code of Conduct.*
- 2. Provide training to new employees, including a record of training statements and knowledge tests.*
- 3. Management of the sending of half-yearly declarations by the employees concerned as required by the internal instruction on competence.*

Protection of Human Rights

As a Group with a presence in more than 50 countries and a workforce of 5,976 employees with diverse socio-cultural contexts, the defence of Human Rights in all the locations where Acerinox operates is fundamental.

Therefore, Acerinox is committed to acting in a way that is compatible with the international declarations of Human Rights in all its locations, having developed different policies and plans for this purpose.

The Acerinox Code of Conduct and Best Practices

Acerinox expresses its commitment to and involvement with human rights and public freedoms recognised in national and international law, and to the principles upon which the United Nations Global Compact is based. Acerinox also expresses its promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization.

It also expresses its total rejection of child labour and forced labour.

Acerinox's General Policy on Corporate Social Responsibility

The General Policy on Corporate Social Responsibility (CSR) includes, as one of its general principles of action, support, through its adoption and circulation, for the integration of the principles of the United Nations Global Compact, as well as that of other international instruments, especially those concerning human rights, labour practices, the environment and the fight against corruption.

With regard to their employees, companies that belong to the Acerinox Group must respect the human rights recognised under national and international legislation, and especially those that degrade the group of workers as a whole - rejecting child, forced or mandatory labour - (with explicit rejection of child labour and forced or compulsory labour), as well as the rights of ethnic minorities located in those places where it performs its activities.

Adherence to the UN Global Compact initiative

The Group is committed to the principles of the United Nations Global Compact, which include, among others, the following principles in relation to human rights:

- Principle 1: "Businesses should support and respect the protection of internationally proclaimed Human Rights within their area of influence."
- Principle 2: "Businesses must ensure that their companies are not complicit in Human Rights abuses."

As for the respect for labour rights, Acerinox's operations in this connection are detailed in the chapter on Human Capital and in the chapter on Health and Safety.

During 2019, there were three complaints of harassment in the Acerinox Group. Two are closed; no proceedings were handed down in one case and no measures were adopted in the other case, and the third is still ongoing.

Fight against Corruption & Bribery

Acerinox is mindful in all its actions of its commitment to zero tolerance towards corruption, bribery, fraud or other similar illegal activities. The Board ensures compliance with the policies through the Director of Compliance with the crime prevention model, approved by the Board itself, and the complaint channels as means of detection. If a breach is detected, the Crime Prevention Model contemplates the application of the sanctions established in the labour regulations.

Information and measures to combat corruption and bribery within the Acerinox Group are fundamentally based on the provisions of the Acerinox Code of Conduct and Best Practices as well as the Crime Prevention Model, which are the main tools for compliance and crime prevention used by the Group and establishes money laundering prevention measures. During 2019, no corruption cases arose.

Additionally, in the framework of crime prevention, the Acerinox Group has adopted a number of policies and internal standards designed to prevent criminal and illegal practices from being committed in general and more specifically, crimes by the legal person.



The Group has a series of policies related to this area, specifically the Acerinox Code of Conduct and Best Practices, the Acerinox Group Crime Prevention Model in Spain, the Acerinox, S.A. General Conflict of Interest Policy, the Internal Code of Conduct in the Stock Markets and other instructions related to authorisations, gifts and invitations, relationship with credit institutions, relationship with public entities and contracts with third parties, among others.

More information is available on the website:

<http://www.acerinox.com/en/contenido-en-detalle/Cdigo-de-conducta-y-buenas-practicas>

<https://www.acerinox.com/en/gobierno-corporativo/General-Policies/>

4.3 Risk Management

The Acerinox Group has a Risk Management and Control policy that establishes the basic principles and general framework for the control and management of risks of all kinds faced by the Company and the Group.



This policy is available on the website:

<http://www.acerinox.com/en/contenido-en-detalle/Cdigo-de-conducta-y-buenas-practicas>

The Acerinox Group's Board of Directors and Senior Management have promoted the Risk Management Model. This model is designed to identify, classify, and evaluate potential events that could affect all relevant organisational units and functions. The main objective of this model is to manage risks and provide reasonable security in the achievement of its objectives, whether these are strategic, operational, compliance or information-related.

The heads of the different areas of the production units are responsible for identifying potential events that entail risks, creating a risk inventory and a taxonomy. An assessment of these risks, in terms of probability and impact, is carried out at least every six months, using qualitative techniques based mainly on the knowledge, judgment and experience of the people involved.

The risks are represented graphically on a heat map, according to their probability of occurrence and impact, and are classified into four categories according to their criticality. The risk map enables the risks of the different production units to be compared, their evolution over time to be seen and analyses and controls to be carried out by category in order to manage them properly. The Executive Committee of Acerinox, S.A. performs a supervision of these evaluations.

Within the section on Regulatory Risks, special attention should be paid to the risk of *Undue management of waste, discharges and emissions* that would represent a breach of environmental legislation. In this regard, Acerinox policies provide for scrupulous compliance with all applicable regulations.

Product *Liability Risk* should also be mentioned. Acerinox is fully committed to the quality of its products from the beginning to the end of the supply chain. The Group has established a public and transparent procedure for the approval of suppliers to ensure compliance with quality standards. The acceptance of general contracting conditions implies compliance with the initiative UN Global Compact (www.unglobalcompact.org) <https://proveedores.acerinox.com/HOMOLOGA/index-en.html>

In the Business risks and strategy section we highlight the risks of *Lack of adequate personnel* and *Loss of key personnel*, which could have an impact on production and management of the company. This risk is minimised through a policy of hiring specialised staff and succession and rotation plans for positions of responsibility, which guarantee that employees are properly trained. Another potentially relevant risk is that of *Labour conflict* and *Subcontracting*. The Acerinox Group is committed to social dialogue, and the creation of the Human Resources Department in 2019 is testimony to this.

Among the reputational risks, the *Risk of ethical misconduct and/or the commission of crimes* by employees has been identified. The Compliance Department ensures adequate training and information for employees in this area.

With regard to Human Rights, the Acerinox Group's Code of Conduct and Best Practices, which is published on the website, establishes the following: "*Acerinox expresses its commitment to and involvement with human rights and public freedoms recognised in national and international law, and to the principles upon which the United Nations Global Compact is based. It also expresses its total rejection of child labour and forced labour.*"



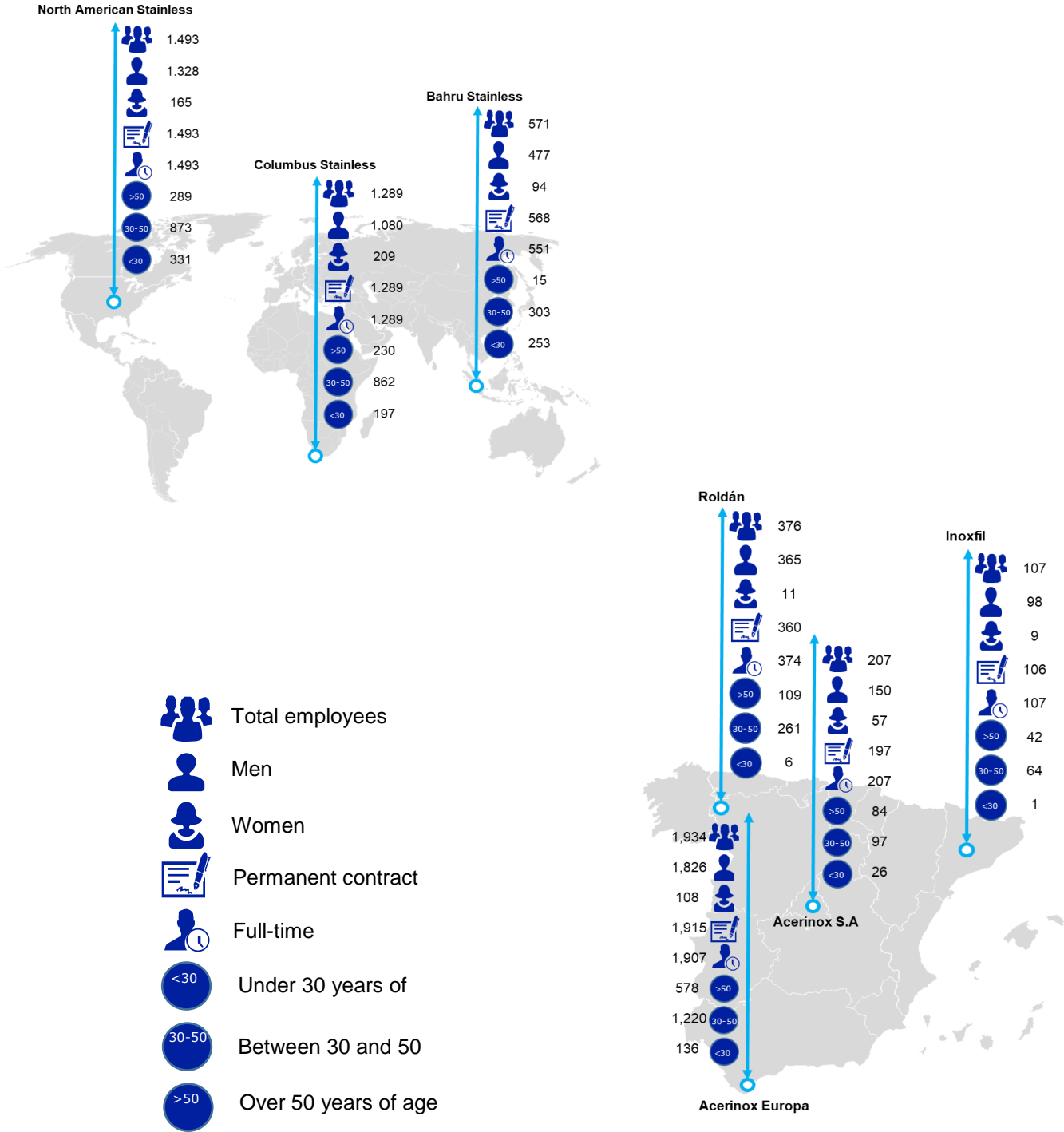
More information on risk management is available in the company's Annual Report:

<https://www.acerinox.com/en/accionistas-inversores/informacion-economico-financiera/informe-de-auditoria-cuentas-anuales-informe-de-gestion-y-memoria-anual/>

SOCIAL SUSTAINABILITY

5.1 Human Capital

Employee data as at 2019 year-end



Acerinox has a strong global presence, extending across the 5 continents and more than 80 countries. The continuous growth of the Group has been accompanied by an increase in the number of its employees, who are Acerinox's main asset. During this growth, the Group has been committed to the professionalism, commitment and diversity of its employees, generating quality and stable employment. In fact, almost all Acerinox's people are linked to the Group through a full-time, permanent contract, which has meant continuous adaptation to the challenges and needs over the years.

Total number of employees as at 2019 year-end

5,977						
Acerinox Europe	Acerinox, S.A.	Bahru	Columbus	Inoxfil	NAS	Roldan
1,934	207	571	1,289	107	1,493	376

Number of Acerinox Group employees by type of contract and gender:

	2019			2018		
	Men	Women	Total employees	Men	Women	Total employees
Permanent contract	5,292	636	5,928	5,261	599	5,860
Temporary contract	32	17	49	181	26	207
Total	5,324	653	5,977	5,442	625	6,067

Number of Acerinox Group employees by working day type and gender:

	2019			2018		
	Men	Women	Total employees	Men	Women	Total employees
Full-time	5,291	637	5,927	5,404	611	6,015
Part-time	33	16	49	38	14	52
Total	5,324	653	5,977	5,442	625	6,067

Number of Acerinox Group employees by age group and gender:

	2019			2018		
	Men	Women	Total employees	Men	Women	Total employees
< 30 years old (up to but not including 30)	817	133	950	907	135	1,042
30 - 50 years old (inclusive)	3,276	404	3,680	3,346	380	3,726
> 50 years	1,231	116	1,347	1,189	110	1,299
Total employees	5,323	653	5,977	5,442	625	6,067

Number of Acerinox Group employees by professional category and gender:

	2019		
	Men	Women	Total employees
Directors	57	16	73
Area managers	391	79	470
Technicians	508	156	664
Administrative staff	256	234	490
Operators	4,112	168	4,280
Total employees	5,323	653	5,977

Average number of employees in 2019

Acerinox Europe	Acerinox, S.A.	Bahru	Columbus	Inoxfil	NAS	Roldan
2,374	208	570	1,305	112	1,468	427

The average number of employees evidences Acerinox's commitment to stable and indefinite employment given the non-temporality existing in the company.

New hires, rate of new hires, voluntary departures and staff turnover rate:

	2019			2018		
	Men	Women	Total	Men	Women	Total
New hires						
<30	282	39	321	415	37	452
30 - 50	209	39	248	234	33	267
>50	7	2	9	17	5	22
Rate of new hires						
<30	34.52%	29.32%	30.79%	45.76%	27.41%	43.38%
30 - 50	6.38%	9.65%	6.74%	6.99%	8.68%	7.17%
>50	0.57%	1.72%	0.67%	1.43%	4.55%	1.69%

Voluntary departures	Men	Women	Total	Men	Women	Total
<30	111	14	125	164	10	174
30 - 50	111	9	120	200	27	227
>50	18	3	21	76	9	85

Staff turnover rates						
<30	13.59%	10.53%	13.16%	18.08%	7.41%	16.70%
30 - 50	3.39%	2.23%	3.26%	5.98%	7.11%	6.09%
>50	1.46%	2.59%	1.56%	6.39%	8.18%	6.54%

Number of employees by contract type and age range:

	2019			Total employees
	< 30 years old (up to but not including 30)	30 - 50 years old (inclusive)	> 50 years	
Permanent contract	868	3610	1346	5824
Temporary contract	82	70	1	153
Total	950	3680	1347	5977
Full-time	931	3662	1343	5936
Part-time	19	18	4	41
Total	950	3680	1347	5977

Number of employees by contract type and professional category:

	2019					Total employees
	Directors	Area managers	Technicians	Administrative staff	Operators	
Permanent contract	73	469	638	489	4155	5824
Temporary contract	0	1	26	1	125	153
Total	73	470	664	490	4280	5977
Full-time	73	470	659	473	4261	5936
Part-time	0	0	5	17	19	41
Total	73	470	664	490	4280	5977

97% of the employees of the companies included in this report are linked to the company through a permanent contract, and less than 3% of employees have a temporary contract. 99% also work full-time.

Layoffs from the Acerinox Group by age group and gender:

	2019			2018		
	Men	Women	Total employees	Men	Women	Total employees
< 30 years old (up to but not including 30)	71	11	82	33	3	36
30 - 50 years old (inclusive)	93	3	96	44	4	48
> 50 years	25	1	26	31	3	34
Total employees	189	15	204	108	10	118

Layoffs of Acerinox Group employees by professional category and gender:

	2019		
	Men	Women	Total employees
Directors	3	1	4
Area managers	7	0	7
Technicians	5	1	6
Administrative staff	6	6	12
Operators	168	7	175
Total employees	189	15	204

Relationship with employees

Acerinox promotes the creation of working conditions that contribute to a good working environment for its employees. The Code of Conduct and Best Practices and the CSR Policy are two key elements to this.

The Code establishes the rules and criteria of action that represent the minimum standards of conduct in professional matters, which must be complied with by all employees and directors of the Group and in all activities. For this, Acerinox has established complaints channels that allow the reporting of any breach or violation of the conduct collected therein.

The CSR policy establishes as one of its principles of action to promote communication and dialogue with its employees, and to encourage relations with them. It also adds a series of commitments that Acerinox assumes with respect to its employees.

CSR Policy

What are the principles in Acerinox's relationship with its employees?

Respect for human rights, in particular, those that degrade the group of workers as a whole - rejecting child, forced or mandatory labour, as well as the rights of ethnic minorities.

Recruit, select and retain talent with a favourable framework of labour relations based on equal opportunities, non-discrimination and consideration of diversity in all its variables, facilitating measures for the integration of disadvantaged groups and promoting an optimal work-life balance.

A fair remuneration policy will encourage the recruitment of the best professionals and strengthen the Group's human capital.

The training and qualification of workers fosters professional advancement and adapts human resources to function in a diverse and multicultural work environment.

Above all, the Group will maintain and promote a safe and healthy working environment in the workplace and in its areas of influence.

Agreements with our employees

The working conditions agreed between the Group and its employees are established, fundamentally, in the collective labour agreements or, where appropriate, in the specific agreements that are carried out individually with the rest of the employees, in both cases providing the basis for the relationship between both parties.

In 2019 the collective agreements of Acerinox Europe and Bahru were renewed, with significant improvements in areas such as remuneration and work-life balance.

The Group considers it essential to respect the right to freedom of association and collective bargaining, as well as the exercise of trade union activity by all its employees in each of the geographical areas where it is located, guaranteeing that the activities carried out are always based on respect for professionals and appropriate to their jobs.

To do so, it is essential to maintain a direct and constant relationship, both with the employees themselves and with their representatives at all locations. The use of two-way channels is therefore essential.

	2019		2018	
	Total number of employees	Employees covered by collective agreement (%)	Total number of employees	Employees covered by collective agreement (%)
Acerinox Europe	1934	92	1848	92
Acerinox, S.A.	207	100	217	100
Bahru Stainless	571	60	342	61
Columbus Stainless	1289	54	701	54
Inoxfil	107	100	113	100
North American Stainless	NA	NA	NA	NA
Roldán	375	99	395	99

*Among the different collective agreements available to the Group, the health and safety of workers has been specified (with the exception of NAS, which lacks union representation).

Beyond the obligations established at a legislative level, Acerinox provides its employees with social benefits that entail an improvement of such conditions, such as canteen subsidies, aid for workers with disabled spouses or children, school aid for children and transport facilities to reach the Group's locations.

	2019	2018
	Employees with access to employee benefits (%)	Employees with access to employee benefits (%)
Life insurance	81	98
Medical insurance	100	83
Disability coverage	100	98
Pension fund	58	69
Maternity/paternity leave	80	100
Transport costs	61	67
Study scholarships for workers	55	75
Study scholarships for children of workers	67	75
Disability allowances	67	75

The access to social benefits for employees are found in the different agreements of the plants.

Acerinox also expresses its commitment to and involvement with human rights and public freedoms recognised in national and international law, and to the principles upon which the United Nations Global Compact is based.

Work organisation

Acerinox is aware of the benefits for the worker and for the Group of having a balance between the professional and personal responsibilities of its employees. Acerinox therefore endeavours to promote measures to reconcile the personal, family and working lives of all the Group's employees subject, in all cases, to the legal rules and respecting the general provisions in force at any given time.

In view of the industry's context and the very nature of the activity, the organisation of working time at Acerinox is directly related to manufacturing needs and is therefore complex. Most commonly, shifts, schedules, breaks and other provisions related to work organisation are set out in labour agreements or, where applicable, in agreements established directly with employees.

Acerinox arranges agreements with employees and their respective representatives, in order to comply with both the demands imposed by the production process and the commitments established with employees, facilitating the proper functioning of processes, without neglecting the worker's welfare.

Within large production centres, shifts are usually divided into three groups of eight hours, or two groups of 12 hours, depending on the agreement reached with the workers' representatives. In this way, the activity of the plants (with few exceptions) never completely comes to a standstill, and such activity is always under the supervision of safety officers and those responsible for ensuring that processes run smoothly.

The Group continues its work to encourage the personal and professional reconciliation of the Group's employees, to incorporate the measures required to enable them to disconnect from work (which are currently not available), provide gestational periods, allow maternity and paternity leave and nursing leave, inter alia.

	2019			2018		
	M	F	Total	M	F	Total
Number of employees who have had the right to parental leave	4,856	625	5,481	4,990	606	5,596
Number of employees who have used their right to parental leave	222	37	259	187	41	228
Number of employees who have returned to work after parental leave	222	37	259	187	41	228
Number of employees who have returned to work after parental leave and who were still remained as employees after returning to work 12 months later	221	37	258	181	39	220
Return-to-work rate *	1.00	1.00	1.00	1.00	1.00	1.00
Employee retention rate **	1.00	1.00	1.00	0.97	0.95	0.96

* NB: the return-to-work rate is understood as the total number of employees who have returned to work following parental leave / total number of employees who must return to work after parental leave.

** NB: The employee retention rate is understood as the total number of employees retained 12 months after returning to work following a period of parental leave / total number of employees returning from parental leave in previous reporting periods.

Remuneration system

Acerinox strives to maintain a fair and transparent remuneration policy among its employees, without any gender-based distinction, thus committing to an effective remuneration balance between women and men.

The characteristics of the remuneration system are included in the collective bargaining agreements corresponding to each plant. These agreements set and establish the jobs with their corresponding salary levels (including compensation for responsibility and control) as well as the job conditions. The levels encompass all items of remuneration that workers receive, including the characteristics of the work itself. The remuneration system set out in the agreements is across-the-board for all staff with the same professional classification, having taken into account the levels at which each job can be performed and the conditions of the post, as well as the compensation for responsibility and control.

For the remaining cases not included in the collective bargaining agreements, individual agreements are defined, which in any case are framed within the local context and in compliance with corresponding legislation.

Employees 2019 Basic salary (euros)	By gender	
	Men	Women
Directors	101,175.23	82,291.88
Area managers	56,643.86	45,698.70
Technicians	37,375.59	32,858.54
Administrative staff	25,724.68	24,461.24
Operators	20,611.50	19,200.77

The salary gap of the Acerinox Group, considering fixed and variable salary, is 3.75%

The incorporation of female workers into Acerinox has occurred mainly in recent years, which implies differences in the total remuneration received related to the seniority bonus. Another factor to take into account is the inclusion of other salary concepts related to shift differentials, carried out mostly by men.

Likewise, it should be noted that the salary gap data of the Acerinox Group does not take into account the comparison of 100% equivalent professional segments, given that within each job category there are different levels of responsibility.

Senior Management 2019	By gender	
	Men	Women
Average remuneration (euros)	455,778	N/A

Acerinox has a General Policy for the Remuneration of Group Directors. This policy sets out the conditions and considerations regarding the directors' remuneration. The average remuneration of Directors in 2019 can be consulted in the Acerinox Group's Consolidated Annual Accounts in Note 4.

The total remuneration received by the members of the Board of Directors during 2019 was 2,596 thousand euros, of which the three female Directors received 306 thousand euros.

Average salary remuneration according to age range:

	2019	2018
	Average remuneration (€)	
< 30 years old (up to but not including 30)	35,142.04	15,203.89
30 - 50 years old (inclusive)	40,925.33	29,393.28
> 50 years	48,672.54	38,981.97

*In 2019, the calculation for the group's average remuneration was made using the weighted average of salaries with the number of workers in each plant in that age group. In 2018 the arithmetic average was calculated with the plants.

Talent development

Europe's steel industry is constantly evolving, both in terms of the development of new products and the use of new manufacturing technologies, in order to respond to new requirements in the broadest sense (price, quality, environmental, social, etc.). Accordingly, to achieve an adequate evolution, the Group must rely on quality professional qualification and training that allows employees to adapt to current needs and to be at the forefront of this technological development.

The Group's employees represent a competitive difference for Acerinox. Years of experience and training are essential, both for the employee to evolve professionally and for Acerinox to achieve a product of the highest quality, optimise production and reduce costs. This is why Acerinox is committed to increasing and perfecting the level of employee training, in a constant process targeted at excellence, assimilation of the Group's values and a competitive nature.

Production in the steel industry largely depends on the qualifications of its employees. Knowledge and learning about new technologies and digitalisation must be one of the cornerstones of training.

Steel, the Backbone of Sustainability in Europe. EUROFER.

Employees actively participate in the training plans that the Group makes available to them, enabling the former to keep abreast of the necessary knowledge and skills to achieve the best performance in carrying out their duties.

Persons holding managerial or leadership positions will facilitate attendance to such courses, whenever they do not significantly hinder or hamper operations or the productivity of the corresponding unit.

Some training courses are compulsory, necessary and regular, such as safety and risk prevention courses. Others are strongly encouraged by the company, including those through systems arising from collective bargaining.

2019	Men	Women	Total
Total training hours			
Directors	637	257	894
Area managers	10,741	2,411	13,151
Technicians	7,591	2,668	10,259
Administrative staff	10,107	9,056	19,163
Operators	465,035	20,868	485,903
Average hours of training / employee			
Directors	11	16	27
Area managers	27	30	57
Technicians	14	17	32
Administrative staff	39	38	78
Operators	113	124	237

The performance of the Group's employees is regularly assessed. Below is the number of Acerinox Group employees whose performance has been assessed (by professional category and gender):

	2019		
	Men	Women	Total employees
Directors	28	10	38
Area managers	246	59	305
Technicians	428	118	546
Administrative staff	155	171	326
Operators	963	63	1,026
Total employees	1,820	421	2,241

Percentage of Acerinox Group workforce whose performance has been assessed compared to the total (by professional category and gender):

	2019		
	Men	Women	Total employees
Directors	51%	63%	54%
Area managers	63%	75%	65%
Technicians	84%	76%	82%
Administrative staff	61%	73%	67%
Operators	23%	38%	24%
Total employees	34%	64%	38%

Acerinox offers stable, high quality employment with promotion opportunities. It offers employment with an international outlook and excellent conditions in which dedication and effort are rewarded and where performance assessments are analysed in detail.

Diversity and Equality

The Group operates on five continents. This serves to enrich the Group's workforce, comprising people from a wide range of cultures, religions, orientations and traditions.

Acerinox goes beyond the legal requirements in promoting diversity in all its operations, to this end implementing the undertakings it has assumed in this connection, mainly arising from the collective agreements. To this end, various measures have been introduced to contribute towards a fair working environment with dignified treatment and equal opportunities.

Inclusion and diversity is part of the Acerinox Code of Conduct and Best Practices.

The Group promotes non-discrimination on grounds of age, disability, sex, origin, including racial or ethnic origin, marital status, social status, religion or beliefs, political ideas, sexual orientation or status, union affiliation, kinship, language or any other personal, physical or social condition of its professionals, as well as equal opportunities among them. The Group recognises its diversity and collaborates with enthusiasm in the agreement and elaboration of any rule which may encapsulate or protect it, or which may protect particularly sensitive groups, according to current legislation.

This top-down diversity starts with the Acerinox Board of Directors, and is a true reflection of the Group's international nature and the success of the Appointments and Remuneration Committee in implementing the diversity guidelines supported by the Policy for selection of Directors.

Specifically, in terms of gender diversity, the presence of women is generally very low in Acerinox's industry. Women represent 11% of the workforce.

To prevent sexual harassment, the Group has introduced a series of protocols and measures, such as the complaints channel. This enables those employees who consider themselves affected to report their situation and the Group will carry out the appropriate investigation and make the right decisions. In 2018 this channel received two complaints of this nature, which were reported in the Human Rights section. Any worker may request precautionary measures to be adopted and these will be implemented automatically while the investigation takes place.

In addition, different specific measures are being developed at each plant. Equality plans for Acerinox, S.A., Acerinox, S.A.U., Roldán, S.A., Inoxfil and Inoxcenter are currently being developed.

Furthermore, within the employment sphere, Acerinox fosters the care, respect and inclusion of people with different capabilities, thus complying with Royal Legislative Decree 1/2013, of 29 November, which approves the Redrafted Text of the General Law on Rights of Disabled Persons and their Social Inclusion.

In fact, the collective agreements set out that, in order to keep in work those personnel who, due to insufficient or reduced physical conditions, are unable to achieve normal performance for their classification or category, such persons will be transferred to another job within the Group, with the salary level that he or she had in their previous position.

All the Acerinox facilities and workplaces are enabled to facilitate and improve access for employees, customers, suppliers and whoever might need to access them. In addition to mandatory compliance with the applicable regulations for that purpose, Acerinox facilitates the carrying out of any necessary reforms, studying improvements to its buildings and workplaces.

In the Spanish plants of Acerinox, there are 54 employees with some recognized degree of disability.

The Columbus factory in Mpumalanga, Africa, has been independently verified for its contribution to the economic empowerment of the black population.

The Broad-Based Black Economic Empowerment (B-BBEE) is a set of positive discrimination policies, laws and actions that are intended to benefit and advance the black community in South Africa both economically and socially.

At Columbus Stainless, the economic and social contribution that the Mpumalanga factory produces in the surrounding area is key for the population, so Columbus considers it essential to integrate black workers into the economic activity, in line with the Group's CSR Policy. The contribution that Acerinox makes in this regard is reflected in a certification obtained from an outside agency with respect to compliance with B-BBEE.

Over the last 5 years, many projects have been developed in this regard, including the purchase of equipment from local communities, the improvement of schools in the area, the provision of free office and workshop space, as well as measures aimed at the economic strengthening of people in the community. This has given rise to a social investment of 610,000 euros per year.

Specifically, in 2019 the projects developed have focused on 4 areas:

- Training. Together with the local Chamber of Commerce, training in business management has been provided to micro-, small- and medium-sized enterprises.*
- Donation of material. One small company has been supported by donating 20 containers for use in the distribution process of its products.*
- Free space. Areas have been set up so that small businesses can develop their business completely free of charge (rent, water, electricity, etc.).*
- Acerinox expertise. The engineers of the Acerinox factory in Mpumalanga have supported a local enterprise in the development of its business, investing a large number of hours in this partnership.*

The impact of these initiatives has led to the creation of new jobs and the consolidation of others in local businesses, with a total of 100 jobs being either created or consolidated outside of Columbus, all in small enterprises and businesses owned by the black community.

Acerinox thus actively contributes to the integration of potential suppliers in the business, the strengthening of their capacity and competitiveness in quality and price, and the development of local and sustainable labour relations of mutual benefit.

5.2 Health & Safety

Due to their characteristics, the activities performed by the Group entail potential health and safety risks. Although such risks are inherent to the activity, Acerinox considers this area key when introducing measures that allow a greater control and mitigation of these risks.

The Group structures its management in this area around four fundamental pillars:

- 1. Reduction of the accident rate.*
- 2. Reduction of absenteeism.*
- 3. Investigation and rapid resolution of issues established by the Health and Safety committees of the Group's different workplaces.*
- 4. Incorporation of the accident rate into the KPIs that define the benefits of certain positions.*

Variable remuneration linked to health and safety performance.

The variable remuneration corresponding to Acerinox management and plant managers includes compliance with health & safety targets set regarding the Group's activities. These targets are monitored by means of key indicators, thus allowing an adequate follow-up and evaluation of their compliance.

Accordingly, Acerinox's commitment to occupational risk prevention extends from the Board of Directors and Senior Management to the management of each plant, employees and the Health and Safety Committees, combining efforts to establish those actions required to reduce and mitigate potential risks, as well as their consequences. It also applies to external workers at the Group's facilities, who must integrate Acerinox's own requirements in this area into their activities.

The Group has health and safety management procedures and systems that contribute to more effective control and prevention of occupational hazards and risks.

For example, Acerinox Europa has implemented and certified an Occupational Health and Safety Management System pursuant to the OHSAS 18001:2007 standard and has the corresponding occupational risk prevention regulatory audit certificates.

Acerinox constantly monitors the health and safety conditions in the locations where the Group is present. In the event of an incident, the Group applies the various procedures established in order to, firstly, remedy the case and, secondly, to investigate the different factors that led to the accident to establish the necessary measures to prevent it from recurring. Acerinox's priority is, in any case, to introduce health and safety conditions that help prevent these incidents. The group relies on tools such as SCAT to perform this monitoring of accidents that occur, thus permitting an in-depth investigation.

Through the Health and Safety Committees at the different centres (representing all staff), the needs in this connection are supervised and managed at centre level, and are also available to employees to provide advice on all matters related to the prevention of occupational risks.

One of the key aspects of health and safety -which is in fact dealt with by these Committees- is employee training. The aim is to provide employees with the necessary training and resources to enable them to carry out their duties safely and in a healthy environment, as is the case at the Columbus plant, where all new recruits attend a 10-hour health and safety course before starting their jobs. Meanwhile, employees have a duty to know and strictly meet the standards of occupational health and safety, and to ensure their own safety and that of those people affected by their activities. Acerinox facilities differ greatly depending on whether they are production centres or offices, so training is provided according to the conditions and profiles in each case.

During 2019, Acerinox employees received a total of 419,911 hours of training, with Health and Safety issues playing a vital part of this.

In addition, as part of the company's adherence to the Luxembourg Declaration and within the framework of the healthy lifestyles and work programmes being implemented by Acerinox, workers will be guaranteed regular monitoring of their state of health according to the work-inherent risks.

Defining accident rate targets.

The Group constantly seeks to improve its health and safety performance, and to this end the plants define targets that promote excellence in this area.

In 2019 Acerinox Europa set targets of an accident rate below 2.25, an OSHA frequency rate of 3.0 and a severity rate below 1.0. All 3 targets were met, and even more ambitious targets have been set for 2020, namely less than 2 for the OSHA incident rate and the frequency rate and less than 0.9 for the severity rate.

Another example is Bahru. By way of a target, in 2019 the goal of reducing the frequency rate of accidents with time lost to below 1, and of reducing the total recordable accident rate to 2 or below was set. To this end, an action plan was developed focusing on 5 areas (evaluation of health and safety performance, promotion by area managers, awareness, improvement of non-conformities detected in audits, and discipline in the workplace) with their corresponding measures, resources, responsibility, dates and indicators. This has resulted in 50,000 hours of injury-free work with lost time.

As for Roldán, the targets defined were: fewer than 39 accidents with sick leave, a lost time accident frequency rate of less than 12, fewer than 6,000 hours lost due to accidents and an absenteeism rate of less than 3.16% (illness and accident). To achieve this, several measures were introduced, such as improving the floor surface in the workshops and the outside areas, signalling the direction of traffic, holding workshops for workers who have suffered accidents affecting their backs, providing training in ORP for all office staff, improving the order and cleanliness of the workshops and workstations in general, and re-signalling the traffic routes inside the buildings.



Best Practices



In Bahru, there is a Health and Safety Committee that inspects and assesses potential risks through the General Safety Induction programme to prevent or treat accidents.



At Columbus, in addition to developing its own Safety Management System, a programme called “Your Right To Say No” has been implemented, aimed at enabling any employee to refuse to work in a hazardous situation.

Case Study: “ACero”

Between 2016 and 2020, Acerinox Europa is developing the ‘ACero’ campaign, the objective of which is to implement a safety culture, and thus raise awareness of the importance and observance of health and safety rules.



This project was developed through various measures focused on:

- Project leadership from management and integration of safety at all hierarchical and organisational levels.

- Awareness: safety is an essential factor in being a professional at work and allows you to foster pride in belonging.

- Visibility: signs, messages, videos, campaigns, etc.

- Order: eliminate waste and carry out work in an orderly and tidy way, including the separation and recycling of waste.

- Assessment: an assessment of the employees’ health is conducted continuously and regularly.

Case Study: “Job Safety Observation”

During 2019, NAS developed an initiative called the Job Safety Observation (JSO) process.

This involved carrying out a job safety analysis by observing the performance of the tasks by employees. Once the observation is completed, the person responsible for together with the employee review the findings and enters them into the JSO system.

In the event of detecting potential deficiencies or improvements, a report is opened to generate an action plan to improve on the findings.

In addition, NAS has developed an initiative to review non-routine tasks by means of a questionnaire to identify actions that help perform these tasks more safely and to raise awareness among employees on a number of issues prior to performing these tasks to address potential risks and thus prevent potential injuries.



2019			2018		
M	F	Total	M	F	Total

Accident rates

Number of fatal accidents (fatalities)	0	0	0	1	0	1
Total number of accidents (with absence from work, without absence from work and fatal accidents)	205	6	211	234	14	248
Number of accidents with absence from work	114	2	116	143	2	145
Days lost due to accidents with absence	4,962	185	5,147	4,638	150	4,788
Days lost due to non-work-related illness	24,305	1,978	26,363	27,455	2,506	29,961
Frequency rate (No. of accidents with absence from work / No. of hours worked) *1,000,000	10.33	1.41	9.32	7.04	1.52	6.41
Severity rate (No. of days lost / No. of hours worked) * 1,000	0.45	0.13	0.41	0.45	0.11	0.41

Absenteeism

Hours of absenteeism (understood as absences corresponding to paid leave, unexcused absences, strikes, sabbaticals and accidents on the way to/from work)	141,280	7,632	148,912	69,462	11,572	81,034
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Work-related illnesses

No. of work-related illnesses	1	0	1	0	0	0
No. of fatalities from work-related illnesses	0	0	0	0	0	0

5.3 Social Action

Bringing value to local communities

Acerinox is aware that a sustainable business must combine economic results with the development of the communities where it is present. Accordingly, the Group promotes different initiatives with social organisations and groups where it performs its activity.

The Group's General CSR Policy is the starting point in this regard, with the aim of fostering an overarching culture of social responsibility, contributing to the improvement of people's well-being, promoting the economic and social development of the communities where it is present, creating sustainable value for its shareholders, customers, suppliers and workers and their families, in short, for its Stakeholders. In fact, territories and communities are identified as one of Acerinox's main Stakeholders, establishing in this respect a number of action principles to contribute to the Welfare State.

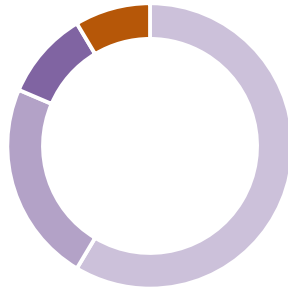
- 1. Harmonise the Group's activities in the different countries where it operates with the different social and cultural realities.*
- 2. Strengthen relationships of trust with the various communities with which they interact, by supporting the different public administrations and benchmark social organisations.*
- 3. Encourage respect for the rights of ethnic minorities and disadvantaged groups in all communities where the Group is present.*

Return to shareholder	Tax paid	Personal expenses	Purchasing	Social Action
€135,226 thousand	€331,459 thousand	€414 million	€3,725 million	€750 thousand

Contribution to society in Social Action 2019

€750 thousand

By area of action



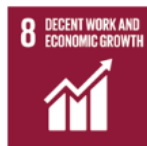
- Socio-economic development
- Education
- Social well-being
- Environmental

By Group company



- Acerinox Europa
- Columbus Stainless
- Bahru Stainless
- North American Stainless
- Roldán
- Inoxfil
- Acerinox S.A.

5,977 employees, 576 new hires



In 2019, Acerinox allocated more than 750 thousand euros to collaborating with various non-profit institutions and other organisations through initiatives, such as educational collaboration and actions to promote stainless steel, among others.

The impact of the Group's activity on employment and local development in the areas in which it operates is highly significant, and is key to generating local, stable and quality jobs.

Economic value generated	Economic value distributed
€4,828 million	€4,895 million

Main initiatives in 2019

Acerinox centres collaborate with different local organisations or groups according to the needs of the local communities.



Goal 1: End poverty in all its forms everywhere



Collaboration with NGOs such as Cáritas.



Supporting the Carroll County Ministerial Association by providing funds and Christmas gifts for children, as well as contributing to the needs of the association.



Goal 3: Ensure healthy lives and promote well-being for all at all ages



Collaboration with NGOs such as Alzheimer, the Federation of the Disabled and the Association to help children with cancer.

Collaboration with local sports schools and sponsorships.



Support to medical and social organisations that contribute to programmes such as suicide prevention and fibrosis.



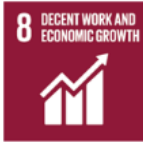
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Donation of uniforms to 116 students in Pasir Gudang.



Support to various associations promoting education at all levels. For example, providing financial assistance to high school students and assistance in developing a leadership programme to improve work skills through internships, including funding for materials and activities.



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Economic contribution as a sponsor for the organisation of the Kite Festival.



Support for the Employee Tender Loving Care Group Foundation, which helps unemployed people find jobs.



Goal 10: Reduce inequality within and among countries



Broad-Based Black Economic Empowerment (B-BBEE) programme for the integration of the black community into the dynamics of employment and economic growth.



Sponsor of Ohio Valley United Charities, which contribute to various programmes, such as child abuse prevention.



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable



Socio-cultural collaborations in favour of the community, for example with neighbourhood associations.

Local donations for urban improvement.



Collaboration with the local authorities for the repair of the water supply line and reconstruction of the power plant.



Goal 12: Ensure sustainable consumption and production patterns



Cleaning the beach near the factory.

Collaborating with educational institutions

One of Acerinox's most significant social contributions is the collaboration with educational entities, specifically with universities.

Overall, Acerinox has partnership agreements with more than 20 universities and vocational training centres, thus helping to identify and develop the talent of the new generations of future professionals, who are key to the industry.

Acerinox Europa

University of Cádiz (UCA)

University of Seville (US)

Pablo de Olavide University

University of Málaga

Complutense University of Madrid

International University of La Rioja

Comillas Pontifical University

Acerinox, S.A.

Carlos III University

Alcalá de Henares University

Complutense University of Madrid

Polytechnic University of Madrid

Comillas Pontifical University

Rey Juan Carlos University

University of the Andes (Bogotá)

Bahru Stainless

SEGI University Kuala Lumpur

Columbus Stainless

University of Pretoria

University of Cape Town

North American Stainless

University of Kentucky

University of Cincinnati

University of Louisville

Jefferson Community and Technical College in Carrollton

Roldán

University of León

University of Salamanca

University of Valladolid

University of La Coruña

University of Santiago de Compostela

University of Oviedo

Pompeu Fabra University

Presence in industry associations

Acerinox considers it essential to be present in different industry organisations in order to obtain information on new trends and to participate actively in decision making, defending the Group's interests. In 2019, a total of 1,746,430 euros were allocated to this concept from Acerinox, S.A., Acerinox Europa, NAS, Bahru and Columbus.

Acerinox's CEO elected as Chairman of the International Stainless Steel Forum

At its 2019 AGM, The International Stainless Steel Forum (ISSF) appointed Bernardo Velázquez, CEO of Acerinox, as Chairman of the International Stainless Steel Forum (ISSF) for a two-year period (2019-2021).

He will combine this new international role with the positions he currently holds as Chairman of the UNESID (Association of Steel Producers and Primary Steel Processors in Spain) and Chairman of World Steel.

Acerinox Europa/Acerinox S.A.

International Stainless Steel Forum (ISSF)

European Steel Association (EUROFER)

The Spain-US Advisory Foundation

Association of Steel Producers and Primary Steel Processors in Spain(UNESID)

The Association of Large Industries of Campo de Gibraltar

The Association for Research and Development in Stainless Steel (CEDINOX)

Real Instituto Elcano Association of Large Energy Consumption Companies (AEGE)

Institute of Internal Auditors Association

Spanish Institute of Engineering

Spanish Network of the United Nations Global Compact

CDP Worldwide (Europe) GmbH

Risk Management Initiatives (IGREA)

Management Progress Association (APD)

Círculo de Empresarios Asociación de Emisores Españoles (Association of Spanish Issuers Business Circle)

Hispanic-Malaysian Business Association

Association of Large Energy Consumption Companies (AEGE)

Círculo Empresarios (Business Circle)

SERES, Responsible Enterprise and Society Foundation

Comillas University

Asociación Española de Codificación Comercio (Spanish Trade Encryption Association)

Instituto de Oficiales de Cumplimiento (Institute of Compliance Officers)

Bahru Stainless

Malaysian Iron & Steel Industry Federation (MISIF)

Federation of Malaysian Manufacturers (FMM)

Malaysian Employers Federation (MEF)

Malaysian International Chamber of Commerce & Industry (MICCI)

Malaysia Steel Institute (MSI)

International Stainless Steel Forum (ISSF)

Malaysian Iron & Steel Industry Federation (MISIF)

Federation of Malaysian Manufacturers (FMM)

Malaysian Employers Federation (MEF)

Malaysian International Chamber of Commerce & Industry (MICCI)

Columbus Stainless

South African Stainless Steel Development Association (SASSDA)

Manufacturing Circle

South African Iron and Steel Institute (SAISI)

National Association of Automotive Component and Allied Manufacturers (NAACAM)

Steel and Engineering Industrial Federation of South Africa (SEIFSA)

Middelburg Chamber of Commerce (MCCI)

International Stainless Steel Forum (ISSF)

Mpumalanga Stainless Initiative (NPO)

Steve Tshwete Local Municipality Local Economic Development Forum

North American Stainless

American Iron and Steel Institute

Employers Resource Association

Concrete Reinforcing Steel Institute

Kentucky Chamber of Commerce

Carroll County Chamber of Commerce

Northern Kentucky Chamber of Commerce

Kentucky Association of Manufacturing

National Association of Manufacturers

Metal Service Institute

Central Ohio River Business Association

Kentucky Industrial Utility Customers

Kentucky Excellence in Environmental Leadership

International Stainless Steel Forum

US Chamber of Commerce

World Steel Association

ASTM Standards Committee

National Association of Corrosion Engineers

SASFT (Strategic Alliance of Steel Fuel Tanks)

5.4 Fiscal Contribution

Fiscal transparency and commitment

The aggregate result of the profit obtained by the countries, before tax, was 592 million euros. After deducting the consolidation adjustments, the Acerinox Group's consolidated profit before tax amounted to 23 million euros in 2019 (310 million in 2018).

Profit/ (loss) before tax and tax paid by country

€/ Thousands	2019	2019
	Profit/(loss) before tax by country	Income tax paid by country
Spain	442,024	32,551
US	328,661	78,064
South Africa	-32,097	-175
Malaysia	-169,256	74
Canada	7,365	2,059
Mexico	4,143	628
Portugal	643	168
France	1,028	22
Germany	1,931	728
Italy	1,374	717
United Kingdom	514	67
Sweden	1,187	0
Switzerland	96	6
Poland	391	191
Chile	130	0
Argentina	167	28
China	1,435	333
Belgium	833	0
Russia	-7	11
Turkey	705	162
Brazil	19	32
Colombia	219	79
Peru	-66	0
Australia	32	0
Hong Kong	77	-5
Singapore	492	87
India	-60	-3
UAE	219	0
Luxembourg	1	0
TOTAL	592,194	115,843

The income tax paid by the Group in fiscal year 2019 amounted to 115,843 thousand euros.

Public subsidies received

€ / Thousand	2019				Total
	Columbus	Roldan	Acx Europa	Shanghai	
R&D			455		455
Environment			4,891		4,891
Assignment of CO2 rights		599	5,552		6,151
Training	260		12		272
Others				2	2
Total	260	599	10,910	2	11,771

VALUE CHAIN

6.1 Supply chain



Purchasing management model

As part of its business strategy, one of the Acerinox Group's objectives is the planning and management of the supply chain, in its commitment to improving operations in the acquisition of raw materials and goods and in the evolution towards production systems based on more efficient models.

With a presence in more than 80 countries and across the 5 continents, Acerinox has established some general guidelines common to all Group subsidiaries in its procurement model. This is so that, based on these guidelines, the subsidiaries are able to develop their own procedures considering the local context.

Given this complexity, it is essential to introduce procedures that assess the performance of suppliers and thus control and ensure a supply chain that meets the requirements demanded by the Group and the legal and regulatory standards, both locally and internationally.

To this end, the selection processes for suppliers is based on the principles of openness, equality and transparency, promoting among its suppliers the same principles that inspire the Group as a responsible company.

It is worth mentioning the risk of *product liability*. The Group has a public and transparent procedure for the accreditation of suppliers to ensure compliance with quality standards.

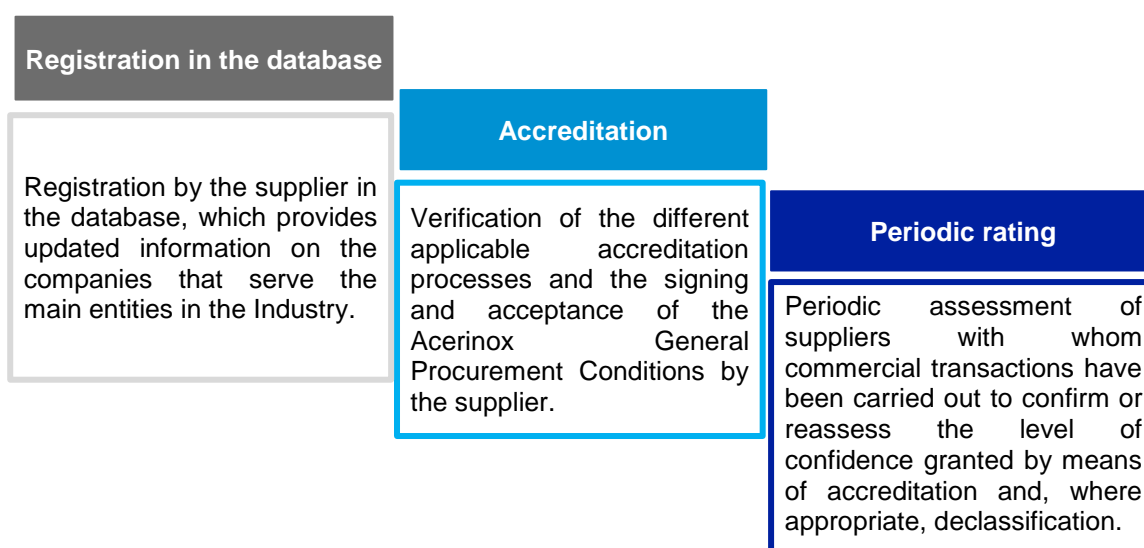
Total number of suppliers in 2019

5,374

Total expenditure on suppliers in 2019

€3,725 million

Accreditation processes



Key figures in 2019

	Total number of suppliers		No. of accredited suppliers		No. of local suppliers	
	2019	2018	2019	2018	2019	2018
Total	5,374	5,731	1,782	1,834	3,239	3,651

	Expenditure on suppliers (million euros)		Expenditure on local suppliers (million euros)		Ratio of expenditure on local suppliers	
	2019	2018	2019	2018	2019	2018
Total	3,725	3,094	1,453	739	39%	24%

Sustainability and responsibility in the supply chain

Acerinox Group is aware of the importance of its suppliers in its business and in the communities where it performs its activities, so it expects them to act in line with Acerinox's sustainability strategy.

Despite a purchasing policy not being available, to contribute to a stable and sustainable supply chain, Acerinox relies on its ethical, environmental and social principles, reflected in the accreditation processes, the General Contracting conditions, and in the Code of Conduct, which establishes the management style and performance that the Acerinox Group expects from its suppliers.

The principles of this Code govern the professional and sales activity of all persons who work or interact with the Group in all the countries where it operates. In addition, they ensure objectivity and impartiality in supplier selection processes and promote fair competition and transparency in selection processes. Furthermore, Acerinox has a Complaints Channel that allows suppliers to report any aspect regarding the Code of Conduct.

In its Code of Conduct and Best Practices, Acerinox undertakes:

- To adapt the selection process for suppliers of goods or services to standards of objectivity and impartiality, and it will avoid any conflict of interest or favouritism in their selection.*
- Internal regulations will promote and require concurrence in the selection of suppliers and the necessary controls will be established so that no person with relevant economic or emotional interest in a supplier, whether current or potential, shall be involved, either directly or indirectly, in a decision associated with that supplier.*
- The information and prices quoted by suppliers in a selection process shall be treated as confidential and shall not be disclosed to third parties in the absence of the prior written consent of the providers and suppliers themselves, except in the case of legal, administrative or judicial authorisation or obligation, or when the publicity and transparency of the competitive process so requires.*
- The individual contracts entered into by Group companies shall seek to include conditions that preclude the commercial relationship with any suppliers that do not in the regular course of business observe the personal and labour rights of their workers, according to universally accepted standards.*

New suppliers in 2019 evaluated in accordance with SOCIAL criteria

159

New suppliers in 2019 evaluated in accordance with ENVIRONMENTAL criteria

94

Acerinox has different processes to control the sustainability and responsibility of its suppliers.

In the accreditation

Any supplier wishing to be accredited by the Group must comply with a series of requirements defined by each plant, including environmental, health and safety and labour practices, and prove that the actions they take in their activity are compatible with international human rights declarations. In addition, they must be aligned with the 10 Global Compact Principles, which are based on the protection of human rights, minimum working conditions and environmental responsibility.

In addition, as part of the accreditation processes, the express acceptance of the General Procurement Conditions is required.

In the General Procurement Conditions (services and goods)

These define the essential requirements to be met by all the Group's suppliers, and include labour contracts and compliance with labour regulations (suppliers must substantiate and guarantee that they comply with all social security and tax obligations in relation to their workers), respect for the environment, contribution to sustainable development and innovation in products and processes, always in compliance with applicable legal regulations.

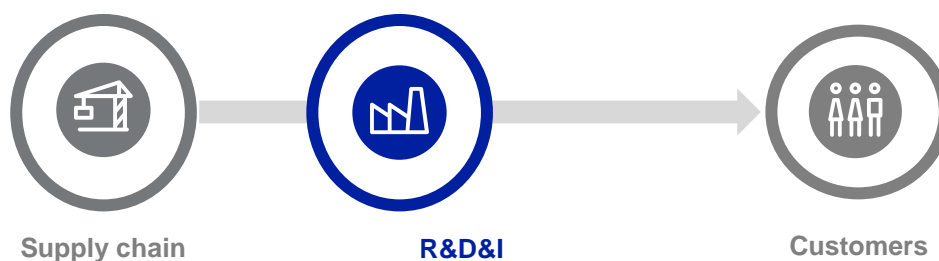
In periodic assessments

The regular checks that Acerinox conducts with accredited suppliers allow us to check whether, inter alia, the quality, environmental and health and safety requirements are maintained. Such a rating will make it possible to confirm or reassess the level of confidence granted by the accreditation. During 2019, 120 audits were performed on suppliers at the Inoxfil and NAS plants. In the rest of companies this type of audit is not carried out.

On the suppliers' own facilities

Inspections are carried out at suppliers' premises throughout the year to confirm compliance with good practices linked to the corporate responsibility strategy.

6.2 R&D&I



Acerinox considers research, development and innovation as one of the pillars to increase the value of its activities, the quality of the products and optimise the processes and the efficiency thereof. The Group has committed itself to digitalisation as a fundamental axis within the company's Strategic Plan, as the Digital Transformation responds to the need for ongoing adaptation to the new challenges posed by the context of the stainless steel industry, especially in the area of productivity and competitiveness.

To deploy the various initiatives, in addition to those developed at corporate level, Acerinox has R&D&I laboratories at each plant.

Among the different initiatives, those aimed at developing new alloys, widths and thicknesses are of particular note, enabling the Acerinox Group to supply nearly 11,000 types of stainless steels combining the different characteristics of each one. The Group's R&D departments are working on the search for product and efficiency improvements through new tools such as lasers, high-precision cameras, infrared cameras and the most sophisticated technological advances to be applied to the production processes in each of the workshops.

Distribution of the main lines of action in R&D&I



In 2019 the Group made investments valued at 12.304 million euros in research, development and innovation projects, mainly in the Acerinox Europa, NAS, Columbus and Bahru plants. Among all Group companies, and for the development of projects in this area, grants worth 454,795 euros were received.

In addition, Acerinox is currently participating in several innovative programmes, both national and international, that serve to encourage progress and sustainability, improving the efficiency of production processes to achieve the reduction of energy consumption and emissions.

Project	Company	Programme	Financing
AUSIONOX: Obtaining austenitic stainless steels with minimum inclusionary content from the development of new advanced simulation models in the steelmaking processes.	Acerinox Europa, S.A.U.	Operational Programme for Smart Growth 2014-2020.	Co-financed by the European Regional Development Fund (ERDF).
DUPLEXFIN: Optimisation of hot deformability of Duplex stainless steels for the production of thin cold rolled products.	Acerinox Europa, S.A.U.	Operational Programme for Smart Growth 2014-2020.	Co-financed by the European Regional Development Fund (ERDF).
FERRINOP: Experimental development of new technologically advanced solutions for the manufacture of optimised ferritic stainless steels.	Acerinox Europa, S.A.U.	Operational Programme for Smart Growth 2014-2020.	Co-financed by the European Regional Development Fund (ERDF).
Actions to increase energy efficiency in production lighting systems.	Acerinox Europa, S.A.U.	Project included in the line of aid for energy saving and efficiency in SMEs and large-scale companies in the industrial sector.	Co-financed by the European Regional Development Fund (ERDF) and managed by IDAE under the national energy efficiency fund.
Upgrading of exterior lighting at the plant using LED technology	Roldán, S.A.	Project included in the line of aid for energy saving and efficiency in SMEs and large-scale companies in the industrial sector.	Co-financed by the European Regional Development Fund (ERDF) and managed by IDAE under the national energy efficiency fund.

Excellence 360°

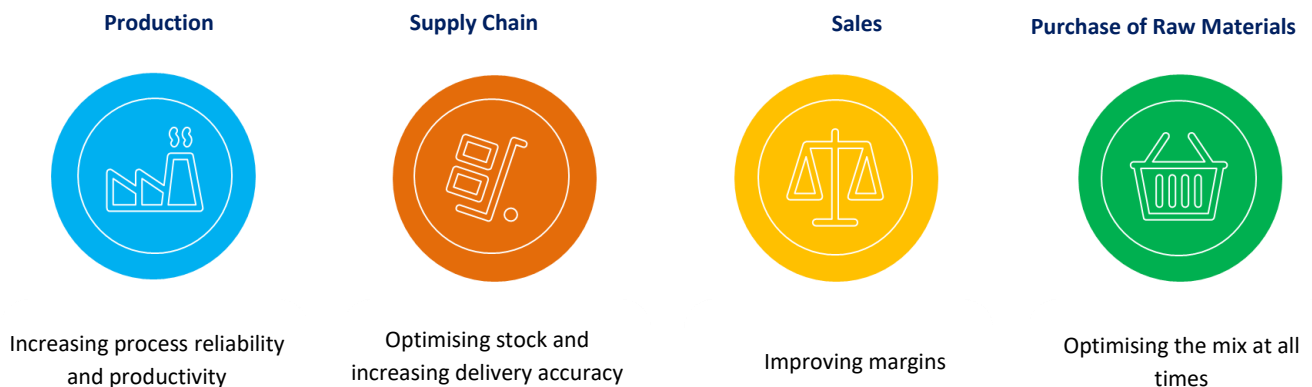
In 2019, the Acerinox Board of Directors approved the Excellence 360° project, a concept designed to manage the Digital Transformation returns through a global vision of the business initially to be implemented between 2019 and 2023, although it will have a long-term development and continuous evolution. This strategy will integrate the improvements of the traditional Excellence Plans with the application of new technologies.



The Excellence 360° plan, which constitutes a pillar of the company's Digital Transformation strategy, envisages the implementation and development of technologies such as sensorisation, data analytics, simulation, collaboration platforms and artificial vision, as well as the adoption of agile work methodologies. This implies a change in the working method, to supply the best stainless steel and remain the most competitive company in its industry.

It is estimated that this Plan could lead to returns in EBITDA of €125 million each year from 2023.

Strengthening the integral business through 4 axes of the Excellence 360° programme



One of the projects that make up the Excellence 360° Plan is 360° Planning.

360° Planning is based on a planning model that covers the entire value chain. The aim is to strengthen service to customers, increasing the accuracy of deliveries, whilst optimising the mix of raw material purchases and increasing reliability of production processes. This means that the project will redefine the way in which Acerinox manages its supply chain and will enable it to respond to market demands in the coming years.

The implementation has started in the Acerinox Europa plant (Palmones; Campo de Gibraltar), with advanced solutions focused on demand and the supply chain, and will be gradually deployed in the plants located in the United States, Malaysia and South Africa.

“We want to carry out a sweeping overhaul that will place the customer at the forefront of the business. Excellence 360° is a change of model to which we are committed in order to take advantage of the enormous knowledge of our human capital, as well as the best available technologies. This plan will result in a general improvement in terms of productivity and efficiency, contributing visibility to the business and flexibility to the decision-making”.

Bernardo Velázquez, CEO of Acerinox.

Rafael Naranjo Awards

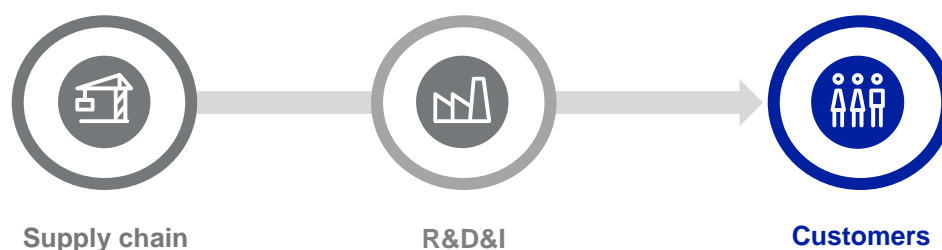
Each year, the four main factories of the Group, Acerinox Europa, NAS, Columbus and Bahru, present the “Rafael Naranjo Awards”, which rewards the best ideas proposed by employees to improve efficiency, safety and the processes.

In 2019 Acerinox Europa presented the prizes, coupled with a total prize fund of 45,000 euros, in three categories: Quality in progress, Safety and the Environment.

The winner of the Quality in Progress category, winning €15,000, was for a project called “Cold Rolling Grinding Machines: Improvements to the finishing process”. The second prize in this category, with €10,000, was awarded to the “Protection of the BA furnace and time saving in case of outlet breakage” project, while the third prize, accompanied by €5,000, was awarded to the “Modification of the descaling valve drive” project, aimed at reducing downtime and improving quality.

In the Safety category, with a total prize fund of €10,000, the winner was the project called “New platform for work in the steam chamber of continuous casting of slabs”. Lastly, the prize for the best project was awarded to the “Improvements in natural gas boiler combustion” project, with a financial allocation of €5,000.

6.3 Customers



Acerinox considers it a priority to maintain long-lasting and mutually valuable relationships with its customers. Accordingly, it is committed to offering high quality products through the continuous improvement of its processes and services.

Satisfaction, complaints and claims

To achieve this type of relationship, one of the keys is to listen to the customer. Acerinox relies on several communication and data capture channels.

One of the main sources of information is through Acerinox's own commercial network. To find out the opinion of customers, the Group carries out satisfaction surveys that are sent from the commercial subsidiaries on a regular basis, where information is gathered on the service received, range, quality, product presentation, delivery times, etc.

	2019	2018
Number of customers surveyed	747	466
Satisfaction index *	3.7	3.7

* 1 to 5, with 5 being the highest score.

Customer complaints are handled through the Sales Department, either directly from the parent company or by the respective local offices where Acerinox operates. The customer communicates directly with these departments by e-mail or by means of a telephone call to report an incident or complaint. The addresses and telephone numbers of these departments can be consulted in the following link: <https://www.acerinox.com/en/contacto/>

The Sales Department records this notification in a specific application for the handling of complaints, in which the customer's details, the product information and a description of the complaint, among other things, are included.

In those cases where the complaint concerns billing or product transport and delivery issues, it is the responsibility of the Sales Department to handle the complaint by following the established procedures.

However, if the complaint concerns technical issues, it is referred to the service centre or plant involved, where a technician is appointed to assess the case and issue a technical report.

The complaint status is updated on the IT application and, once again, it is the Sales Department that is responsible for informing the customer of this decision, and where appropriate, for proposing or negotiating a solution.

Process and product certifications and controls

All Acerinox Group plants and workplaces comply with the quality and environmental controls required under the legislation of each country, in addition to having Environmental Management Systems according to ISO 14001:2015. In addition, each of the subsidiaries has assumed standards that exceed the legislative requirements in various fields such as quality, safety and the environment.

Moreover, Acerinox undergoes a series of annual external audits of the Group's Information Systems, both at the level of the parent company and of all subsidiaries. These audits are conducted both by external agencies that verify the status of these systems, and by customers, and they review aspects such as cyber security or IT controls.

Acerinox Europa

Certification of the Quality Management System according to ISO 9001: 2015.

Pressure Equipment Directive 97/23/EC (PED) and AD 2000-Merkblatt W0/TRD 100.

CE marking in accordance with the EN 10088-5 standard, according to the Construction Products Regulation.

Lloyd's Register Certificate for marine uses.

BIS Certification from the Indian Government.

NORSOK M-650 QTR.

Management of radioactive equipment.

Certification of the Environmental Management System according to ISO 14001:2015.

Chemical Laboratory Accreditation in accordance with the ISO 17025:2005, for testing liquid samples in the environmental sector.

Energy Management System ISO 50001:2011.

Occupational Health and Safety Management OHSAS 18001:2007.

Bahru Stainless

Certification of the Quality Management System according to ISO 9001: 2015.

Environmental Management System according to ISO 14001:2015.

ISO 45001:2018 Occupational health and safety certificate.

Pressure Equipment Directive 2014/68/EU, Annex I, Section 4.3 and AD2000-Merkblatt W0.

CE marking in accordance with the EN 10088-5 standard, according to the Construction Products Regulation (CPR) (EU) 305/2011. CPR (Construction Products Regulation).

DQS GmbH.

Columbus Stainless

Certification of the Quality Management System according to ISO 9001: 2015.

Certificate of chemical analysis and mechanical testing ISO/IEC 17025:2005.

Pressure Equipment Directive 2014/68/EU, Annex I, Section 4.3 and AD2000-Merkblatt W0.

CE marking in accordance with the EN 10088-5 standard, according to the Construction Products Regulation (CPR) (EU) 305/2011. CPR (Construction Products Regulation).

Certification of the Environmental Management System according to ISO 14001:2015.

Inoxfil

ISO 9001:2015 Quality Management System.

Certification of the Environmental Management System according to ISO 14001:2015.

CE marking in accordance with the EN 10088-5 standard, according to the Construction Products Regulation (CPR) (EU) 305/2011. CPR (Construction Products Regulation).

Ü marking in accordance with the general building inspection approval under the Z-30.3-6 standard: of the DIBt (Deutsches Institut für Bautechnik) "Stainless steel products, components and fasteners."

Certificate in accordance with the VdTÜV 1153 standard for welding consumables, the accreditation of filler metals according to this standard.

DB Certification for using filler metals and welding consumables for connection joints and filling, in accordance with the DB (Deutsche Bahn) VA 918 490.

CE marking for welding consumables and filler materials according to EN ISO 14343-A, according to Building Products Regulation 305/2011 EU System 2+. CPR (Construction Products Regulation).

North American Stainless

Quality Management System ISO 9001:2015.

Pressure Equipment Directive 2014/68/EU, Annex I, Section 4.3 and AD2000-Merkblatt W0.

The CARES mark in accordance with the BS 6744 for reinforcement bars for reinforced concrete.

Certificate of chemical analysis and mechanical testing ISO/IEC 17025:2005.

CE marking in accordance with the EN 10088-5 standard, according to the Construction Products Regulation (CPR) (EU) 305/2011. CPR (Construction Products Regulation).

Pressure Equipment Directive 97/23/EC (PED) and AD 2000-Merkblatt W0/TRD 100.

UK CARES ISO 9001:2008 QMS Certificate (Ghent).

UK CARES_NAS Grade 910 for Duplex Rebar EN 1.4362.

Kentucky Excel (Excellence in Environmental Leadership) - Master Level.

NAS obtained ISSF's Gold 2019 Sustainability Award for AOD Dust Reuse.

Roldán

Certification of the Quality Management System according to ISO 9001: 2015.

Pressure Equipment Directive 2014/68/EU, Annex I, Section 4.3 and AD2000-Merkblatt W0.

CE marking in accordance with the EN 10088-5 standard, according to the Construction Products Regulation.

Ü marking in accordance with the general building inspection approval.

Z-30.3-6: "Stainless steel products, components and fasteners".

The CARES mark in accordance with the BS 6744 for reinforcement bars for reinforced concrete.

ENVIRONMENTAL MANAGEMENT

The Group regards it as essential to expand by contributing to the transition towards a low carbon economy, towards the reuse and recovery of materials and towards the protection of the environment in its broadest sense.

For comparative purposes, the 2018 environmental data did not include information on the Inoxfil and Roldán plants.

Specifically, Acerinox's environmental commitment focuses on efficient production in terms of energy consumption and promoting a business model that integrates the circular economy, continuously improving performance and converging with the Group's productivity, competitiveness and environmental goals.

Acerinox's CSR Policy establishes that the conducting of the Group's activities should foster the achievement of its strategic objectives in order to offer high-quality and environmental-friendly products. In fact, one of the principles of action defined in this policy is respect for the environment:

- a) Preserve the biodiversity of ecosystems, landscapes and species where the Group performs its activities.*
- b) Prevent pollution by progressively integrating technologies that are more efficient and less intensive in terms of carbon emissions from its facilities.*
- c) Optimise management of hazardous and non-hazardous waste through implemented systems that set targets and goals over, among other aspects, the reduction of waste, the promotion of good practices and the use of recycled materials.*

Furthermore, the Code of Conduct and Responsible Practices establishes the protection of the environment as one of its commitments related to conduct and responsible practices. The Group is committed to maintaining the utmost respect for the environment in the carrying on of its activities, minimising the negative effects that, despite everything, could be caused, and providing the necessary means and information to minimise or eliminate any impact on the natural environment within the framework of the existing legislation and applying the best available techniques.

The employees play a significant role in this commitment, as they are responsible for contributing to minimising the environmental impact of Acerinox's activities and the consumption of resources such as water, energy, raw materials and consumables, and they must comply with the rules, processes and controls of Acerinox in this regard. In particular, and according to their responsibilities, they must ensure that environmental information reported inside and outside the company is correct.

The identification and management of environmental risks is essential for Acerinox.

Beyond the legislative obligations, particularly taken into account in the environmental risks included as operational risks in the Control and Risk Management Policy of Acerinox, S.A., the plants themselves have established environmental risk control procedures that include an assessment of their probability and seriousness.

All the Acerinox Group's factories and workplaces comply with the quality and environmental controls required by the legislation in each country, while each of them also implements Environmental Management Systems in accordance with ISO standard 14001:2015. In addition, each of the subsidiaries has assumed standards that exceed the legislative requirements in various fields such as quality, safety and the environment.

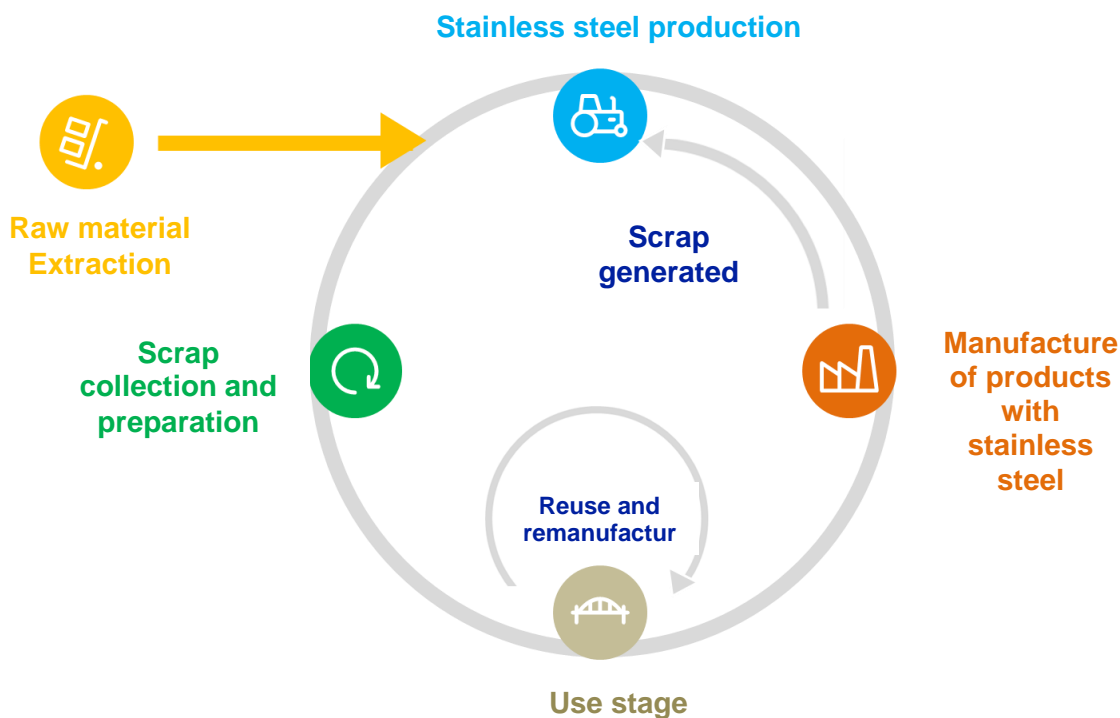
7.1 Circular Economy

Efficient use of resources and the promotion of initiatives that contribute to a circular economy constitute a key aspect enabling the Group to continue growing in a sustainable and responsible manner.

The concept of the circular economy in itself is implicit in the properties of stainless steel: it can be recycled without any reduction in quality as many times as necessary after having fulfilled its function in any application, with an unlimited useful life under optimal conditions. Due to its properties, this material is an excellent example of recyclability and recoverability, key to contributing to sustainable development. Its life cycle therefore offers multiple opportunities to contribute, in each use, to the protection and improvement of the environment.

Stainless Steel, a sustainable material

Reusable Recyclable Long-lasting Resistant Efficient Versatile Permanent



The circular economy in the Core Business of Acerinox.

Acerinox's activity, by its very nature, contributes to sustainable development and the development of society, and it is doubly respectful towards the environment by generating a product whose life cycle responds to the four Rs of the circular economy (reduce, reuse, re-manufacture and recycle) and by virtue of being used to make recycled material.

The Group firmly believes in the circular economy and its associated advantages. Acerinox signed the Spanish Circular Economy Pact in 2017. This commitment means maintaining the value of products, materials and resources for as long as possible, minimising the generation of waste and promoting the correct treatment and recycling of this waste.

One of the principles of action established in Acerinox's CSR Policy is to optimise management of hazardous and non-hazardous waste through implemented systems that set targets and goals over, among other aspects, the reduction of waste, the promotion of good practices and the use of recycled materials.

The Code of Conduct and Responsible Practices establishes a responsibility to contribute to minimising the environmental impact of Acerinox's activities, including the consumption of resources such as water, energy, raw materials and consumables.

Acerinox incorporates scrap metal into its manufacturing processes and the Group thus obtains great value by reintroducing it into the material's life cycle, contributing in turn to reducing the environmental impact of its activities. Casting and maintenance processes, among others, are involved to achieve the above, allowing its use to continue for centuries.

Acerinox is, therefore, one of the largest scrap recyclers in the areas in which it operates. For example, the Acerinox Europa plant is the largest recycling centre for this material in Spain and, given that Spain is a leader in this regard in Europe according to the Association of European Producers of Steel for Packaging, this plant has therefore become a benchmark.

The stainless steel coils, strips and bars, among other products, manufactured at Acerinox's plants and transformed into cars, buildings, cutlery, planes, bridges and household appliances ultimately return to the Group's plants in the form of scrap metal to be recast and reused in a circular cycle that could be infinite, due to the qualities of the material.

"The ultimate goal of steel production management is to ensure that the circular economy is applied to the entire production cycle, promoting synergies with other industries".

*Steel, the Backbone of Sustainability in Europe.
EUROFER.*

Sustainable Use of Resources

Materials and waste

The manufacture of stainless steel entails significant consumption of materials, inevitably leading to a proportional generation of waste.

Weight of materials used and recycled in 2019 (Mt), both renewable and non-renewable



Ferrous alloys: **635,877**



Acids: **43,432**



Gases:
327,533

Recycled material*: **2,034,949**



Recycled acid**: **17,372**

*Note: Recycled material includes purchased scrap, scrap resulting from internal processes and metal recovered from slag and recycled waste.

**Note: Recycled acid: total amount of nitric acid and hydrofluoric acid recovered.

The waste is managed in keeping with its nature and potential and the Group always promote its recovery. An exercise in homogenisation and sorting by type and method of disposal common to all the plants has been conducted in accordance with Spanish legislation, so as to perform better analysis and information reporting.



Best practices



At the Bahru factory, there is an acid regeneration system that allows the recovery of more than 97% of HF and 60% of HNO₃.



A project on acid optimisation in the coil pickling has been carried out at the plant in Ponferrada.



Case Study: "Packaging Project"

A project for the elimination of single-use plastic products was implemented at Acerinox Europa in 2019 and, to do so, a campaign for the elimination of these kinds of products was conducted.

This focused on different measures, such as eliminating workers' plastic bottles by giving them 100% recyclable and unlimited-use stainless steel bottles.

Similarly, Acerinox Europa undertook to guarantee selective collection of plastic and other waste. To do so, it provided the plant with sufficient means for correct separation, specifically establishing recycling points throughout the plant's operational area for plastic waste, organic waste, PPE, paper, cardboard, etc.

In addition, an environmental awareness and sensitisation campaign was carried out by means of sustainability posters, in order to involve the employees in the initiative and thus promote their commitment and participation. Training was also provided on the correct separation of waste and good environmental practices during the initial training courses for all the new workers, together with a risk assessment and training on energy efficiency.

Evolution of the number of plastic bottles purchased by ACERINOX 2015 - 2019



At Acerinox Europa 76% of the iron used in production processes is incorporated therein by means of scrap, thus contributing to the circular economy of the stainless steel industry.

	Main waste managed	
	2019	2018
Total waste generated (Mt)	992,320	1,030,822
Total waste recycled (Mt)	44,731	55,347
Percentage of recycled waste (%)	5%	5%
Total waste to landfill (Mt)	947,589	962,263
Percentage of waste to landfill (%)	92%	93%
Total non-hazardous waste (Mt)	916,415	954,206
Percentage of recycled non-hazardous waste (%)	4%	3%
Percentage of non-hazardous waste to landfill (%)	95%	96%
Total hazardous waste (Mt)	75,905	76,616
Percentage of recycled hazardous waste (%)	46%	39%
Percentage of hazardous waste to landfill (%)	54%	61%

“ComFuturo” Programme

The Acerinox Group cooperates with the FGCSIC (CSIC General Foundation) to enhance the talent of new researchers in key areas such as the circular economy. This programme contributes to promoting high-level young and Spanish research aimed at achieving advances and improvements in areas of exponential concern, including efficiency in the use of raw materials in the production processes and the recovery and reuse of stainless steel.

More specifically, they jointly carry out a project for the recovery of steel slags. The aim of the project is to reuse waste from the steel industry as additives of photocatalytic building materials, in other words, new technology materials that contribute to reducing the pollution of the urban atmosphere and maintaining the aesthetics and functionality of the architecture.

To achieve the above, the pre-treatments required for the conditioning and optimisation of Acerinox's waste, such as steel slag and powder, are evaluated, construction materials with photocatalytic properties with waste additives are designed and manufactured and, finally, the environmental, technical and economic viability of the proposal is validated in each of the potential applications.

The benefits are twofold: the programme contributes to the circular economy by means of reusing the slags resulting from the manufacturing process and reducing the levels of pollutant gases.

LCI analysis

Within the aim to promote a circular economy and in relation to the use and waste management, it is essential to assess the impact of the entire product life cycle, from the manufacturing process to the end of its useful life. To do this, the Company participates in the Life Cycle Inventory (LCI) promoted by the European Steel Association. This is an internationally recognised and structured method to quantify the emissions and the resources consumed, as well as the environment and health impacts, related to the products placed on the market. The scope of the method encompasses the extraction of the raw materials right through to expiration of the useful life of the product.

7.2 Energy and Climate

The stainless steel manufacturing industry has traditionally been linked to high levels of emissions in its production processes that are directly related to its productive capacity. Monitoring and acting in accordance with the intensity of consumption and emissions is therefore essential for contributing to sustainable development.

At all the plants included in this report, Acerinox implements environmental and energy policies that are adapted to the circumstances of each subsidiary. Acerinox is committed to promoting economically viable best practices at all its facilities in order to control and reduce both energy consumption and atmospheric emissions.

New manufacturing technologies and improvements in the production processes contribute to operational excellence and they are key to enhancing efficiency and competitiveness and providing excellent opportunities to achieve more efficient energy and resource consumption, thus advancing towards carbon neutrality.

In addition, since it is a metal that is almost completely recycled on an indefinite basis, stainless steel contributes to lower emission levels than other products made from non-reusable materials.

Acerinox is renowned as a benchmark in the fight against climate change due to its implementation of measures to reduce emissions and minimise risks in this connection.

- *FTSE4Good. The Group is included in this index, which acknowledges environmentally and sustainably responsible companies.*
- *Carbon Disclosure Project (CDP). Acerinox received a C rating in its most recent participation in this initiative.*
- *As for NOx emissions, the plants have catalytic towers where these gases are converted into molecular nitrogen, reducing emissions of this pollutant.*
- *International Stainless Steel Forum (ISSF). Recognition as one of the most efficient and committed companies in terms of reducing emissions: -35% fewer CO₂ emissions per tonne manufactured than the global average of stainless steel manufacturers and 30% fewer vapours than the global steel industry average.*
- *Acerinox is a member of the WorldSteel Climate Action Programme, a programme run by the WorldSteel Association that acknowledges metal manufacturers who have fulfilled their commitment to participating in the industry's emission data collection programme.*
- *SDGs. One of the Sustainable Development Goals that is most prominent and borne in mind in the Group's activities is Goal13 on Climate Action.*

Acerinox has ratified its commitment to achieving climate neutrality by 2050, in keeping with the announcement by the UNESID.

The Acerinox Group has ratified the commitment expressed by the UNESID (Union of Steel Companies) to achieve climate neutrality by 2050, in keeping with the decision of the Board of the steelmakers' association, announced to coincide with the start of the Climate Summit (COP25) in Madrid.

Energy

Opting for a perspective of sustainability at all levels is one of Acerinox's principles. At an environmental level, this is clearly reflected in the investments made at the different facilities, noting the efforts made by the Group to increase energy efficiency.

In addition, Acerinox commits to new production systems with the most advanced technologies and systems for efficient energy consumption and the reduction of emissions. This is a criterion taken into consideration in the acquisitions and investments it undertakes.

In December 2019 Acerinox Europa reached an agreement to purchase 6 MW of renewable energy for a period of 10 years.

The measures designed to achieve more efficient energy consumption and, therefore, lower emission levels, cover different areas.

- *Machinery*

Several programmes are implemented to reduce the energy consumed by machinery, such as replacing conventional burners with more efficient ones, using recovery boilers or replacing engines with more efficient ones.

- *Processes*

Energy efficiency in the production processes is a key area for the Group. Several measures are implemented to achieve the above, such as increasing the continuous load in the hot rolling or increasing the direct annealing in the plate furnace.

- *Awareness*

Acerinox employees are made aware of the importance of performing their work in accordance with the environmental commitments assumed by the Group. At Acerinox this task is facilitated by implementing other measures to reduce pollution, such as replacing conventional lighting with another type that has less of an impact, such as LED screens and projectors in the offices and laboratories.

Investment in initiatives designed to improve production efficiency and reduce emissions

€9.65 million

Environmental expenditure

€100 million



Best practices



Bahru's Excellent Plan conducts different initiatives designed to reduce consumption of natural gas. For example, the optimisation of the natural gas boiler has prevented the emission of 3,197 Mt of CO₂ equivalent and an energy reduction and LED use project has led to the prevention of 11,466 Mt of CO₂ equivalent.



Columbus has a Pollution Prevention Plan. This Plan seeks to reduce emissions by 158,475 tonnes of CO₂ equivalent during the 2016-2020 period. The measures focus mainly on reducing electricity consumption, opting for the VSD (variable speed drive) methodology in ventilation, cold rolling and the facilities themselves.



Acerinox Europa has an energy and emissions savings panel which plans the different actions to be carried out in this area regarding the consumption of natural gas and electricity, establishing an objective, the investment it entails and the corresponding savings for each of the initiatives.

The initiatives defined in the 2019 plan entailed an investment of €11.5 million, with annual savings of €1.5 million and a 0 million kWh objective for electricity and natural gas consumption.

These initiatives include the regulating of the fans in the cooling towers, the blasting blowers and the pumping of oil in the rolling mills, as well as the recovery of heat from the steel fumes, the replacement of the drive motors, the improvement of the compressed air facilities, a feasibility and sizing project for energy generation by means of renewables and the optimisation of boiler gas consumption (Rafael Naranjo Awards).

Case Study: "Economiser in boiler"

The economiser is a heat exchanger that uses the boiler's exhaust gases to preheat the water entering it. Raising the temperature of the incoming water leads to direct natural gas savings by reducing the temperature gradient.

With the installation of these economisers in two boilers, savings totalling 6,453,294 kWh were achieved in 2019, which means that emissions totalling an estimated 1,231 tonnes of CO₂ equivalent has been prevented, thus contributing to reducing the Group's carbon footprint.

In addition, it is intended to optimise the consumption of the two boilers by replacing the regulator of the combustion air inlet, which is currently manual and adjusted twice a year, by an electronic regulator with O₂ probes. It will thus be possible to optimise the mixture of air and fuel on a constant basis, with estimated savings close to 2.5%.

Based on the set of initiatives conducted by the Group, a reduction in energy consumption totalling 9,655,275 GJ was obtained in 2019. It should be noted that energy consumption varies according to the products of and the manufacturing techniques used at each plant, as well as the type of fuel used. The energy consumed in 2019 originated from natural gas, diesel and electricity.

Type of consumption (GJ)	2019	2018
Natural Gas	11,626,381	12,332,770
Diesel	167,122	124,620
Electricity (non-renewable)	10,416,846	10,423,542
Electricity (renewable)	0	0
Total	22,210,349	22,880,932

Indicator	2019	2018
Total energy consumption (GJ)	22,210,349	22,880,932
Manufactured products (Mt)	2,644,002	2,755,850
Energy intensity (GJ/Mt)	8.40	8.30
Reduction of energy consumption (GJ)	9,655,275	10,227,888

Buildings with excellent energy efficiency.

Acerinox's Marbella building in Madrid is energetically audited by an external auditor. Energy audits enable us to analyse the energy costs borne by the different blocs of consumption and, as a result, analyse potentially improvable areas and determine room for improvement in the energy efficiency of our systems and the operating and behavioural patterns.

Emissions

The Group measures its emissions by taking into account the guidelines established by the GHG Protocol, distinguishing between:

- Scope 1. Direct emissions. These are GHG emissions resulting from direct energy consumption from sources controlled by Acerinox (natural gas and diesel).
- Scope 2. Indirect emissions. These are the emissions resulting from the consumption of electricity acquired by the Group.

Objective: Acerinox's Carbon Footprint in 2021.

In order to monitor in detail the nature, volume and possibilities for action with regard to Acerinox's activities that generate greenhouse gas emissions, Acerinox is committed to publishing the Group's carbon footprint in 2021.

Acerinox Europa forms part of the EU Emissions Trading System (EU ETS). In order to control and manage the emissions, they are monitored at each of the facilities and their evolution with respect to the defined objectives is assessed. All the equipment at the melting shops has control, measurement and gas filtration systems. Thus, in addition to contributing to the reduction of emissions, it is possible to monitor these levels. In fact, the emissions data are verified by accredited bodies in accordance with ISO 14064.

In addition, Acerinox implements the Best Available Techniques (BAT) Reference Document on iron and steel and ferrous metals at its factories.

Emissions of CO2 eq	2019	2018
Scope 1: direct emissions (Mt of CO2 eq) *	730,610	828,624
Scope 2: indirect emissions (Mt of CO2 eq) **	731,085	1,726,552
Total	1,461,695	2,555,176

*For the calculation of scope 1 emissions in 2019, the DEFRA 2019 emission factors (Greenhouse gas reporting: conversion factors 2019) were used for diesel fuels, diesel (bioblend), diesel (100% mineral), natural gas and natural gas (100% mineral), in accordance with the cases of each location. In 2018 and 2017, the DEFRA 2017 emission factors (Greenhouse gas reporting: conversion factors 2017) for natural gas and diesel (bioblend) were used.

**For the calculation of scope 2 emissions in 2019, the DEFRA 2019 emission factor (Greenhouse gas reporting: conversion factors 2019) was used for electricity. Emissions resulting from consumption of energy from renewable sources were regarded as zero. In the case of the 2018 and 2017 emissions, IEA “CO2 emissions from fuel combustion 2017” was used for electricity.



Best practices



In the case of the Columbus factory, energy consumption savings totalling approximately 14,000 GJ have been achieved through the installation of a particle filter in cases such as exhaust pipes on the AP2 annealing and pickling line and the ZM3 rolling mill oil pumps, which, in turn, has led to lower CO2 equivalent emissions.



Case Study: “Protocols during production stoppages”

A new protocol on ZM-4 production stoppages has prevented the emission of 127 tonnes of CO2 equivalent at the Acerinox Europa factory in Cádiz.

The protocols establish procedures to ensure that the lines lacking a programme consume as little as possible. Forms are thus established that stipulate the equipment to be stopped in these circumstances.

These protocols evolve in accordance with experience and the best detected practices and they are progressively extended in accordance with their effectiveness on the different production lines.

Thus, estimated electricity savings totalling 309,250 kWh were achieved in 2019.

The factories have catalytic towers where the NOx emissions are converted into molecular nitrogen, thus reducing emissions of this pollutant.

Other emissions	2019	2018
NOx (Mt)	1,254	887

7.3 Water Consumption and Discharge Management

Water and discharges

Water is an essential resource for carrying on our activity. Specifically, it is key in our production processes, such as the cooling of machinery and equipment, either directly in the rolling and annealing process or indirectly in closed circuits by means of coils, plates and chambers. In addition, to a lesser extent, water is used in the mixing of baths of chemical treatments and emulsions, the air conditioning at the plants and as sanitary water.

Acerinox therefore assigns significant resources and makes great efforts to reduce the consumption of this resource (and, in turn, the associated costs) and to return as much water as possible to the natural environment, ensuring that it retains conditions (purity, quality and temperature) as similar as possible to those under which it was collected.

	2019	2018
	Volume (m3)	Volume (m3)
Volume of water catchment in areas with no shortages	5,439,159	5,996,658
Surface water	5,162,616	5,702,066
Third-party companies' water	211,203	294,592
Others (produced water)	65,340	0
Volume of water catchment in areas with shortages	4,021,112	3,651,170
Surface water	3,716,666	3,417,818
Third-party companies' water	304,446	233,352
Others	0	0

Surface water refers to collection and water from third parties to consumption

The Acerinox Group plants have strict measures in place to prevent, avoid and resolve spillages from discharges or the storing substances should they occur. All the factories have neutralisation plants for treating acidic and basic waters, as well as emergency dams to prevent discharges into the environment and other security mechanisms to eliminate any potential spillages. Similarly, the tanks are also equipped with a rigid inner tank, with an emergency stop function and an emergency cleaning service.

In particular, these measures are reinforced in areas with water shortages in which the Group operates, especially at the Acerinox Europa, Columbus, Roldán and Inoxfil plants.

Acerinox Europa

Some of the water used in the process is maintained in constant recirculation. The water that does not recirculate and is discharged is previously treated (flocculation, decantation and neutralisation) and complies with the conditions on discharges of the IEA (Integrated Environmental Authorisation). This used water is discharged into the sea in the Bay of Algeciras and its properties are constantly monitored.

Discharges totalled 1,434,018 m³ in 2019.

Bahru Stainless

All the water collected in Bahru comes from the artificial reservoirs in the area that feed on rainwater, in such a way that the water passes through a treatment plant prior to its use.

With regard to discharges, different treatments, such as neutralisation processes, are applied at the factory's wastewater treatment plant in such a way that the final effluent complies with Standard A required by the National Environmental Legislation Requirements.

Discharges totalled 260,824 m³ in 2019.

Columbus Stainless

Columbus has made a great effort at the factory in South Africa to adapt to the situation of the local environment, characterised by the scarcity of water in the region, opting for different sources in accordance with the needs and context of the area. To do so it has established a priority-based order of use.

Firstly, the maximum possible amount of water is obtained through the reuse of the treated water at the factory's effluent treatment plant, previously applying the appropriate treatment processes, including reverse osmosis and evaporation. In addition, in order to capitalise on the concentrated brine, it is sold as a calcium nitrate product.

Secondly, to promote sustainable use of water in the area, reservoirs have been constructed to enable the collection of a significant volume of rainwater during the wet season and thus supply the factory.

Thirdly, as appropriate, water is obtained from the municipal network.

It should be highlighted that Columbus is a member of the “Upper Olifants Catchment Management Forum”, an association that promotes the application of measures for the sustainable and adequate use of water resources, and that the factory applies a Zero Effluents principle.

Discharges totalled 51,938 m³ in 2019.

Inoxfil

All the water consumed originates from the public network that supplies water to the companies on the industrial estate where Inoxfil is located.

The discharges go into the municipal sewerage network having previously being treated through coagulation and flocculation processes through a connection point at which the process, sanitary and rainwaters converge. In addition, the water entering the factory is subjected to a descaling process. There is also a physical-chemical treatment plant to treat the water from the surface treatment processes.

Discharges totalled 35,500 m³ in 2019.

North American Stainless

The water is collected from the Ohio river by means of the corresponding permits obtained by the factory. Prior to its use the water is treated by means of polymers and is passed through sand filters that retain the solid particles. Rainwater is also collected.

Different treatments are applied throughout the production process so as to reuse the water as many times as possible, until its characteristics are no longer suitable for the production process. For example, the water used on the pickling lines is subsequently used in the production of caustic and acid products.

This is when it is returned to the Ohio river, at the same temperature as the river, with parameters that contribute to preventing any possible environmental impact, in compliance with the current environmental regulations. For this purpose, neutralisation tanks and chromium reduction and nickel precipitate equipment are used, as well as metal extraction, neutralisation processes, etc.

Like Acerinox Europa, at this factory the quality of the water discharged into the river is monitored in real time.

Discharges totalled 3,567,580 m³ in 2019.

Roldán

The water supply for human consumption comes from the Ponferrada municipal network and the water used in the industrial process comes from a catchment of the Sil river, authorised by the Miño-Sil Hydrographic Confederation. In addition, by means of the rainwater purification plant, this water is collected through pipelines and directed to the rainwater treatment facilities and then discharged into the Sil river.

The different measures implemented to foster efficient water use include the use of closed circuits so that after its use in the production processes, the water passes through a purification plant to eliminate the suspended solids, fats and oils it contains through neutralisation and filtering processes.

The discharges go into both the Ponferrada sanitation network and the Sil river. In all cases the quality of the discharges is previously measured and the water undergoes neutralisation and flocculation processes.

Discharges totalled 388,171 m³ in 2019.

ANNEXES

8.1 GRI Context Index



For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

GRI Standard	Disclosure	Page/Reference	External assurance
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organisational profile	102-1 Name of the organisation	Acerinox, S.A.	✓
	102-2 Activities, brands, products and services	8-9	✓
	102-3 Location of headquarters	The registered office of Acerinox, S.A. is Calle Santiago de Compostela, 100, (28035), Madrid, Spain.	✓
	102-4 Location of operations	8-9	✓
	102-5 Ownership and legal form	Acerinox Management Report 2019: 1. About us. (Pages 130-138) http://www.acerinox.com/opencms901/export/sites/acerinox/.content/galerias/galeria-descargas/untageneral/Annual-Financial-Report-2019.pdf	✓
	102-6 Markets served	8-9	✓
	102-7 Scale of the organisation	8-9	✓
	102-8 Information on employees and other workers	33-34	✓
	102-9 Supply chain	53-56	✓
	102-10 Significant changes to the organisation and its supply chain	3-6	✓
	102-11 Precautionary principle or approach	65	✓
	102-12 External initiatives	3-6	✓
	102-13 Membership of associations	48-50	✓
Strategy	102-14 Statement from senior decision-makers	3-6	✓
	102-15 Key impacts, risks and opportunities	3-6,7 and 22-23	✓
Ethics and Integrity	102-16 Values, principles, standards and norms of behaviour	16-21.	✓
Governance	102-18 Governance structure	15 and Acerinox Management Report 2019: 11. 2 The Board of Directors and its Committees. (Pages 181-190) http://www.acerinox.com/opencms901/export/sites/acerinox/.content/galerias/galeria-descargas/untageneral/Annual-Financial-Report-2019.pdf	✓
Stakeholder Engagement	102-40 List of stakeholder groups	11-14	✓
	102-41 Collective bargaining agreements	29-30	✓

Reporting Practice	102-42 Identifying and selecting stakeholders	11-14	✓
	102-43 Approach to stakeholder engagement	11-14	✓
	102-44 Key topics and concerns raised	11-14	✓
	102-45 Entities included in the consolidated financial statements	Acerinox Management Report 2019: 1. About us. (Pages 130-138) http://www.acerinox.com/opencms901/export/sites/acerinox/content/galerias/galeria-descargas/junta-general/Annual-Financial-Report-2019.pdf	✓
	102-46 Defining report content and topic Boundaries	11-14	✓
	102-47 List of material topics	11-14	✓
	102-48 Restatements of information	No re-statement of information with respect to previous reports has been made.	✓
	102-49 Changes in reporting	In 2019 Acerinox integrated the information that it reported in 2018 on the 2018 Statement of Non-Financial Information and the 2018 Sustainability Report into a single Report.	✓
	102-50 Reporting period	Calendar year 2019 (1 January to 31 December 2019).	✓
	102-51 Date of most recent report	Calendar year 2018 (1 January to 31 December 2018).	✓
	102-52 Reporting cycle	The reporting cycle is annual	✓
	102-53 Contact point for questions regarding the report	inigo.rodriguez@acerinox.com	✓
	102-54 Claims of reporting in accordance with the GRI standards	This report has been prepared in accordance with GRI Standards: Core option	✓
	102-55 GRI Content Index	83-88	✓
102-56 External Assurance	The Acerinox Group has obtained external assurance for the report, in accordance with the international standard ISAE 3000, through an independent third party: KPMG Asesores, S.L.	✓	
Economic performance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	44	✓
	201-4 Financial assistance received from government	Note 15 corresponding to the Annual Accounts http://www.acerinox.com/opencms901/export/sites/acerinox/content/galerias/galeria-descargas/junta-general/Annual-Financial-Report-2019.pdf	✓
Indirect Economic Impacts			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	43-50	✓
	203-2 Significant indirect economic impacts	43-50	✓
Procurement Practices			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	54	✓
Anti-corruption			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓

	103-3 Evaluation of the management approach	11-14	✓
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Fight against corruption and bribery. In 2019, no operation assessments were made in the context of corruption or for risks related to corruption, and no confirmed case of corruption was recorded.	✓
	205-2 Communication and training about anti-corruption policies and procedures	18-20	✓
	205-3 Confirmed incidents of corruption and actions taken	No confirmed cases of corruption were recorded.	✓
Anti-competitive Behaviour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	There is no record of any legal actions being taken concerning anti-competitive behaviour, monopoly practices or practices against free competition.	✓
Materials			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 301: Materials 2016	301-1 Materials used by weight or volume	69-72	✓
	301-2 Recycled input materials used	69-72	✓
Energy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	76	✓
	302-2 Energy consumption outside of the organisation	76	✓
	302-4 Reduction of energy consumption	73-77	✓
Water			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	79-82	✓
	303-2 Management of water discharge-related impacts	79-82	✓
	303-3 Water withdrawal	79-82	✓
Emissions and Climate Change			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	77	✓
	305-2 Energy indirect (Scope 2) GHG Emissions	77	✓
	305-4 GHG emissions intensity	77-78	✓
	305-5 Reduction of GHG Emissions	77-78	✓
	305-7 Nitrogen oxides (NO _x), Sulphur oxides (SO _x) and other significant air emissions	78	✓
Effluents and waste			

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 306: Effluents and waste 2016	306-1 Water discharge by quality and destination	79-82	✓
	306-2 Waste by type and disposal method	71	✓
	306-3 Significant spills	No significant spillages were recorded at the Group's factories in 2019.	✓
Environmental Compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	In 2019, no significant sanctions or non-monetary sanctions were received for non-compliance with environmental laws or regulations during the reporting period at any of the factories.	✓
Supplier Environmental Assessment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	55-56	✓
Employment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	26-27	✓
	401-3 Parental Leave	32	✓
Labour/Management Relations			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14.	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	29-30	✓
Occupational Health and Safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	39-42	✓
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	42	✓
	403-3 Workers with high incidence or high risk of diseases related to their occupation	39-42	✓
Training and Education			

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	35-36	✓
	404-3 Percentage of employees receiving regular performance and career development reviews	35-36	✓
Diversity and Equal Opportunity			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	26, 15 and Acerinox Management Report 2019: 11. 2 The Board of Directors and its Committees. (Pages 181-190) http://www.acerinox.com/opencms901/export/sites/acerinox/content/galerias/galeria-descargas/junta-general/Annual-Financial-Report-2019.pdf	✓
	405-2 Ratio of basic salary and remuneration of women to men	33-34	✓
Non-discrimination			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2019, the Company was not aware of incidents of discrimination.	✓
Freedom of Association and Collective Bargaining			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	In 2019, the Acerinox Group did not record any operations or suppliers whose right to freedom of association and collective bargaining was at risk.	✓
Child Labour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk of incidents of child labour	All Acerinox Group companies support the abolition of child labour.	✓
Forced or Compulsory Labour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labour	In 2019, the Acerinox Group did not record any operations or suppliers with significant risk of cases of forced or compulsory labour. All Acerinox Group companies support the abolition of all forms of forced labour or that performed under duress.	✓
Local Communities			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓

	103-3 Evaluation of the management approach	11-14	✓
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	43	✓
Supplier Social Assessment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	55-56	✓
	414-2 Negative social impacts in the supply chain and actions taken	No negative social impact was recorded in the supply chain, and therefore, it was not necessary to take any action in that regard.	✓
Customer Health and Safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	62-64	✓
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2019, no incidents were recorded concerning the health and safety impacts of products and services	✓
Customer Privacy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2019, no significant complaints regarding breaches of customer privacy and losses of customer data were made through the established complaints channels.	✓
Socioeconomic Compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	11-14	✓
	103-2 The management approach and its components	11-14	✓
	103-3 Evaluation of the management approach	11-14	✓
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	In 2019, no significant sanctions or non-monetary sanctions were received for non-compliance with social and economic area laws or regulations during the reporting period	✓

8.2 Table of Contents in accordance with Law 11/2018 on Non-Financial Information and Diversity

Information required by the Law on Non-financial Information	Associated reporting criteria (GRI Standard)	Page/Reference
Business Model		
Brief description of the Group's business model (business environment and organisation).	102-2 Activities, brands, products and services 102-7 Scale of the organisation	8-9
Geographical presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	8-9
Objectives and strategies of the organisation	102-14 Statement from senior decision-maker	3-6
Main factors and trends that may affect its future development	102-15 Key impacts, risks and opportunities	Acerinox Management Report 2019: 2. Acerinox's industry in 2019
Mention in the report to the national, European or international reporting framework used for the selection of key indicators of non-financial results included in each of the sections	102-54 Claims of reporting in accordance with the GRI standards	3-6 and 11-14
Materiality	102-46 Defining report content and topic Boundaries 102-47 List of material topics	11-14
Environmental Matters		
General Information		
A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.	103-2 The management approach and its components	22-23
The results of these policies, which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	3-6
The main risks related to these issues related to the Group's activities, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown thereof, in particular on the main short-, medium- and long-term risks.	102-15 Key impacts, risks and opportunities	11-14 and 22-23
Current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	102-15 Key impacts, risks and opportunities	62-66
Environmental evaluation and certification procedures	103-2 The management approach and its components	62-64
Resources dedicated to the prevention of environmental risks	103-2 The management approach and its components	Note 8 of the Annual Accounts 65
Application of the precautionary principle	102-11 Precautionary principle or approach	
Number of provisions and guarantees for environmental risks	103-2 The management approach and its components	Note 8 of the Annual Accounts
Pollution		
Measures to prevent, reduce or repair emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	103-2 The management approach and its components 305-5 Reduction of GHG emissions	74-78
Circular Economy and Waste Prevention and Management		
Prevention measures, recycling, reuse, other forms of recovery and waste disposal; actions to combat food waste.	103-2 The management approach and its components 306-1 Water discharge by quality and destination 306-2 Waste by type and disposal method	69-72

Sustainable use of resources		
Water consumption and water supply in accordance with the local restrictions.	303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharges 303-5 Water consumption	79-82.
Consumption of raw materials and the measures adopted to improve the efficiency of their use.	301-1 Materials used by weight or volume	69-72
Direct and indirect energy consumption	103-2 The management approach and its components 302-1 Energy consumption within the organisation	76
Measures implemented to increase energy efficiency.	103-2 The management approach and its components 302-4 Reduction of energy consumption	74-76
Use of renewable energies.	302-1 Energy consumption within the organisation	74-76
Climate Change		
The main elements of the greenhouse gas emissions generated as a result of company activities, including the use of goods and services which it produces.	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	77-78
Measures adopted to adapt to the consequences of climate change.	103-2 The management approach and its components	73-78
Voluntary reduction goals established in the medium and long term to reduce GHG emissions and the measures implemented for this purpose.	305-5 Reduction of GHG emissions	77-78
Protecting Biodiversity		
Measures implemented to preserve or restore biodiversity.	304-3 Habitats protected or restored	The activities and operations carried out by Acerinox do not have a direct influence on biodiversity or protected areas.
Impacts caused by activities or operations in protected areas.	304-2 Significant impacts of activities, products and services on biodiversity	The activities and operations carried out by Acerinox do not have a direct influence on biodiversity or protected areas.
Social issues and those relating to personnel		
General Information		
A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.	103-2 The management approach and its components	11-14
The results of these policies, which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	11-14
The main risks related to these issues related to the Group's activities, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown thereof, in particular on the main short-, medium- and long-term risks.	102-15 Key impacts, risks and opportunities	11-14
Employment		
Total number and distribution of employees based on criteria representing diversity (gender, age, country, etc.)	102-8 Information on employees and other workers 405-1 Diversity of governance bodies and employees	24-28
Total number and distribution of employment contract types, annual average of permanent, temporary and part-time contracts by gender, age and professional classification.	102-8 Information on employees and other workers	24-28

Number of dismissals by gender, age and professional classification	103-2 The management approach and its components	28
Average remunerations and their evolution broken down by gender, age and professional classification and equal value	405-2 Ratio of basic salary and remuneration of women to men 103-2 The management approach and its components	33-34
Salary gap, the remuneration of the same job positions and the company's average	405-2 Ratio of basic salary and remuneration of women to men	33-34
The average remuneration of directors and managers, including variable remuneration, attendance fees, compensation, payment to long-term savings forecast systems and any other benefits, broken down by gender.	102-35 Remuneration policies	33-34
Implementation of policies on the disconnection from work during non-work hours	103-2 The management approach and its components	Acerinox does not have specific measures related to disconnection from work beyond those established in collective bargaining agreements and agreements reached with employees.
Disabled employees	405-1 Diversity of governance bodies and employees	36-38
Work organisation		
Organisation of the Working Schedule	103-2 The management approach and its components	31-32
Number of hours of absenteeism	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	42
Measures designed to facilitate the enjoyment of the conciliation of personal and professional lives of the employees and to encourage joint responsibility of these measures by both parents	401-3 Parental leave	31-32
Health and Safety		
Occupational health and safety conditions	403-3 Workers with high incidence or high risk of diseases related to their occupation	39-42
Accidents at work, in particular their frequency and severity, as well as occupational illnesses; disaggregated by gender.	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	42
Social Relations		
Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them	103-2 The management approach and its components	29-31
Percentage of employees covered by collective bargaining agreements	102-41 Collective bargaining agreements	29-31
The balance of collective bargaining agreements, particularly in the field of occupational health and safety	403-4 Health and safety topics covered in formal agreements with trade unions	39-42
Training		
Policies implemented in the field of training	103-2 The management approach and its components 404-2 Programmes for upgrading employee skills and transition assistance programmes	34-36
Total number of hours of training by professional category	404-1 Average hours of training per year per employee	34-36
Universal accessibility for people with disabilities		
Universal accessibility for people with disabilities	103-2 The management approach and its components	36-38
Equality		
Measures adopted to promote equal treatment and opportunities between men and women	103-2 The management approach and its components	36-38
Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for effective equality between women and men), measures adopted to promote employment, protocols against sexual harassment and on the basis of gender, integration and universal accessibility for people with disabilities	103-2 The management approach and its components	36-38
The policy against all types of discrimination and, where appropriate, management of diversity	103-2 The management approach and its components	36-38
Respect for Human Rights		
General Information		

A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted	103-2 The management approach and its components	11-14
The results of these policies , which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter	103-2 The management approach and its components 103-3 Evaluation of the management approach	11-14
The main risks related to these issues related to the Group's activities, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown thereof, in particular on the main short-, medium- and long-term risks	102-15 Key impacts, risks and opportunities	11-14

Detailed information

Application of due diligence procedures with regard to human rights; prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and repair any abuse which may have been committed	102-16 Values, principles, standards and norms of behaviour 102-17 Mechanisms for advice and concerns about ethics 410-1 Security personnel trained in human rights policies or procedures 412-1 Operations that have been subject to human rights reviews or impact assessments	20-21
Reports of cases of human rights violations	103-2 The management approach and its components 419-1 Non-compliance with laws and regulations in the social and economic area	Throughout 2019 there were no complaints or claims of an infringement of human rights in the Group.
Promotion of and compliance with the provisions of the fundamental agreements of the International Labour Organisation related to the respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.	103-2 The management approach and its components 408-1 Operations and suppliers at significant risk for incidents of child labour 409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour	The Group supports the Principles of the United Nations Global Compact and promotes the principle that explicitly states that businesses must support the elimination of all forms of forced labour, child labour or compulsory labour and during 2019 the Group did not identify any operations or activities of this type.

Fight against Corruption & Bribery

General Information

A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.	103-2 The management approach and its components	11-14
The results of these policies , which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	11-14
The main risks related to these issues related to the Group's activities, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown thereof, in particular on the main short-, medium- and long-term risks .	102-15 Key impacts, risks and opportunities	11-14

Detailed information

Measures adopted to prevent corruption and bribery	102-16 Values, principles, standards and norms of behaviour 102-17 Mechanisms for advice and concerns about ethics	21
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	103-2 The management approach and its components 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures	
Measures to combat money laundering	103-2 The management approach and its components 102-16 Values, principles, standards and norms of behaviour 102-17 Mechanisms for advice and concerns about ethics	21
Contributions to foundations and not-for-profit entities	102-13 Membership of associations 201-1 Direct economic value generated and distributed	43-44
Company information		
General Information		
A description of the policies applied by the group concerning such matters, which will include the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and on their verification and control, as well as the measures that have been adopted.	103-2 The management approach and its components	11-14
The results of these policies , which must include relevant non-financial key performance indicators which allow the monitoring and evaluation of the progress made and which promote the comparability between companies and industries, in accordance with the national, European or international reference frameworks used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	11-14
The main risks related to these issues related to the Group's activities, including, among others, when relevant and proportionate, their business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included, offering a breakdown thereof, in particular on the main short-, medium- and long-term risks .	102-15 Key impacts, risks and opportunities	11-14
The Company's Commitments to Sustainable Development		
The impact of the company's activity on employment and local development	103-2 The management approach and its components 204-1 Proportion of spending on local suppliers	53-56
The impact of the company's activity on local populations and the region	204-1 Proportion of spending on local suppliers 413-1 Operations with local community engagement, impact assessments and development programmes 413-2 Operations with significant actual and potential negative impacts on local communities	53-56
Relationships maintained with local community players and the modalities of dialogue therewith	102-43 Approach to stakeholder engagement 413-1 Operations with local community engagement, impact assessments and development programmes	53-56
Association or sponsorship actions	103-2 The management approach and its components	45-50
Subcontracting and Suppliers		
The inclusion of social issues, gender equality and environmental issues in the purchasing policy	414-1 New suppliers that were screened using social criteria 103-2 The management approach and its components	53-56
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	102-9 Supply chain 308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	53-56
Supervision and audits systems and the results thereof	102-9 Supply chain	53-56

308-2 Negative environmental impacts in the supply chain and actions taken
 414-2 Negative social impacts in the supply chain and the actions taken

Consumers

Measures taken for the health and safety of consumers	103-2 The management approach and its components 416-1 Assessment of the health and safety impacts of product and service categories	Not material. The business does not deal directly with end consumers
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Supervision and audits systems and the results thereof	103-2 The management approach and its components 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not material. The business does not deal directly with end consumers
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Tax Information

Profits obtained by country	201-1 Direct economic value generated and distributed	51-52
Income tax paid	201-1 Direct economic value generated and distributed	51-52
Public subsidies received	201-4 Financial assistance received from government.	51-52

8.3 Verification Report



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on Sustainability Report of Acerinox, S.A. and subsidiaries for the year 2019

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Acerinox, S.A.:

We have been engaged by Acerinox, S.A. management to perform a limited assurance review of the accompanying Sustainability Report for the year ended 31 December 2019 of Acerinox, S.A. (hereinafter, the Parent Company) and subsidiaries (hereinafter, the Group), prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its core option (hereinafter, the Report).

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review to verify that the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2019, of the Group, included in the Report which forms part of the Group's 2019 consolidated Directors' Report, has been prepared in accordance with the contents required by prevailing mercantile legislation.

The Report includes additional information to that required by GRI standards in its core option and prevailing mercantile legislation governing non-financial information that has not been the subject of our assurance engagement. In this regard, our work was limited only to providing assurance on the information contained in the "Table of GRI indicators" and the "Table of Contents in accordance with the 11/2018 Law on Non-Financial Information and Diversity" of the accompanying Report.

Directors' responsibilities

Management of the Parent Company is responsible for the preparation and presentation of the Report in accordance with the GRI Standards in its core option, in accordance with each subject area in the "Table of GRI indicators" of the aforementioned Report.

The Board of Directors of the Parent Company is responsible for the contents and the authorization for issue of the NFIS which has been prepared in accordance with the contents required by prevailing mercantile legislation and selected GRI Standards, in accordance with each subject area in the "Table of Contents in accordance with the 11/2018 Law on Non-Financial Information and Diversity" of the aforementioned Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The directors of the Parent Company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the Report was obtained.



Our Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the Group that participated in the preparation of the Report, in the review of the processes for compiling and validating the information presented in the Report and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Group personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Parent Company and described in the section "Materiality analysis" considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2019.
- Review of the information relating to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2019.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2019 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.



Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a.) The Sustainability Report of Acerinox, S.A and subsidiaries for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with the GRI Standards, in its core option, as described in point 102-54 of Table of GRI indicators.
- b.) The NFIS of Acerinox, S.A. and subsidiaries for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with the contents included in prevailing mercantile legislation and with the GRI Standards selected, in accordance with each subject area in the Table of Contents in accordance with the 11/2018 Law on Non-Financial Information and Diversity of the Report.

Use and distribution

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Acerinox, S.A. in relation to its 2019 Sustainability Report and for no other purpose or in any other context.

In relation to the Consolidated NFIS, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

27 February 2019