



# Appointments, Remuneration and Corporate Governance Committee Activity Report

for the year ended  
December 31, 2023

Madrid, March 12, 2024



Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

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## 01. Introduction

Pursuant to the provisions of Article 4.5 of Annex III of the Regulations of the Board of Directors of Acerinox, S.A. (“**Acerinox**” or the “**Company**”), and for the purposes of the Board of Directors being able to carry out its annual evaluation of the Board and its Committees in accordance with the provisions of Article 529 nonies of the revised text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, the Appointments, Remuneration and Corporate Governance Committee of the Company issues this Report, which includes the information contained in the Spanish National Securities Market Commission’s Technical Guide 1/2019 on appointments and remuneration committees, at its meeting held on March 11, 2024.

This Report will be available to shareholders and other interested parties on the Company’s website ([www.acerinox.com](http://www.acerinox.com)) from the publication of the notice of the Annual Shareholders’ Meeting, in accordance with the provisions of Recommendation 6 of the Good Governance Code of Listed Companies (“**CBG**”).

## 02. Regulation

The Appointments, Remuneration and Corporate Governance Committee of Acerinox is regulated in Article 12. II and Annex III of the Regulations of the Board of Directors, which incorporates the basic aspects regarding the composition, functions and operation of the Committee included in the Recommendations of the Good Governance Code and in the CNMV’s Technical Guide 1/2019 on Nomination and Remunerations Committees. The current version of the aforementioned Regulations is available on the Company’s website ([www.acerinox.com](http://www.acerinox.com)), in the “Internal Regulations” section of the “Corporate Governance” area, which is located in the “Shareholders and Investors” section.



## 03. Composition and qualifications of its members

During the 2023 financial year, the composition of the Appointments, Remuneration and Corporate Governance Committee has changed.

From January 1, 2023 and until June 27, 2023, the Committee comprised the following members:

Name	Position	Category	Date of appointment as a member of the Committee
Ms. Laura G. Molero	Chairwoman	Independent	March 22, 2018
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member	Proprietary	July 21, 2004
Mr. Francisco J. García Sanz	Member	Independent	October 22, 2020

On June 27, 2023, Mr. Pedro Sainz de Baranda became a member of the Committee. From June 27, 2023 to December 31, 2023, the Committee comprised the following members:

Members	Category	Position	Date of appointment as a member of the Committee
Ms. Laura G. Molero	Independent	Chairwoman	March 22, 2018
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Proprietary	Member	July 21, 2004
Mr. Francisco J. García Sanz	Independent	Member	October 22, 2020
Mr. Pedro Sainz de Baranda Riva	Independent	Member	June 27, 2023

Mr. Luis Gimeno Valledor, Secretary of the Board of Directors of the Company, acts as Secretary of the Committee.

The professional profiles of the members of the Committee as of December 31, 2023 are as follows:



**Ms. Laura G. Molero**  
**Chairwoman**

Independent External Director

Ms. Laura González Molero, a Spanish national, has been an Independent Director since April 26, 2017, as well as a member of the Audit Committee and Chairwoman of the Appointments, Remuneration and Corporate Governance Committee.

**Training**

She holds a degree in Pharmacy, specializing in Industrial Pharmacy, from the Complutense University of Madrid and an Executive MBA from IE Business School.

**Experience**

Ms. González Molero is currently President of the Asociación para el Progreso de la Dirección (APD) and has developed her professional career in international pharmaceutical chemical companies.

**Board of Directors of which she is a member and has been a member**

She currently holds the position of Independent Director of two other companies:

- Viscofan, S.A.; and
- Banco de Sabadell, S.A.

Ms. González Molero has been Chief Executive Officer and Chairwoman of Merck España and Bayer Latin America and Independent Director of Calidad Pascual, S.A.U., Bankia, S.A. and Adecco Foundation (NGO).



**Mr. Santos Martínez-Conde**  
**Gutiérrez-Barquín**  
**Member**

External Proprietary Director, on behalf of  
Corporación Financiera Alba, S.A

Mr. Santos Martínez-Conde Gutiérrez-Barquín, a Spanish national, has been a member of the Board of Directors since May 30, 2002. He is also member of the Executive Committee and of the Appointments, Remuneration, and Corporate Governance Committee.

**Training**

He holds a Degree in Civil Engineering, a Master's Degree in Business Management from ICADE and a Diploma in Nuclear Technology from ICAI.

**Experience**

Mr. Martínez Conde has previously been Chief Executive Officer of Corporación Financiera Alba, S.A. where he spent most of his professional career. Prior to this he worked at Sener Técnica Naval e Industrial, S.A., Técnicas Reunidas, S.A., Bestinver, S.A., Corporación Borealis, S.A. and Banco Urquijo, S.A.

**Board of Directors of which he is a member**

He is currently a Director of another company: Corporación Financiera Alba, S.A.

He served as Chief Executive Officer of Corporación Financiera Alba, S.A. and was a member of the Board of Directors of Banca March, S.A. and Banco Inversis, S.A. and of listed companies such as ACS, S.A., Unión Fenosa, S.A., BME, Sociedad Holding de Bolsas y Mercados Españoles, S.A., Indra Sistemas, S.A. and CIE Automotive, S.A., as well as numerous unlisted companies in various industries.



**Mr. Francisco Javier  
García Sanz**  
**Member**

Independent External Director

Mr. Francisco Javier García Sanz, a Spanish national, has been an Independent Director since October 22, 2020. He is also member of the Executive Committee and of the Appointments, Remuneration and Corporate Governance Committee.

**Training**

He holds a degree in Business Administration and an honorary doctorate from the University of Stuttgart (2008), and was awarded the Grand Cross of the Order of Civil Merit.

**Experience**

Mr. García Sanz was formerly Executive Director of Global Procurement at General Motors Corporation in Detroit (USA). He then went on to work for the Volkswagen Group, where he held the responsibilities of Vice President, as well as Executive Vice President of Seat, S.A.

**Board of Directors of which he is a member and has been a member**

Mr. García Sanz currently serves on the Boards of Directors of the following companies:

- Tubacex, S.A.;
- Indra Sistemas, S.A.;
- Hochtief AG; and
- A&S Fersa Bearings Europe, S.L. (Vice chairman).

He also previously held the position of Director and Chairman of Seat, S.A. and Director of Criteria Caixa, S.A. In 2009, he was appointed Chairman of the Wolfsburg soccer team, a position he held until 2018. He was also Chairman of ANFAC (Spanish Association of Automobile and Truck Manufacturers).



**Mr. Pedro Sainz  
de Baranda Riva**  
**Member**

Independent External Director

Mr. Pedro Sainz de Baranda Riva, a Spanish national, has been an Independent Director since May 23, 2023, as well as a member of the Sustainability Committee and the Appointments, Remuneration and Corporate Governance Committee.

**Training**

He holds a degree in Mining Engineering from the University of Oviedo, majoring in Energy, a Ph.D. in Engineering from Rutgers University, New Jersey, and a MBA from the Sloan School of Management of the Massachusetts Institute of Technology (MIT).

**Experience**

He has developed his professional career in the industrial sector within the United Technologies Corporation (UTC) group and Otis Elevator Company. He has been the manager of new technologies at Otis, head of new teams at Otis Mexico, executive chairman of Otis Portugal, managing director and CEO of Zardoya Otis, S.A., chairman of Otis for Southern Europe and the Middle East and executive chairman of Otis Elevator Company.

**Board of Directors of which he is a member**

Mr. Sainz de Baranda Riva is currently a Director of other companies:

- Naturgy Energy Group, S.A.;
- Gestamp Automoción, S.A.; and
- TK Elevator GmbH;

He is also a Trustee of the Fundación Princesa de Asturias.

All the members of the Committee have the necessary knowledge, skills, experience and dedication to perform their duties.

Detailed information on the members of the Committee and their professional careers is available to shareholders, investors and others interested in Acerinox on the Company's website.

## 04. Meetings held during the year, number of attendees and other persons who were present

The Board of Directors of Acerinox has considered that, despite it being a listed company in the IBEX 35 index, there are insufficient reasons to separate the functions between an appointments committee and a remuneration committee, as it states in the Company's Annual Corporate Governance Report.

In 2023, the Appointments, Remuneration and Corporate Governance Committee met on twelve (12) occasions, prior to the meetings of the Board of Directors:

Date	Type of meeting	Attendance
January 31, 2023	In-person/Telematic	Three (3)
February 21, 2023	In-person/Telematic	Three (3)
March 28, 2023	In-person	Three (3)
April 12, 2023	In-person	Three (3)
April 25, 2023	In-person	Three (3)
May 22, 2023	In-person	Three (3)
June 26, 2023	In-person/Telematic	Three (3)
July 24, 2023	In-person	Four (4)
September 26, 2023	In-person/Telematic	Four (4)
October 23, 2023	In-person/Telematic	Four (4)
November 24, 2023	In-person/Telematic	Four (4)
December 19, 2023	In-person/Telematic	Four (4)

All members of the Committee attended in person or by proxy, either in person or remotely, all meetings held during the year.

In addition to the attendance of its members and the Secretary, the following persons appeared at some of the Committee meetings:

- Chairman of the Board, **Mr. Carlos Ortega Arias-Paz**, on three occasions.
- Chief Executive Officer, **Mr. Bernardo Velázquez Herreros**, on six occasions.
- Independent Director, **Ms. Marta Martínez Alonso**, on two occasions.
- Chief Legal Officer, **Mr. Carlos Castillo Plaza**, on one occasion.
- Chief Human Resources Officer, **Ms. María Luisa Dafaue Bueno**, on five occasions.
- Information Systems Director, **Ms. Isabel Vaca Escolano**, on one occasion.
- Chief Compliance Officer, **Mr. Rodrigo García Vega**, on two occasions.
- Chief Risk Officer, **Mr. Juan García de la Fuente**, on one occasion.
- Internal Audit Manager, **Ms. María de O. de Aguinaga Arena**, on one occasion.

Exceptionally, external advisors have also appeared before the Committee to deal with particularly complex matters within their competence. In particular, *KPMG*, *Korn Ferry*, *The Valley Talent*, *Russell & Reynolds* and *Mercer*.

*KPMG* has provided advice in relation to the *clawback* clauses that were included in the Senior Management contracts, *Mercer* has provided advisory services in relation to the salary package of the first levels of the Company's organization, *Korn Ferry* in the selection process of the Director Mr. Pedro Sainz de Baranda, and, finally, *The Valley Talent* and *Russell & Reynolds* have participated in different selection and succession processes of members of Senior Management.

The attendance of the aforementioned persons has always been at the invitation of the Chairwoman of the Committee and has been limited to those items on the agenda for which they were called, and they have not attended the deliberation and voting phases of the Committee. All of this has been recorded in the corresponding minutes.

The communication between the Committee and the Company's management was constant and fluent, and there were no problems in obtaining whatever information and support was required.

Furthermore, the Chairwoman, in collaboration with the Secretary, has effectively shared and ensured timely access to necessary information for the other Committee members, allowing for thorough analysis before their meetings.

The Chairwoman of the Committee has also encouraged constructive dialog among its members, promoting their free expression and analytical skills.





## 05. Functions, tasks, and activities performed in 2023

Pursuant to the provisions of Articles 3.3, 6.2, 8.2, 10.3 and 11.1 of Annex III of the Regulations of the Board of Directors of Acerinox, the Appointments, Remuneration and Corporate Governance Committee of the Company has the following functions, among others:



**To define the functions and skills required of the candidates for Directors** who are to fill each vacancy and evaluate the time and dedication necessary for them to effectively perform their duties. It also has the function of evaluating the suitability of each candidate, stating in their proposal or report on the appointment or re-election of Directors, the evaluation carried out and the reasons justifying the suitability of the candidate.



**To periodically review the Directors' and Senior Managers' Remuneration Policy**, including the share-based remuneration systems and their application, and ensure that it is aligned with that of other companies with similar characteristics, taking into account the economic performance of the Group companies and the different dedicated commitments of the Directors.



**To verify on a yearly basis compliance with the Board Diversity and Director Selection Policy** and report thereon in the Annual Corporate Governance Report.



**To regularly evaluate and review the corporate governance system of the Company** and the application of the different corporate policies in order to ensure that it complies with its mission of promoting the corporate interest and that it considers, as applicable, the legitimate interests of the remaining stakeholders and the supervision of the internal codes of conduct.



**To submit to the Board the Director's Remuneration Policy** to be submitted to the General Meeting of Shareholders, and in general to ensure compliance with the remuneration policy established by the Company.

In accordance with the foregoing, the main activities carried out by the Committee during 2023 are set out below, grouped by subject:

### 05. In the matter of appointments of Board Members

The Committee has issued the Reports on the re-election of Mr. George Donald Johnston and the appointment of Mr. Pedro Sainz de Baranda Riva as members of the Board of Directors, with the category of Independent Directors, for a term of four years. The Director Mr. Pedro Sainz de Baranda was selected with the advice of the independent expert *Korn Ferry*.

The Committee previously defined the functions and skills required of each candidate. It also evaluated the suitability of each candidate, stating this in their proposals for the appointment or re-election of the aforementioned Directors.

The resolutions for the re-election and appointment of the aforementioned Board Members were approved by the General Shareholders' Meeting with the following majorities:

- Mr. George Donald Johnston was re-elected with the favorable votes of 87.76% of the capital present or represented at the Meeting.
- Mr. Pedro Sainz de Baranda was appointed with the favorable votes of 92.05% of the capital present or represented at the Meeting.

Mr. Pedro Sainz de Baranda Riva received a welcome program before the first meeting he attended, in order to facilitate his active participation from his incorporation.

## **b. Regarding the composition of the Board and its Committees**

Prior to the changes in the Board and its Committees, the Committee analyzed the skills, knowledge and experience required in the Board of Directors, as well as those of the current Board Members, in order to define the functions and aptitudes to be sought in future Board Members.

The Committee has also conducted a review and update of the skills and competency matrix of the Board of Directors.

Furthermore, as part of its general responsibility to oversee and promote good governance practices in the area of diversity, the Committee has verified compliance with the Diversity Policy of the Board of Directors and Selection of Directors.

The Board comprises individuals with backgrounds in industry, commerce, and finance, many of whom have held executive and board positions in major Spanish and international companies, as well as within the General State Administration. Further detailed information regarding this matter will be provided in the Annual Corporate Governance Report for the 2023 financial year.

At the end of 2023, the Board of Directors had 36.4% female Directors, 63.63% of its members being Independent Directors, thus amply exceeding the proportion established in Recommendation 17 of the CBG.

The three Advisory Committees of the Board are comprised entirely of non-executive Directors, with a significant majority being independent. This composition aligns with the best practices of good governance, as recommended by the CBG in Recommendations 47 and 52.

Likewise, the Appointments, Remuneration and Corporate Governance Committee considers relevant the fact that three of the four Board Committees are chaired by women.

The relevant changes in the Board and its Committees during the 2023 financial year were:

- Completion of Mr. Ignacio Martín San Vicente's term of office as Independent Director, which expired on May 23, 2023.
- Termination of the position of member of the Executive Committee of Mr. Ignacio Martín San Vicente, as a result of the fulfillment of his mandate as Independent Director.
- Appointment of Mr. Pedro Sainz de Baranda Riva as member of the Appointments, Remuneration and Corporate Governance Committee.
- Replacement of Mr. Bernardo Velázquez Herreros and Mr. Ignacio Martín San Vicente by Ms. Iglesias Herraiz and Mr. Sainz de Baranda Riva as members of the Sustainability Committee.

## In the area of talent promotion

Regarding the succession plans of key persons at board level, the Committee has reviewed the succession plans of a series of persons who regularly report to the board of directors and its Committees or who perform key functions in the Company. The most relevant succession plans have been reviewed with the collaboration of the independent expert *Russell & Reynolds*.

In 2023 a new Group strategic position, corresponding to the Chief Cybersecurity Officer (CISO), was created within the Company's organizational chart. The Committee reported favorably to the Board on the creation of this position, as well as its remuneration and professional conditions. The Committee also participated in the selection process of the person to hold this position with the advice of the consultancy *The Valley Talent*.

Finally, the Committee was informed, among other matters, about training activities for the Group's employees.

## In terms of remuneration

### I. Senior Management remuneration

As in previous years, the Committee has proposed to the Board of Directors the parameters to be used for the recognition of bonuses to Executive Directors and members of Senior Management, increasing the weight of sustainability metrics.

Additionally, the Committee has assessed the extent to which the objectives necessary for the accrual of the annual variable bonus to Senior Management have been met.

In 2022, the third of the three-year cycles of the First Long-Term Incentive Plan for Senior Management was completed. The relevant calculations were made and the incentive – Acerinox shares – was paid to the senior managers during 2023. The details of the payment made to the sole Executive Director are contained in the Annual Report on Remuneration of the Board of Directors, which can be consulted on the Company's corporate website ([www.acerinox.com](http://www.acerinox.com)) and on the website of the Spanish National Securities Market Commission ("CNMV").

In addition, information on the shares delivered to the Chief Executive Officer and members of Senior Management was duly communicated to the CNMV.

Additionally, the Board was presented with a proposal to incorporate a clawback clause into the contracts of Senior Management. This clause would apply to the entire variable remuneration, aligning with established corporate governance best practices and was previously advised by *KPMG*.

The Committee has also verified compliance with the remuneration policy applicable to the members of the Senior Management during the 2023 financial year.

In addition, an analysis is currently being carried out in collaboration with the consultancy firm *Mercer* to evaluate the salary packages and the annual variable remuneration system (AVR) for the company's first-level employees, to ensure that their remuneration is in line with prevailing market trends.

### II. Directors' Remuneration Policy

The Committee informed the Board of Directors about the modification of the Directors' Remuneration Policy, consisting of the extension of the effects of the clawback clause to all the variable remuneration of the Executive Directors, applicable from the time of its approval.

To achieve this objective, the Appointments, Remuneration, and Corporate Governance Committee considered the level of alignment between the Policy and the aforementioned clause and the interests of all stakeholders, in

particular with the Company's shareholders and with its long-term commitment to sustainability, following the assessment carried out in consultation with an external expert during the 2022 financial year. The Committee's findings were detailed in the Committee's Report published during the 2023 Annual General Shareholders' Meeting.

This amendment of the Remuneration Policy was approved by the General Meeting of Shareholders with the favorable votes of 90.67% of the capital present or represented. The Committee has also verified compliance with the Policy during the 2023 financial year and supported any necessary modifications to it.

### III. Corporate information on remuneration

The Committee has submitted to the Board of Directors the proposal for the Annual Report on Directors' Remuneration for 2022.

It has also verified information on remuneration of Directors and senior managers contained in the various corporate documents submitted for valuation.

### IV. Other issues

The Committee has analyzed the liability regime of the Board of Directors, its Directors and the Senior Managers of the Company, as well as the *Directors & Officers* Policy.

## 🔗 Assessment of the Board of Directors

The Good Governance Code recommends that an independent expert should carry out an evaluation of the Board and its Committees at least once every three years.

To choose an independent expert capable of providing the mentioned services, the Committee solicited proposals from top-tier consulting firms and leading law firms. After its evaluation, the Committee engaged *Garrigues, S.L.P.* to conduct the assessment of the Board and its Committees in 2023, following verification by the Committee to ensure the absence of any conflicts of interest.

The bodies evaluated were the Board of Directors, its Committees, the Chairman of the Board, the Chief Executive Officer and the Secretary of the Board.

By the date of approval of this Report, *Garrigues, S.L.P.* completed the evaluation of the year 2023 and the evaluation report and conclusions was presented, first to the Committee and then to the Board of Directors.

The evaluation for the 2023 financial year concluded that the functioning of the Board of Directors and its Committees is satisfactory. Nor have any deficiencies been detected that require the implementation of measures to correct them.



## Corporate Governance

In 2023, the Committee reported on the Annual Corporate Governance Report for 2022, without prejudice to the powers of other Committees.

The Committee shall also review the information that the Company disseminates through its website on matters within the competence of the Committee.

Without prejudice to what has already been indicated in section d. above regarding the modification of the Directors' Remuneration Policy, the Committee has supervised the application of the Policies within its remit and of certain internal rules of conduct. Based on the aforementioned considerations, this Committee has concluded that the Company's practices concerning appointments, remuneration, and corporate governance are in alignment with Acerinox's established strategy and policies. No significant issues have arisen during their implementation.

In addition, the Committee has proposed the amendment of the Regulations of the Board of Directors, approved by the Board at its meeting of February 27, 2023, in order to incorporate into the Regulations the regulation of the position of Lead Independent Director.

In relation to the rules of conduct, the Committee has proposed the amendment of Article 11 ("Treasury Shares Policy") of Title III of the Internal Rules of Conduct, approved by the Board of Directors at its meeting of March 28, 2023, in order to bring it into line with European legislation with respect to the possibility of availing oneself of the exemption from the prohibition on trading in treasury shares provided for in Regulation (EU) No 596/2014 on Market Abuse and its implementing regulations, having been approved by the Board of Directors on March 28, 2023.

At the Committee's request, in order to ensure good corporate governance, in 2023 the creation of the Management Committee was made official, which includes not only the people who report directly to the Chief Executive Officer but also those, up to a total of 24, who, without this direct dependence, perform a corporate function in the Group's Central Services and whose remuneration includes a specific retention system.

Finally, the Committee has reviewed the Report of the Appointments, Remuneration and Corporate Governance Committee, as well as the report that the Chairman of the Board presented to the General Meeting and by which he explained the initiatives and improvements of Corporate Governance in the financial year 2022.

## Reputational risks

The Committee, through its Chairwoman, requested to the Chief Risk Officer of the Group to appear in person, not only to highlight any possible changes to the risk map that may affect risks of reputational nature, but also to form a critical view of the methodology followed and the efficiency of the systems in place to protect the Group in 2023 financial year.

## 06. Forecasts for 2024

The Appointments, Remuneration and Corporate Governance Committee has approved a Work Plan for 2024, in which eight (8) meetings are planned for 2024, although this number may be increased if necessary. The agenda for these meetings has been set on a tentative basis.



Furthermore, during the 2024 financial year, the Committee will monitor the latest legislative developments and regulatory projects currently in progress at national and EU level, as well as the latest good governance practices, in consultation with the relevant divisions and departments as appropriate, in order to assess their impact on the Company's corporate governance system.

## 07. Conclusions

Based on the above, the Company's Appointments, Remuneration and Corporate Governance Committee assessed its composition and functioning during the 2023 financial year, considering that:



**The composition of the Committee has been adjusted to the legal provisions and the recommendations of the Good Governance Code**, with members having the necessary knowledge in relation to the competences of the Committee and the industry of activity to which Acerinox belongs, with the majority of its members being Independent Directors.



**The Committee met more frequently than established in Article 17.1 of Annex III of the Regulations of the Board of Directors** and whenever it was necessary in view of the issues to be dealt with at the meeting.



**The members of the Committee had at their disposal, prior to the meetings, the necessary information** in relation to the different items on the agenda in order to be able to deliberate and take informed decisions. The Committee has also benefited from the advice of external experts where necessary.



**Finally, the Committee deliberated and adopted agreements** on matters within its competence.

In accordance with the foregoing, it can be concluded that the Appointments, Remuneration and Corporate Governance Committee complied with the standards set forth in the Law and in its internal regulations in terms of composition, frequency of meetings, attendance, informed participation of its members and skills, dealing with the matters within its competence during the 2023 financial year.

**Laura G. Molero**

**Chairwoman**

**Appointments, Remuneration  
and Corporate Governance Committee**

Date of approval by the Appointments, Remuneration and  
Corporate Governance Committee: Monday, March 11, 2024

Date of approval by the Board of Directors: Tuesday, March 12, 2024