



Sustainability 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

So that the Board of Directors of Acerinox, S.A. (“**Acerinox**” or the “**Company**”) may carry out its annual evaluation and that of 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 Company’s Sustainability Committee issues this Activity Report at its meeting of February 22, 2024, which follows, as applicable, the Spanish National Securities Market Commission’s Technical Guidelines 3/2017 and 1/2019 on audit committees and appointments and remuneration committees, respectively.

This Report will be available to shareholders, investors and other interested parties on the Company’s website (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 Sustainability Committee is regulated in Article 12.II and Annex IV of the Acerinox Board of Directors Regulations, which incorporates the basic aspects regarding the composition, functions and operation of the Committee included in the CBG Recommendations and in Technical Guides 3/2017 and 1/2019 of the CNMV on audit committees and on appointments and remuneration, respectively, as applicable.

The current version of the aforementioned Regulations may be viewed on the Company’s website (www.acerinox.com), under the “Internal Regulations” section of the “Corporate Governance” area, which is in turn found in the “Shareholders and Investors” section.



03. Composition and qualifications of its members

During the financial year 2023, the composition of the Sustainability Committee has changed.

Between January 1 and June 27, 2023, the Sustainability Committee comprised the following members:

| Name | Position | Category | Date of appointment as a member of the Committee |
|--|------------|-------------|--|
| Ms. Rosa M ^a . García Piñeiro | Chairwoman | Independent | October 22, 2020 |
| Mr. Bernardo Velázquez Herreros | Member | Executive | October 22, 2020 |
| Mr. Tomás Hevia Armengol | Member | Proprietary | May 09, 2022 |
| Ms. Marta Martínez Alonso | Member | Independent | October 22, 2020 |
| Mr. Ignacio Martín San Vicente | Member | Independent | October 22, 2020 |

Mr. Ignacio Martín San Vicente resigned as a member of the Board of Directors of the Company on May 23, 2023, as the four-year term for which he had been appointed at the 2019 General Shareholders' Meeting had expired and, therefore, he also ceased to be a member of the Sustainability Committee. He was replaced on this Committee by Mr. Pedro Sainz de Baranda Riva on June 27, 2023.

Furthermore, throughout the year, the Committee assessed the appropriateness of Mr. Bernardo Velázquez Herreros, the Company's Executive Director, remaining a part of the Committee. In light of the Executive Director's expertise and knowledge that could contribute to the recently established Sustainability Committee, and considering Acerinox's dedicated area of activity, it was initially deemed suitable for him to be a member of the Committee.

However, considering the Committee's good performance and the favorable assessment of its activities by the Directors, the Board of Directors meeting held on June 27, 2023, subsequent to the Annual Shareholders' Meeting, concluded that it would be appropriate to replace Mr. Bernardo Velázquez as a member of the Sustainability Committee with an Independent Director possessing the requisite expertise and knowledge necessary for the Committee's functions. This includes proficiency not only in sustainability matters but also in financial and auditing matters, taking into account that these are areas that are increasingly related to each other.

After the corresponding analysis, the Board of Directors determined that Ms. Leticia Iglesias Herraiz, Director and current Chairwoman of the Audit Committee, was the ideal candidate to form part of this Committee as a member to replace Mr. Velázquez, taking into account her extensive experience and knowledge in the aforementioned matters.



Consequently, the Board of Directors of the Company held on June 27, 2023, resolved that the Sustainability Committee be composed of the following members:

| Name | Position | Category | Date of appointment as a member of the Committee |
|--|------------|-------------|--|
| Ms. Rosa M ^o . García Piñeiro | Chairwoman | Independent | October 22, 2022 |
| Mr. Tomás Hevia Armengol | Member | Proprietary | May 09, 2022 |
| Ms. Marta Martínez Alonso | Member | Independent | October 22, 2020 |
| Ms. Leticia Iglesias Herraiz | Member | Independent | June 27, 2023 |
| Mr. Pedro Sainz de Baranda Riva | Member | Independent | 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:



**Rosa Mª.
García Piñeiro**
Chairwoman

Independent External Director

Ms. Rosa Mª. García Piñeiro, a Spanish national, has been an Independent Director since April 26, 2017, chairs the Sustainability Committee and is a member of the Executive Committee.

Training

She holds an Industrial Engineering degree with a Master's degree in Industrial Organization and Management from the University of Vigo, as well as a Master's degree in Environmental Engineering from the Escuela de Organización Industrial in Madrid and an Executive MBA from the Haute École de Commerce, among other qualifications.

Experience

Ms. García Piñeiro has spent her career in the Mining and Metals industry, her most recent positions being Vice-Chair of Global Sustainability at Alcoa and Chairwoman of the Alcoa Foundation. She previously served as Chairwoman of Alcoa – Spain.

Board of Directors of which she is a member

She is a member of the Board of Directors of two other companies:

- ENCE Energía y Celulosa, S.A.; and
- PowerCo (Volkswagen Group).



**Tomás
Hevia Armengol**
Member

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

Mr. Tomás Hevia Armengol, of Spanish nationality, was appointed Proprietary Director on behalf of Corporación Financiera Alba, S.A. on December 21, 2016. He is a member of the Sustainability Committee, as well as the Audit Committee. He was a member of the Executive Committee from 2017 to 2022.

Training

Mr. Hevia holds a degree in Business Administration and Law from Universidad Pontificia de Comillas de Madrid (ICADE E-3) and a MBA from IESE Business School of the University of Navarra.

Experience

Mr. Hevia is currently a member of the Investment Department of Corporación Financiera Alba, S.A. Previously, he worked in the Mergers & Acquisitions and Equity Capital Markets Departments of Royal Bank of Scotland PLC and ABN AMRO NL in Madrid and in London.

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

Mr. Hevia is currently a member of the Board of Directors of two other companies:

- ERM International Group Limited; and
- Piolin Bidco, S.A.U. (Parques Reunidos).

Former member of the Board of Directors of Clínica Baviera, S.A., ACS Servicios y Concesiones, S.L., Dragados, S.A., Antevenio, S.A., Ebro Foods, S.A. and Artá Capital SGEIC, S.A.



**Marta
Martínez Alonso**
Member

Independent External Director

Ms. Marta Martínez Alonso, of Spanish nationality, has been an Independent Director since June 1, 2017. She is a member of the Sustainability Committee and was a member of the Audit Committee from 2018 to 2020.

Training

Ms. Martínez received her Bachelor's degree in Mathematical Sciences from the Universidad Complutense de Madrid, and completed a PADE (Program for Senior Company Management) at IESE.

Experience

Ms. Martínez is a Partner at CVC Capital Partners and has been General Manager of IBM Europe, Middle East and Africa. In this same company, she previously served as Chairwoman of IBM Spain, Portugal, Greece and Israel from 2013 and held senior manager's positions in the Spanish and Portuguese communications sector after joining the company in 2003.

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

She currently is a Board Member of the following companies:

- Tendam Retail, S.A.; and
- Universidad Privada de Madrid, S.A. (Universidad Alfonso X el Sabio – UAX).

Furthermore, she serves on the Advisory Boards of three other companies:

- Mapfre Tecnología;
- Workday; and
- AT Kearney.



Leticia Iglesias Herraiz
Member

Independent External Director

Ms. Leticia Iglesias Herraiz, a Spanish national, has been an Independent Director since October 22, 2020. She is a member of the Board of Directors, Chairwoman of the Audit Committee and member of the Sustainability Committee.

Training

Ms. Iglesias holds a degree in Economic and Business Sciences from the Universidad Pontificia de Comillas (ICADE), and has been a member of ROAC (Official Registry of Auditors) of the Ministry of Economy and Competitiveness since 1989.

Experience

Ms. Iglesias Herraiz Ms. Iglesias Herraiz has extensive experience in regulation and supervision of securities markets and in financial services. She began her professional career in the Arthur Andersen division and has been Deputy Director of the Spanish National Securities Market Commission.

She is currently a member of the Board of Directors of the ICADE Business Club.

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

She is currently an Independent Director of four other companies:

- Abanca Corporación Bancaria, S.A.;
- Abanca Gestión de Activos, S.A., S.G.I.I.G.;
- AENA S.M.E., S.A.; and
- LAR España Real Estate SOCIMI, S.A.

In 2021, she was appointed member of the International Advisory Board of the ICADE School of Economics and Business Administration.

During her professional career she has been an Independent Director of Banco Mare Nostrum, S.A. (BMN), Imantia Capital SGIIC, S.A. and Abanca, Servicios Financieros, E.F.C. as well as CEO of the Spanish Institute of Chartered Accountants (Instituto de Censores Jurados de Cuentas de España, ICJCE). She has also been a Trustee of Fundación Prodis Centro Especial de Empleo.



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 spent his career in the industrial sector at the United Technologies Corporation (UTC) group and Otis Elevator Company. He has served as the manager of new teams at Otis Mexico; executive chairman of Otis Portugal; managing director and chief executive officer of Zardoya Otis, S.A.; and chairman of Otis for Southern Europe and the Middle East. In 2012, he was named executive chairman of Otis Elevator Company.

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

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

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

Mr. Sainz de Baranda 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.

Ms. Leticia Iglesias Herraiz and Tomás Hevia Armengol are also members of the Audit Committee, which favors coordination between both Committees.

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

During the 2023 financial year, the Sustainability Committee held six (6) meetings, all of them in person and with the possibility of simultaneously attending electronically:

| Date | Type of meeting | Attendance |
|-------------------|---------------------|------------|
| January 24, 2023 | In-person/Telematic | All (5) |
| March 15, 2023 | In-person | All (5) |
| April 24, 2023 | In-person | All (5) |
| July 20, 2023 | In-person/Telematic | All (5) |
| October 26, 2023 | In-person/Telematic | All (5) |
| November 22, 2023 | In-person/Telematic | All (5) |

In addition to the attendance of the members of the Committee and its Secretary, the following persons attended some of the meetings and their attendance has been recorded in the minutes:

- Chief Sustainability Officer, **Mr. Carlos Ruiz Alonso**, at all meetings.
- Chief Health, Safety and Environment Officer, **Mr. José Campuzano Talavera**, on one occasion.
- Indirect Purchasing Director, **Ms. Deniza Puce**, on one occasion.
- Chief Executive Officer of Acerinox Europe, **Mr. Fernando Gutiérrez González**, on one occasion.

Additionally, external advisors have appeared before the Committee to deal with particularly complex matters within their competence. In particular, Mr. Ramón Pueyo and Ms. Marta Contreras, members of *KPMG*, verifier of the Non-Financial Statement ("**NFS**") of the Company for fiscal year 2023.

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 Article 2 of Annex IV of the Acerinox Board of Directors Regulations, the Company's Sustainability Committee has the following functions:



To promote and coordinate the Company's actions in sustainability and social matters in accordance with the guidelines approved by the Board of Directors.



To propose to the Board of Directors the adoption of any measures related to the above matters.



To ensure the implementation and monitoring of the Sustainability Plan of the Company and its Group.



To determine the guidelines, criteria and general principles that shall govern the content of the Non-Financial Information Statement, or any other reporting system required by the legislation of other countries, in accordance with the sustainable development strategy of the Company and its Group.



To periodically evaluate the adequacy of the Corporate Responsibility and Sustainability Policy of the Group with the aim of complying with its mission of promoting the corporate interest and that it considers, as appropriate, the legitimate interests of the remaining stakeholders.



To verify that the Company's practices in social and sustainability matters are in line with its established strategy and policies.

In accordance with the foregoing, the main tasks that have occupied the meetings of the Sustainability Committee during 2023 have been the following, which are ordered by subject:

a. Targets and follow-up of the Sustainability Plan

In 2023, the Committee has been monitoring the key indicators or KPIs that were identified as targets in fiscal year 2021, the associated action plans and the resources required for their achievement.

For the correct monitoring of the KPIs (indicators) established, as well as for the management and monitoring of non-financial information, Acerinox has implemented a new IT tool that brings together and systematizes all this information. This implementation process has been coordinated by the Sustainability Department, which has periodically informed the Committee of its progress.

The level of compliance with these objectives is reviewed periodically at Committee meetings and is included in the Integrated Report prepared and published by the Company each year.

In addition, as part of the 2023 Sustainability Plan, the Committee also analyzed the following matters:

- The possible sale of the slag generated in Acerinox Europa's manufacturing process.
- The possible commercialization of a line of products differentiated by qualities that adhere to sustainability criteria, such as carbon footprint. The Committee recognizes that the ongoing development of legislation, particularly in Europe, to promote more sustainable products, can serve as a catalyst for promoting the launch of these types of products in the market. It has examined potential approaches for their production and commercialization.

b. Verification and monitoring of the Non-Financial Statement (NFS)

During fiscal year 2023, the Sustainability Committee supervised the preparation and verification of the NFS for fiscal year 2022 and provided the relevant information to the Audit Committee, which ultimately proposed to the Board of Directors the approval of the 2022 NFS.

The NFS for the 2022 financial year includes additional information related to GRI indicators (metrics designed by the Global Reporting Initiative), SASB (standards to guide financial sustainability disclosures by companies

developed by the Sustainability Accounting Standards Board) and climate change reporting following the recommendations of TCFD (Task Force on Climate-related Financial Disclosures).

Three of the independent members of this Committee (Ms. Rosa García Piñeiro, Ms. Marta Martínez Alonso and Mr. Pedro Sainz de Baranda Riva) attended the meeting of the Audit Committee held on October 25, 2023, in their capacity as members of the Sustainability Committee, for the purpose of proposing the selection of PwC for the verification of NFS for fiscal year 2023, after reviewing various proposals prepared by different verifiers.

Follow-up of the implementation of the 360 ESG Plan

With the collaboration of the consulting firm *ERM*, an ESG (environmental, social and corporate governance criteria) improvement study was conducted to identify the risks and opportunities present in the environment in which the Group operates in order to be able to design a 360° ESG Plan to standardize sustainability management in the Group, as well as to carry out certain work to mitigate risks in this area, exploring new areas for improvement.

As part of the Plan, the main stakeholders and their main expectations towards the Acerinox Group were identified, analyzing the areas on which it was necessary to focus and designing procedures to improve the relationship with these stakeholders.

Within the ESG governance framework, the Sustainability Department prepared a manual defining the framework for ESG activities, updating the sustainability reporting procedure that was reported to this Committee.

In the taxonomy section, the Sustainability Department prepared a model for assessing the Group's alignment with the European taxonomy, which was reported to this Committee.

In the area of climate change, the Sustainability Department conducted an analysis of climate and transition risks, following the recommendations of the TCFD, taking into account two climate scenarios and two time horizons (2030 and 2050) and an initial approximation of their financial impact was made and reported to this Committee.

In the area of equality, diversity and inclusion, the Committee led and supervised the preparation by the Sustainability Department and the Human Resources Department of a new General Policy on this matter, which has yet to be finalized.

Following this work, the Sustainability Committee considers that Acerinox's ESG model now has documented criteria and procedures that determine how to respond to the commitments and objectives set.

Review of ESG indicators for the calculation of senior management bonuses in 2023

The Committee analyzed the level of weighting of the different sustainability factors for the calculation of the variable remuneration to be received by Senior Management for the 2023 financial year.

Following a review by the Sustainability Committee and the Appointments, Remuneration and Corporate Governance Committee, it was proposed that the weighting of sustainability indicators in the Acerinox Group's Senior Management Bonus should increase to 15% of the total by 2023 (compared to a weighting of 10% in the previous year) in the case of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the General Secretary, and be maintained at 10% weighting for the other members of Senior Management.

The proposal of ESG indicators for the calculation of the Senior Management Bonus to be presented to the Board of Directors to be held on February 28, 2024, is as follows:

- a. A 10% reduction in the *Long Term Injury Frequency Rate (LTIFR)* with a relative weight in the sustainability index of 50%.
- b. A 3% reduction in CO₂ emissions intensity, with a weight of 16.6%.
- c. A 3.5% increase in the recycled waste rate, with a weight of 16.6%.
- d. A 2% increase in the number of women in the workforce, with a weight of 16.6%.

It is also established that in the event of a fatal accident among the Group's employees, the level of compliance with the target in letter a) will be 0%.

For the CEOs of the various business units, the sustainability index will be defined in the aforementioned manner, albeit with reference to the parameters of the respective companies for which they are responsible. In addition, CEOs and COOs will have a safety index referring to the IRR rate of their own factories to drive accident reduction.

📍 Training

As a result of the analysis of the various projects that the Committee has dealt with during the year, training has been provided in different areas. Of particular note is the training provided in relation to the new requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards the presentation and reporting of sustainability information.

The Committee also received training on climate risks and analyzed the impact these could potentially have on the Group.



06. Forecasts for 2024

The Commission has adopted a Work Plan for 2024, which envisages six (6) meetings, with the possibility of increasing this number if necessary. The agenda for these meetings has been set on a tentative basis.

The Committee will continue to closely monitor the development of sustainability risks and the targets set, as well as regulatory developments that could entail new obligations for the Acerinox Group.

07. Performance evaluation

Acerinox evaluates the performance of its Board of Directors on a yearly basis, including its Committees. Once every three (3) years, this evaluation is carried out by an independent expert, in accordance with Recommendation 36 of the Good Governance Code for listed companies.

The evaluation of the Board and its Committees for the 2023 financial year was carried out by an independent expert. In the process of selecting the expert, the Appointments, Remuneration and Corporate Governance Committee of the Company requested several offers from both top-tier consulting firms and leading law firms. Following its appraisal, in 2023 said Committee hired Garrigues, S.L.P.

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 Appointments, Remuneration and Corporate Governance 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.

08. Conclusions

Based on the above, the Company's Sustainability Committee has assessed its composition and functioning during the 2023 financial year, considering that:



The Committee's composition has been adjusted to align with legal requirements and CBG Recommendation 52. It comprises members who possess the relevant expertise and experience in line with the Committee's responsibilities and Acerinox's industry. The majority of the Committee, including the Chairwoman, consists of Independent Directors.



The Committee has met as often as required by its Chairwoman or at the request of the majority of its members and whenever necessary in view of the issues to be discussed.



All the meetings of the Committee have been attended by all its members, present or represented, who have either physically attended the meeting venue, or attended remotely.



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.



The Committee deliberated and adopted agreements on matters within its competence.



The relationship between the Sustainability Committee and the Audit Committee is fluid, as the Committee carries out its activities in coordination with the Audit Committee within the scope of their respective responsibilities.

In accordance with the above, it can be concluded that during fiscal year 2023 the Sustainability Committee has complied with the rules set forth in the Law and in its internal regulations regarding composition, frequency of meetings, attendance, informed participation of its members and the exercise of its powers.

Rosa M^a. García Piñeiro
Chairwoman
Sustainability Committee

Date of approval by the Sustainability Committee: February 22, 2024
 Date of approval by the Board of Directors: March 12, 2024