



2020

Annual Integrated Report

**Consolidated Management
Report/Statement of Non-Financial
Information**

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Committed to customers and users



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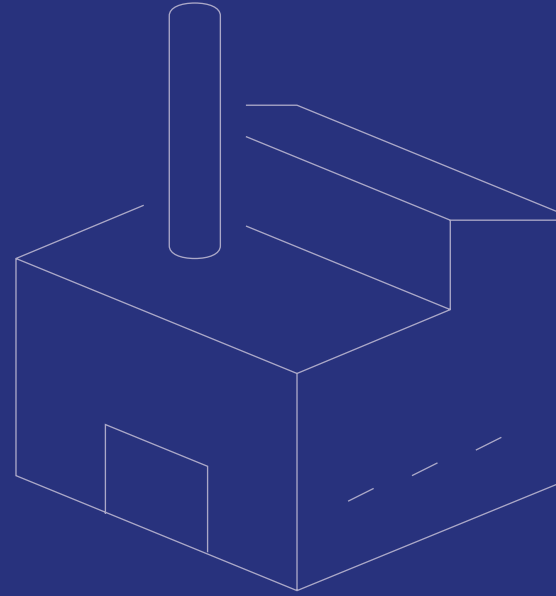
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* This report integrates the Management Report, the Report of Sustainability and the Report of Non-Financial Information Status.

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







1.

We are Acerinox

1.1 Acerinox in figures

1.2 About us

1.3 Production companies

1.4 Commercial subsidiaries

1.1 Acerinox in figures

Economic performance

€**4,668** Million

Total
turnover

€**384** Million

Operating
EBITDA

€**49** Million

Net
profit



Net financial
debt

€**772** Million



Operating
cash flow

€**421** Million

Our shares



€**135** Million

Shareholder
remuneration



€**2,444** Million

Market
capitalisation



€**9,03**

Share price at
year-end



€**67,636,548**

Share capital



270,546,193

Shares



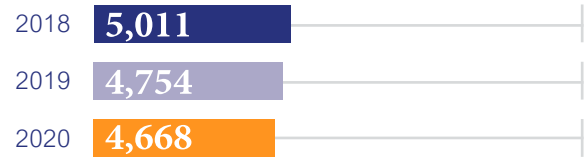
Evolution in figures



Melting shop
production (Thousands of Mt)



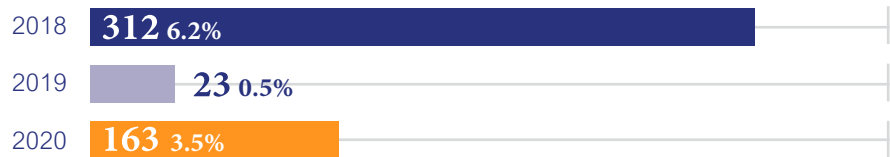
Turnover
(Million Euros)



Operating **income**
- **EBITDA** (Million
Euros, % over
sales)



Net operating
profit – EBIT
(Million Euros,
% over sales)



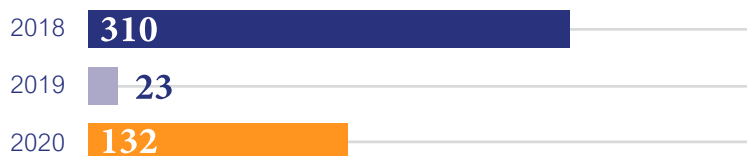
Operating and personnel
expenses in stainless
over 2019



Evolution in figures



Profit **before taxes**
(Million Euros)



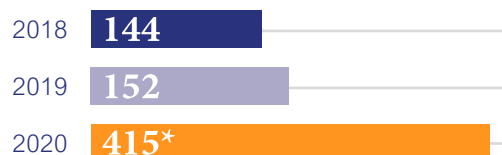
Net **Profit/Loss**
(Million Euros)



Depreciation and amortisation
(Million Euros)

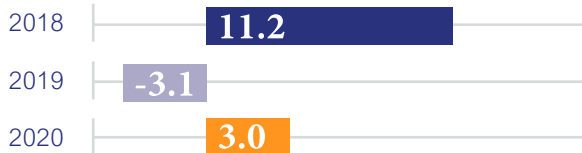
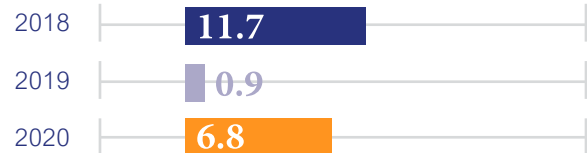
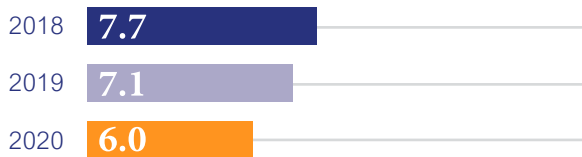
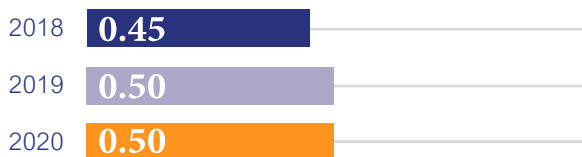
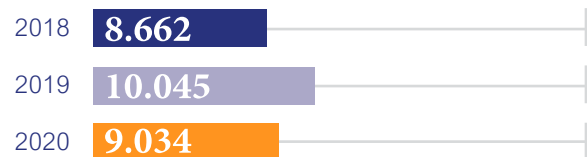
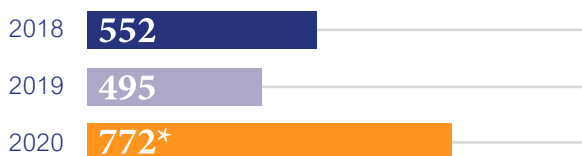
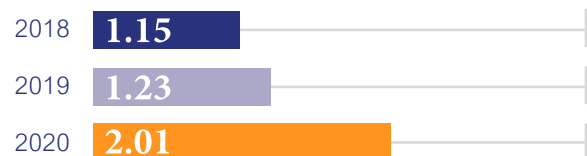


Investments
(Million Euros)



*With the acquisition of VDM



**ROE (%)****ROCE (%)****Book value per share**
at 31 December 2020 (Euros)**Earnings per share**
(Euros)**Shareholder remuneration**
(Euros, dividend + share premium)**Share price**
at year end (Euros)**Net financial debt**
(Million Euros)**Financial debt/EBITDA**
(No. of times)

*Includes the purchase and the incorporation of VDM's debt amounting to €398 million

Business model and value chain



13
Factories



22
Service centres



25
Warehouses



53
Commercial offices



27
Commercial agents



57
Sales offices abroad

Global presence



Sales in
96 countries

Presence in
51 countries

Production volume



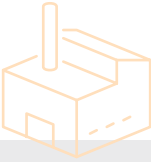
More than 18,000 combinations,
the **widest range of products and solutions**

Stainless steel product type reference.

11,000

High performance alloy product type reference.

7,700



Customers

13,700

Number of **customers**

Acerinox has
more than
90 quality
certifications
at its factories

Spending on suppliers



€ 3870 Million

in supplier spending

Promoting procurement from local suppliers in
the communities in which we operate.

65 %

of suppliers are local

Products for every sphere of life



Transport



Medical services



Food



Water



Energy



Architecture



Household & catering



Art & engineering



Digitalisation and innovation



€ **118.7** Million

earmarked for **investments in digitalisation and innovation**

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



Research to
improve quality



Improvements in
production lines



**Technological
development** of new
production elements



**Digitalisation, automation
and control** of the
production process



Development of new types
of steel and/or finishes



Investments to optimise
the circular economy



Investments in the fight
against climate change



Excellence 360°

Integral vision of the business



Production

Increase reliability
and competitiveness



Supply chain

Optimisation of inventories and
delivery processes



Commercial

Improve margins.
Demand planning



Raw material procurement

Optimise the mix. Predictability of
consumption, raw materials, provisions
and consumables

ECO ✓



Launch of the first environmentally friendly driverless freight vehicles:

- Transport 90 coils of up to 30 tonnes each every day.
- Cover 108 kilometres daily.
- 100% electric -> 0 emissions

Winner of

2 awards

in 2020

€125 Million
estimated savings
from 2023 onwards

Corporate governance



12
Directors

8

Independent

3

Proprietary

1

Executive

Representation by gender



33.3 %

Women



66.7 %

Men

66.7 %

Independent
Directors

4

Working
commissions

41

Meetings held by
governance bodies





Sustainability

Committed to:



United Nations 2030 Agenda

Direct and indirect contribution to 17 SDGs and greater influence over:



United Nations Global Compact

Advanced Level



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.



The Environment



Anti-Corruption



Human Rights



Labour Rights

Life Cycle Inventory (Eurofer)



Carbon Disclosure Project



Circular Economy Pact

Climate Action Member (Worldsteel)



Sustainability

Reduction of CO2 emissions compared to the global average for the stainless steel sector



Leaders in the circular economy

Volume of material recycled in the production process





Sustainable financing



€ **240** Million

financing through
**green and
sustainable loans**

BBVA



CaixaBank



Sabadell

Collaborating entities

*Agreements formalised in 2021

Eco-efficient product

Our products contribute to:



Advancing in
energy development



Advancing in the use of hydrogen
as a renewable energy

Stainless steel, a paradigm of:



The circular
economy



100%
recyclable product



**Creation of a specific
Sustainability Committee**

Health and safety

82.5 %

**Decrease in the
LTIFR indicator
since 2013**

*In the 4 main factories of the stainless division

1.2 About us



In 2020 the Acerinox Group celebrated its 50th anniversary since its incorporation, becoming the most global company in the manufacture, distribution and sale of stainless steel and, following the acquisition of the company VDM Metals, a global leader in high-performance alloys.



Presence in
5 continents



Factories on
4 continents



Presence in
51 countries

With this acquisition, Acerinox began to operate in a complementary sector, one of high added value and cutting-edge technology, which is complementary to the Group's traditional market. VDM is not only the world's largest manufacturer in its sector, but it also has the most advanced research and the best reputation among its customers.

As a result of the process to integrate this new company, the Group's structure is now made up of a Stainless Steel Division, consisting of six factories, and a High-Performance Alloys Division, which is composed of seven factories. Acerinox is a manufacturing organisation capable of supplying the widest range of products and solutions to any customer on the five continents.



The sale and distribution of products is carried out thanks to the most extensive commercial network in the sector, made up of warehouses, commercial offices, service centres and commercial agents, and is present in 51 countries. This network also has a powerful logistics structure that allows the Group to meet the needs of its customers, keeping them at the centre of the business at all times.

The Group's strategy is focused on process efficiency, productivity, supply chain optimisation and service quality. These are the



pillars on which it places its competitive success. To achieve this, Acerinox reinforces its traditional commitment to the continuous digitalisation and sensorisation of its plants by developing a multi-disciplinary strategy, based on big data, through which it will continue to permanently perfect each phase of the process.

Sustainability, in its broadest sense (environmental, economic and social), is a cornerstone of a firm commitment to reducing emissions, manufacturing more environmentally friendly materials, guaranteeing the best working conditions and strengthening collaboration with the regions in which it operates.

Acerinox, S.A. is a Spanish listed company included in the IBEX 35, the reference index of the

Spanish stock exchange, which lists the largest Spanish listed companies.

At 31 December 2020, the main shareholders of the Acerinox Group were Corporación Financiera Alba (19.35%), Nippon Steel Stainless Steel Corporation (15.81%), Danimar 1990, S.L. (4.50%) and Industrial Development Corporation (IDC) (3.26%). Approximately 36,000 legal entities and natural persons have an ownership interest in the company.

For year-end 2020 Acerinox presents an Integrated Report of the Group for the first time, which we invite you to read to learn more about the aspects presented in this introduction, as well as the different business areas and the actions developed by the company.

Key indicators of the Acerinox Group



Sales in
96 countries



8,195
employees at 31
December 2020



3.5 MM MT
melting shop capacity



13,700
customers

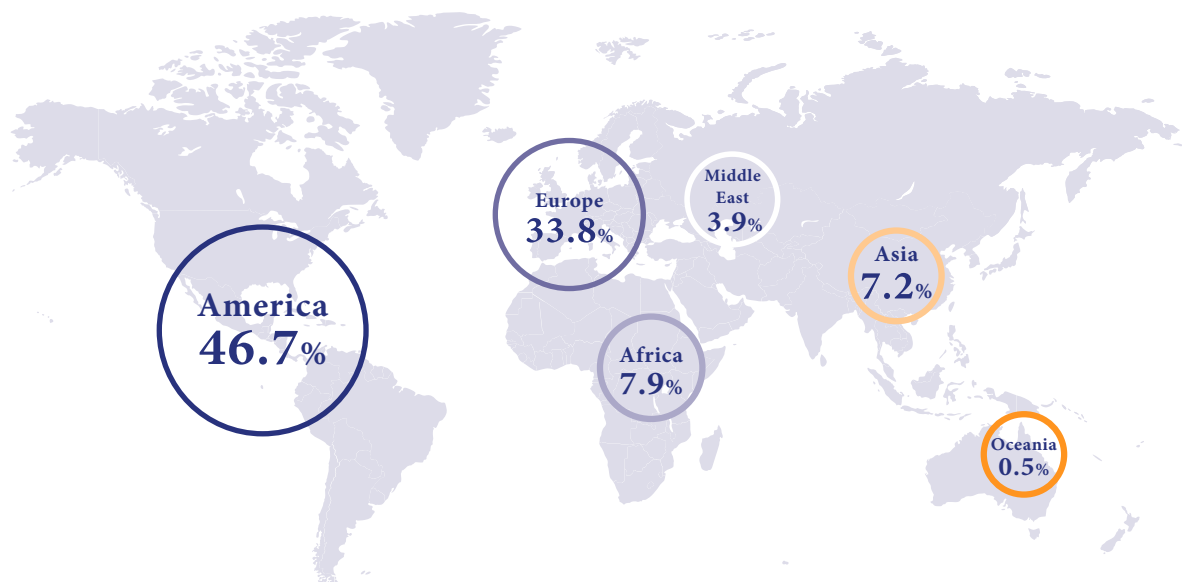


€135 Million
shareholder
remuneration



€6,000 Million
accumulated investments
since 1970

Consolidated sales by region



1.3 Production companies

Acerinox, S.A. is the Parent company of the Group and the main holder of the shares of each of its subsidiaries. Its activity is typical of a holding company and, in addition to the tasks deriving from this role (such as legal, financial, commercial, technical, management and communication services), Acerinox, S.A. also facilitates access to new stainless markets and promotes the exchange of best practices among the various subsidiaries of the Group, providing accounting and advisory services to all the Group companies and carrying out financing activities within the Group.

At 31 December 2020, the share capital was comprised of 270,546,193 ordinary shares with a nominal value of €0.25, each subscribed and paid in full.





Acerinox Europa S.A.U

Acerinox Europa was the first integrated factory in the world. In January, the factory celebrated its 50th anniversary and is currently in the midst of a digital transformation process aimed at remaining one of the most technologically advanced factories in the sector. With a melting shop capacity of one million tonnes and an excellent location with its own seaport, Acerinox Europa supplies mainly flat products to the European continent and material for long products to other plants within the Group's production network.

The new investments in the plant in recent years have enabled Acerinox Europa to increase its competitive capacity thanks to an improvement in efficiency and an expansion of the range of products and solutions for its customers. In recent years the factory has continued to achieve new quality standards, consolidating its competitiveness.



1,809
Employees



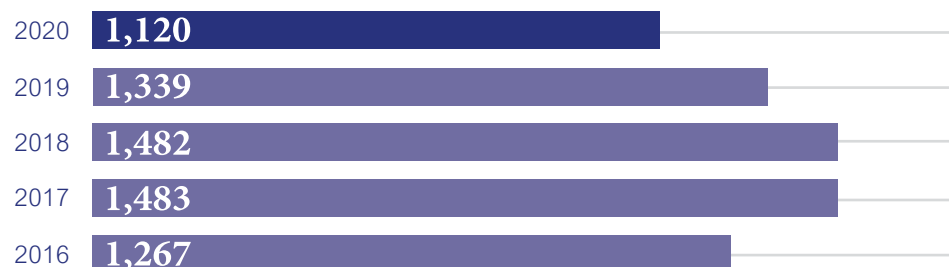
679,212 Mt
Annual melting shop
production



100 %
Acerinox
ownership interest



Annual turnover
in million Euros



*Number of employees at 31 December 2020.

North American Stainless, Inc

North American Stainless (NAS), an integrated factory of the Acerinox Group, is the most efficient and advanced stainless steel manufacturing plant in the world. Built in 1990 in Ghent (Kentucky), this factory supplies flat and long products to the North American continent. NAS has the most advanced manufacturing equipment and very high levels of efficiency, excellence and quality, holding the largest market share in North America and offering the widest range of products.

Its position on the banks of the Ohio River and its ease of access to the country's main stainless steel-consuming areas by road place the plant in a privileged position. It is worth noting that in 2020 NAS celebrated its thirtieth anniversary as one of the most efficient stainless steel production plants.



1,493
Employees



1,012,006 Mt
Annual melting shop
production



100 %
Acerinox ownership
interest



Annual turnover
in million Euros



*Number of employees at 31 December 2020.



Columbus Stainless

Columbus Stainless, Middelburg (South Africa), is the only integrated stainless steel factory in Africa. This plant is the main supplier to the domestic market and to the different areas of consumption on the continent, of which it is the leader.

The Columbus factory is equipped with the most efficient machinery and the most significant technological advances in the sector, as well as hav-

ing a considerable competitive advantage due to its location, not only for distributing its finished products but also thanks to its proximity to the material extraction sources, especially ferrochrome. This plant also supplies semi-finished flat products to other Group factories.



1,270
Employees



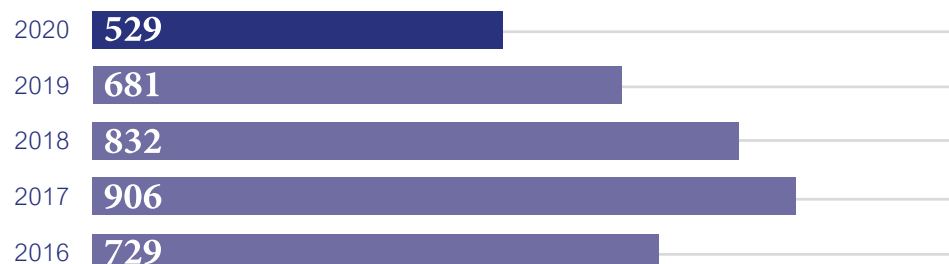
453,051 Mt
Annual melting shop
production



76 %
Acerinox ownership
interest



Annual turnover
in million Euros



*Number of employees at 31 December 2020.

Bahru Stainless

Bahru Stainless is one of the most technologically advanced stainless steel production plants in South-East Asia. The plant is located in one of the most strategic points for world trade, the Malacca Strait in Johor (Malaysia). Bahru has its own port with direct access to both the Indian and the Pacific Oceans, enabling it to benefit from considerable competitive advantages in terms of distribution.

This factory has cold rolling lines and focuses on supplying the Asian market, as well as adding to the Group's global production through the purchase of semi-finished products from other Group factories, providing advantages to Acerinox's global distribution and sales network.



448
Employees



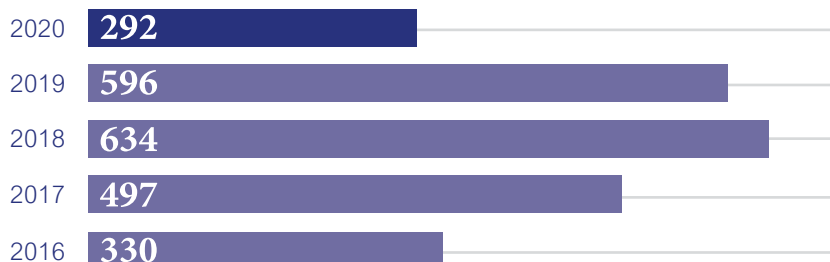
115,296 Mt
Annual melting shop
production



98.15 %
Acerinox ownership
interest



Annual turnover
in million Euros



*Number of employees at 31 December 2020.



Roldán e Inoxfil

Roldán e Inoxfil son, junto a NAS, las otras dos plantas de fabricación de producto largo de la división de aceros inoxidables. En Roldán, Ponferrada (España), se producen ángulos, barras y alambrones; y parte de estos se envían a Inoxfil, Igualada (España), para trefilado de alambres.

Se trata, por tanto, del último eslabón productivo de una red que comienza tras recibir palanquilla

de Acerinox Europa, ya que ésta es la única planta del Grupo que cuenta con acería en España. El producto largo fabricado por Roldán e Inoxfil, suministra tanto al mercado interno como a clientes internacionales y sus aceros inoxidables se encuentran presentes en algunos de los más emblemáticos proyectos internacionales.



489

Employees



91,980 Tm

Annual melting shop
production

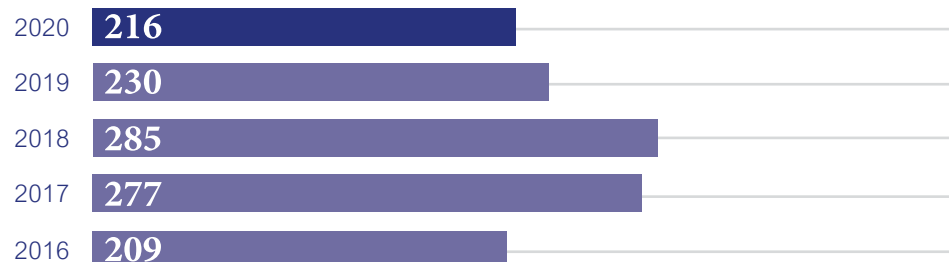


100 %

Acerinox ownership
interest



Annual turnover
in million Euros



*Number of employees at 31 December 2020.

VDM Metals

VDM Metals is a global leader in the manufacture of high-performance alloy flat and long products, characterised by its strong value-added and very significant R&D&I component.

Almost 2,000 employees make up the company acquired by Acerinox in March 2020, which has 7 factories in Germany and the United States. This company offers a structure that has become the Acerinox Group's high-performance alloys division.

Five of its production plants are located in Germany: the Unna plant, where the melting shop is located with an electric arc furnace and induction furnaces for primary metallurgy, a vacuum ladle furnace and a vacuum converter for secondary metallurgy, and electroslag and

arc remelt furnaces. The Unna plant also has a forge for the production of thick bars and a powder manufacturing facility; the Duisburg plant processes ingots cast in Unna in its hot rolling mill; the Siegen plant has a hot rolling mill to process the slabs rolled in Duisburg; the Werdohl plant, which produces precision strips and wire for the high-performance alloys division; and the Altena plant has finishing lines for sheets, plates and fine diameter bars.

The remaining two factories can be found in the US; one plant is located in Florham Park (New Jersey), which has a melting shop that uses vacuum induction melting furnaces and electroslag remelt furnaces, and the Reno plant (Nevada), which produces long, flat, round and square products, mainly for the aerospace industry.



1,872
Employees



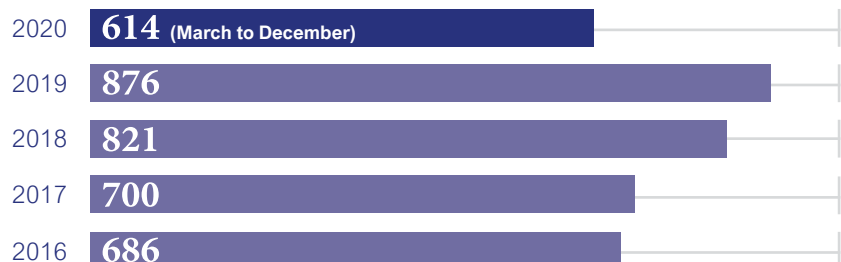
64, 134 Mt
Annual melting shop
production



100 %
Acerinox ownership
interest



Annual turnover
in million Euros



*Number of employees at 31 December 2020.

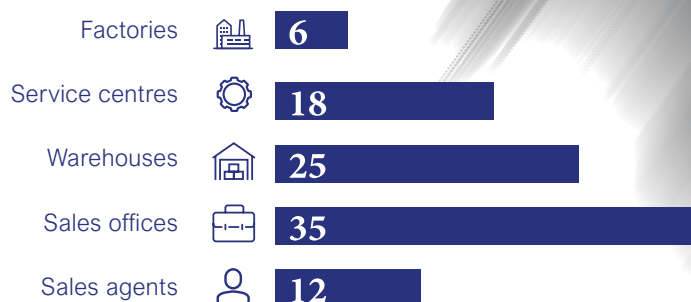


1. We are Acerinox

1.4 Commercial subsidiaries

Stainless Steel

Division



America

Argentina	  
Brazil	 
Canada	  
Chile	  
Colombia	
USA	    
Mexico	  
Panama	
Peru	
Venezuela	

Africa

Egypt	  
Morocco	
Nigeria	
South Africa	  
Tunisia	

Asia

Armenia	
Azerbaijan	
China	    
South Korea	  
Philippines	
Georgia	
Hong Kong	
India	  
Indonesia	 
Malaysia	    
Pakistan	
Singapore	 
Taiwan	  
Thailand	
Turkmenistan	
Vietnam	

High Performance Alloys Division

Factories  7

Service centres  4

Sales offices  18

Sales agents  15

Europe

Germany      

Austria 

Belgium 

Bulgaria 

Slovakia 

Spain     

Estonia 

Finland 

France   

Italy     

Latvia 

Lithuania 

Netherlands 

Poland   

Portugal    

UK   

Czech Rep.  

Romania 

Russia  

Sweden  

Swiss   

Middle East

Saudi Arabia  

Bahrain  

UAE   

Israel 

Jordan 

Kuwait  

Lebanon 

Oman  

Qatar 

Turkey  

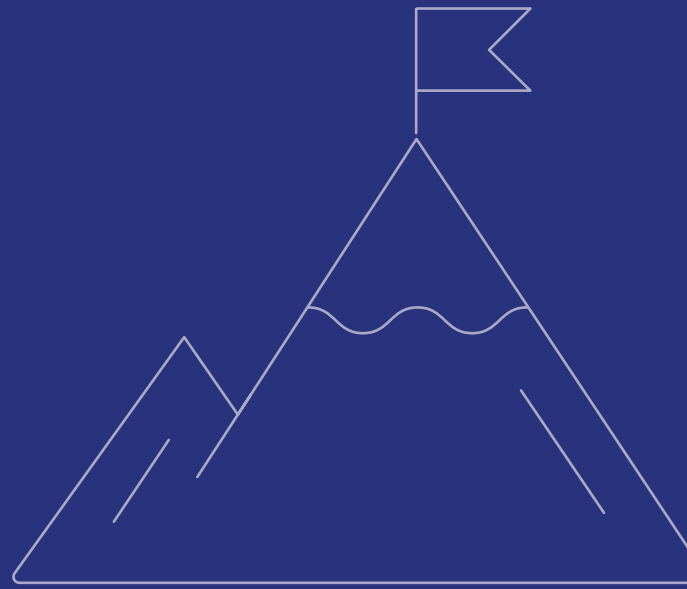
Oceania

Australia   

A large, vertical roll of metal, likely stainless steel, dominates the center of the image. It is situated in a large industrial facility with a high ceiling and a skylight. The metal surface is highly reflective, showing bright highlights and dark shadows. In the background, other industrial equipment and structures are visible, though slightly out of focus. The overall atmosphere is one of a modern, large-scale manufacturing environment.

Intro

2020 was a year that enabled Acerinox to consolidate its strength and sustainability. While the Group - in the midst of the pandemic - maintained its business activities, guaranteeing the health and safety of all its employees, the acquisition of the German company VDM, a leader in technology and research, took place. Furthermore, Acerinox celebrated half a century of sustained and responsible growth.



2.

2020: A year of challenges and opportunities

2.1 Managing the effects of COVID-19

2.2 VDM, an added value for Acerinox

2.3 50th Anniversary

2.1 Managing the effects of COVID-19

From the outset, Acerinox demonstrated its versatility and swiftness in managing the sudden global crisis caused by Covid-19. Its status as a global company was essential in detecting and internalising the seriousness of the situation, gathering crucial information, creating the appropriate mechanisms and starting to adopt measures ahead of almost all public and private institutions.

The Group puts the health and safety of its employees and those who interact with Acerinox before any other interest, and this was once again demonstrated. A Covid Emergency Response Team was immediately set up to coordinate the measures, announcements and restrictions that everyone was to strictly comply with and which served as a channel to reach every department in all the Group's factories with fluidity.

In parallel, Acerinox was able to guarantee a safe workplace for all employees with the distribution of facemasks, PPEs, hydro-alcoholic gels and all the necessary sanitary resources. This endeavour was particularly complicated during the first few weeks and was not only limited to the company's stakeholders, but was also channelled, at the Campo de Gibraltar plant, towards donations to social organisations in the area, as described in the Social Action section.

In addition, internal communication was strengthened by explaining the measures, regulations, safety conditions, the restructuring of shifts and timetables, the distribution of prevention guides and protocols, etc. Some of the guides, such as the Covid-19 Information Manual, are available on the main homepage of the corporate website:

The swift adoption of all these measures enabled the company to maintain its manufacturing activity at relatively normal levels, except for some temporary plant closures ordered by the governments of different states.

AENOR audited the health and safety conditions, both for employees and for customers and suppliers, in which the activities are carried out in the Acerinox Europa plant (Campo de Gibraltar).



**COVID-19
Information
Booklet**





Acerinox became the first steel company to receive the AENOR (the Spanish Association for Standardisation and Certification) certification for its protocols against COVID-19 after assessing various aspects relating to coronavirus risk management at the Acerinox Europa plant. The seal certifies that the safety measures developed by Acerinox respect the criteria and recommendations outlined by the health authorities and provide safe working spaces for its employees, customers and suppliers in its plant.

The measures to be taken and the correct adoption of decisions and restrictions were reflected in a protocol establishing 5 possible phases ranging from the most severe situation to the mildest situation, the scenarios the Group would face in each of these situations and the initiatives to implement to mitigate their impact on people and the business.

The situation resulted in us having to continue to work on greater flexibility, agility in our reactions, optimisation of supply chains, implementation of new technologies, strengthening of analytical models in different areas and commitment to sustainability. But all this would not have been possible without the effort and commitment of the Group's employees, helped by the technological infrastructure that we had already implemented and which, for Acerinox, is a facilitator to develop and optimise processes, to communicate and to create and improve business models.

The crisis caused by the pandemic once again highlighted the importance of Acerinox's role as a stable generator of productive fabric and economic sustainability. A total of 8,255 suppliers worldwide (2,881 more than in 2019, due mainly to the incorporation of VDM Metals) were able to serve the company, allowing them to maintain their historical turnover at a time of great instability.

Almost two out of every three suppliers (64%) were local companies. In other words, companies that operate in the areas where Acerinox production centres are located, which highlights the Group's commitment to the generation of wealth and social fabric in the areas where its factories are located.



8,255 suppliers

worldwide were able to serve the company, allowing them to maintain their historical turnover at a time of great instability.

2.2 VDM, an added value for Acerinox

In March 2020 Acerinox, S.A. reached an agreement with Lindsay Goldberg Vogel GmbH and Falcon Metals BV for the acquisition of VDM Metals Holding GmbH (VDM Metals), a company with its headquarters in Germany and a world leader in the production of special alloys.

With this transaction, Acerinox is able to access new applications in sectors such as aerospace, chemical industry, automotive and electronics, hydrocarbons, industrial emissions control, water treatment and purification and renewable energies, among others.

Acerinox has converted VDM into its special projects division, with which it will help very diverse industries to select the best materials from the widest range of products and services, whether that be stainless steels or high performance alloys, or developing alloys that are tailored to their needs with tailor-made projects. Thus, Acerinox opened the door to a different sector, one of high added value and cutting-edge technology, which is complementary to our traditional market. With this acquisition Acerinox expects to develop significant synergies as it is not only the world's largest manufacturer, but it also has the most advanced research and the best reputation among its customers.

Complementary business with significant synergies

The activities carried out and the products traditionally manufactured by Acerinox and VDM are absolutely complementary, and the acquisition has clear production, sales and distribution advantages for both companies, providing significant recurring synergies which were initially estimated at EUR 14 million per year and are currently estimated at approximately EUR 22 million. Both companies work with similar raw materials, in many cases compatible processes, common customers and complementary global commercial networks, which makes the operation very interesting.

In order to achieve optimal coordination of all these processes, Acerinox focused its efforts on the integration of both companies to optimise the value of these synergies. To this end, an Integration team was created which, from the acquisition until 31 December 2020, coordinated 8 transformation projects, 20 work teams, 1,095 activities and with 150 professionals participating in the integration from a number of continents thanks to the installation of new remote collaboration work tools and the versatility and training of employees in using these tools.



A transaction resulting from a prudent financial strategy

The purchase agreement concluded with a transaction valued at EUR 532 million. Acerinox paid EUR 310 million (having converted most of the financing into green loans) and assumed debt of EUR 57 million.

This strategic move, carried out during the COVID-19 lockdown and at a time of great instability, was made possible thanks to a prudent strategy of prioritising cash generation, debt reduction and balance sheet strength: a financial strategy that was vital for undertaking the acquisition and, even acknowledging that the coronavirus crisis represented a transitory situation, the Group guaranteed liquidity by obtaining additional loans.



2.3 50th Anniversary



On Wednesday 30 September 1970 the articles of incorporation of the Spanish stainless steel manufacturing company, Acerinox, were signed in Madrid. A year earlier, the project to build a stainless steel factory was presented for the Campo de Gibraltar Development Pole; and so began the success story of a company that now, 50 years later, looks to the next half century with new challenges and opportunities as one of the strongest and most competitive companies in the sector.

50th Anniversary Book

Among the activities organised to celebrate its 50th Anniversary, Acerinox published a commemorative book, in English and Spanish, which takes a glance at the history of the company, describes the company's production centres and distribution network, highlights the efficiency of its production processes, explains the continuous advances in digitalisation and Industry 4.0 and exemplifies just a few of the many applications of our products.



“Half a century of existence in good shape, despite the difficult challenges to which we are being subjected, demonstrates how sustainable our company is”, as explained by Bernardo Velázquez, Chief Executive Officer, in his opening letter in the book.



Website: www.acerinox50.com

Acerinox50.com was the digital venture to communicate the 50th anniversary. This is a responsive website, with the correct display of the content on all devices and available in Spanish and English, in which the Group highlights areas such as its '360° Future', Sustainability, the many successes achieved during its history, focused on the growth of tomorrow but also on “honouring, as a way of thanking those who built and put their work, enthusiasm and hopes” into building this company.



Expansión Special: A future to be built

On 26 October 2020, the highly regarded Spanish economic and business newspaper, Expansión, published a special 8-page feature with nationwide circulation in Spain. On Friday 23 October 2020, this newspaper published a note on the front page of the newspaper announcing the release of this special feature.

Its contents included the advances in Excellence 360 and Industry 4.0, the integration of VDM Metals as a division in the Group, the progress in Sustainability and financial strength, as well as letters from the Chairman, Rafael Miranda, and the CEO, Bernardo Velázquez.



Europa Sur Special Feature: 50 years of steel



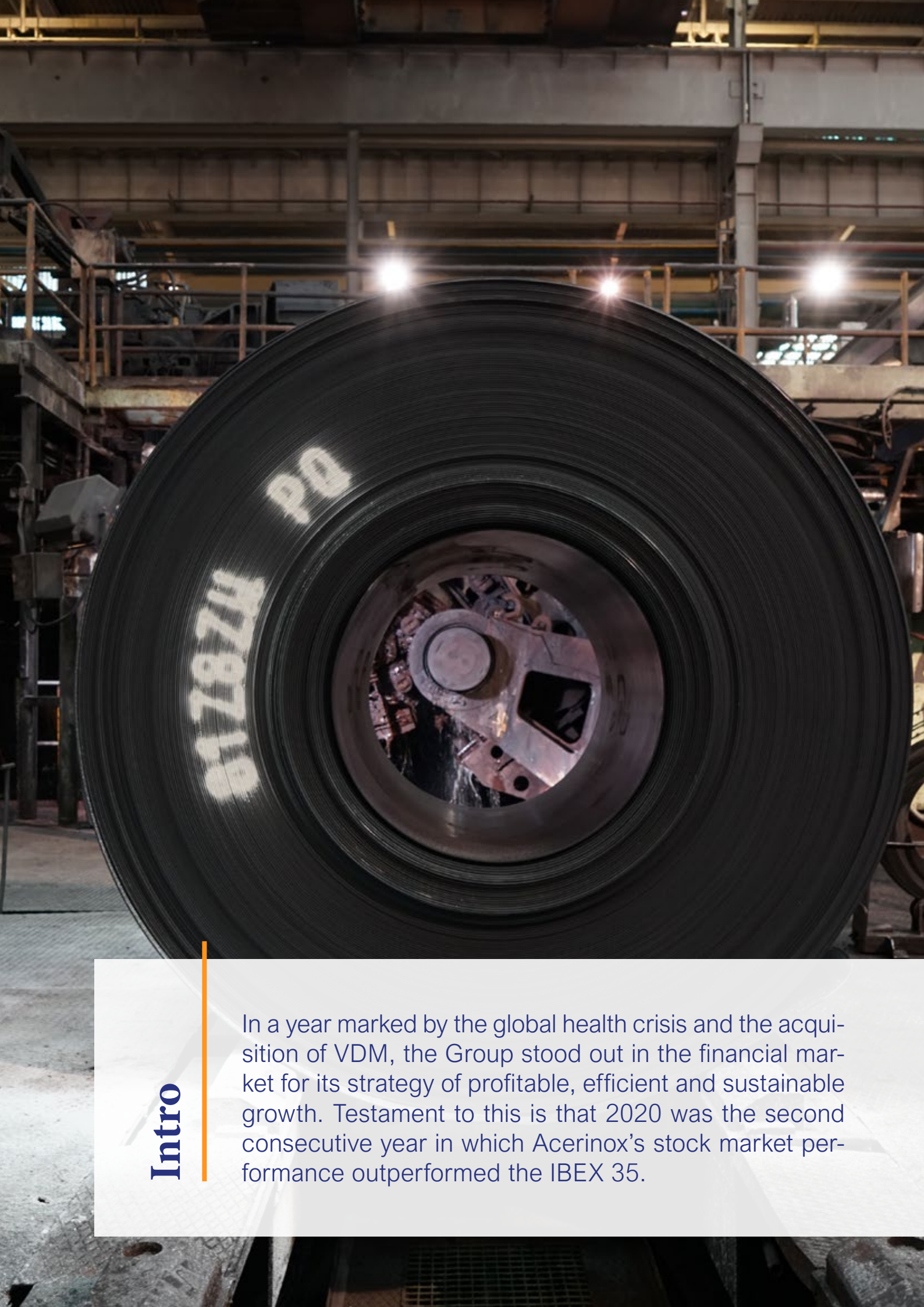
A few days after the Expansión Special was published, on 31 October 2020, all the Joly Group's media outlets in Andalusia, Southern Spain, published a 16-page special feature, which takes a glance at the history of Acerinox Europa and the promising future of the plant as one of the most efficient and technologically advanced in the world. This special feature offered the readers of Joly's 9 Andalusian newspapers a look at how the link between efficiency and sustainability is one of the strategic pillars of growth and development of new processes, new products and new forms of production, and how the plant always prioritises the safety of employees and the rest of the Stakeholders.



Think Acerinox Magazine

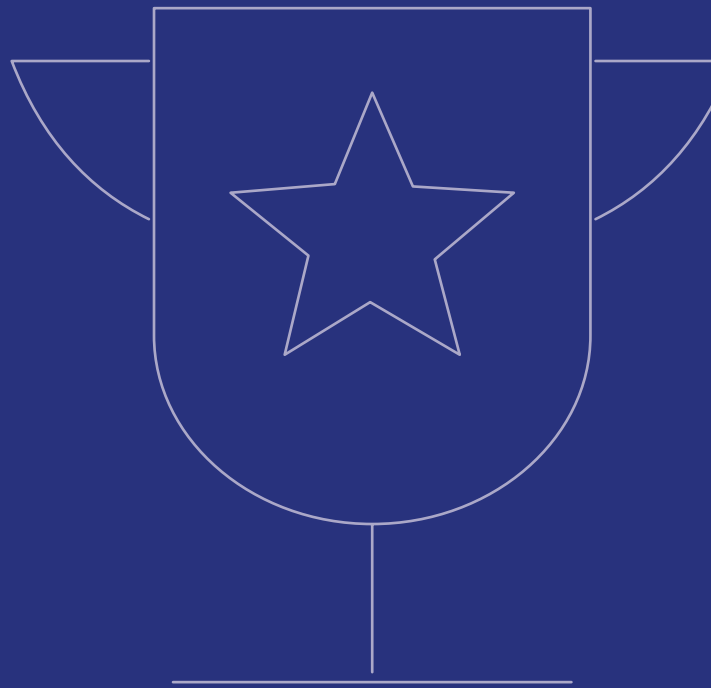
To celebrate the 50th Anniversary, the Group also launched its new corporate magazine, Think Acerinox, showing, in Spanish and English, “a new way of looking at our company and the universe that is generated around our business activities, offering a closer view from which the value of processes, assets and equipment are communicated”, as stated in its editorial. In the publication, we highlight different properties of our stainless steels, we transmit the values that make up this Group and we show the industrial processes and the technological advances achieved.





Intro

In a year marked by the global health crisis and the acquisition of VDM, the Group stood out in the financial market for its strategy of profitable, efficient and sustainable growth. Testament to this is that 2020 was the second consecutive year in which Acerinox's stock market performance outperformed the IBEX 35.



3.

Financial strength

3.1 Global context

3.2 Global Production

3.3 Production of the Acerinox Group

3.4 Raw materials

3.5 2020 Results

3.1 Global context

The stainless steel sector

2020 began with a recovery in all markets in the stainless steel sector. Following the spread of COVID-19 worldwide, demand fell and supply failed to adjust accordingly.

Base prices behaved differently in the different markets. Prices remained steady in the North American market, while in Asia, production surpluses in China and Indonesia brought down prices, and this eventually affected the European market.

The market was extremely unstable, with falling production and falling demand, and signs of recovery were only noticed in the last two months of the year.

Europe

Apparent consumption of flat products decreased by approximately 14% in 2020. Following the hiatus experienced in the second quarter due to COVID-19, which saw a 30% decrease, it gradually recovered in the second half of the year, with improved performance in Northern Europe and in sectors such as household appliances and construction.

With increasing pressure from imports by third countries in prior months, the European Union introduced measures and embarked upon a number of procedures:

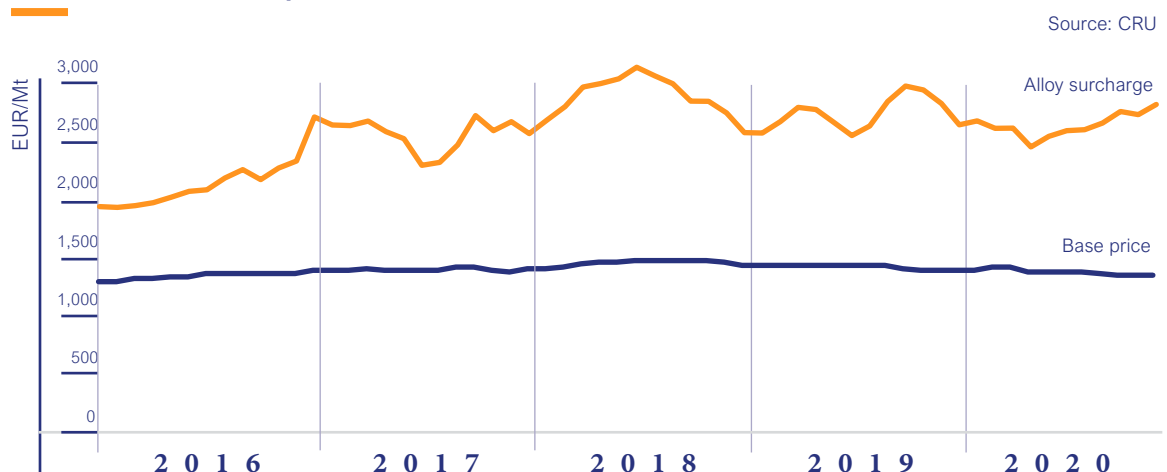
- Anti-dumping tariffs for hot-rolled products from China (up to 19%), Indonesia (up to 17%), and Taiwan (up to 7.5%). The

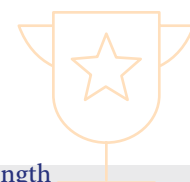
tariffs were introduced as a provisional measure in April, and on a permanent basis in October.

- On 30 September 2020 the initiation of an anti-dumping investigation on imports of cold-rolled products from India and Indonesia was announced, and provisional measures are expected to be imposed in the second quarter of 2021.

Since they were not designed for a declining market, the definitive safeguarding measures did not manage to stop all imports, which maintained a penetration of approximately 25% in the case of cold-rolled flat products, while hot-rolled fell from 40% to 17% due to the aforementioned anti-dumping measures.

Price of stainless steel plate, AISI 304 cold-rolled 2.0 mm 2016-2020 in €/tonne





America

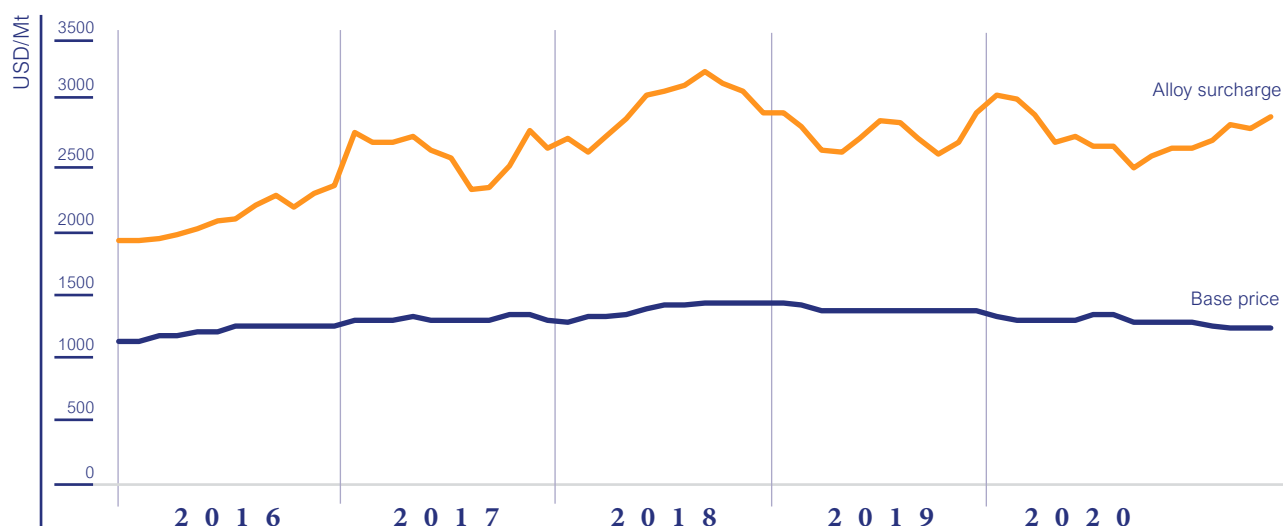
According to the latest figures, apparent consumption of flat products in the North American market fell by approximately 10% in 2020. Demand recovered during the third and fourth quarters, mainly in sectors such as household appliances and automotive, while construction also made a comeback.

The North American authorities maintained the tariff on slabs from Indonesia, which was positive for our sector. In this regard, on 22 June 2020 the Supreme Court dismissed the claim by US steel importers against the tariffs imposed since 2018 by Section 232.

Imports remained tight, with a flat product market share of approximately 14%. Inventories in the US remained below the average of recent years, ending the year at all-time lows. In the other North American markets, Mexico and Canada, flat products fell by approximately 20%.

Price of stainless steel plate, AISI 304 cold-rolled 2.0 mm 2016-2020 in USD/tonne

Source: CRU



Africa, Middle East and Turkey

The South African economy fell by 6.0% year-on-year in the third quarter of 2020, easing from a record 17.5% decline in the second quarter. The South African government recently announced that it was to propose measures to help the local ferrochrome industry, including imposing a tax on the export of chrome ore. This measure will favour the local production of stainless steel.

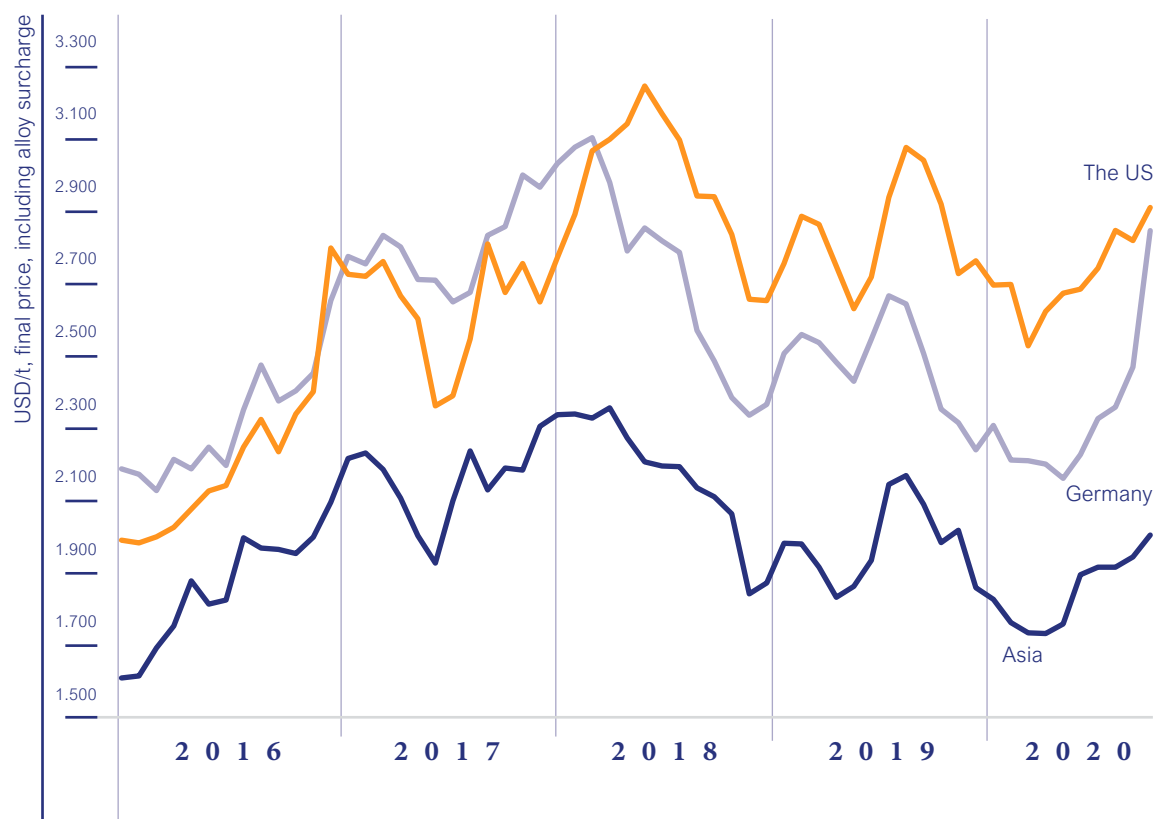
In addition, the market in Turkey continued to grow and ended the year with an increase of 12%.

Asia

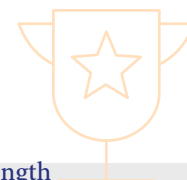
In the Asian markets the situation continued to worsen as a result of production surpluses in China and Indonesia, which led to a continued fall in prices.

The impact of COVID-19 in China brought down consumption and prices, although production was affected slightly less, as shown by the slight 2% decrease during the first half of the year, compared to other regions in the world, posting decreases of 23% in Asia, 20% in the US and 16% in Europe. This contrast was particularly evident in the third quarter, with a 30% increase in China and a 27% decrease in other Asian countries. The Malaysian government imposed provisional anti-dumping measures on imports from Vietnam and Indonesia.

Price of stainless steel plate, AISI 304 cold-rolled 2.0 mm 2016-2020



Source: CRU



High performance alloys

The nickel alloys market

With a sales volume of more than 37,000 tonnes in 2020, VDM Metals remained the world's largest manufacturer of these materials.

In 2020 this market experienced a 19.7% decrease in demand (285,000 tonnes), according to a study by market analyst SMR. The sector's largest market was the United States, followed by China, Japan, Germany and France. According to SMR, approximately 355,000 tonnes of nickel alloys were produced globally in 2019.

The main consumer sector for nickel alloys is the aerospace industry. However, for the high performance alloys division, the main sectors are the chemical industry and the oil and gas industry. In addition to these sectors, VDM Metals also supplies the automotive industry and the electronics and electrical engineering sectors.

According to the latest studies, the decline in demand in 2020 mainly affected the aerospace industry (-37%), followed by the automotive industry (-25%), the oil and gas industry (-23%) and the electronics and electrical engineering sector (-8%). Overall, demand in the chemical industry (including power generation) remained almost at the same level as in 2019. For other applications, the decline in demand was 18%.

Global market

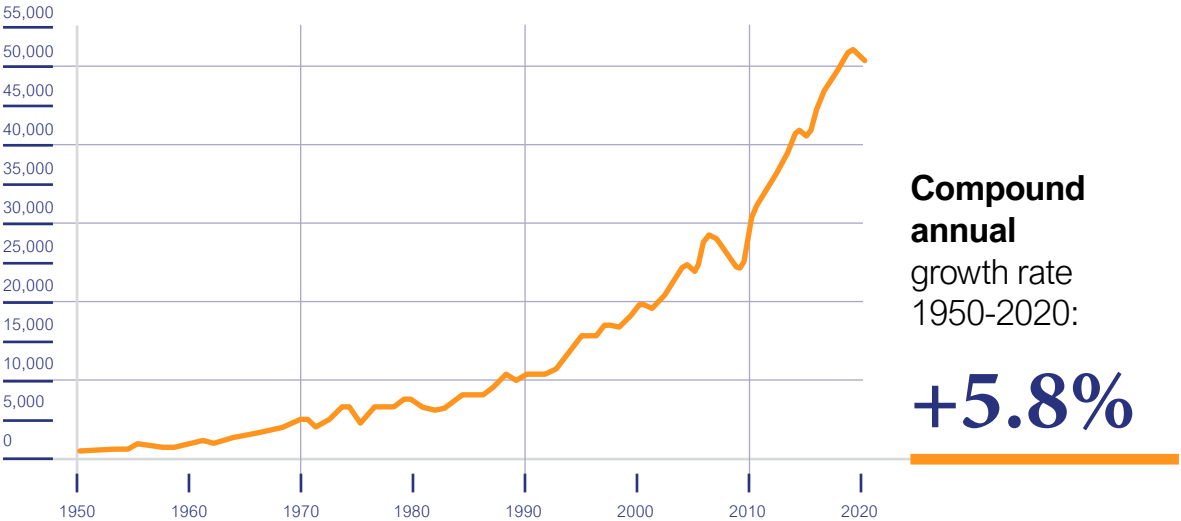
G.D.P. Growth (FMI-World Economic Outlook)

	2019	2020	2021 p
China	6.1	2.3	8.1
Germany	0.6	-5.4	3.5
India	4.2	-8	11.5
ASEAN 5	4.8	-3.7	5.2
South Africa	0.2	-7.5	2.8
Spain	2.0	-11.1	5.9
The US	2.3	-3.4	5.1
Eurozone	1.2	-7.2	4.2
Global	3.6	-3.5	5.5

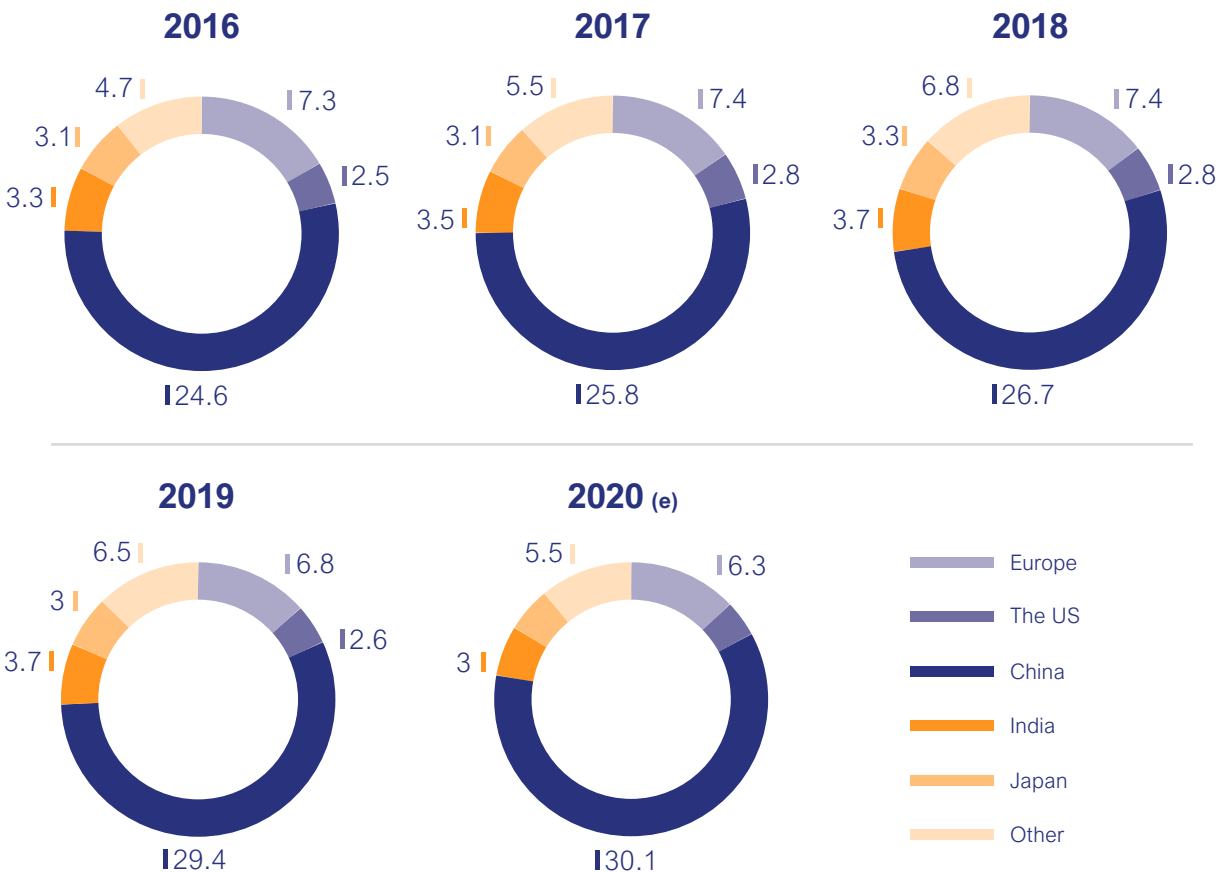
3.2 Global Production

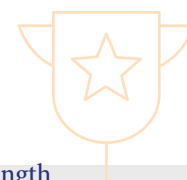
Global Production of Stainless Steel

1950 - 2020 thousands of tonnes



Evolution of global melting shop production (Million Mt)





Evolution of global melting shop production (Thousand Mt)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
2019	12,711	13,404	13,685	12,418	52,218
2020	11,614	11,541	13,557	13,974	50,686

Melting shop production by region/country (Thousand Mt)

	2 0 1 9	2 0 2 0	V A R I A T I O N
Europe	6,805	6,368	-6.4%
The US	2,593	2,144	-17.3%
China	29,400	30,139	2.5%
India	3,933	3,085	-21.6%
Japan	2,963	2,483	-16.2%
Other	6,524	6,467	-0.87%
TOTAL	52,218	50,686	-3.0%



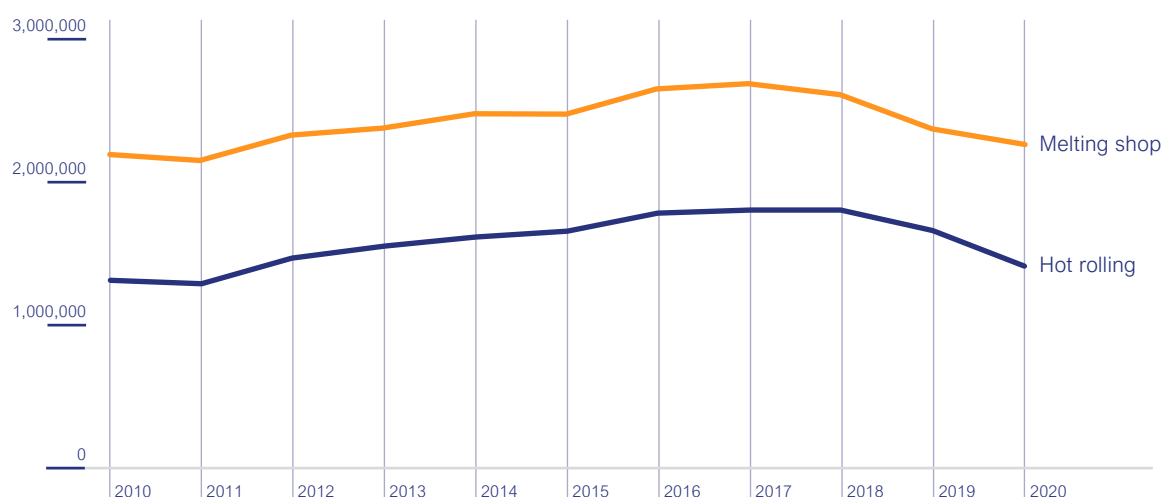
3.3 Production of the Acerinox Group

Stainless Division

The Group was able to cushion the adverse effects of the coronavirus pandemic over the course of the year. The impact during the second quarter was considerable, however, production began to recover in the last two quarters of the year.

This resulted in a 3.9% drop in melting shop production, a 5.2% drop in hot rolling and a 13.9% drop in cold rolling.

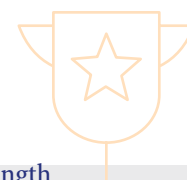
Evolution of the Acerinox factories total production (Mt)



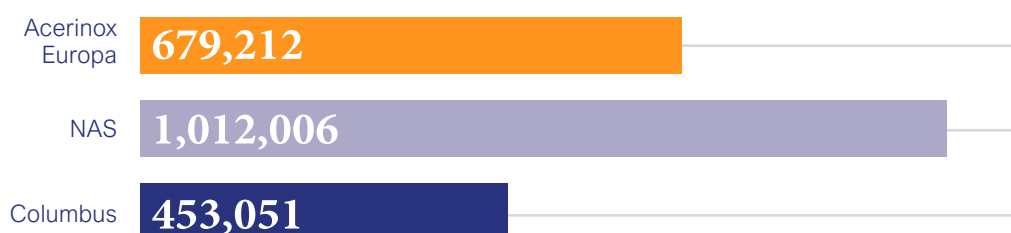
Quarterly evolution of the Stainless Division's production

(Thousand Mt)

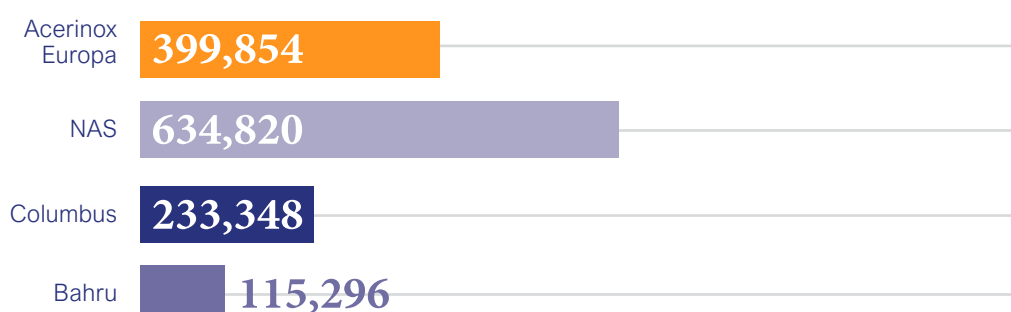
	2 0 2 0					2 0 1 9	VARIATION 2020 / 2019
	1Q	2Q	3Q	4Q	Accumulated	Jan-Dec	
Melting shop	599	420	524	601	2,144	2,231	-3.9%
Cold rolling	393	291	331	369	1,383	1,607	-13.9%
Long product (Hot rolling)	57	49	51	53	210	220	-4.2%



Melting shop
production (Mt)



Cold rolling
production
(Mt)



HPA Division

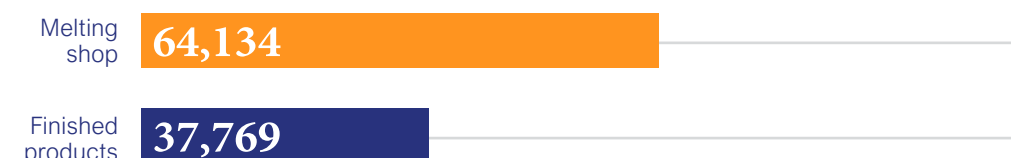
The high-performance alloys division also suffered from the effects of coronavirus. This Division saw a 9.5% decrease in its melting shop production and an 11.8% decrease in total finished products.

Quarterly evolution of the HPA Division's production (Thousand Mt)

	2 0 2 0					2 0 1 9	VARIATION 2020 / 2019
	Q1	Q2	Q3	Q4	Accumulated	Jan-Dec	
Melting shop	19	18	14	13	64	71	-9.5%
Finished products	10	11	10	8	38	43	-11.8%



VDM production
(Mt)



3.4 Raw materials

Nickel

The nickel production surplus, together with the advancement of the pandemic during the first quarter of the year, caused the price to fall, reaching an annual low of USD 11,098/Mt in March.

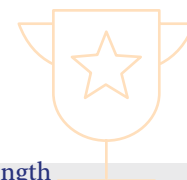
The strong recovery of nickel consumption in China, mainly nickel pig iron, together with renewed expectations of consumption in electric car batteries, led to a sustained increase in prices, peaking in mid-December at over USD 17,600/Mt.

Nickel inventories on the LME rose by more than 80 thousand tonnes in the first two months of the year to 235 thousand tonnes, remaining stable for the rest of the year to end at a level of 246,000 tonnes. In contrast, Shanghai warehouses reduced their stocks during the year by more than 19 thousand tonnes, ending the year above 18 thousand tonnes. Nevertheless, the year ended with global stocks of 16 weeks of estimated consumption.

Official price of nickel on the LME (2019-2020)



Average spot price / three months in USD/Mt



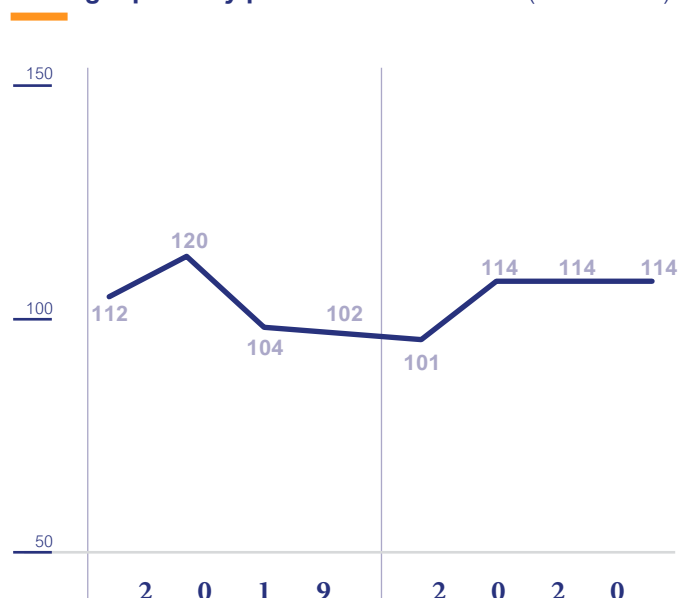
Ferrochrome

Despite it being one of the most closely linked raw materials to the evolution of the stainless steel market, ferrochrome prices remained stable from Q2 onwards.

This was due mainly to the recovery of the stainless steel sector in China and the reduction of ferrochrome production in South Africa. The aforementioned reduction in South Africa was due to the closure of the industry during April due to coronavirus and to the production cuts that have been widespread throughout the year.

The South African government's announcement in October, yet to be confirmed, of an export tax on chrome ore has so far had no effect on prices.

Average quarterly prices of ferrochrome (2019-2020)



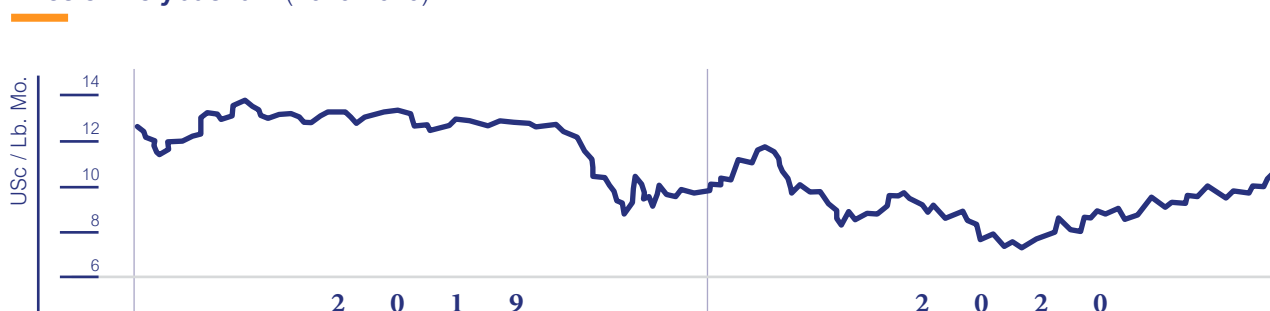
US\$/Lb. Cr

Molybdenum

The fall in demand in molybdenum-intensive sectors such as oil, gas and transport caused prices to fall during the first part of the year, reaching a minimum level of 7 US\$/Lb in July.

Prices recovered progressively during the second half of the year, due mainly to the dramatic increase in Chinese imports, to end the year at values slightly above 10 US\$/Lb. In 2020, the volume of net molybdenum unit imports from China is estimated to have grown 100 times more than in 2019.

Price of molybdenum (2019-2020)

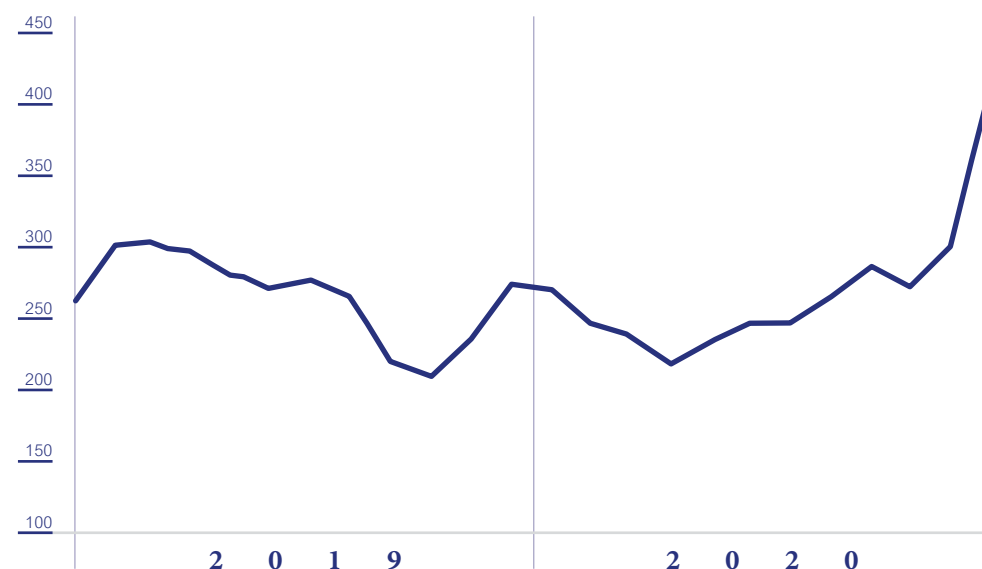


Ferrous scrap

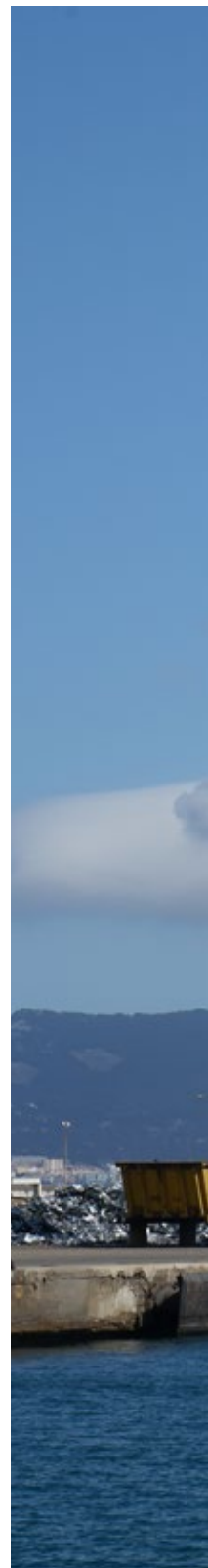
The halting of activity in Asia due to the effects of coronavirus explains the drop in price of ferrous scrap in the first quarter of the year.

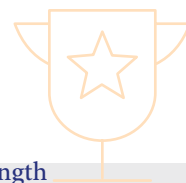
The significant rise in iron ore prices, low production capacities in the steel industry and the reactivation of the sector in Q3, led to an increase in prices of finished carbon steel products as well as scrap; year-end prices totalled USD 400/Mt, the highest level in the last 9 years.

Price of ferrous scrap HMS 1&2 FOB Rotterdam (monthly averages)



USD/Mt





3.5 2020 Results

Results

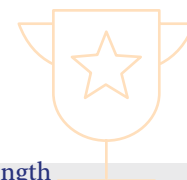
In such a complicated year, as described in this report, the results of the Acerinox Group were most satisfactory.

EBITDA increased by 5% against 2019, despite the worldwide impact of COVID-19, with a fall in the apparent consumption of stainless steel by 10% in the US and 14% in Europe. This was made possible by cost-cutting and a diversification of the product range through the purchase of VDM. The Group's debt at year-end stood at EUR 278 million following the acquisition of VDM, increasing the Group's debt in March to EUR 398 million. Operating cash flow totalled EUR 421 million, enabling the company to pay out a cash dividend (EUR 135 million) and maintain investment payments amounting to EUR 99 million.

The purchase of VDM by Acerinox was formalised on 17 March, therefore, its contribution in 2020 was limited to 10 months.

The most significant figures for the year and the variation compared to 2019 are as follows:

	S T A I N L E S S G R O U P				
	Jan/Dec 19	%	Jan/Dec 20	%	20/19 Variation
Net sales	4,754	100%	4,055	100%	-14.70%
Adjusted EBITDA	402	8.45%	358	8.83%	-10.91%
Expenses from VDM acquisition	-	-	-14	-0.35%	-
EBITDA	364	7.65%	344	8.48%	-5.49%
EBIT	23	0.48%	147	3.63%	549.94%
Result before tax	23	0.49%	120	2.96%	419.89 %
Result attributed to the Parent	-60	-1.25%	40	0.99%	-



The most significant figures for the year and the variation compared to 2019 - Million Euros

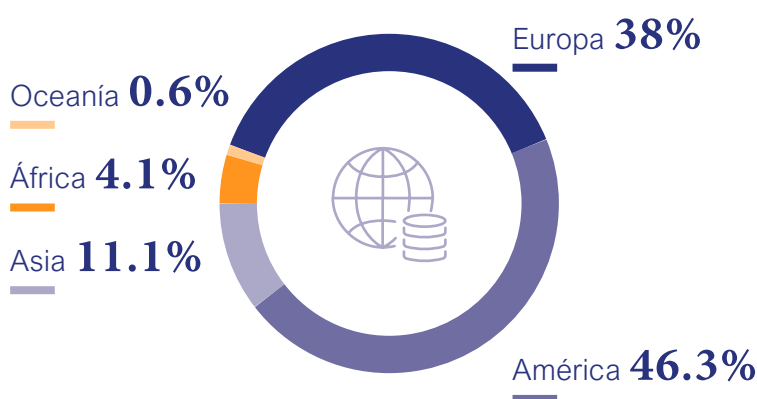
	High Performance Alloys		C O N S O L I D A T E D G R O U P				
	March/Dec 20	%	Jan/Dec 19	%	Jan/Dec 20	%	20/19 Variation
Net sales	614	100%	4,754	100%	4,668	100%	-1.8%
Adjusted EBITDA	40	6.5%	402	8.45%	398	8.52%	-0.99%
Expenses from VDM acquisition	-	-	-	-	-14	-0.3%	-
EBITDA	40	6.5%	364	7.65%	384	8.22%	5.47%
EBIT	20	3.2%	23	0.48%	163	3.49%	620.31%
Result before tax	16	2.57%	23	0.49%	132	2.82%	470.19%
Result attributed to the Parent	9	1.43%	-60	-1.25%	49	1.05%	-

€ **4.668** Million

in turnover in 2020, giving rise to a **2% decrease**.

Morover, sales in tonnes decreased by 5%

Geographical distribution of sales



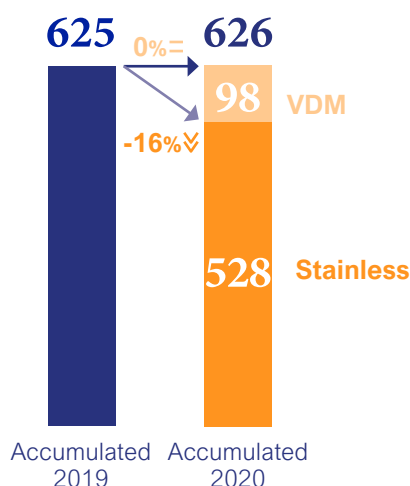
The Group's swift response to the coronavirus crisis enabled it to reduce significantly both fixed and variable costs. Personnel and operating expenses of the Stainless Steel Division decreased by 16%. The Consolidated Group's expenses rose by 5% following the incorporation of VDM.

The breakdown is set out in the diagrams below, which show trends in the stainless steel division and the contribution by VDM in 2020, compared to 2019:



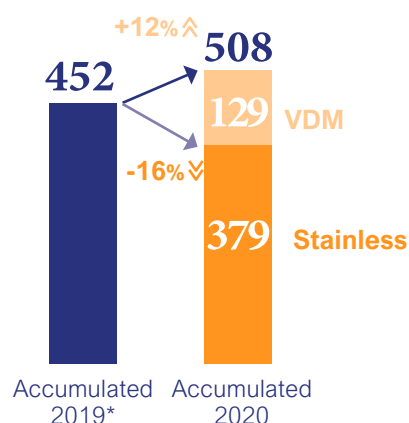
Operating expenses

Million Euros



Personnel expenses

Million Euros



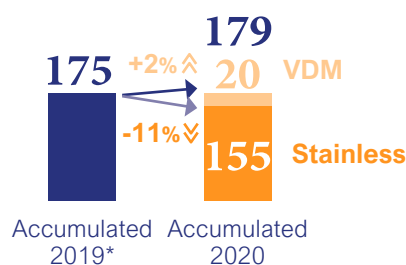
(*) 2019 includes EUR 38 million relating to the provision for the layoff plan at Acerinox Europa

Amortisation and depreciation in the stainless division fell by 11%. For the Group, including VDM, amortisation and depreciation amounted to EUR 179 million, an increase of 2% compared to 2019.



Depreciation and amortisation

Million Euros

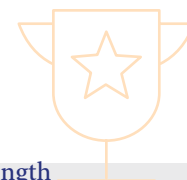
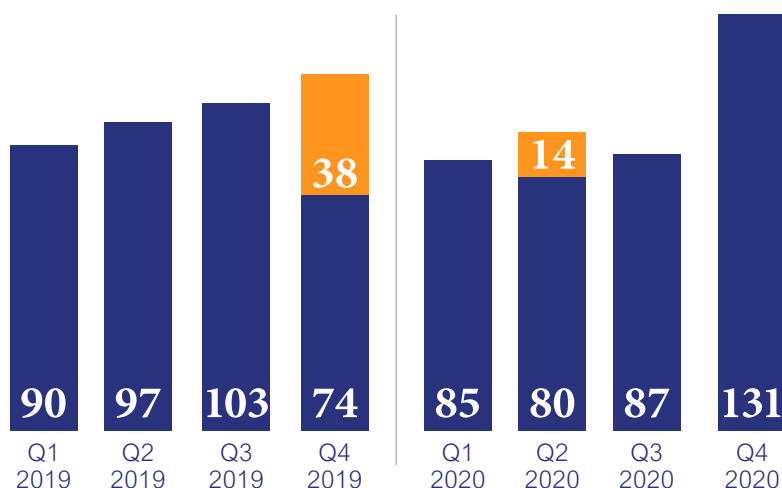


Consolidated Group



Stainless Group



**Quarterly EBITDA** (Million euros):**€ 384 Million****Reported EBITDA,**
5% more than 2019

2019 adjusted EBITDA (*): EBITDA not including the EUR 38 million relating to the provision for the layoff plan at Acerinox Europa

2020 adjusted EBITDA (**): EBITDA, disregarding the EUR 14 million for the costs from the purchase of VDM in the second quarter of 2020

Cost-cutting and diversification to the high-performance alloy sector succeeded in neutralising the economic impact of the pandemic. Adjusted EBITDA, disregarding the EUR 14 million for the costs from the purchase of VDM, amounted to EUR 398 million, a decrease of just 1% compared to 2019. Reported EBITDA amounted to EUR 384 million, an increase of 5% compared to 2019.

In line with the regulator's recommendations, at 30 June an impairment test was carried out in view of the worldwide economic impact of COVID-19. As a result of the valuations, only an impairment of the assets of Bahru Stainless of EUR 43 million was necessary, which had an impact on EBIT.

EBIT stood at EUR 163 million, compared to EUR 23 million in 2019 following year-end adjustments, and adjusted EBIT (disregarding the EUR 14 million for the costs from the purchase of VDM and EUR 43 million relating to asset impairment) totalled EUR 220 million, 3% less than the adjusted figure for 2019.

The net financial result was EUR -32 million. The increase in financial expenses was due to financing the purchase of VDM and integrating its debt. This impact was offset by financial income amounting to EUR 7 million and positive exchange rate variations totalling EUR 6 million.



At year-end, and taking into account the restrictions imposed by Spanish law in accounting terms to recover tax loss carryforwards, **deferred tax assets were impaired in the amount of EUR 24 million.** This measure, a consequence of the Company's accounting prudence, may be reversed in future years, when the uncertainties described have been clarified.

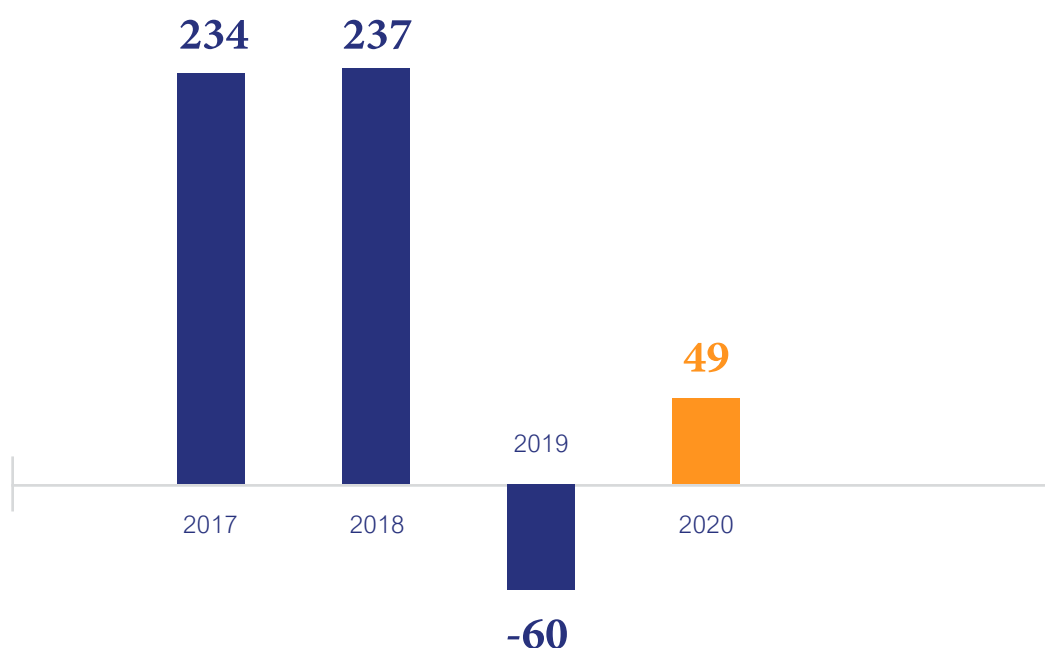
€ 132 Million

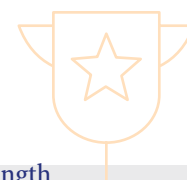
Profit before taxes
(€23 million in 2019)

€ 49 Million

Profit after taxes and minority interests
(€60 million in 2019)

Profit/Loss after taxes and minority interests (Million Euros)





Cash flow generation

Cash flow generation, established as one of the priority objectives in the Group's Strategic Plan, also performed outstandingly.

The sound results obtained and strict control of the working capital enabled the Group to secure an operating cash flow of EUR 421 million, its highest since 2012, of which EUR 337 million were accounted for by the Stainless Steel Division, and EUR 84 million by the ten months of contribution by VDM.

Operating working capital fell by EUR 236 million. Worthy of note is the EUR 223 million decrease in inventories.

Cash Flow (Million euros)

	2 0 2 0 Q U A R T E R S				2 0 2 0	2 0 1 9
	Jan/Mar	Apr/Jun	Jul/Sep	Oct/Dec	Jan/Dec	Jan/Dec
EBITDA	85	80	87	131	384	364
Working capital variation	-97	63	74	183	222	96
Operating working capital variation	-65	50	65	186	236	44
• Inventories	9	95	92	27	223	2
• Customers	-47	93	-1	38	83	41
• Suppliers	-27	-139	-26	122	-70	0
Other working capital adjustments	-32	13	9	-3	-14	52
• Acerinox Europa layoffs payment	-26	0	0	0	-26	-
• Others	-6	13	9	-3	12	52
Income tax	-23	-3	-49	-24	-99	-116
Financial expenses	-3	-9	-13	-11	-36	-15
Other adjustments to results	3	-20	-8	-26	-51	29
OPERATING CASH FLOW	-36	111	91	254	420	359
Payments for VDM Acquisition	-313	0	0	0	-313	-
Payments for investments on fixed assets	-23	-27	-29	-20	-100	-128
FREE CASH FLOW	-373	84	62	234	7	231
Dividends and treasury shares	0	0	0	-135	-135	-184
Grants and others	0	0	0	4	4	0
CASH FLOW AFTER DIVIDENDS	-373	84	62	102	-124	47
Conversion differences	13	-16	-31	-34	-68	10
Net financial debt acquired from VDM	0	-85	0	0	-85	-
Variation in net financial debt	-360 ^	-17 ^	31 v	68 v	-278 ^	57 v

*This figure does not coincide with the variation in the balance sheet items for the purchase of VDM.

Following investment payments totalling EUR 99 million (disregarding the acquisition of VDM), the free cash flow generated stood at EUR 322 million, leading to the distribution of a cash dividend (EUR 135 million) and mitigating the increase in debt. Despite the EUR 398 million from the acquisition of VDM and the incorporation of its debt in March, at 31 December the Group's debt had only risen by EUR 278 million.

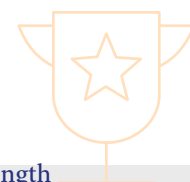
Balance sheet

ASSETS

Million euros	2020	2019	Variation
Non- current assets	2,070	1,933	7%
Current assets	2,664	2,463	8.1%
Inventories	1,182	1,016	16.4%
Debtors	532	555	-4.1%
• Trade debtors	464	484	-4.1%
• Other debtors	68	71	-4.4%
Cash	917	877	4.6%
Other current assets	32	16	105.9%
Total assets	4,733	4,397	7.6%

LIABILITIES

Million euros	2020	2019	Variation
Equity	1,615	1,929	-16.3%
Non-current liabilities	1,827	1,254	45.7%
• Interest- bearing loans and borrowings	1,410	1,052	34%
• Other non current liabilities	417	202	106.6%
Current liabilities	1,291	1,214	6.3%
• Interest- bearing loans and borrowings	280	320	-12.6%
• Trade creditors	879	784	12.2%
• Other current liabilities	132	110	19.8%
Total equity and liabilities	4,733	4,397	7.6%



Operating working capital increased by EUR 51 million due to the acquisition of VDM, which added working capital totalling EUR 287 million to the initial balance sheet. The Stainless Group decreased the working capital by EUR 175 million, and VDM, since the acquisition, by EUR 61 million.

Operating working capital (Million Euros)

	D e c e m b e r 2 0 2 0	D i c i e m b r e 2 0 1 9
Inventories	1,182	1,016
Trade debtors	464	484
Trade creditors	879	784
Working capital	767	716

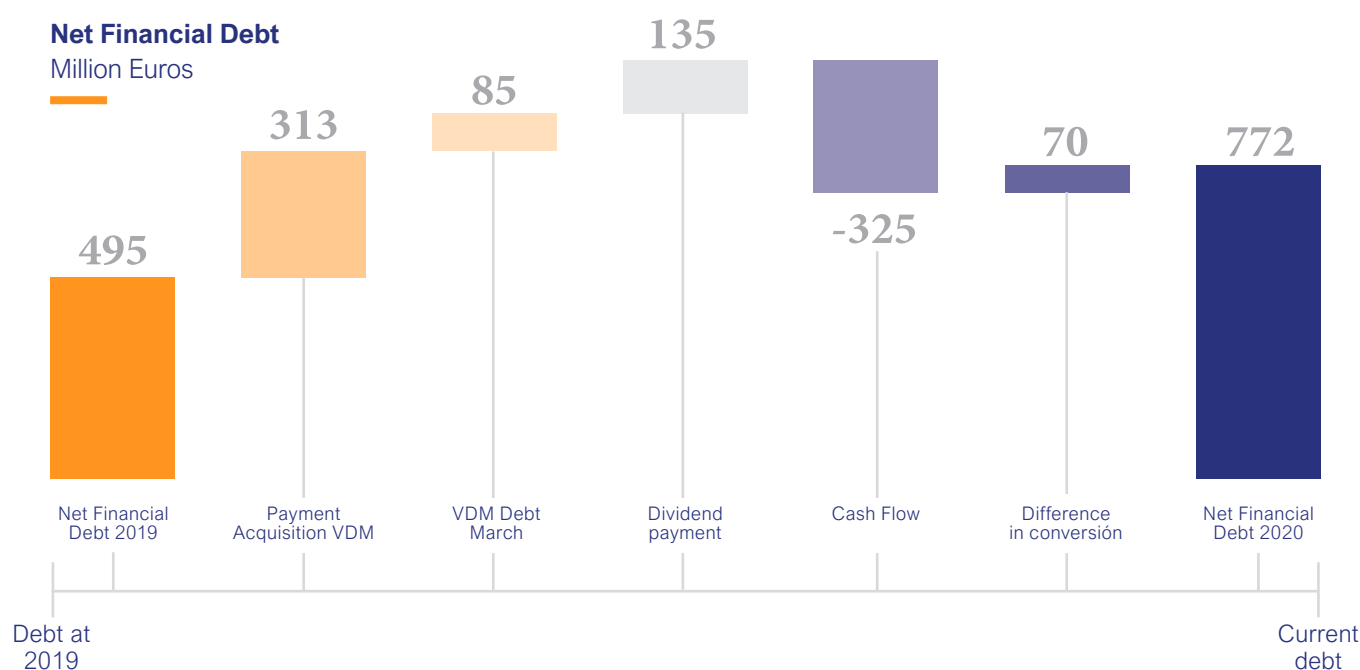
At 31 December 2020, the Group's net financial debt amounted to EUR 772 million, an increase of EUR 278 million (31 December 2019: EUR 495 million) as a result of the acquisition of VDM (EUR 313 million) and the incorporation of its debt (EUR 85 million).

The depreciation of the Dollar in 2020 resulted in a lower counter equivalent in Euros of the Group's high cash flow in the United States, which increased net financial debt by EUR 70 million as a result of translation differences.



Net Financial Debt

Million Euros



Financing

The Group gave priority to long-term financing and securing liquidity in the course of the year. Long-term financing featured entering into loans for the acquisition of VDM. Three of these loans were considered green loans (BBVA in 2020; CaixaBank and Sabadell in 2021). The external consultant Sustainability confirmed that the operations were in line with the 2019 Sustainability Linked Loan Principles, the principles that serve as the basis for this type of transaction. Thus, the margin on the loan has been linked to the evolution of two indicators established, which will be reviewed annually: relative emissions intensity (direct and indirect) per tonne of steel produced and the frequency of occupational accidents. Liquidity was also guaranteed through several financing and

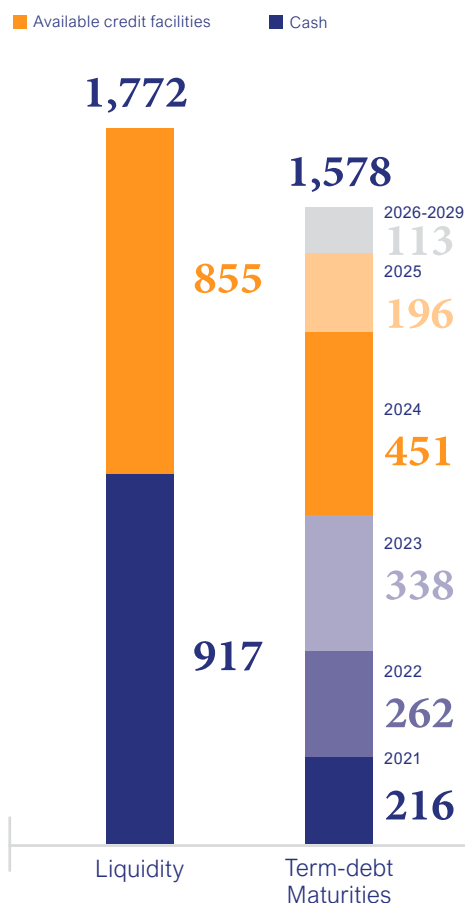
loan operations in Spain with the Group's banks, backed by the Spanish Official Credit Institute, in addition to the renewal and contracting of new loan schemes.

At 31 December, 83% of all Group financing had maturities of over one year. 90% of the Group's loans are at fixed interest rates.

At 31 December 2020, Acerinox had immediate liquidity amounting to EUR 1,772 million, of which EUR 917 million corresponded to cash and EUR 855 million corresponded to available credit facilities.

The Group's total term debt maturities amounted to EUR 1,578 million and are fully covered by current liquidity.

Term debt maturities (Million Euros)



Financial ratios

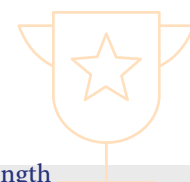
2.01x

Net Financial Debt / EBITDA

The increase was due to the increase in debt from the acquisition of VDM.

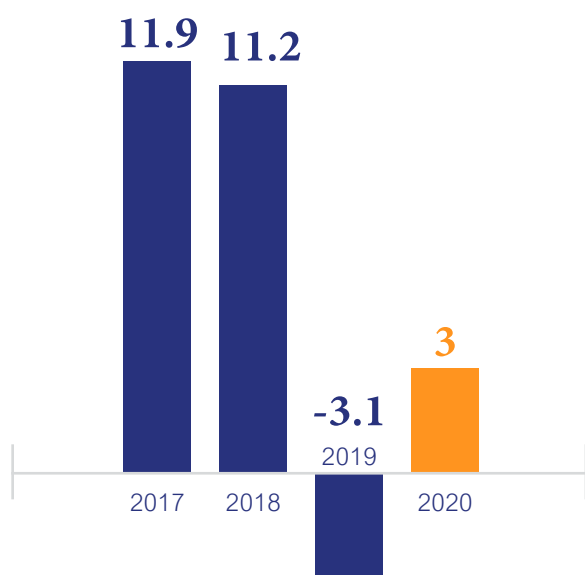
Net Financial Debt / EBITDA (Number of times)



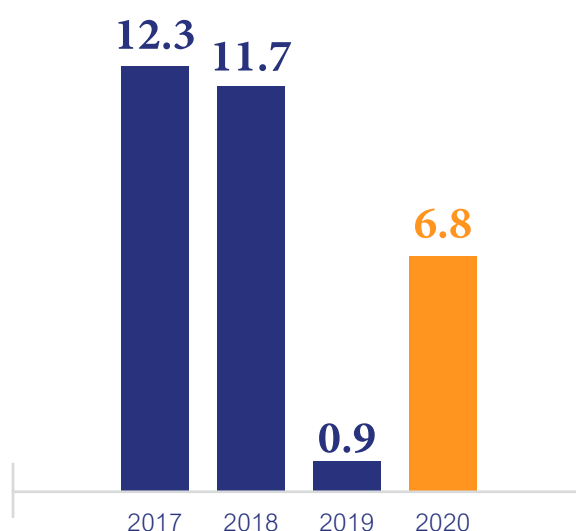


In 2020 the ROE amounted to 3.0%, while the ROCE amounted to 6.8%

ROE - %



ROCE - %



Alternative Performance Measure

(Definitions of terms used)

- **Excellence 360° Plan:** estimated efficiency savings for the 2019-2023 period
- **Operating Working Capital:** Inventories + Trade receivables – Trade payables
- **Net Cash Flow:** Results after taxes and minority interests + depreciation and amortisation
- **Net Financial Debt:** Bank borrowings + bond issuance - cash
- **Net Financial Debt / EBITDA:** Net Financial Debt / annualised EBITDA
- **EBIT:** Operating income
- **Adjusted EBIT:** EBIT, stripping out material extraordinary items
- **EBITDA:** Operating income + depreciation and amortisation + variation of current provisions
- **Adjusted EBITDA:** EBITDA, stripping out material extraordinary items
- **Debt Ratio:** Net Financial Debt / Equity
- **Net financial result:** Financial income – financial expenses ± exchange rate variations
- **ROCE:** Operating income / (Equity + Net financial debt)
- **ROE:** Results after taxes and minority interests / Equity
- **ICR (interest coverage ratio):** EBIT / Interest expense

Average period of payment to suppliers

In relation to the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements, the average period of payment to suppliers of the Spanish companies forming part of the Acerinox Group, having deducted the payments made to Group companies, is as follows:

	2020	2019
Average period of payment to suppliers	Days 73 days	Days 69 days
Ratio of transactions settled	75 days	70 days
Ratio of transactions not yet settled	54 days	57 days

	Amount	Amount
Total payments made	1,948,440	1,511,280
Total payments outstanding	239,428	181,685

Evolution of the stock market

Acerinox, S.A. shares

At 31 December 2020, Acerinox's share capital totalled EUR 67,636,548.25, and was represented by 270,546,193 shares with a nominal value of EUR 0.25 per share.

All of the shares are listed on the official stock markets in Madrid and Barcelona, and are traded on the Continuous Market.

36,200

**Acerinox
shareholders**
at 31 December
2020

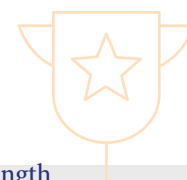
	No. of shares	% Capital
Corporación Financiera Alba, S.A.	52,337,949	19.35%
Nippon Steel	42,774,066	15.81%
Danimar 1990, S.L.	12,175,083	4.50%
Industrial Development Corporation	8,809,294	3.26%
Treasury shares	93,420	0.03%
Remaining investors	154,356,381	57.05%

*The percentage of domestic shareholders was 40% and foreign shareholders was 60%

**In 2020 the amount of treasury shares did not vary compared to 2019.

Analyst and Investor Relationships

Maintaining seamless and efficient communication with the financial markets, shareholders and investors is a priority for the Acerinox Group. The Investor Relations team has intensively and pro-actively assisted the investment community, adapting swiftly and efficiently to the new situation caused by the global pandemic.



Thanks to the digital transformation already in place in Acerinox, the schedule of activities and commitments was not affected. All this enabled the team to attend 28 events organised by brokers (conferences and roadshows), and with the direct contacts maintained by Acerinox, nearly 300 meetings were attended.

The most significant matters addressed were the following:



In the first part of the year, **investors focused on the aspects arising as a result of COVID-19**, such as the emergency measures implemented, the affected sectors, liquidity and flexibility to reduce investments.



Integration of **VDM**



Exit of Nippon Steel from the Acerinox Board of Directors



CSR Policy in Acerinox



Evolution of **the markets by region**



Statement of **profit or loss, debt and cash targets**

The prestigious publication, Institutional Investor, awarded Acerinox in different categories of the 2020 ALL-EUROPE EXECUTIVE TEAM:



2020 All Europe Executive Team

- Most honored company
- Best CFO, nº2



2020 All Europe Executive Team
Small & Mid Cap

- Best CEO, nº3
- Best CFO, nº1
- Best ESG, nº1
- Best IR programme, nº2

Evolution of the shares

If anything has characterised the evolution of the stock market in 2020 it has been volatility: the first six months of the year were earmarked by COVID-19 with great uncertainty across the world and the markets, and the second six months of the year were bullish due to positive macro news and confidence in the control of the pandemic.

Of the European indices, only the German Dax and the Swedish OMX remained positive. The IBEX 35 decreased by 15%, lagging behind the major European indices. In Wall Street, with technology companies dominating, new records were set.

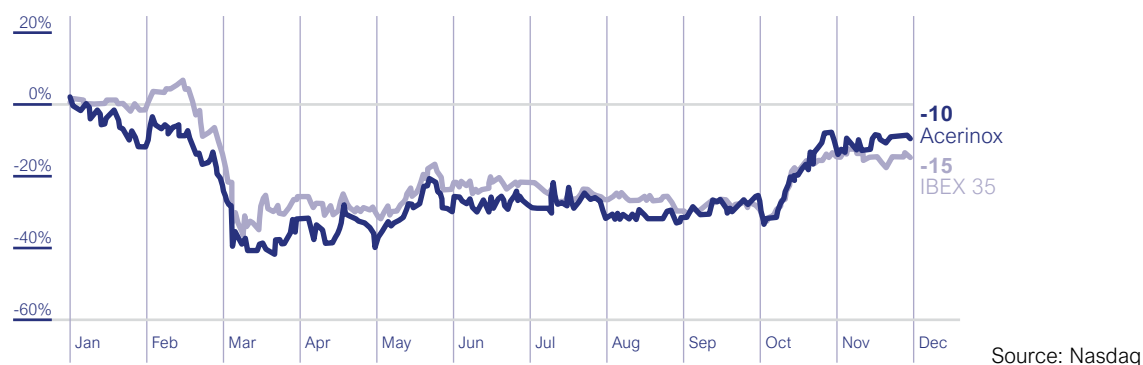
Evolución de los principales índices mundiales - 2020

- | | | |
|-----------------------------------|----------------------------------|--------------------------------|
| • NASDAQ-100 Index: 43.64% | • Nikkei: 16.01% | • Ftse MIB: -5.42% |
| • CSI 300: 27.21% | • DJ Industrial: 7.25% | • France CAC 40: -7.14% |
| • S&P 500: 16.26% | • Germany DAX (TR): 3.55% | • FTSE 100: -14.34% |
| | • Euro STOXX 50: -5.14% | • IBEX 35: -15.45% |

Only nine IBEX companies ended the year in the black, including Solaria, Siemens Gamesa, Iberdrola and Acciona, which shows the Spanish index's commitment to renewable energies. IAG and Telefónica, among others, ended the year at the bottom of the selective index.

Acerinox was no stranger to this situation and ended the year with a decrease of 10%. The price of Acerinox shares was very similar to that of the IBEX 35, although the cyclical shift of investors following the vaccine announcements, anticipating economic recovery, meant that Acerinox's end-of-year performance was better than that of the IBEX.

Stock market evolution of Acerinox and the IBEX 35 - Daily percentage data, 2020



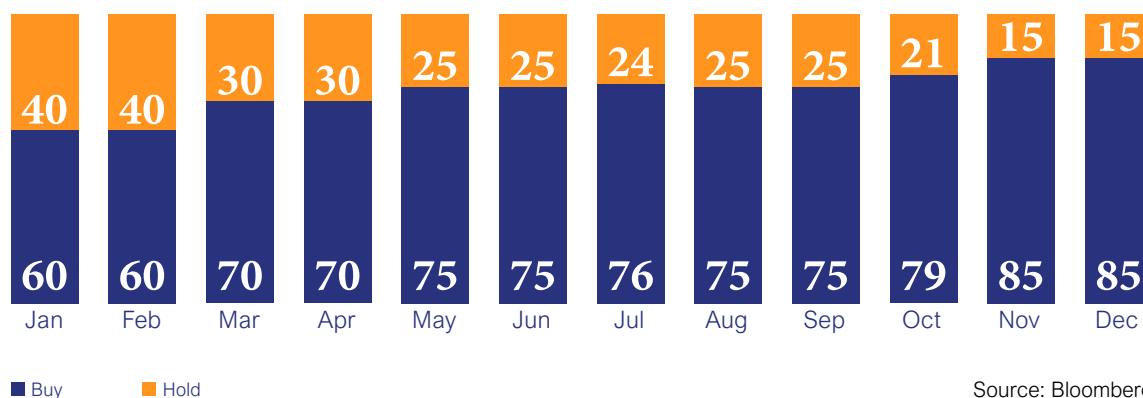
In November and December Acerinox shares rose by 33%

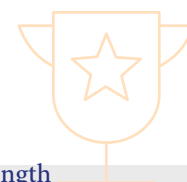


This is the second consecutive year that **Acerinox has outperformed the IBEX 35**

The evolution of analysts' recommendations was positive throughout the year, increasing from 60% buy recommendations to 85% at year-end. There were no "Sell" recommendations from analysts following Acerinox in 2020. The following chart shows the evolution of recommendations throughout the year.

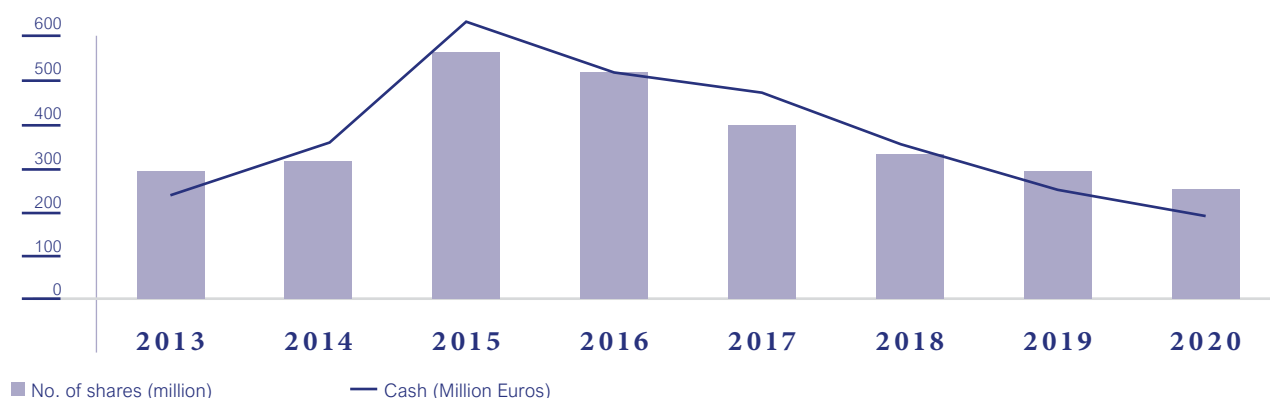
Evolution of recommendations throughout the year





In 2020, Acerinox shares were traded on the 257 days that the Continuous Market was open. The total number of shares traded amounted to 236,177,023, equivalent to 0.87 times the number of shares that make up the share capital, with an average daily trading of 918,976 shares.

Share trading and cash



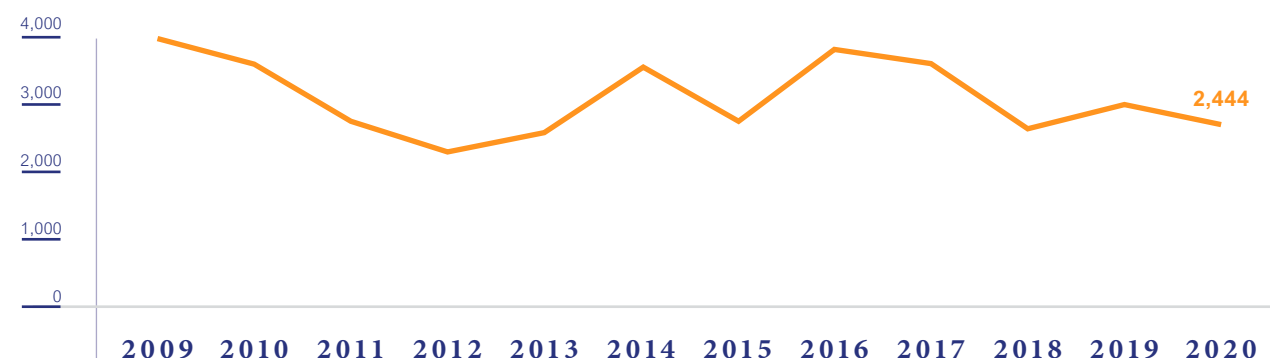
€ 1,805,294,383.78

Scope of volume traded in 2020,
representing a daily average of €7,024,491

€ 2,444 Million

Acerinox's market capitalisation at
31 December 2020

Market capitalisation of Acerinox, S.A. - Million Euros



Shareholder remuneration

Acerinox held the General Shareholders' Meeting by electronic means on 22 October 2020. The agreements approved in the Meeting included a shareholder remuneration of EUR 0.50 per share to each of the shares outstanding, with the first payment of EUR 0.40 being made on 2 December 2020, and the second payment of EUR 0.10, through a share premium refund, being made on 3 December 2020.

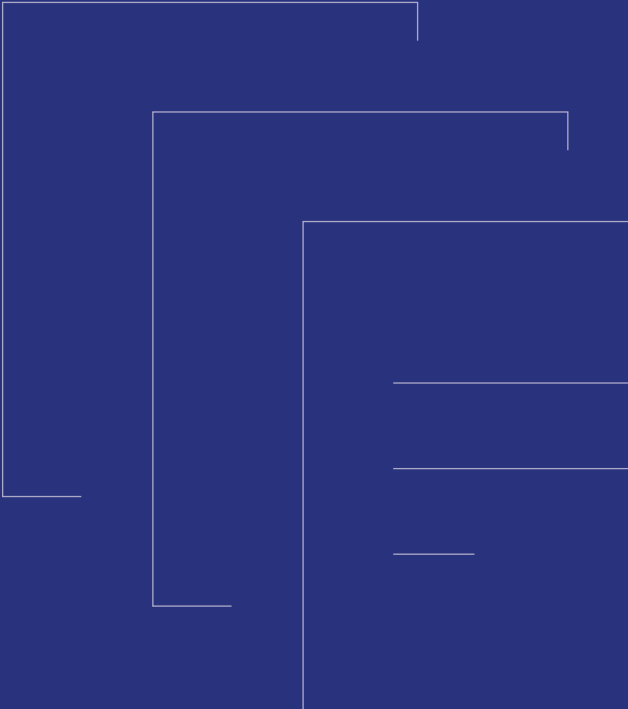
Shareholder remuneration

**€ 135,226
thousand**



Intro

The Group's Corporate Governance model ensures compliance with strict principles of ethics, integrity and transparency. In 2020, Acerinox reinforced the integrity of its long-standing commitment to sustainable development by creating a Sustainability Committee within its highest governance body.



4.

Corporate Governance

4.1 Corporate Governance

4.2 The Board of Directors and
its Committees

4.3 General Shareholders' Meeting

4.4 Main Executives of the
Group's Companies

4.5 Events after the
reporting period

4.1 Corporate Governance

The assessment of the Board and its committees is carried out every three years by an external consultant and during the remaining years by the internal services, although following as much as possible the same methodology as the aforementioned consultant in order to be able to make comparisons.

These processes generate action plans with identified areas for improvement, which the Board implements and regularly monitors.

The assessment for 2020 was carried out by an independent expert, KPMG. As a result of the conclusions and with the help of the expert, an action and improvement plan was prepared to drive forward the few actions in the areas where it is considered that there may still be progress to be made.

Unsurprisingly, given the complicated year, the governing bodies of Acerinox, S.A. met a total of 41 times, excluding the General Shareholder's Meeting. This increase in corporate activity was not due to the fact that a specific body increased its attention to the governance of the Company, but rather

that all the governing bodies of the Group, without exception, increased their number of meetings. In fact, the difficulties of economic life in 2020 prompted closer monitoring of the business in a changing environment. In 2020, the governing bodies, as well as the Company's management, had to deal with transport stoppages in many countries, the closing of factories by government order, ongoing collective bargaining, the acquisition and subsequent integration of the German company VDM, with a total of 18 companies, and their subsequent assimilation and integration process.

This growth has gone hand in hand with an increase in the quantity and quality of the information that has reached the various bodies, either at the discretion of Management or at the request of the Directors.

The 2020 Annual Corporate Governance Report of Acerinox, S.A. forms part of the Management Report and, from the date of publication of the financial statements, is available on the Spanish National Securities Market Commission's website and on the Acerinox website.





4.2 The Board of Directors and its Committees

In 2020 the number of Directors decreased as a result of the resignation in August of the Proprietary Directors of NIPPON STEEL NSSC, heir company of Nisshin Steel, one of the founders of Acerinox in 1970, which has recently been absorbed by a third company. The Directors Mr Hattori and Mr Ikeda communicated their resignations and their reasons to the Board in a letter sent through the Chairman, which gave rise to the corresponding Relevant Information Disclosure.

Mr Braulio Médel also stepped down from the Board, as he has reached the statutory retirement age and is no longer eligible for re-election. Mr Médel served three terms as Independent Director, following his first appointment in 2008.

As a result of the aforementioned, the number of members of the Board of Directors decreased to twelve, although the maximum number foreseen in the Articles of Association has not changed.

Acerinox's Articles of Association and Regulation for the General Meeting of Shareholders were modified. This was due to several reasons, the most urgent of which was to incorporate without undue delay the changes that would facilitate the holding of General Shareholder's Meetings in the future by electronic means. Acerinox also wished to incorporate into these policies the amendments required by recent regulatory changes.

Following the Recommendations of the Code of Good Governance and the most solid corporate trends, at the end of 2020, the Board resolved to create a new Committee dedicated to Sustainability, denominated the Sustainability Committee, whose function is to be the specialised working body on this matter and to assist the Board of Directors in this area. Ms Rosa M^a García Piñeiro, Independent Director, was appointed as the Chair of the Committee. Ms Garcia has extensive experience in this field, as well as in the industry in general, and is the fourth female to chair a Committee following Belén Romana, Laura Abasolo and Laura G. Molero, current Chair of the Appointments, Remuneration and Corporate Governance Committee.

The shareholders' decision at the General Shareholder's Meeting to appoint Ms Leticia Iglesias, a person with extensive experience in auditing and financial control, resulted in the number of women on the Board totalling four at the date of reporting (33.3 %). In the same General Shareholders' Meeting, Mr Francisco Javier García Sanz, who has held numerous positions in the automotive world both in General Motors and subsequently in the VAG Group (Volkswagen), was appointed as an Independent Director.

Internal regulation

Together with the aforementioned amendments to the Articles of Association and the Regulation for the General Meeting of Shareholders, the Board of Directors modified its own Regulations and approved the new wording of the Policy for the Selection of Directors and the General Policy for Communication, Contact and Engagement with Shareholders, Institutional Investors, Asset Managers, Financial Intermediaries and Proxy Advisers of Acerinox, S.A. and its Group of Companies, as a consequence of the entry into force of the Shareholders' Involvement Directive.

Similarly, a new wording of the Internal Regulation for Conduct in the Security Markets was approved to adapt this regulation to the new standards in this area and to include therein the content of the former General Policy of Conduct in Treasury Shares.

Composition of the Board of Directors



Rafael
Miranda Robredo
Chairman

Mr Rafael Miranda Robredo, of Spanish nationality, has been a member of the Board of Directors and Chairman of Acerinox since April 2014. An Industrial Engineer from ICAI, Honorary President of the Management Progress Association, Honorary President of Eurelectric, member of several Boards of Directors and advisor to numerous foundations and institutions. He is also a Director of Brookfield Asset Management, Nicolás Correa and Parkia.

During his professional career, Rafael Miranda has occupied many prestigious positions such as CEO of Endesa and Vice-President of the Industrial Division of Campofrío. His professional career has made him a

reference in the business community both for his role in the modernisation of the electric system and for his efficient managing of major companies. He has received the Grand Cross of the Civil Merit, the Grand Cross of Isabel la Católica as well as being named Commander of the Order Bernardo O'Higgins (Chile).

Condition

- Member of the Board of Directors and President since 23 April 2014, re-elected in 2018. Owner of 28,592 shares (31 December 2018)
- External Independent



Bernardo
Velázquez Herreros
CEO

Mr Bernardo Velázquez Herreros, an Industrial Engineer through ICAI, is the Acerinox CEO and member of the Executive Committee and the Sustainability Committee. Since he joined the Marketing Department of Acerinox in 1990, he has risen through successive positions of growing responsibility within the company, gaining in-depth experience in the international stainless steel trade.

On his return to Spain in 2005, following his experiences in Mexico and Australia, he took up the positions of Assistant Managing Director, Chief Information Officer and Corporate Planning Director. In 2007 he was named Managing Director, a position he held until his appointment as CEO in July 2010.

Mr Velázquez is currently Chairman of Acerinox Europa S.A.U. (Spain) and North American Stainless (USA). He is also Chairman of UNESID (Spanish Association of Iron and Steel Companies), Chairman of the International Stainless Steel Forum (ISSF), as well as a board member of World Steel (International Association of Steel Manufacturers). He was also Chairman of the Stainless Steel Eurofer's Group

Condition

- Member of the Board of Directors since 2010, re-elected in 2014 and 2018. CEO since 2010. Owner of 19,995 shares (31 December 2018).
- Executive Director



Laura
González Molero
Independent

Ms Laura González Molero, of Spanish nationality, has been an Independent Director since 2017, member of the Audit Committee since 2017 and Chair of the Appointments, Remuneration and Corporate Governance Committee since 2018. She holds a degree in Pharmacy, Industrial speciality, from the University Complutense of Madrid and an Executive MBA from IE Business School.

Ms González Molero is currently the Chair of APD (Management Progress Association). She has developed her professional career in chemical-pharmaceutical international companies, holding the positions of Chief Executive Officer and President of Merck España, President of Bayer Latin America and Independent Director of Calidad Pascual. She is currently Independent Director of Adecco Foundation (NGO), Bankia, Ezentis Group and Viscofan.

Condition

- Member of the Board of Directors since 2017
- External Independent



**Rosa María
García Piñeiro**
Independent

Ms Rosa M^a García Piñeiro, of Spanish nationality, has been an Independent Director since 2017, Chair of the Sustainability Committee since 2020 and member of the Executive Committee since March 2018. She is an Industrial Engineer and holds a Masters in Industrial Organisation and Management from the University of Vigo and the National University of Ireland, as well as a Master in Environmental Engineering from the Environmental Organisation School of Madrid and an Executive MBA from Haute École de Commerce, among others.

Ms. García Piñeiro is Vice-President of Global Sustainability of Alcoa and President of Alcoa Foundation. She was also President of Alcoa Spain. She is a Member of the Board of Directors of ENCE Energía y Celulosa.

Condición

- Member of the Board of Directors since 2017
- External Independent



**Donald
Johnston**
Independent

Mr. Donald Johnston, of North American and British nationality, has been an Independent Director and member of the Executive Committee since 2015 and Chairman of the Audit Commission since 2018, being part thereof since 2014. He has a Bachelor of Arts in Political Sciences from Middleburg College and a Master of Arts in International Economy and Latin American Studies from Johns Hopkins University. Mr. Johnston is currently an Independent Director of Merlin Properties Socimi and Independent Director of Sabadell Bank.

During his career, he has held positions such as those of European President of the M&A Group of Deutsche Bank, Director of the Bankers Trust International Fund and Member of the Board of its Global Executive Committee. He has also worked as Managing director in Salomon Brothers offices in New York and London. Mr. Johnston has more than 35 years of experience in investment banking in the United States, Europe and Latin America.

Condition

- Member of the Board of Directors since 29 October 2014, re-elected in 2019. Owner of 6 shares (31 december 2018).
- External Independent



**Francisco Javier
García Sanz**
Independent

Mr Francisco Javier García Sanz, of Spanish nationality, is an Independent Director and member of the Executive Committee and the Appointments, Remuneration and Corporate Governance Committee since 2020.

He holds a Degree in Business Administration and an Honorary Doctorate from the University of Stuttgart (2008), and has been awarded the Grand Cross of the Order of Civil Merit.

He currently sits on the Boards of Directors of Criteria Caixa and Hochtief AG.

García Sanz was Executive Director of Global Purchasing at General Motors Corporation in Detroit (USA). Subsequently, he joined the Volkswagen Group, where he became the Vice President, and the Executive Vice President of SEAT, S.A., becoming a Director in 1997 and Chairman of the Board in 2007. Mr García Sanz has also held the position of President of the Spanish Association of Car and Lorry Manufacturers (ANFAC). In 2009 he was appointed Chairman of the Wolfsburg Football Team, a position he held until 2018.

Condición

- Member of the Board of Directors since 2020
- External Independent



**Leticia
Iglesias Herraiz**
Independent

Ms Leticia Iglesias Herraiz, of Spanish nationality, is an Independent Director and member of the Audit Committee since 2020.

She holds a Degree in Economics and Business Sciences from the Universidad Pontificia de Comillas (ICADE), and she is a member of the Spanish Official Register of Auditors (ROAC) of the Ministry of Economy and Finance.

Iglesias Herraiz is currently an Independent Director of AENA SME, S.A., LAR España Real Estate SOCIMI, ABANCA Corporación Bancaria, S.A., and ABANCA Servicios Financieros, E.F.C. S.A. During her professional career, she has been an Independent Director of Banco Mare Nostrum, S.A. (BMN), in addition to holding the position of CEO at the Spanish Institute of Chartered Accountants (ICJCE) and Deputy Director of the Spanish National Securities Market Commission (CNMV).

Condición

- Independent Director
- Member of the Board of Directors since 2020



**Pablo
Gómez Garzón**
Proprietary

Mr Pablo Gómez Garzón holds a degree in Business Administration from the University College of Financial Studies of Madrid (CUNEF) and is currently a member of the Investments Department of Corporación Financiera Alba S.A and, simultaneously, Observer Director of Verisure. Pablo Gómez has been a member of the Audit Committee since 2019 and a member of the Sustainability Committee since 2020.

Previously, he had developed his professional activity in the Merger and Acquisition Departments of BNP Paribas in Madrid and London as well as is ABN Amro in Madrid. He has been a member of the Board of Directors of Clínica Baviera, ACS Servicios y Concesiones, and ACS Servicios, Comunicaciones y Energía.

Condition

- Member of the Board of Directors since 30 May 2002
- External Proprietary representing Corporación Financiera Alba S.A



**Tomás
Hevia Armengol**
Proprietary

Mr. Tomás Hevia Armengol, of Spanish nationality, was appointed as Proprietary Director representing Corporación Financiera Alba in December 2016 and has been a member of the Executive Committee since 2017. He has a degree in Business Administration and Law from Universidad Pontificia de Comillas of Madrid and an MBA from IESE Business School of the University of Navarra. Mr. Tomás Hevia is currently a member of the Investments Department of Corporación Financiera Alba.

He previously developed his professional career in the Mergers and Acquisitions Department and the Equity Capital Markets Department of the Royal Bank of Scotland and ABN AMRO in Madrid and London. He is a member of the Board of Directors of Ebro Foods and Artá Capital SGEIC, S.A. He is also a member of the Investment Committee of Parques Reunidos and has been a member of the Board of Directors of Clínica Baviera, ACS Servicios y Concesiones, Dragados and Antevenio.

Condition

- Member of the Board of Directors since 2017
- External Proprietary representing Corporación Financiera Alba, S.A.



**Marta
Martínez Alonso**
Independent

Ms Marta Martínez Alonso, of Spanish nationality, has been an Independent Director since 2017, a member of the Sustainability Committee since 2020 and a member of the Audit Committee from 2018 to 2020. Marta Martínez Alonso holds a degree in Mathematical Sciences from the University Complutense of Madrid and studied a PADE course (Senior Management Programme) at IESE.

Ms Martínez Alonso is currently, General Manager of IBM for Europe, Middle East and Africa. Also in IBM, she has been President of IBM Spain, Portugal, Greece and Israel, previously General Manager for Global Technology Services and was executive in the telecommunications sector for Spain and Portugal since her incorporation in 2003.

Condition

- Member of the Board of Directors since 2017
- External Independent



**Santos Martínez-Conde
Gutiérrez-Barquín**
Proprietary

Mr Santos Martínez-Conde Gutiérrez-Barquín, of Spanish nationality, has been a member of the Board since 2002, as well as being a member of the Executive Committee and the Appointments, Remuneration and Corporate Governance Committee. He is a Civil Engineer, has a Master in Business Administration from ICADE and a Diploma in Nuclear Technology from ICAI.

Mr Martínez-Conde is currently a Director of Corporación Financiera Alba, S.A., Indra Sistemas, S.A. and CIE Automotive, S.A. He has also held the position of Chief Executive Officer of Corporación Financiera Alba, S.A. and has been a Board Member of Bolsas Mercados Españolas SA as well as of numerous companies, both listed and unlisted, in various sectors.

He has developed the rest of his professional career in Sener Técnica Naval e Industrial, S.A., Técnicas Reunidas, S.A., Bestinver, S.A., Corporación Borealis, S.A. y Banco Urquijo, S.A.

Condition

- Member of the Board of Directors since 30 May 2002. Re-elected in 2006, 2010, 2014 and 2018. Owner of 8,741 shares (31 December 2016).
- External Proprietary representing Corporación Financiera Alba, S.A.



Ignacio
Martín San Vicente
Independent

Mr Ignacio San Vicente, of Spanish nationality, is an Independent Director and is a member of the Executive Committee and the Sustainability Committee. He is an Industrial Engineer from the Superior Technical School of Industrial Engineers of San Sebastián.

He has developed his professional career in the industrial sector, in which he has worked in positions of responsibility such as Executive President of Gamesa and Chief Executive Officer of CIE Automotive. He previously held managing positions at companies such as GSB Group, GKN Driveline and Alcatel. He is currently Director of Repsol, Bankoa and Indra.

Condition

- Member of the Board of Directors since 2018, ratified in 2019.
- Independent External



Luis
Gimeno Valledor
Secretary

Mr Luis Gimeno Valledor, of Spanish nationality, holds a degree in Law from the Autonomous University of Madrid. He has been a member of the Government Legal Service since 1986, from which he is currently on a voluntary leave of absence.

Mr Gimeno was appointed Director-General of Public service in 1996 and Director General of Taxation of the Madrid Autonomous Region in 1998, where he remained until 2000. From 200 to 2008 he worked as a lawyer for Cuatrecasas, a firm in which he was an Equity Partner.

In 2008 he joined the Acerinox Group as Secretary General, acting as Board Secretary since 2016.

Between 1996 and 2008 he was lecturer at the University San Pablo/CEU and Instituto de Empresa consecutively.

Condition

- Secretary to the Board of Directors



**Regulation of
the Board of
Directors**

Name	Position	Director			Committee				Other
		Executive	Proprietary	Independent	Executive	Audit	Appointments and remuneration	Sustainability	First appointment
Rafael Miranda Robredo	Chairman			✓	✓ C		✓		2014
Bernardo Velázquez Herreros	CEO	✓			✓			✓	2010
Laura G. Molero	Director			✓		✓	✓ C		2017
Rosa María García Piñeiro	Director			✓	✓			✓ C	2017
Donald Johnston	Director			✓	✓	✓ C			2014
Francisco Javier García Sanz	Director			✓	✓		✓		2020
Pablo Gómez Garzón	Director		✓			✓		✓	2019
Tomás Hevia Armengol	Director		✓		✓				2016
Leticia Iglesias Herraiz	Director			✓		✓			2020
Ignacio Martín San Vicente	Director			✓	✓			✓	2018
Marta Martínez Alonso	Director			✓				✓	2017
Santos Martínez-Conde	Director		✓		✓		✓		2002
Luis Gimeno Valledor	Secretary				SEC	SEC	SEC	SEC	-

Changes to the Board of Directors

- **Appointments:** Francisco Javier García Sanz and Leticia Iglesias Herranz
- **Step-downs:** Ryo Hattori, Mitsuo Ikeda and Braulio Medel



The Executive Committee

The Executive Committee, made up of eight members, held eight meetings in 2020.

For more information on the composition and competences of the Executive Committee, please click on the following link:



Audit Committee

The Audit Committee, made up of four Directors, held ten meetings in 2020.

For more information on the composition and competences of the Audit Committee, please click on the following link:



The Sustainability Committee

The Sustainability Committee, made up of five Directors, held one meeting in 2020, which was its inaugural meeting.

For more information on the composition and competences of the Sustainability Committee, please click on the following link:



The Appointments, Remuneration and Corporate Governance Committee

The Appointments, Remuneration and Corporate Governance Committee, made up of four Directors, held nine meetings in 2020.

For more information on the composition and competences of the Appointments, Remuneration and Corporate Governance Committee, please click on the following link:



Senior Management Committee

At 31 December 2020, the Acerinox Senior Management Committee was composed by the following people:

- **Bernardo Velázquez.**
Chief Executive Officer.
- **Hans Helmrich.**
Chief Operating Officer.
- **Daniel Azpitarte.**
Integration Director of the High Performance Alloys project.
- **Miguel Ferrandis.**
Chief Financial Officer.
- **Oswald Wolfe.**
Director of Institutional Relations, Sustainability and Communication.
- **Luis Gimeno.**
Secretary-General.
- **Fernando Gutiérrez.**
CEO of Acerinox Europa & Raw Materials.
- **Cristóbal Fuentes.**
CEO of NAS.
- **Johan Strydom.**
CEO of Columbus Stainless.
- **Mark Davis.**
CEO of Bahru Stainless.

4.3 General Shareholders' Meeting

The General Shareholders' Meeting was held on 22 October 2020 in Madrid, Spain, under the chairmanship of Mr Rafael Miranda Robredo. For the first time in the Group's history and as a result of the COVID-19 pandemic, the General Shareholders' Meeting was held by electronic means.

The 2020 General Shareholders' Meeting, which celebrated the 50th anniversary, experienced considerable changes due to the context in which it took place.

It was the first time in the Group's history that a General Shareholders' Meeting was held fully by electronic means. This was because the meeting initially convened for the end of February was impossible to hold due to the state of alarm in Spain that restricted meetings in the city where it was to be held, forcing it to be postponed. It was a good decision since although it was held - in October - and by electronic means, without the attendance of shareholders, the delay made it possible to gain visibility of the economy and to take decisions, in particular, to maintain the dividend, with the economic indicators indicating that the global economy, and above all those of the Group, were already on the road to recovery.

The meeting was a success in terms of participation and its smooth running, thanks to the fact that our teams adapted very quickly to the situation and were able to use technologies that were not very familiar with.

The General Shareholders' Meeting was attended by 875 shareholders present and represented, holding 169,614,567 shares and representing 62.69% of the subscribed capital with voting rights.

The items on the Agenda were approved in their entirety with the following majorities:



You can view the telematic meeting again here:





	VOTES IN FAVOUR %	VOTES AGAINST %
1. Approval of the financial statements	92.932	0.002
2. Approval of the Statement of Non-Financial Information	93.104	0,058
3. Distribution of the results	99,270	0,727
4. Approval of the management of the Board of Directors	92,844	0,002
5. Approval of the dividends	99,154	0,843
6. Approval of the distribution of the share premium	99,723	0,274
7.1. Ratification and appointment of Ms Leticia Iglesias Herraiz as Independent Director.	92,586	0,519
7.2. Appointment of Mr Francisco Javier García Sanz as Independent Director.	92,785	0,375
8. Reappointment of the auditor	93,103	0,058
9. Authorisation to the Board of certain powers regarding bonds, obligations and convertible debentures	37,086	30,855
10. Authorisation to the Board to acquire treasury shares	92,263	0,673
11. Authorisation to the Board of Directors for the acquisition of shares of ACERINOX, S.A. for the payment of the Third Cycle (2020-2022) of the First Multiannual Remuneration Plan or Long Term Incentive Plan (LTI) established for Executive Directors and the remaining members of the Group's Senior Management.	92,713	0,436
12. Vote on the Annual Report on Remuneration of Directors of ACERINOX, S.A.	92,071	0,916
13. Approval of the Second Multiannual Remuneration Plan or Long Term Incentive Plan (LTI) for 2021-2025 for Executive Directors and members of the Acerinox Group's Senior Management.	90,726	2,11
14. Amendment of the Company's Articles of Association	---	
15. Amendment of the Regulation for the General Meeting of Shareholders.	---	
16. Delegation for the execution, correction, and authorisation of the resolutions adopted at the General Shareholders' Meeting	---	
17. Information from the Chairman on the most relevant aspects regarding Corporate Governance of the Company.	---	
18. Appointment of comptrollers to approve the Minutes of the Shareholders' Meeting	---	

4.4 Main Executives of the Group's Companies

Top Executives of the Industrial Companies

- **Acerinox Europa:** FERNANDO GUTIÉRREZ
- **North American Stainless:** CRISTÓBAL FUENTES
- **Columbus Stainless:** JOHAN STRYDOM
- **Bahru Stainless:** MARK DAVIS
- **Roldán:** JORGE RODRÍGUEZ
- **Inoxfil:** ÁNGEL BRUÑÉN
- **VDM:** NICLAS MÜLLER

Executives of the stainless steel division's commercial companies

Spain

- **Inoxcenter:** LUIS GUTIÉRREZ
- **Inoxidables de Euskadi:** JOSÉ CRUZ DE VICIOLA

Africa

- **Acerinox Egypt:** MOHAMED KOTB

Asia

- **Acerinox South East Asia (Singapore):** IRENE TEO LIN LING
- **Acerinox India (India):** PRATIK KACHCHHI
- **Acerinox SC. Malaysia (Malaysia):** BARRY FOO
- **Acerinox SA. Shanghai (China):** MARY XU
- **Acerinox Indonesia SA. (Indonesia):** AMELIA CHRISTINA SODIK
- **Acerinox SEA (Vietnam):** HANG TRAN THI THANH
- **Acerinox SEA (Thailand):** PRAWIT LERTWIMONRAT
- **Acerinox SEA (Phillipines):** ENRIQUE DAVID B. SANTIAGO
- **Acerinox Pacific (Korea):** JUNGHO CHOI
- **Acerinox Pacific (Hong Kong):** JACKY LAW
- **Acerinox Pacific (Taiwan):** SAMUEL TAM
- **Acerinox Middle East (United Arab Emirates):** FERNANDO GOMEZ

America

- **Acerinox Argentina (Argentina):** JOSE CARLOS RODRÍGUEZ
- **Acerinox Brasil (Brazil):** ÍÑIGO PRADO
- **Acerinox Chile (Chile):** JAIME DEL DIEGO
- **Acerinox Colombia (Colombia):** GONZALO DEL CAMPO
- **Acerinox, SA. Venezuela (Venezuela):** GONZALO DEL CAMPO
- **Acerinox Perú (Peru):** MARÍA CECILIA NÚÑEZ DE TOLEDO
- **NAS México (Mexico):** EDGAR GARZA
- **NAS Canada (Canadá):** ROGER MANSFIELD



Europa

- **Acerinox Deutschland (Germany):** JOACHIM MAAS
- **Acerinox Benelux (Belgium):** ANEL VILJOEN
- **Acerinox France (France):** JAAN ROXAN
- **Acerinox Italia (Italy):** GIOVANNI DE CARLI
- **Acerinox Polska (Poland):** PILAR SENISE
- **Acerinox Scandinavia (Sweden):** JAN GJERLAUG
- **Acerinox Schweiz (Switzerland):** IVANA WENDEL
- **Acerinox UK (United Kingdom):** PABLO CANTLE
- **Acerinox Russia (Russia):** ROMAN BUTYRIN
- **Acerinox Metal Sanayi (Turkey):** BULENT BOLAYIR
- **Acerol (Portugal):** DANIEL SILLERO

Ocean

- **Acerinox Australasia (Australia):** CLAUDIO LEÓN DE LA BARRA

Executives of the high performance alloys division's commercial companies

- | | |
|---|---|
| <ul style="list-style-type: none">• VDM Metals Group
DR. NICLAS MÜLLER
DANIEL AZPITARTE ZEMP
FRANK MORRIS
ROLF SCHENCKING• VDM Metals GmbH – Representative Office in the Russian Federation
ANDREY ZALIZNYAK• VDM Metals Austria GmbH
DR. SASCHA KREMMER• VDM Metals Benelux B.V.
JOS VAN LITH• VDM Metals France S.A.S.
ERIC VIDAL• VDM Metals Italia S.r.l.
EDRO ROCCA• VDM Metals U.K. Ltd.
DAVID MUNASINGHE | <ul style="list-style-type: none">• VDM Metals Canada Ltd.
JOSHUA ROBERTS• VDM Metals de México S.A. de C.V.
DR. KARL LINTERMANN'S FANDER• VDM Metals USA, LLC
TONY ELFSTROM
GEORGE KRAMER
AXEL OEHLERS• VDM Metals Australia Pty. Ltd.
LUTZ TORIEDT• VDM Metals Japan K.K.
EDUARD GABRIC• VDM Metals Korea Co. Ltd.
SEUNG CHUN CHANG• VDM High Performance Metals Trading Co., Ltd. (China)
BAOJUN LI |
|---|---|

4.5 Events after the reporting period

No significant events took place from 31 December 2020 to the date on which the financial statements were authorised for issue that would affect the authorisation thereof.



Intro

For another year, Acerinox has strived to generate real value for all stakeholders and for future generations, while at the same time caring for the prosperity of people and the environment. All this has taken place in a responsible manner, contributing to the sustainable development of societies and without sacrificing ethics or corporate values.



5.

Sustainable, ethical and responsible management

5.1 Stakeholders and materiality analysis

5.2 Sustainability strategy

5.3 Contribution to sustainable development

5.4 Ethics and compliance

5.5 Risks and opportunities

5.1 Stakeholders and materiality analysis

Groups, individuals and organisations that have a relationship with the Group and influence its management systems, activities and decision-making are considered Stakeholders. The following stakeholders have been identified.

- **Shareholders and investors:** The main aim is to offer them an attractive and sustainable return.
- **Customers:** There are different channels to obtain their opinion and degree of satisfaction with our products and services.
- **Employees:** They are the Group's main asset, therefore it is essential to promote and guarantee communication with them.
- **Suppliers:** Suppliers have at their disposal the Suppliers' Portal, where they can find all the information concerning the general terms and conditions of contract and tenders.
- **Competitors:** With their direct influence on the market and their participation in industry associations, organisations and other events.
- **The media:** Constant contact is maintained with the media, who are kept informed of the latest news on the Group's products, services and any other information of interest.
- **Society:** This includes the local communities where Acerinox operates, the education sector and civil society in general, who show their concern for social and environmental issues through social networks.

In 2020 Acerinox prepared a diagnosis and a study aimed at articulating the company's actions concerning sustainability during the current decade. Worthy of note is a materiality analysis study that was conducted to identify and prioritise the most significant environmental, social and good governance issues for both stakeholders and the company.



This analysis allows
Acerinox

**to align its
strategy and
course of action
with the demands
of its stakeholders**

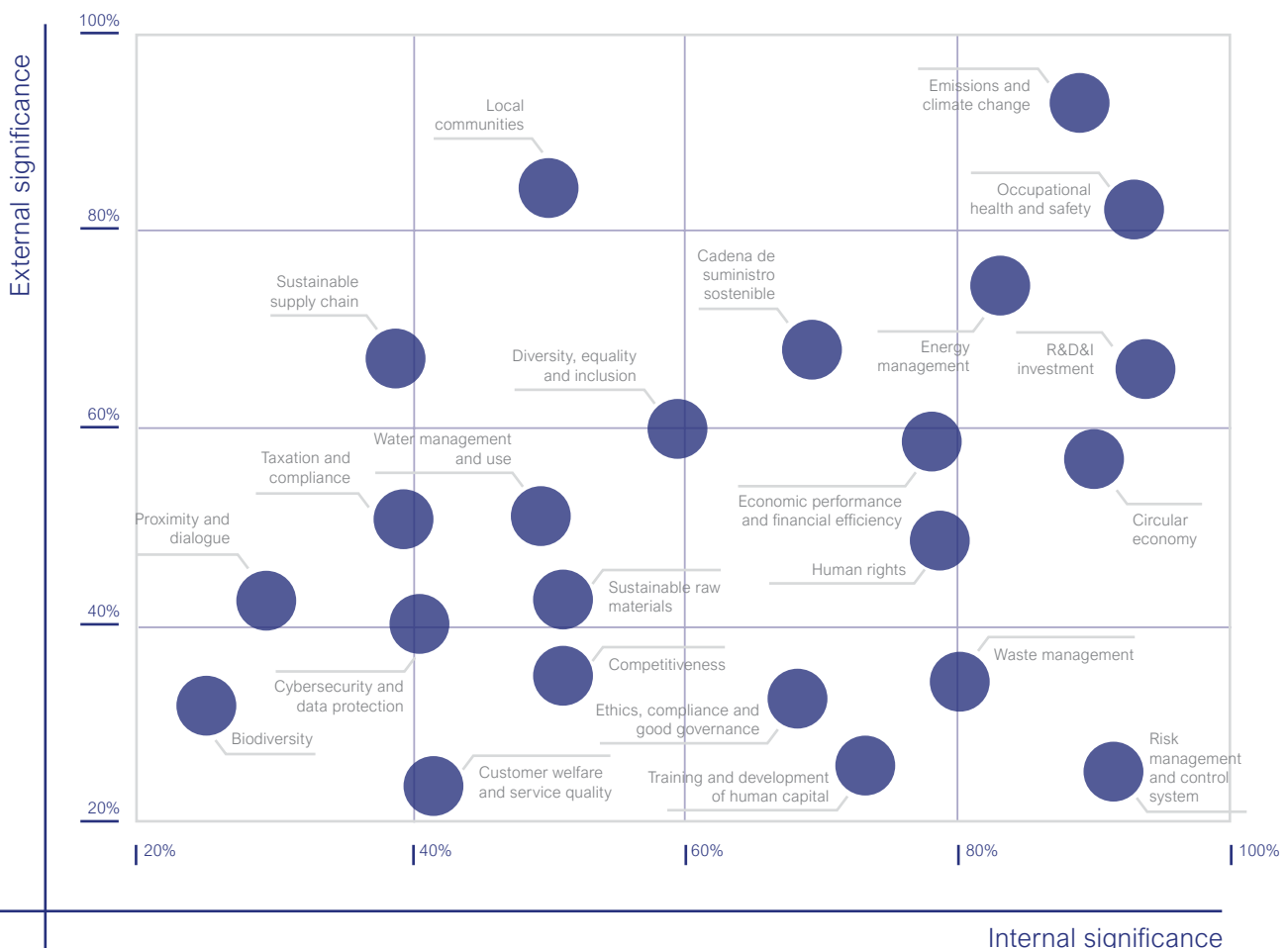
The methodology used for the preparation of the materiality analysis focused on identifying strategic issues for the Group that may be key to the development of the business model in the short-, medium- and long-term, with a view to sustainability. It consisted of benchmarking with leading companies in the sector and other companies considered benchmarks in terms of sustainability and certain customers. The analysis was based on the sustainability reports, non-financial information statements, sustainability policies and information available on the web-sites of the companies analysed.



A representative sample of international benchmark companies was taken in order to obtain relevant information for an in-depth analysis. These companies were selected for their relevance, their innovative initiatives or for being benchmarks in sustainability and corporate responsibility good practices, giving them a noteworthy position in line with the analysis required.

Furthermore, a study of the global trends and the main reporting frameworks, such as the GRI standards, the Sustainable Development Goals, the Global Compact, the CDP, the TCFD (Task Force on Climate-related Financial Disclosures), the FTSE4Good and the Dow Jones Sustainability Index was carried out. This external analysis was supplemented by an internal analysis, the results of which were as follows:

Materiality analysis



Matters that have had an internal and external rating of more than 35% are considered material; as listed below:

- Occupational health and safety
- R&D&I investment
- Emissions and climate change
- Circular economy
- Risk management and control system
- Energy management
- Economic performance and financial efficiency
- Human rights
- Waste management
- Training and development of human capital
- Sustainable supply chain
- Ethics, compliance and good governance
- Diversity, equality and inclusion
- Local communities
- Water management and use
- Sustainable raw materials
- Competitiveness
- Talent attraction and job quality
- Taxation and compliance
- Cybersecurity and data protection
- Customer welfare and service quality
- Proximity and dialogue

In this connection, with regard 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.



5.2 Sustainability strategy

The strategic vision of Acerinox has always contributed to the sustainable development of the societies in which it has operated. This way of understanding the business from its origin has now been put into practice in a model based on the continuous search for an economic, social and environmental balance, generating real value for all stakeholders today while preserving the legacy for future generations.

This firm commitment from Senior Management to achieve economic objectives in the short-term, without neglecting the vocation towards sustainability over time, is being supported by the ambitious guidelines of the European Union related to its determination to commit to a Circular Industrialisation that offers sustainable products, such as stainless steel. In this connection, it is worth noting the following European initiatives launched in 2020, with which Acerinox is strengthened:

- Sustainable Corporate Governance Directive project aimed at integrating sustainability into its management at the highest level in order to enhance responsible long-term investments that improve productivity and efficiency.
- Circular Economy Action Plan that links competitiveness with sustainability by focusing on the processes that use recycled materials and manufacture durable and clean products that can be recycled at the end of their useful life. This action plan emphasises the importance of circularity as an essential requirement for achieving the climate neutrality target.

Acerinox has also kept pace with the new sustainability recommendations for listed companies of the Spanish National Securities Market Commission (CNMV). Thus, the creation of a Sustainability Department, which forms part of Senior Management, was reinforced in 2020 with the creation of a specific Sustainability Committee within the Board.

Based on these principles, work has been carried out throughout 2020 to prepare a Sustainability Plan to support and reinforce the business strategy, for the company to respond to social, environmental and good governance challenges, with a global vision, reducing risks and developing opportunities. This Plan has been called “Acerinox Positive Impact 360°”, which has been approved by the Board of Directors, and defines a series of actions based on the five main pillars that contribute value to the “Excellence 360°” Plan, which are summarised below:

- Ethical, responsible and transparent governance
- Eco-efficiency and the fight against climate change
- Circular economy and sustainable product
- Committed team, culture, diversity and safety
- Supply chain and impact on the community

For each of the pillars, lines of action and several actions to be developed have been established with a priority action plan for 2021-2023 and another plan for 2024-2025.

All this guarantees Acerinox's contribution to the Sustainable Development Goals of the 2030 Agenda and compliance with the 10 Principles of the United Nations Global Compact, as justified in the appendices.

Throughout this report, the various commitments of the Strategic Plan are articulated in chapters and the significant objectives already assumed by Senior Management are outlined. In summary, it is possible to affirm that these commitments allow the Group to be beside its customers when they need sustainable materials, in support of shareholders when they demand results, involved in the development of its professionals, committed to its suppliers and concerned about respect for the environment.

5.3 Contribution to sustainable development

In 2020 Acerinox reached 50 years of contributing to sustainable development in a way that is very much in line with the principles and objectives promoted by the United Nations.

As a result, Acerinox adheres to the 10 principles of the United Nations Global Compact, as can be seen in Appendix 4. In response to the commitment to publish the Progress Report, this report details, at an “Advanced” level, the progress achieved in the 4 areas of the Pact:



Human Rights



Labour Rights



The Environment



Anti-corruption

Since 2015, when the United Nations published the 2030 Agenda, Acerinox has been linking the contribution of its activities to society with the 17 Sustainable Development Goals (SDGs), as reported in Appendix 5.

Within the Group’s contribution to these SDGs, in some cases it is a direct contribution and in others an indirect contribution throughout our value chain and the long life cycle of our products. With regard to the direct SDGs, it is worth noting the Group’s greater influencing capacity on SDGs 6, 9 and 12:



» **SDG 8:**
Decent work and economic growth



» **SDG 9:**
Industry, innovation and infrastructure



» **SDG 12:**
Responsible consumption and production



5. Sustainable, ethical and responsible management



5.4 Ethics and compliance

Acting in a responsible and ethical way is a fundamental and transversal pillar in all 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:

- Regulate the permitted and forbidden types of conduct in the Acerinox Group.
- Establish the ethical principles and general rules that must 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, interacts.



Who/what 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 communicates and disseminates 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 line managers who have been informed of possible 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 has various 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 may send by e-mail any doubts arising from its interpretation and scope to the Secretary-General of Acerinox, S.A. who shall provide the appropriate response following consultation, if necessary, with the corresponding business units, companies or bodies.

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 Group's website:



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 employee of the Group. There are various channels available to employees and collaborators for them to express possible non-compliance in this area.

Acerinox has various complaints channels available to its employees and any person external to the organisation.

These complaints channels are a communication tool accessible to all Acerinox employees and stakeholders to report behaviour that breaches or may breach the guidelines established in this Code.

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

Complaints channels available



Web

Complaints channels available.



Email

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 complainant's data and the data and background information handled, unless the disclosure of information is required by law or a court injunction.
- The absence of reprisals against employees who report suspected breaches in good faith.
- Respect for the rights of those allegedly involved in a possible breach.
- Comprehensive analysis of the information on the basis of which it promotes its performance.
- The actions and investigations that 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 individuals under investigation, and in accordance with the Complaints and Internal Investigations Protocol. The complaints are managed by the Code of Conduct Monitoring Committee (comprising the Chief Compliance Officer, the Internal Audit Director and the Secretary-General), which proceeds in accordance with section four of the aforementioned Code and the Complaints and Internal 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 that 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 to be a key aspect in achieving behaviours aligned with the expectations of Acerinox and its Stakeholders.

Therefore, 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	2020	2019
Board of Directors		
Members of the Board of Directors and Senior Management	56	39
Members of the Board of Directors and Senior Management informed of anti-corruption policies and procedures	54	34
Members of the Board of Directors and Senior Management trained in anti-corruption matters	23	22
Employees		
Employees informed of the policies and procedures	98%	100%
Employees trained in anti-corruption matters	0.9%	40%
Suppliers		
Number of Suppliers	8,255	5,374
Suppliers informed of the Group's policies and procedures on anti-corruption matters	4,640	4,854

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. The Board is also the editor and approving body of the Code of Conduct on the stock markets and the Conflicts of Interest Prevention Policy.

The Board and the Audit Committee rely on the Group's internal audit services and the functions of the Chief Compliance Officer for their supervisory work in these matters and to verify the implementation of the prevention and compliance measures. Both the Internal Audit Department and the Chief Compliance Officer report regularly to the Board, and more frequently to the Audit Committee.

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

Specifically, in 2020, two training sessions were held; the first session was for all employees of the Group's non-Spanish European companies concerning the Code of Conduct and data protection, and the second session was for all employees of the Group's European companies concerning personal data security measures.

Protection of Human Rights

As a Group with presence in more than 50 countries and a workforce of over 8,000 employees with diverse socio-cultural backgrounds, championing Human Rights in all locations where Acerinox operates is fundamental.

Therefore, Acerinox is committed to acting in a way that is compatible with the interna-

tional declarations on Human Rights in all its locations, having developed various policies and plans for this purpose and applying due diligence in this connection.

In 2020 Acerinox did not receive any complaints in this connection.

Policies and plans



The Acerinox Code of Conduct and Best Practices

Acerinox expresses its commitment and adherence to the 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 advocacy of and compliance with the provisions of the International Labour Organisation's fundamental conventions. It also expresses its total rejection of child labour and forced labour.



Adherence to the UN Global Compact initiative

The Group is a signatory of 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".
- Principle 2: "Businesses should make sure that they are not complicit in Human Rights abuses".



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, supporting, through its adoption and circulation, the integration of the principles of the United Nations Global Compact, as well as other international instruments, especially those concerning human rights, labour practices, the environment and the fight against corruption.

With regard to their employees, the Acerinox Group companies must respect the human rights recognised under national and international legislation, and especially those whose infringement degrades 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 the Group performs its activities.



With regard to respect for labour rights, Acerinox's actions in this connection are detailed in the Human Capital chapter and in the Health and Safety chapter.



Fight against corruption and bribery

Acerinox is committed to zero tolerance towards corruption, bribery, fraud or other similar illegal activities in all its actions. The Board ensures compliance with the policies via the Chief Compliance Officer with the crime prevention model, which was approved by the Board itself, and the complaints channels as means of detection. If a breach is detected, the Crime Prevention Model provides for the application of the sanctions established in the labour regulations.

Information and measures to combat corruption and bribery within the Group are based fundamentally on the provisions of the Code of Conduct and Best Practices and the Crime Prevention Model, which set out the Group's commitments and ethical responsibilities and also constitute the

main tools for regulatory compliance and criminal prevention, establishing the measures to prevent money laundering. In 2020, no corruption cases arose.

In 2020 the Board of Directors of Acerinox, S.A. approved Instructions for the establishment of the Bribery Prevention Programme, which follows the structure of the ISO 37001 standard on Anti-Bribery Management Systems.

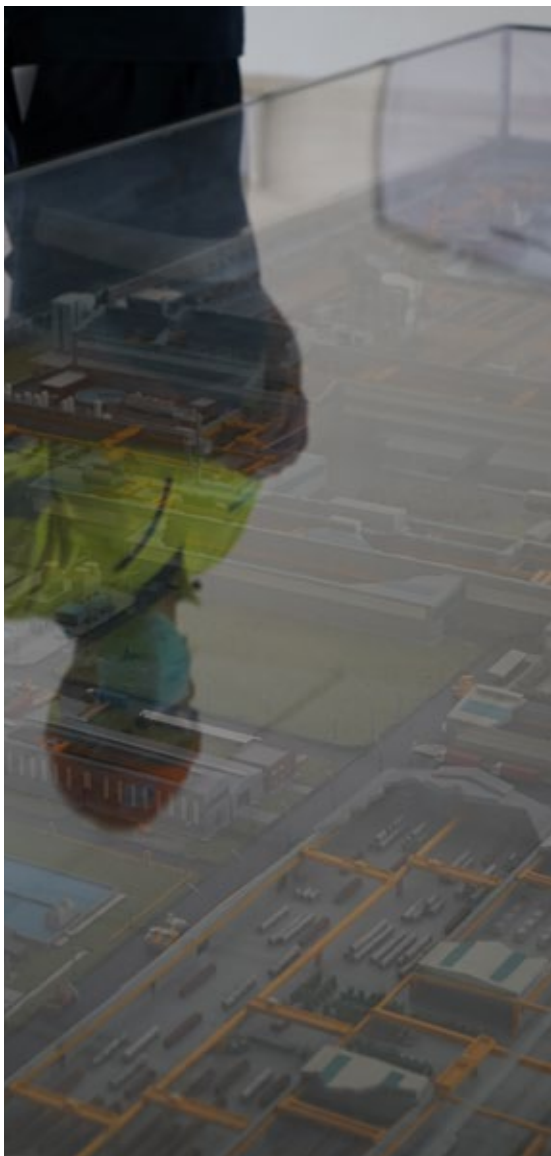
5.5 Risks and opportunities

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

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

Once the model has been defined, managing the risks enables the mechanisms and basic principles to be established for the management of opportunities and risks, enabling:

- The strategic objectives determined by the Group to be achieved
- Full guarantees for the shareholders to be provided
- The Group's results and reputation to be protected
- The interests of the Group's key Stakeholders to be defended
- Business stability and financial solidity in a sustained manner over time to be guaranteed



This policy is available on the Group's website:





The main risks are as follows:

- **Economic cycles**
- **Trade barriers**
- **Competition**
- **Strategic plans**
- **Cybersecurity**
- **Customers**
- **Legislative changes, Environment and CO2 Emissions**
- **Legislation**
- **Overcapacity**
- **Commodity price volatility**
- **Financial**
- **Reputational risks**
-

More information in the Annual Accounts: note 4 / financial risk management.

Nonetheless, it is important to highlight the risks that are particularly affected by the ecological transition and climate change.

Accordingly, new manufacturing technologies and improvements in the production processes contribute to operational excellence, and they are key in 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 can be almost completely recycled on an indefinite basis, stainless steel contributes to lower emission levels than other products made from non-reusable materials.

Acerinox also believes that there are great opportunities that can arise with appropriate adaptation to climate change.

The main opportunities include:



The possibility of introducing products in emerging markets, for example in hydrogen production and its entire value chain or in already firmly established renewable energies.



Improvements in the efficiency of the supply network.





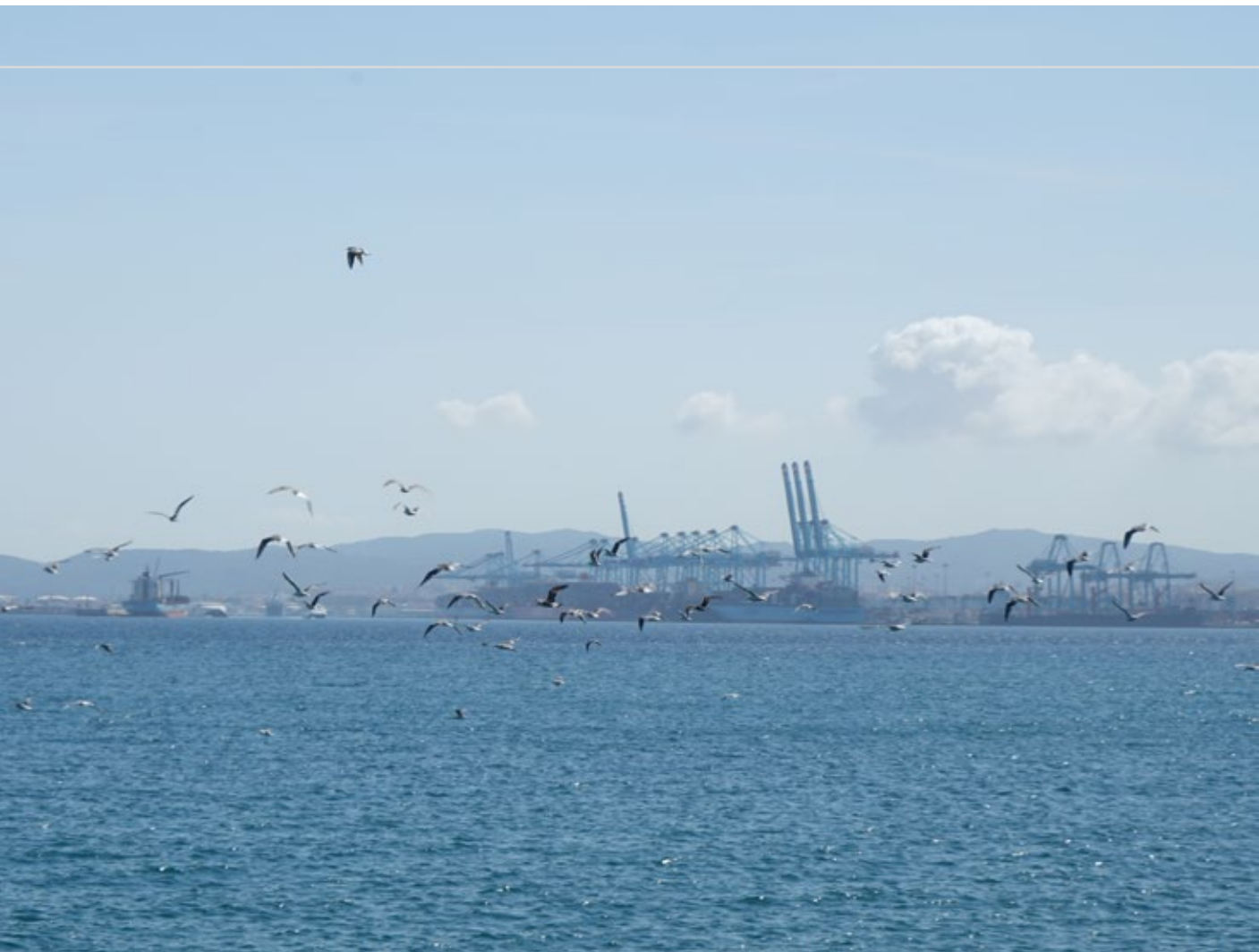
The cost savings associated with the consumption of electricity from renewable sources.



Implementation of the Best Available Techniques (BATs) for iron, steel and ferrous metals enables the incorporation of energy efficiency improvement measures in the production chain, with the subsequent reduction of consumption and emissions.



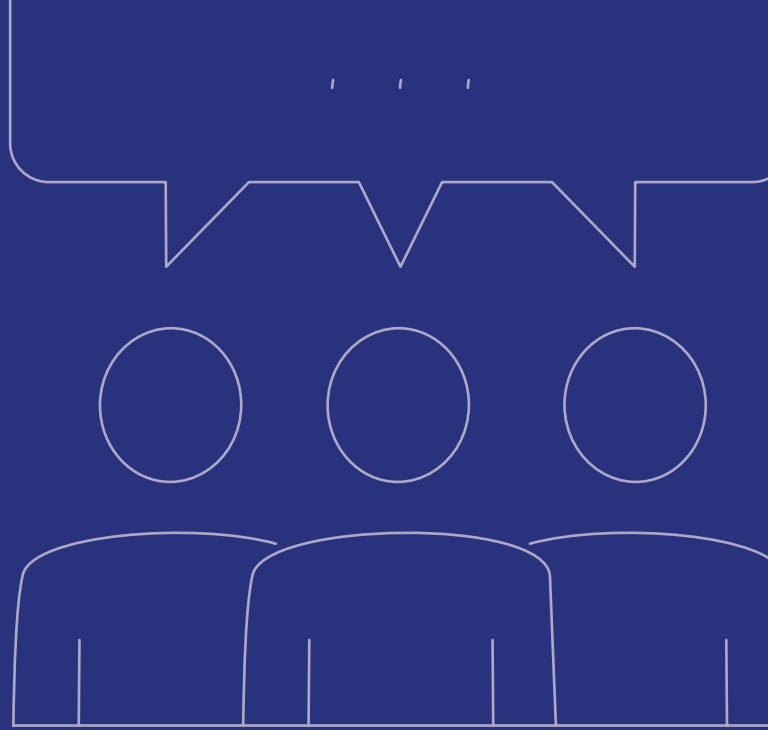
Strong market positioning through the offering of a low-emission product with a high recycling rate (it is a fully recyclable product).



The background image shows a large industrial facility, likely a steel mill. In the foreground, a massive roll of stainless steel is being processed. A robotic arm, branded 'TILGERT', is positioned above the coil. The facility has a complex network of pipes, structural beams, and overhead lighting, creating a high-tech industrial atmosphere.

Intro

Acerinox's fundamental purpose is to serve its direct customers and indirect users who, over time, will enjoy the benefits of a stainless steel and a high-performance alloy that are the solution to humanity's major challenges in terms of sustainable development, such as its pioneering contribution to the Circular Economy. It is no surprise that during the pandemic the Group's activity was considered essential due to its sustainable impact on sectors as fundamental as healthcare, food, water, renewable energies, construction and new technologies.



6.

**Committed to
customers and users**

Committed to customers and users

Acerinox's end product is a paradigm of the circular economy. In fact, this concept in its own right is implicit in the properties of stainless steel: it can be recycled as many times as necessary without a loss of quality and after having fulfilled its function in any application. Stainless steel and high performance alloys are among the well-known cost-effective products whose life cycle best responds to the four 'R's' on which the idea of circular economy is based: reduce, reuse, remanufacture and recycle. This also results in low life-cycle costs.

At Acerinox, the circular economy encompasses all phases of the product manufacturing cycle, from acquisition of the raw materials to their subsequent processing, distribution and sale, as well as the collecting of materials for their reuse. It is a cycle that is intrinsic to the production processes of Acerinox's factories, and that is why the Group signed the Circular Economy Pact in 2017 along with the other companies in the sector, in an agreement that involves maintaining the value of products, materials and resources within the economy for as long as possible, and thus minimising the generation of waste.

Gathering customer experience and feedback on the Group's products and services is essential to maintaining long-lasting, value-sharing relationships with them. The main channel used by Acerinox to collect this information is through the satisfaction surveys (an index that improved significantly in 2020) sent by the commercial subsidiaries on a regular basis. The matters addressed in this survey include product quality, sustainability and concern for similar trends, Acerinox's brand image and its main strengths and weaknesses, competitive positioning, and other general matters.

Customer complaints are handled through the Commercial Department, either directly from the Parent or by the respective local offices where Acerinox operates. The customer communicates directly with these depart-

ments 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 found via the following link: <https://www.acerinox.com/en/contacto/>. The Commercial 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.

The products manufactured with stainless steel or high performance alloys supplied by Acerinox are considered strategic by many governments, as is the case, for example, of the materials used in clinics, hospitals and surgical elements that, due to their hygienic and antibacterial properties, have been incorporated into sanitary protocols and, therefore, their demand has continued to grow to prevent the effects of pandemics.

The variety of applications of these materials is extensive, covering the most diverse sectors and proving attractive, due to their properties and beauty, for emblematic buildings, such as the new Santiago Bernabéu Stadium, which will be clad with the Group's stainless steel.



Acerinox's customers can be found in various key sectors of the economy and even in

strategic sectors for States and Nations and for the evolution and preservation of the environmental indices.



The Acerinox Europa plant (Los Barrios, Cádiz, Spain) was commissioned to manufacture the material that will clad the new Real Madrid Stadium, one of the most emblematic buildings in the sporting world that also enjoys a privileged location on Madrid's Paseo de la Castellana.

The façade of the new stadium will have a unique design, allowing images to be projected and providing lighting effects. For this project, Acerinox developed new finishes to reduce the reflection of sunlight on users, vehicles and adjacent buildings.

Acerinox will also supply the steel for the stadium's retractable roof, which will consist of a fixed part and a retractable part, the latter located over the pitch. This will offer a roof that can be opened (in just 15 minutes) or closed depending on the needs and activities to be held in the stadium, allowing for a greater variety of shows.



Stainless steel, in this iconic case and in the rest of its applications, contributes to improving the environmental impact on society at all levels. Examples include the following:



Food

The food industry is one of the most delicate sectors for people's health. Everything related to food products, whether for their transportation, production or handling, must meet very stringent requirements. That is why stainless steel, which offers all these guarantees, is essential for this industry.

There are numerous applications of stainless steel in this industry, for example in distilleries, where alcoholic beverage production processes require high pressure and high temperatures, and certain products are particularly corrosive.

This material is also present in open sea fishing facilities. The interiors of fishing vessels are designed almost entirely in stainless steel to ensure high durability and to preserve the intrinsic properties of the product they hold. Blanchers used in vegetable processing as a pre-treatment to soften tissues in preparation for other preservation processes is another example of the presence of stainless steel in the food industry.



Transport

Stainless steel is present in the transport industry both in the manufacture of vehicles and in other components: turbines, containers, fuel tanks, etc. Stainless steel is even present in the aerospace sector. Its durability, efficiency, strength and lightness make it a versatile material that meets the strict mechanical, corrosion and safety

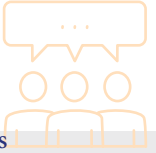
requirements, among others, of this sector. In the automotive industry, high performance alloys are very important, for example in turbochargers, an essential part for reducing fuel consumption and emission rates at simultaneously high engine power thanks to the superalloys.



Healthcare sector

These are materials that enable the meticulous disinfection necessary in hospitals and health centres, and are therefore essential in the manufacture of medical and hospital utensils and furniture. Stainless steel also prevents the spread of bacteria on its surface.

These materials also make up other components, such as implants, prostheses and fixation elements used to set bones and repair fractures, among others, as stainless steel reduces the risk of allergies that can occur in some patients. This is why surgical and dental instruments are also made of these materials.



Energy

Stainless steel and high performance alloys are present in the field of energy and in all its applications, from the extraction and distribution of hydrocarbons to new, greener and more sustainable energy sources. Two examples of the latter are alloy powders for additive manufacturing and welding consumables for different joining techniques and processes used in chemical and petrochemical plants, as well as in environmental and energy technology.

Energy and climate change:

- **Thermosolar facilities:** Thanks to stainless steel's resistance to corrosion, molten salt tanks made with this material offer a heat storage system for solar parks that allows solar heat to be retained for 10-15 hours. This technology allows solar plants to operate without disruptions and, therefore, contributes to making solar energy commercially viable.
- **Biomass:** Stainless steel can withstand the corrosive materials used in the digester. Stainless steel biogas plants contribute threefold to green energy generation: they solve organic waste disposal problems (including manure), they save fossil fuel reserves and they improve the CO₂ balance.



Household and catering

Many kitchen utensils found in every home are made of stainless steel. Home electrical appliances such as washing machines, fridges and ovens have stainless steel parts. In fact, this material has played a fundamental role in the design of everyday objects that we use in our domestic sphere, as well as in restaurants and hotels. Its rust resistance and ease of cleaning have made stainless steel an essential element in these types of goods.

This material can be found in spas and industrial kitchens such as those used in hotels, restaurants and catering companies, and especially in cutlery.





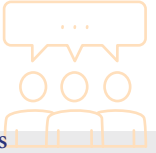
Water

The qualities of stainless steel, such as its low corrosion rate, that it does not contaminate water and that it does not need an additional coating, among many others, make it an essential material in transport, storage and water treatment. It is simple to manufacture, lightweight, easy to transport and allows on-site design corrections and modifications to be made, so it can be adapted to all kinds of shapes.

Its use helps to achieve the objectives of waste water treatment, aimed at producing an effluent that can be reused again in our environment and generating a sludge or solid waste that can be used as compost or biogas. The latter, suitably purified, can produce electrical energy by means of turbines.

- **Desalination:** Converting seawater into drinking water is the preferred solution for supplying water in many arid regions. Stainless steel provides unparalleled solutions for the desalination industry, as seawater combined with high temperatures creates a corrosive environment that stainless steel can withstand. Stainless steel improves the lives of millions of people by providing access to drinking water.
- **Wastewater treatment:** Water is endlessly recycled, but it must be purified, as only approximately 1% of the earth's water is safe to drink. Stainless steel is the ideal material for processes such as water purification, and it also helps to prevent pollution in lakes and rivers. Therefore, since the late 1960s, stainless steel has been the material of choice for the construction of wastewater treatment plants.
- **Water supply:** Drinking water is extracted, treated, stored and transported in stainless steel equipment. Health awareness and the search for durable building solutions are leading more and more homeowners to choose stainless steel.

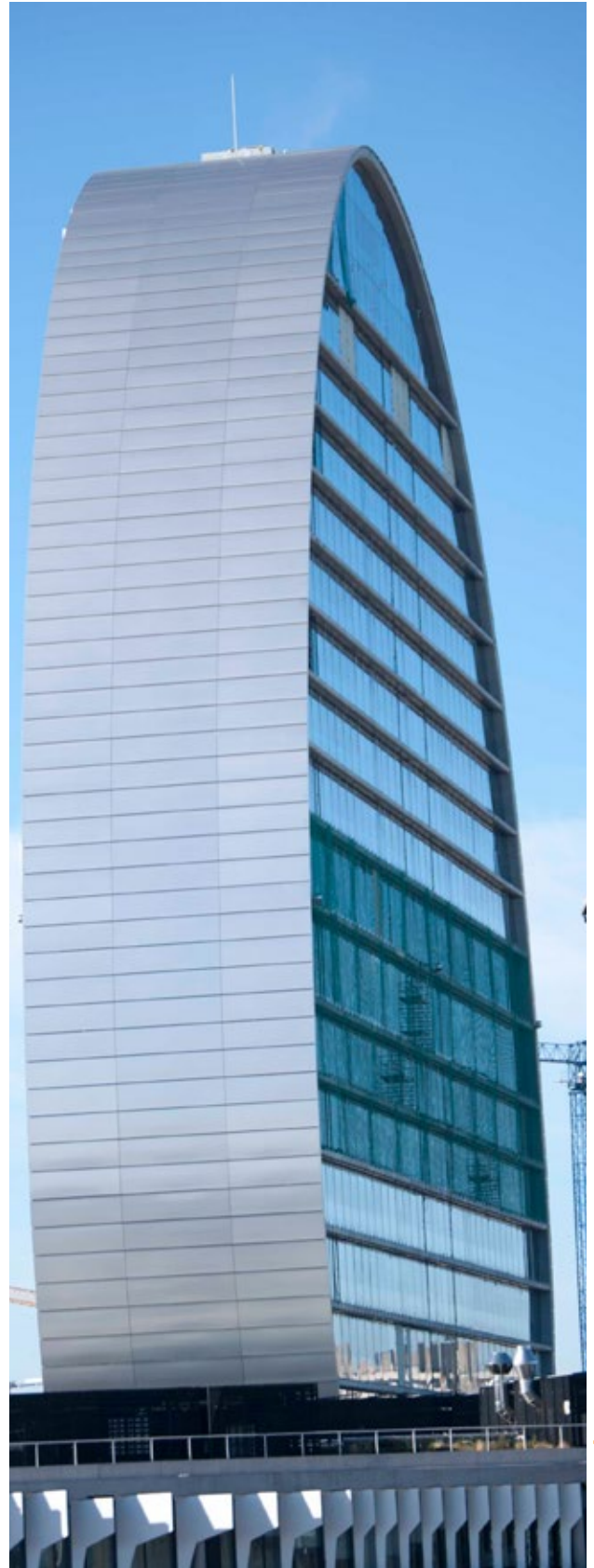
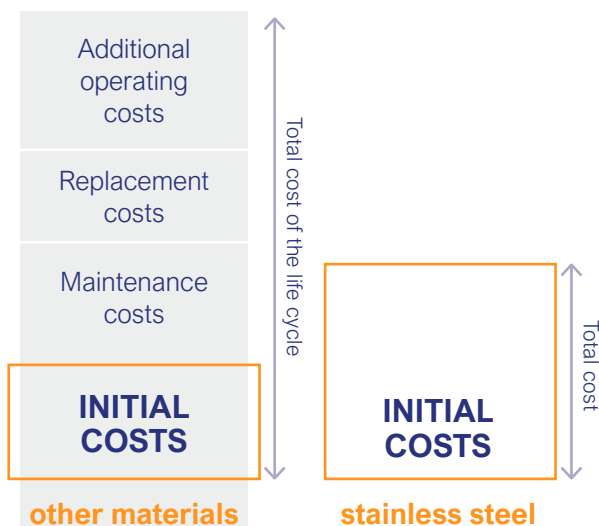




Civil engineering works and architecture

More and more buildings and architectural elements are being made with stainless steel. The LEED (Leadership in Energy Environment Design) Gold certification recognises stainless steel as a material that uses less water, is energy efficient, does not emit any toxins and has an innovative design. The 4th version of LEED recognised favourable changes for stainless steel, such as a greater emphasis on the life cycle and stricter requirements for volatile organic compound emissions (which is a major advantage over other materials such as plastics).

The maintenance of bridges, as far as civil works are concerned, that have been built with stainless steel is practically null. The initial investment is clearly offset by the many maintenance costs associated with conventional bridges, such as those associated with repainting, corrosion replacement or other operational costs. A stainless steel bridge can last for more than 100 years.

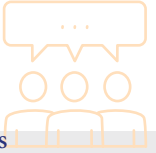




Additive manufacturing: the future in which Acerinox already plays a part

One of the new manufacturing processes is known as Additive Manufacturing based on 3D printing. The Group's product catalogue expanded following the acquisition of VDM to include metal powders, which can be made of cobalt, nickel, stainless steel or so-called super-alloys. 3D printing enables high precision and flexibility during manufacturing. It also avoids large amounts of waste, as only the material that is strictly necessary is used. This manufacturing system is already present in many industries:

- **Aeronautical:** In the construction of turbine elements with the aim of reducing weight and emissions.
- **Chemical industry:** To ensure corrosion resistance.
- **Healthcare:** With the incorporation of dental implants and other medical implants (tissue engineering).



Process and product certifications and controls

All factories and workplaces of the Acerinox Group comply with the quality and environmental controls required by the legislation in each country, in addition to each of them implementing Environmental Management Systems in accordance with the ISO 14001:2015 standard. 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 Parent and at all subsidiaries. These audits are conducted by external agencies that verify the status of these systems, and by customers, and they review aspects such as cybersecurity and IT controls.



Acerinox Europa



NAS



Columbus



Bahru



Roldan



Inoxfil



VDM Metals

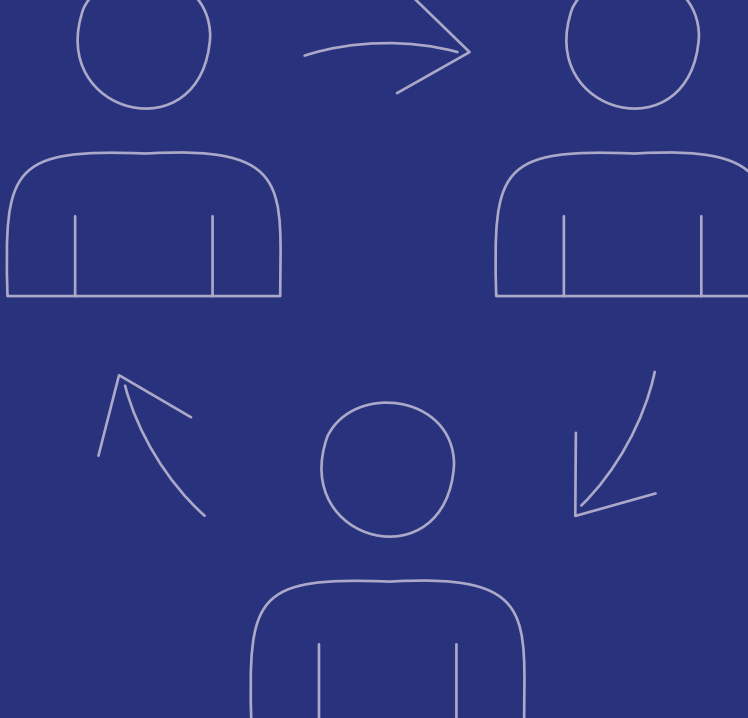
VDM



A large yellow industrial crane is shown in a factory setting, lifting a heavy, cylindrical metal coil. The crane's arm extends across the frame, and the coil is suspended by chains. The background shows the complex steel structure of the factory and other industrial equipment.

Intro

The prestige of Acerinox and its products is thanks to the sum of the talent and effort of the thousands of people who form and have formed part of this incredible Group. The pandemic has highlighted the importance for the sustainable development of Acerinox's aim to industrialise both mature and emerging markets in a responsible manner. In this way, the Group has contributed to generating stable, high-quality and well-paid employment, to guaranteeing a safe and healthy environment and to offering diverse and enriching relationships.



7.

Committed to our people

- 7.1 Generating stable and high-quality employment
- 7.2 A diversity that enriches
- 7.3 Health & Safety

7.1 Generating stable and high-quality employment

Acerinox promotes a working environment based on the trust and commitment that characterises a family business, while offering the enriching experiences of a multinational with presence on the five continents.

The pandemic that defined 2020 highlighted the importance of the industry for the

sustainable development of the regions, as it guarantees stable employment and remuneration above the Spanish and European average. Furthermore, Acerinox other sectors. Furthermore, Acerinox, maintaining the Group's commitment to high-quality employment specially at a time when so many jobs have been destroyed globally.



**Total number
of employees at
year-end**

8,195

**Acerinox
Europa**

1,809

**Acerinox
S.A.**

80

Bahru

448

Columbus

1,270

Inoxfil

106

NAS

1,493

Roldán

383

VDM

1,872

Subsidiaries & Service Centres

734

These figures demonstrate that, in addition to increasing the number of employees in mature markets such as Europe and the US, Acerinox also provides skilled employment in emerging countries, thus meeting very significant targets of the 2030 Agenda.

Number of employees by contract type

Indefinite

8,027

98%

Temporary

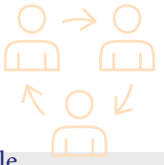
168

2%

If at a time of economic recession the contribution by companies to sustainable development is appreciated for its capacity to generate employment, then the commitment to stability is even more valued. In this regard, Acerinox stands out since 98% of employees have an indefinite contract with the company.

Work organisation

Acerinox endeavours to promote measures that reconcile the personal, family and working lives of all employees, including disconnecting from work, by implementing shifts, working hours, breaks and other provisions concerning work organisation in labour agreements or, where applicable, in agreements established directly with employees.



The agreements take into account the specific characteristics relating to occupational health and safety.

As far as working hours are concerned, in the factories, shifts are usually divided into three groups of eight hours each or two groups of 12 hours, depending on the agreement reached with the workers' representatives. Thus, the activity of the factories is continuously maintained (with some exceptions). This organisation of shifts and breaks was affected in some cases in 2020 by the Covid pandemic and, where applicable, was communicated and agreed with the employee representatives.

Acerinox does not have specific measures related to disconnecting from work beyond those established in collective bargaining agreements and agreements reached with employees.

Remuneration system

The Group maintains a fair and transparent remuneration policy without any gender-based distinction, thus committing to an effective remuneration balance between men and women.

The collective bargaining agreements of each plant establish the remuneration systems, defining the jobs with their corresponding salary levels and integrating all the remuneration items received by the workers, including the characteristics of the work itself. The remuneration system defined in the agreements is uniform for all staff in the same professional classification category.

The Acerinox Group's salary gap, considering the difference between the average fixed remuneration plus variable remuneration of men and women, is 7.94%.

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

Acerinox has a General Policy for the Remuneration of Group Directors. This policy sets out the conditions and considerations regarding the directors' remuneration.

In 2020 the total remuneration received by the members of the Board of Directors was EUR 2,430 thousand, including the salary and bonus of the CEO, of which the female Directors received EUR 349 thousand. Moreover, the average remuneration to Senior Management was EUR 406,341.

Training

Professional development is a basic right of every individual and a necessity for the company.

Acerinox believes that the development of its professionals is a priority, since without the correct training there is no quality or innovation. Therefore, the Group promotes training courses among its employees, boosting the company's competitiveness through the knowledge of its employees.

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

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

Employees who hold managerial or leadership positions facilitate attendance to the various courses, whenever they do not significantly hinder or hamper operations or the productivity of the corresponding unit.

7.2 A diversity that enriches

At the Acerinox Group, diversity and equality are understood as the sum of different potentials that allow the Group to multiply opportunities and achieve unique results, competing successfully in the markets in which it operates. The industrial sector, and especially the steel industry, has traditionally been male-dominated and, therefore, less female-dominated.

In order to close this gap, the Group is working on a cultural change to help achieve a gender balance in both operational positions in production and in leadership positions, with the aim of fostering a pool of talent. In 2020 a qualitative leap was made in this area with the approval of the Acerinox Group's Equality Plan, which is based on eight lines of action that provide the backbone for the actions to be carried out:



1
Communication
& awareness



5
Remuneration



2
Selection
& hiring



6
Co-responsibility &
reconciliation



3
Classification & promotion,
under-representation of
women



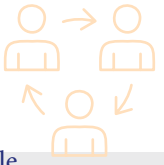
7
Occupational risk and
harassment prevention



4
Professional training &
development



8
Gender-based
violence



7. Committed to our people

The actions that arise from these lines include: disseminating Acerinox's commitment internally and externally; designing a job position levelling system for exempt employees based on their contribution to the business; providing training in the field of Equality in the company, promoting women's professional careers through the acquisition of skills and abilities, among many others. These actions implemented by Acerinox in the field of equality are aimed at guaranteeing and promoting equal treatment and opportunities in a real and effective way among all the Group's professionals.

The Group's diversity is based on the support of the Board of Directors and Senior Management, who incorporate this concept as a strategic priority. The challenges of recent years, the digital transformation, the coexistence between different generations and an increasingly uncertain and volatile environment have led the company to pay special attention to strategic diversity management, not only focusing on age, gender, race or disability, but also on interests, habits, hobbies, personal and family situations, opinions, etc.

To this end, Acerinox has proposed to continue strengthening the diversity and inclusion strategy for the 2020-2025 period, basing itself on: being a benchmark in diversity, promoting a company with a culture of diversity, emphasising the creation of processes that reinforce these objectives, eliminating possible biases and developing diversity management at a social level. These challenges will not only help the Group to put its employees at the centre, but they will also help to understand diversity in all its variables, enabling Acerinox to enhance knowledge sharing and creativity to achieve greater competitiveness and efficiency.



Objective: Increase the number of new recruits from ethnic minorities by 10%

For Acerinox, the ability to make the most of the available talent becomes a business opportunity. Thus, diversity management is a strategic pillar and a fundamental criterion in the Group's decisions.



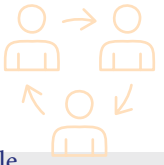
In order to corroborate all these principles, the 2020 figures are mentioned below as evidence:

- Although women have not historically been drawn towards studies and jobs related to the industry in the same proportion as men, the percentage of women is higher than the average for our sector, having experienced a **16.27%** increase in female incorporations in the Group in 2020.
- Despite inheriting the historical shortage of female vocations in the industry, Acerinox does not see a glass ceiling for women when they approach positions of responsibility. In fact, the percentage of female executives reaching Director is **4 times higher** than the percentage of women at entry level.
- In a traditionally male sector, Acerinox has been committed for many years to promoting women's careers, with an increase of **19.6%** in the percentage of women hired compared to 2019.



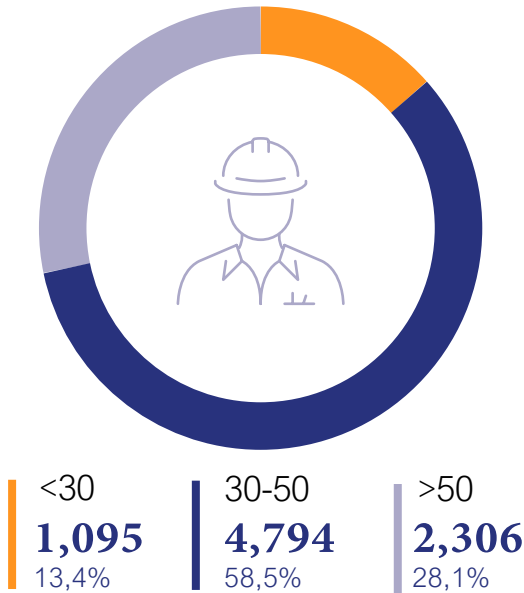
Acerinox: Women of steel





Number of employees

by age group



Employees from
64 nationalities

- During recent crises and restructuring processes, the over-45s have become part of the vulnerable groups in terms of employment. However, Acerinox has always been particularly determined not to discriminate against an individual on the basis of age, as evidenced by senior talent over the age of 50 accounting for almost 30% of the workforce.
- Also worthy of note is Acerinox's commitment to youth employment (which has been hard hit by crises) and to offering a full professional career from the start until retirement. This wide range of opportunities for colleagues from up to 5 decades apart and with 64 nationalities spread across all continents, offers generational and cultural diversity that enriches both personally and professionally.
- Acerinox promotes the care, respect and inclusion of people with different abilities in the workplace. The Group's plants employ 242 people with a disability recognised by local legislation.



7.3 Health & Safety

For the Acerinox Group, there is nothing more important than the Health and Safety of people. The commitment to occupational risk prevention extends from Senior Management, with the support of the Board, to each and every employee. Furthermore, this commitment is extended to external workers who carry out their functions at Acerinox facilities, who must assume the measures and requirements implemented by Acerinox.

The Group has health and safety management procedures and systems that contribute to more effective control and prevention of occupational hazards and risks. In addition, teamwork is encouraged through Working Groups with representatives from all Acerinox plants, with the aim of sharing best practices and unifying the Group's safety criteria.

Acerinox continuously monitors the health and safety conditions at the sites where the Group operates. When an incident occurs, the Group implements the various established procedures whose purpose is, firstly, to remedy the incident and, secondly, to study the factors that have led to the incident arising in order to incorporate new measures to prevent it from occurring again. In order to carry out this control and monitoring, tools such as SCAT are used to enable detailed accident investigation.

The Group's different centres have Health and Safety Committees, which represent the entire workforce and have the main mission of supervising and managing the needs in this area, together with providing advice to workers on all matters relating to

the prevention of occupational risks. One of the key issues, which is also addressed in these committees, is the training requirement. Safety knowledge makes it possible to work safely and in a healthy environment. Therefore, employees have a duty to know and comply with the standards on occupational health and safety, and to ensure their own safety and that of those around them.

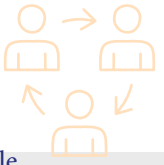


Objetivo:

Reduce the LTIFR indicator by 10% every year

To show its commitment to reducing accident rates, the Group signed a green loan, the interest on which varies according to the achievement of the annual reduction target set. This target was endorsed by the operation's external consultant Sustainalytics, ensuring that this loan was aligned with the '2019 Sustainability Linked Loan Principles'. The combined LTIFR x1.000.000 indicator for the Acerinox Europa, North American Stainless, Columbus Stainless and Bahru Stainless factories was 3.75.





To encourage continuous improvements in safety, senior management and factory managers have a variable remuneration system that is linked to the achievement of a series of accident rate indicators.

Best practices

Improving the quality of life of employees.

Aware of the difficulty of exercising during the pandemic, Acerinox Europa launched the mobile phone application “AppTC MOVESE” in line with its “ACero” Zero Accidents programme, offering individualised exercises to work on two pathologies:

1. Backache
2. Overweight / Obesity

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 are guaranteed regular monitoring of their state of health according to the work-inherent risks.



A large roll of stainless steel is the central focus of the image, positioned in a factory setting. The roll is dark and has concentric circles from the winding process. White markings, including the number '178718' and the letters 'PQ', are visible on its surface. The background shows industrial machinery, metal structures, and bright overhead lights, creating a sense of a busy manufacturing environment.

Intro

Acerinox has always invested in achieving maximum efficiency (including eco-efficiency) and in a circular production model aimed at a long life cycle of non-polluting and recyclable products that curb climate change and resource consumption. This commitment is backed by engineers, architects and scientists who recommend stainless steel as the sustainable material par excellence. Testament to this commitment to the environment is the fact that the Group was the first in the sector to link a loan to sustainability targets.

A vertical strip on the left side of the page showing an industrial setting with metal structures and equipment.

8.

Committed to the environment

8.1 Circular economy

8.2 Climate change and
energy

8.3 Water consumption
management



Introduction

The Group believes that its growth must be linked to a low-carbon economy, to a drive towards a circular economy, and to environmental protection to the highest extent.

This vision is based on achieving an efficient production system at all levels (energy, with low emissions, promoting a business model that is committed to the circular economy, reducing water consumption, etc.). All this is possible thanks to a system of continuous improvement, where performance converges with the internal productivity, competitiveness and environmental objectives.

The identification and management of environmental risks is essential for Acerinox. The **5.5 Risks and opportunities** section of this report includes more information in this connection. In addition to legislative obligations, the Group's own factories have environmental risk control procedures in place, with the corresponding assessment of probability and severity.

All Acerinox Group factories have an environmental management system according to the ISO 14001 standard.

The Group believes that the innovation and R&D&I strategy must go hand in hand with the environmental challenges in order to manufacture a sustainable product and face all these challenges. Eco-efficient management of production processes, from the source to the end of the product's life cycle, is an example of competitiveness and sustainability.



All Acerinox Group factories have an **environmental management system**

*To view the certificates, please refer to page 107 of this report.





8.1 Circular economy

8. Committed to the environment

To ensure sustainable growth, it is essential to make efficient use of resources and to promote all kinds of initiatives that contribute to the circular economy, a concept that evolves from a traditional linear economy model to a circular economy model.

Acerinox is a pioneer and a benchmark in terms of the circular economy due to its continuous search for eco-efficiency and the fact that stainless steel can be recycled indefinitely as many times as necessary and without any loss in its properties after the end of its useful life. Thus, this material is an example of recyclability and recoverability in any type of application to which it is subjected. Its long-lasting life cycle together with its ability to remain in good condition in the long-term and the low maintenance it requires, minimises the negative impact on the environment, making it the sustainable material par excellence for engineers, architects and scientists.

Life Cycle Inventory

Assessing the impact of the product's life cycle is a great mechanism for raising awareness and promoting the circular economy and waste management. Therefore, Acerinox participates in the "Life Cycle Inventory" study developed by Eurofer (European Steel Association). The scope of the study encompasses the extraction of the raw materials right through to the end of its useful life as a product. This method developed by Eurofer is internationally recognised through the ISO 14040: 2006 and ISO 14044: 2006 standards and enables the quantification of emissions, the environmental impacts generated, the resources consumed, and the possible health-related impacts linked to the products placed on the market.



Life cycle study

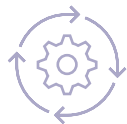


Stainless recycling process

Diagram of the circular economy



Stainless steel is a sustainable material by definition. Some of the properties that characterise this material are:



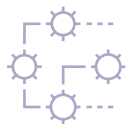
Reusable



Recyclable



Long-lasting



High performing



Versatile



**Aesthetically
pleasing**



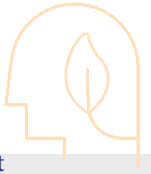
Resistant



Hygienic

The Acerinox Group supports and strongly believes in the circular economy since, in addition to the environmental contribution, it is an example of efficiency and responsible resource management. For this reason, in 2017 Acerinox signed the Spanish Circular Economy Pact to address the environmental, economic and technological challenges involved. The commitment entails:

- Maintaining the value of products, materials and resources for as long as possible.
- Minimising waste generation.
- Implementing and promoting the recycling, reuse and valorisation of the waste generated.



A testament to our commitment and the results achieved is NAS winning first prize in the Sustainability category at the ISSF Awards organised by the International Stainless Steel Forum (ISSF). North American Stainless was awarded the prize following its development of a project that reuses slag as a building material, turning it into tiles and outdoor paving stones. NAS developed this idea with a company, Truce Global, to which it has already supplied 12,000 tonnes of this material as an alternative to Portland cement; this material is even more resistant than Portland cement.



Sustainability Award Case Studies



Acerinox's objective:

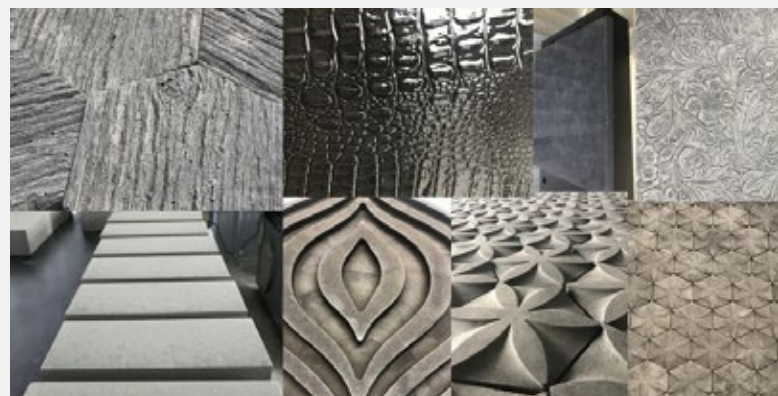
Reduce by 90% the waste sent to landfill by 2030, using 2020 data as a reference point

Best practices

There are other projects aimed at promoting the circular economy.

- **“ComFuturo” Programme:** Acerinox helps to promote the talent of new researchers by collaborating with the CSIC General Foundation (FGCSIC). This programme aims to encourage and promote the work of young researchers in an area of great interest and concern, the circular economy. Specifically, Acerinox supports a project taking place for the development and valorisation of steel slag, the aim of which is to reuse this waste product as an additive in photocatalytic construction materials.
- **Escorinox-2:** Project fully funded by Acerinox with the Córdoba University. The Escorinox 2 project consists of studying the application of stainless steel slag as a substitute for cement and limestone filler in the manufacture of self-compacting concrete. The results obtained show that the concrete manufactured displays

similar mechanical behaviour to that of a traditional self-compacting concrete. The study demonstrated that it is possible to produce self-compacting concrete with up to 50% less cement and with only a 14% reduction in compressive strength, meeting the technical requirements for its application. The next step is to advance the Escorinox-3 project towards full-scale application.



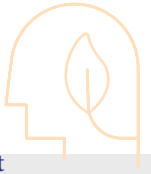
Best practices

- Recovery of neutralisation sludge:** The Bahru factory obtained approval from the Malaysian Department of Environment (DOE) for a project regarding the recovery of acid pickling neutralisation sludge for processing into building bricks. This project was in collaboration with the University Technology Malaysia Construction Research Centre (UTM CRC) and Eco Greenbuild Industries. The end product is 100% recycled, of which 70% is acid pickling sludge from stainless steel, clay sludge from the ceramic industry and coal bottom ash from power plants. The remaining 30% is comprised of recycled cement. The product meets the national requirements of Construction Industry Development Board (CIDB) Building Standards and is certified in accordance with the SIRIM MS 2282-3: 2010. The advantages of these bricks compared to conventional bricks include greater uniformity, increased compressive strength, lower moisture penetrability, fire resistance, improved sound insulation and greater dimensional accuracy.
- Example of the use of slag generated during the stainless steel manufacturing process:** NAS generates large quantities of slag as part of the steel manufacturing process and will continue to produce this waste stream. Once treated to remove the steel, slag is known as aggregate, which has been approved by the Kentucky Division of Waste Man-

agement to be used for multiple purposes, such as cement production among others. NAS has been working with a local company to develop products that can be manufactured using aggregates thanks to their cementitious properties.

For that, NAS is diverting several thousand tonnes as aggregate to this company to develop architectural products. The aggregate is used as an alternative raw-material to sand-based Portland Cement. Geo-polymers are used to physically and chemically encapsulate the aggregate to make a comparable if not more resilient building product. The final products are various tiles and outdoor paving stones.

Given that this aggregate-based cold ceramic relies on steel waste as the primary raw material rather than Portland cement, this cementitious material does not contribute to air pollutants such as NO₂, SO₂, and CO since it does not rely on energy intensive kilns or other firing processes. Similarly, the environmental and social impacts of sand extraction are avoided altogether. Along with the lower ambient air pollution, these products have an 80% lower carbon footprint compared to traditional cement production methods. All products exceed product-based ASTM standards. While finishing this research and development phase, a production facility near NAS is being constructed so that these architectural products can be manufactured using NAS aggregate and be economically competitive with traditional Portland-cement products.



- **Beneficial use of used Tundish lining in NAS:** Currently the leftover lining of Tundish of the Continuous Casting are being landfilled after the casting sequence has been completed. It is estimated that 90% of the working lining weight remains after each sequence, leading to an average of approximately 200 MT of material being landfilled each month. The linings from the tundish consist of approximately 85% MgO, making it a good alternative source of MgO to use as a slag former in the EAFs. The reuse of this material would reduce our quantity of waste to the landfill and purchases of dolomitic lime.

The host company and community will benefit from this practice because NAS will be reducing the amount of material that is landfilled thus extending the lifespan of the landfill for the community to use. NAS and the employees will benefit by saving money by reducing the number of flux purchases. The total global carbon footprint will be reduced due to the material being calcined once and used twice.

- **Reuse of WWTP sludge in NAS:** Lime stabilised pickle liquor sludge is produced from the neutralisation of pickling acids at Waste Water Treatment Plants (WWTPs). After pressing the sludge to reduce water content, the sludge is sent to a landfill for disposal. This sludge has very high lime content and contains metals from the pickling process.

This waste stream constitutes 89% of the non-hazardous waste at NAS.

First action, NAS set out and continues to search for ways to reduce the quantity of acid used at the mills to reduce the quantity of sludge

being generated. Second, NAS still needed to find an alternative disposal technique or use of the sludge. Several years ago, the NAS's lime supplier asked NAS for high lime bearing waste to be used as backfill in their mine to 1) reduce the volume of ventilation required for the mine and 2) to provide stability to the mine's pillars.

After testing and evaluating the sludge characteristics, it was agreed that the most efficient way to introduce the material into the mine was by using an injection well. To this end, the lime supplier was able to obtain an Underground Injection Well Permit to use both WWTP sludge and sediment from a storm water reservoir. The lime supplier will now take our sludge, rehydrate it on their site and pump the material to the areas where it is needed. This material will be mixed with stormwater reservoir sediment and mine overburden to create backfill in the mine.

The location of the mine is a short distance from NAS and will make the beneficial use of the WWTP sludge economically feasible

The benefits of sending the material to the mine is that the material will not be placed in a landfill, but will be providing benefits to the mine from which the lime was originally extracted. The sludge is not hazardous and is below groundwater level so contamination of groundwater will not occur. When this sludge is placed into the mine, less ventilation will be required, and when significant quantities are in place, it will provide strength to the pillars that support the mine ceilings from collapse.

One of the principles of action established in Acerinox's policy is the optimisation of the management of hazardous and non-hazardous waste. Therefore, the Group sets goals and objectives related to the reduction of waste, the promotion of good practices and the use of those materials that can be recycled.

8.2 Climate change and energy

Climate change

The adoption of measures aimed at mitigating the effects of climate change is part of the sustainable core business at Acerinox and is one of the core principles in the performance of the Group's activities, not only as a company but also due to its products, since stainless steel is a model of the circular economy as it fulfils the four "R"s (Reduce, Reuse, Re-manufacture and Recycle), and it also contributes to the fight against climate change by minimising emissions.

The Group requires all its production centres around the world to comply with environmental standards and regulations that go beyond local legislation, thus helping to alleviate a global problem such as climate change.

The continuous investments in new manufacturing technologies and improvements in the production processes contribute to operational excellence, and they are key in enhancing efficiency and competitiveness and providing excellent opportunities to achieve optimised energy and resource consumption, thus advancing towards carbon neutrality. In addition, since it is a material that can be almost completely recycled on an indefinite basis, stainless steel contributes to lower emission levels than other products made from non-reusable materials.

Acerinox is recognised as a benchmark in the fight against climate change thanks to the emission-reducing measures it puts in place and to minimising the risks relating to climate change. In 2020 Acerinox signed the steel industry's first loan linked to sustainability targets to partially finance the acquisition of VDM. The financial costs shall be linked to sustainable commitments. Thus, the interest on the loan will evolve according to the company's relative emissions intensi-

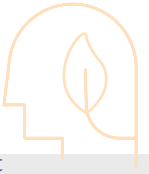
ty. The Group continues to move towards a more sustainable transition, promoting the creation of shared value and taking into account the social and environmental impacts of its business activities.

Every year Acerinox participates in the CDP report concerning climate change. Acerinox got a B grade that improves that of the previous year, that of the European average and that of the sector worldwide. This "B" ranking is an improvement compared to 2019. Furthermore, Acerinox is a member of the Worldsteel Climate Action Programme, which recognises those manufacturers who collaborate in a programme to collect emissions information.

Acerinox's direct emissions are 30% lower than the stainless sector average, according to the International Stainless Steel Forum (ISSF).



The European Union recognises that companies that are committed to the circular economy, such as Acerinox, are fundamental in the fight against climate change.



Acerinox direct emissions:

**0.31 Tn CO₂ / Tn produced vs
0.44 Tn CO₂ / Tn of ISSF**

Commitments and objectives



Acerinox reaffirms its commitment to achieve climate neutrality by 2050.

This commitment aims to prevent the global average temperature increase from exceeding 2°C in line with the Paris Agreement (COP21).



Reducing GHG emissions intensity (Scope 1+2) by 20% by 2030, using 2015 data as a reference point

The green house gas emissions are verified annually by an external body accredited according to ISO 14.064. Furthermore, Acerinox Europa and VDM form part of the EU CO₂ Emissions Trading System (EU ETS).

Even with the incorporation of VDM into the Group, in 2020 total CO₂ equivalent emitted was 4.44% lower than in 2019, evidencing the continuous improvement in this area. In relative terms, and despite the pandemic's impact on production with the hiatus of certain factories, the stainless steel division's intensity also improved by 1.76%.

The commitment to reduce greenhouse gases also extends to all other atmospheric emissions. Acerinox is working to reduce its emissions of nitrogen oxides, volatile organic compounds and particulate matter.

The plants have catalytic towers where nitrogen oxides are converted into molecular nitrogen, thus minimising these emissions.

Energy

The production of stainless steel requires large volumes of energy and electricity, which is why Acerinox is known as an electro-intensive company.

When competing in international markets, the efficient use of energy is a differentiating factor, both competitively and sustainably. This requires comprehensive controls and monitoring methods for all processes. Acerinox is committed to incorporating the most advanced technologies and systems to achieve efficient energy consumption, thus avoiding the intrinsically associated emissions, constituting a strategic criterion in the investments and acquisitions made in its facilities.

Testament to this vision that defines the Group is the bronze award received by Acerinox Europa in the sustainability category from the International Stainless Steel Forum (ISSF) after justifying a reduction of 480180 KWh of energy per year.



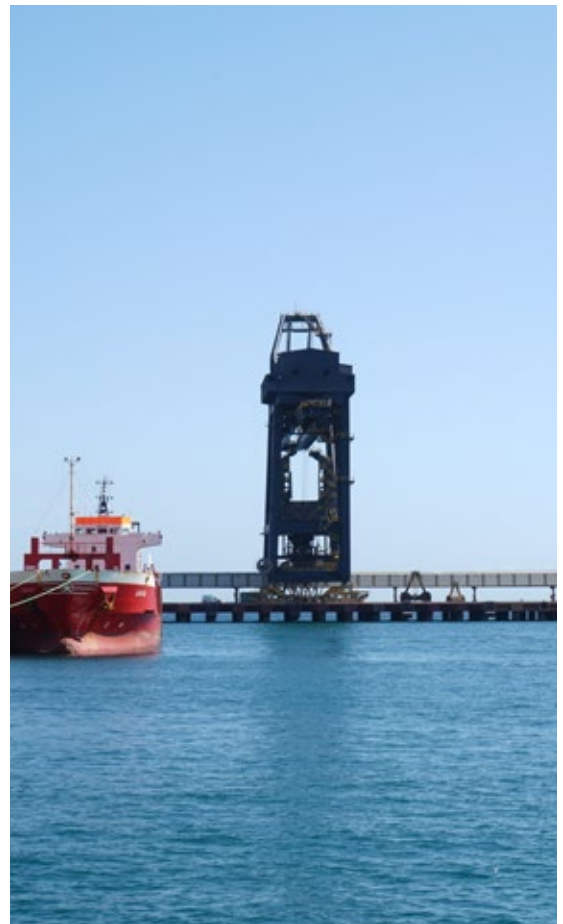
Award winners

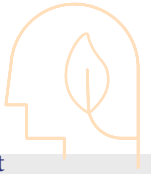
Long-term objectives of the Sustainability Strategic Plan

- **Reduce the Stainless Division's energy intensity by 7.5% by 2030, using 2015 as a reference point for the calculation.**

The Acerinox Group is opting for renewable energies. In 2020 3 PPAs came into force in Acerinox Europa with capacities of 9.48 MW, 8.8 MW and 6 MW together with the corresponding guarantee of origin.

The Group's total energy consumption decreased by 2.14% compared to 2019, demonstrating its ongoing commitment to improving energy efficiency. Acerinox Europa has the ISO 50001 energy management system, the purpose of which is to ensure continuous improvement in energy efficiency.





Acerinox, a pioneer in renewable hydrogen

Hydrogen is set to be a key energy driver for decarbonisation, especially in the metal industry.

Acerinox closely follows all the advances and regulatory frameworks that may affect the development of this technology both at European level (through the European Green Deal and the European Hydrogen Strategy that falls within the aforementioned framework) and at national level in Spain (Integrated National Energy and Climate Plan, the Climate Change and Energy Transition Act, and the Hydrogen Roadmap).



€ 5,770,775

Investment in initiatives designed to improve production efficiency and reduce emissions



€ 91,083,692

Environmental expenditure

Best practices

There are currently several projects relating to the use of hydrogen in different processes under review and in the early stages.

1. Replacement of grey hydrogen (ammonia cracking) used in BA finishing towers with green hydrogen
2. Replacement of natural gas with hydrogen
 - a. Seek to secure the supply of green hydrogen through the consortium created with other companies to form part of the European restructuring and recovery funds, Next Generation. The project report is being finalised. The document approved by the Spanish government, "Hydrogen Roadmap: a commitment to renewable hydrogen", identifies the San Roque-Los Barrios area, where the Acerinox Europa factory is located, as one of the possible centres or industrial clusters for the production of green hydrogen.
 - b. The first tests for the substitution of natural gas as a fuel were initiated. Tests began at the Acerinox Europa factory where a mixture of natural gas and hydrogen was used to test its performance.

8.3 Water consumption management

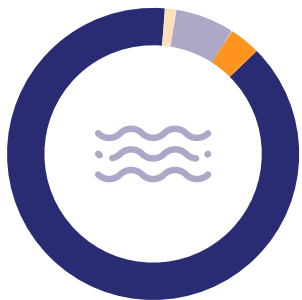
Water is an essential resource and, therefore, its appropriate management is one of the main environmental challenges. To guarantee responsible and sustainable use, Acerinox has water recirculation systems in its plants, as well as treatment systems to return as much water as possible to the environment in the same or better condition, in terms of purity and quality, than when first collected.

Since Acerinox has factories in South Africa and Spain, which are water-scarce areas, the Group reinforces its measures to secure the necessary water (for example, in times of drought) while also facilitating access for use by local communities.

In this regard, in 2020 Acerinox continued to improve the indicators related to water consumption, as detailed below:

**Distribution of the total water withdrawn by source:
9,049,899 m3 in 2020.**

4.3 % reduction in withdrawn water compared to 2019



90 % Surface water	6.7 % Third-party water
3.2 % Rainwater	0.1 % Produced water

**Distribution of the total water discharged by discharge destination:
5,575,011 m3 in 2020.**

2.8% reduction in discharged water compared to 2019



75 % Surface water	3 % Third-party water
22.0 % Seawater	

Distribution of the total water withdrawn in water-scarce/non-water scarce areas:

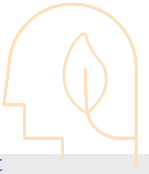


59.1 % Non-water scarce areas	40.9 % Water scarce areas
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Distribution of the total water discharged in water-scarce/non-water scarce areas:



70.8 % Non-water scarce areas	29.2 % Water scarce areas
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The water in our factories



Acerinox Europa

The factory seeks to constantly recirculate the water used, and exhaustive monitoring of a large number of parameters is carried out at all times to ensure that the water discharged into the environment complies with the properties established by the Integrated Environmental Authorisation. To this end, the water is pre-treated by processes such as flocculation, decantation and neutralisation.



North American Stainless

The water withdrawn for use in the factory originates from the Ohio River. Prior to use, the water is treated with polymers and undergoes various filtering processes to remove solid particles. Rainwater is also collected.

Throughout the process, the water is reused as many times as possible until its characteristics are no longer suitable for further use in the production of NAS' products. One example is reusing the water from the pickling lines for the subsequent production of acid or caustic products. The final effluent water is discharged back into the Ohio River in the same or better conditions, thus avoiding any possible environmental impact. All this is possible thanks to real-time monitoring of a large number of parameters that define water quality.



Columbus Stainless

The South African factory is located in a water-scarce area. Therefore, adapting to this scenario requires a great deal of effort to raise awareness and implement measures to prioritise water use.

1. The factory's water is reused as much as possible thanks to the effluent treatment plant where processes such as reverse osmosis and evaporation are applied. Also, in line with our circular economy vision, the concentrated brine is sold as a calcium nitrate product.
2. In order to use water in a sustainable manner, reservoirs were constructed to collect rainwater during the wet season to supply the factory.
3. Use of water from the municipal network. Columbus Stainless is a member of an association that promotes measures for the sustainable and efficient use of water resources (**Upper Olifants Catchment Management Forum**). In addition, the principle known as Zero Effluents is applied.



Bahru Stainless

Water is withdrawn via artificial reservoirs located close to the factory. These reservoirs are fed by rainwater, so the water passes through a treatment plant before use. Before the water is discharged, it passes through the waste water treatment plant located inside the factory to ensure that the final effluent meets the A standard according to local legislation (National Environmental Legislation Requirements).



Roldan

The water used in the industrial processes comes from the Sil River thanks to the authorisation provided by the Miño-Sil Hydrographic Confederation. In addition to this withdrawal source, rainwater is also collected through pipelines and directed to the treatment plant. One measure to improve efficiency is the implementation of closed circuits, so that after the water has been used in the processes, it can pass through the treatment plant to remove suspended solids and any remaining grease or oil through processes such as neutralisation and filtering. The water is discharged into the sewage system and into the Sil River. Both discharging processes are monitored to measure their qualities and improve them through neutralisation and flocculation processes.



Inoxfil

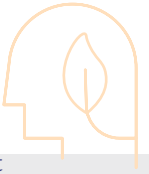
The water consumed comes from the public network that serves the industrial estate where Inoxfil is located. The water entering the factory is subjected to a descaling process. There is also a physical-chemical treatment plant that treats the water from the surface treatment processes. The effluent is discharged into the municipal sewerage system after it has been treated through processes such as coagulation and flocculation at a connection point where the process water, sanitary water and rain water converge.

VDM Metals

VDM

The main processes to which the water is subjected in the various VDM facilities include neutralisation with lime, flocculation, sedimentation tanks and filtration.





Water quality

The Group's factories have strict measures in place to prevent, avoid and act should other discharges or spillages arising from the storing of other substances occur.

The factories have neutralisation plants for treating acidic and basic waters, as well as emergency dams to prevent discharges into the environment and other safety instruments to eliminate any potential spillages. The tanks are equipped with a permanent secondary containment mechanism, as well as cleaning and emergency shutdown services.

In order to remain faithful to the principle of continuous improvement, Acerinox has set itself the goal to:



Reduce the Stainless Division's specific water withdrawal by 20%

by 2030, using 2015 as a reference point.

Biodiversity

Study of the non-native species *rugulopteryx okamurae* in the Algeciras Bay.

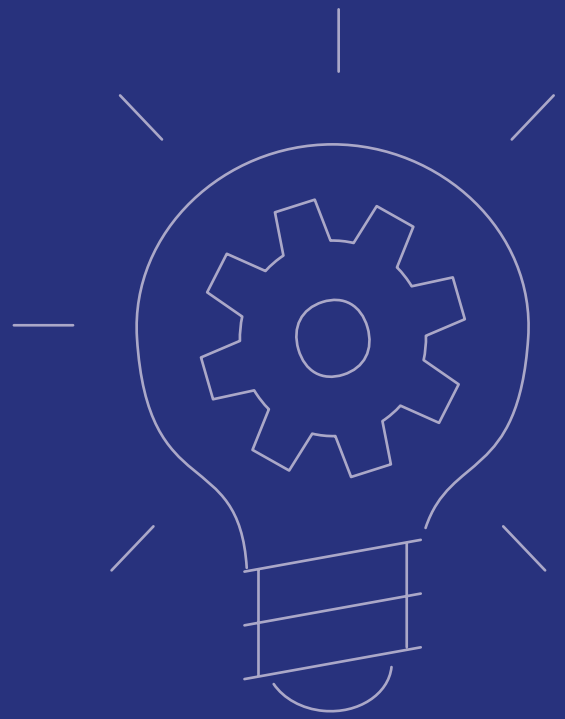
Acerinox supports the research being carried out by the University of Seville to determine the distribution of the Asian species *rugulopteryx okamurae* along the coasts of the Algeciras Bay. Localising the species in each of its different stages will not only allow us to restrict the area occupied by it in its non-native range, but also to reflect the diversity of impacts that it can generate in local communities.



A photograph showing two people from behind, walking across a green grassy field towards a large industrial complex. The person on the left is wearing a white lab coat and a white hard hat. The person on the right is wearing a bright yellow-green safety vest over a dark shirt, dark pants, and an orange hard hat. In the background, there is a long, dark industrial building with a tall, grey silo-like structure rising from it. The sky is clear blue with a few wispy clouds.

Intro

Faced with the new challenges brought about by the digital transformation, the Group continues to make progress by reinforcing its long-standing commitment to innovation as a guarantee of competitiveness and sustainability. Cutting-edge investments in digitalisation, minimisation of environmental impacts, progress in safety, optimisation of the supply chain and improvements in the production process and product quality always offer an economic return, an increase in productivity and an increase in reliability that drive sustainable growth. In order to maintain and improve its market position, Acerinox has the firm intention of approaching both the digital transformation and the sustainable transformation with determination and at the same time.



9.

Committed to innovation and the digital transformation

9.1 Innovation strategy

9.1 Innovation strategy

Investments in fixed assets

In 2020 the Group's companies focused their investment efforts on new equipment and on the maintenance and improvement of existing equipment, amounting to €101.6 million. This area was affected by the situation caused by the pandemic.

At Acerinox Europa, investments were made for the installation of canopy hoods in the roofs of the melting shop warehouses to reduce diffuse emissions, and for the completion of the temporary waste storage facility. Both of the aforementioned have had a very positive environmental impact on the factory's production process. A ladle furnace was installed in the melting shop, which, in addition to offering an environmental improvement, will also optimise the production process. A new coil marking robot was installed in the hot rolling mill to improve product traceability, and furnace closing rollers and an automatic inspection system was installed in the cold rolling mill to improve the quality of the process.

At NAS, investments were made to maintain existing equipment, upgrade some of the plant's production lines and improve safety in various areas of the plant. Numerous upgrades took place in the melting shop, including that of several electrolytic pickling tanks and the pickling upgrade project, which will be completed in 2021. In addition, a number of line inspection and quality control tools were added to improve product and process quality.

Columbus Stainless made investments in projects such as the ladle furnace, the expansion of the raw material storage and the investment in energy-saving technology in the Electric Arc Furnace and extraction fans for in-plant production.

The Bahru plant's investments were mostly for the maintenance and renovation of the factory's production units.





In VDM Metals, investments enabled the continuous casting unit at the Unna plant to be upgraded. In addition, thanks to these funds, a new welding robot was installed at the Altena plant and wire cleaning equipment was installed at the Werdohl plant to improve product quality. Moreover, laboratory equipment in all facilities and fire prevention equipment in the plants were upgraded.

At the Roldán plant in Ponferrada, Spain, investments were made in maintenance, aimed at consolidating the plant's competitiveness. Two automation projects were completed: a cold-rolled round bar packaging line and the complete automation of the cold rolling processing line for anglebars and reinforcing ribbed bars.

**The Group's total
investments in fixed assets:**

€ 101,579,489



Excellence 360°

In 2020 Acerinox strengthened its multidisciplinary Excellence 360° strategy, which includes all the projects that make up the company's Digital Strategy.

The main objective of Excellence 360° is to optimise the entire supply chain, from the moment an order is received to the moment it is delivered to the customer. EBITDA returns of EUR 125 million are expected annually from this plan from 2023 onwards, with an increase in process reliability and productivity, an optimisation of the stock and delivery process, an improvement in margins and an optimisation of the raw material mix during procurement. This project positions Acerinox at the forefront of an increasingly competitive market.





Excellence 360° consists of three major projects: firstly, 360° Planning, secondly, the Advanced Analytics Program; and thirdly, Process Automation and Robotisation. In 2020 projects continued to take place in each of these areas:



1. 360° Planning:

Implementation of a finishing shop and transport optimisation tool, as well as a Group-wide demand planning tool.

Meanwhile, the second phase of the project was launched to optimise the planning of the cold rolling mill.



3. Process Automation and Robotisation:

Deployment of Autonomous Guided Vehicles (AGVs). These vehicles are capable of transporting 90 coils every day, covering 108 kilometres permanently outdoors. These vehicles are constantly moving, facilitated by its autonomous battery change, allowing for increased flexibility; process automation; the elimination of administrative procedures and tasks with no added value, as well as real-time stock updates.



AGVs Video



2. Advanced Analytics Program:

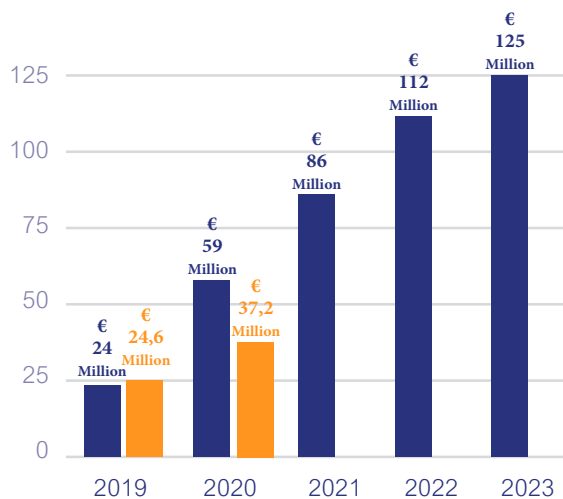
This program responds to the strategic approach of data-driven decision making. The program's methodology consists of training teams in data analysis through actual use cases that have a direct impact on Operational Excellence.

In 2020 three use cases were launched, with an impact of EUR 1.3 million on the profit or loss.

- Predictive model to optimise the stainless steel melting process, with a positive environmental impact by reducing electricity consumption.
- Predictive models for the reduction of quality defects in the hot rolling mill.

As a result of the implementation of this program, new sensors continue to be identified and installed to capture data to improve predictive models.

In the second year of Excellence 360° Acerinox obtained savings estimated at more than EUR 37 million, representing 30% of the total scope.



In 2020, a new edition of the Connected Industry Forum was launched, for which Acerinox is a patron together with other relevant industrial and technological companies. It is a privileged forum where experiences on all topics related to the Connected Industry are shared. In 2020, the main topic was how to implement advanced computer vision in the industry, digital twins and the role of the person in the whole Digital Transformation process.

In 2020, Acerinox Europa won two awards thanks to its 'Autonomous Logistics' project, through which the factory implemented Autonomous Guided Vehicles (AGVs): the 5th 'Impulse for Connected Industry' award and the ABB Ability Digital Award. In the Impulse for Connected Industry award, organised by the Industry 4.0 Observatory, Acerinox shared the prize with a Grupo Antolin project, beating more than 30 candidates. The award finalists also included the 'Electric Arc Furnace Optimisation' project developed at North American Stainless. The second award received was the prestigious ABB Ability Digital Award, which aims to highlight and recognise public and private entities that are committed to the develop-

ment and application of digital technologies to improve business competitiveness and sustainability.

R&D&I

The Acerinox Group considers its commitment to Research, Development and Innovation as a fundamental element in the way it produces and markets its products. The increasingly competitive reality makes it even more necessary to offer customers solutions with strong value added. In this regard, all R&D&I actions are aimed at promoting and developing new production elements, implementing improvements in production lines, developing new types of steel and/or finishes, improving quality and digitalisation, and automating and/or controlling the production process. All the aforementioned is aimed at supporting the sustainable growth of the Group and increasing its productivity and efficiency, thus making it more sustainable, as well as reducing costs.

The Group has laboratories and systems in all its factories with the objective of continuously improving both the production process and the product itself. To this end, the Group is committed to investing in order to achieve new applications, thicknesses, textures, glosses, efficiencies, savings and improvements in sustainability. This will arise through new tools such as lasers, high precision cameras, infra-red cameras and the most sophisticated technological advances to apply to production processes in each of the workshops.

With the incorporation of the company VDM Metals, the Group has gained experience in Research, Development and Innovation. The German firm is synonymous with innovation and experience, proximity to customers and efficiency. The firm not only seeks to develop new materials, but also to detect hidden performance potentials in alloys that are already



9. Committed to innovation and the digital transformation

on the market and that can be prepared for further applications. Experts from the research and development sector accompany the projects until the customer's qualification. In this way, solutions are created that will be applied not only to new products, but also to innovative techniques and processes. The close work between the manufacturer and the customer allows, on the one hand, the knowledge of the needs and particular characteristics of the customer, knowing exactly what they demand; and on the other hand, the implementation of a very specific production process, aiming to meet these needs and giving the final product strong value added.

As in previous years, Acerinox reinforces this desire for innovation with a series of awards for innovation projects that stand out. Acerinox Europa, NAS and Columbus (the Group's integrated factories) hold the Rafael Naranjo awards ceremony every year. As a result of the pandemic, in 2020 these awards could not be held at NAS or Acerinox Europa. However, the 2nd edition of the Rafael Naranjo awards was able to be held at the Columbus factory, which rewarded four projects aimed at improving business development and occupational health and safety. On the other hand, the V Acerinox prize, which is organised every year by Cedinox, was awarded to Celeste Villarroel Kristiansen, a student at the High Technical School of Architecture of Madrid.

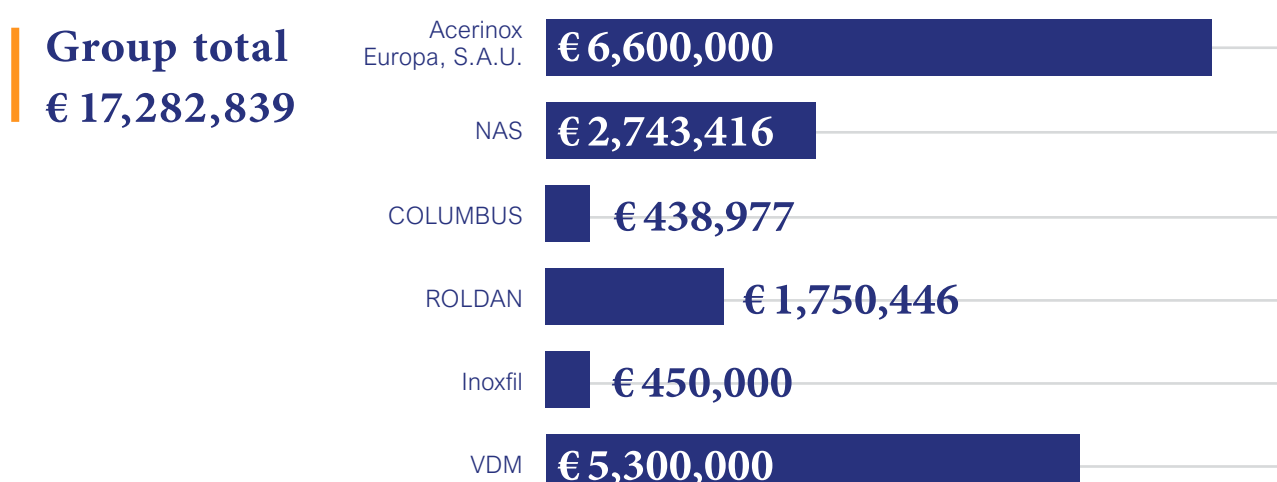
The highly innovative project presents a stainless steel architectural envelope over buildings, which is further proof of the product's multiple capabilities, with an elegant design.

In addition to research and internal promotion, Acerinox collaborates with different public bodies and institutions, as well as universities, in promoting these subjects. In the search for different alloys or the expansion of the applications for the use of stainless steel. Acerinox maintains close collaboration with the Spanish Ministry of Industry through the CDTI (Centre for Development) and the Higher Council for Scientific Research (CSIC).



**Acerinox
Rafael
Naranjo
Awards**

2020 R&D&I investments and expenses



The background image shows two large, cylindrical rolls of metal sheet, likely stainless steel, standing in a warehouse. The rolls are positioned side-by-side, with the one on the right being slightly closer to the camera. The metal has a brushed or matte finish. In the background, there is a concrete floor with yellow and red safety lines, and a wall with horizontal slats or vents. The lighting is industrial and somewhat dim.

Intro

To ensure efficiency excellence, Acerinox is a “responsible buyer” that approves, contracts and assesses its suppliers with ethical, social and environmental criteria. Nevertheless, 2020 was a year for maintaining our “sustainable customer” ethos by supporting the supply chain’s turnover and employment, paying special attention to local suppliers.



10.

Committed to the supply chain

10.1 Suppliers. Responsible procurement

10.1 Suppliers. Responsible procurement

Suppliers and supply chain

The crisis caused by the pandemic once again highlighted the importance of Acerinox's role in the business fabric, both as an agent generating direct and indirect employment, and as a source of economic solvency and therefore guarantee of economic sustainability. In this regard, a total of 8,255 suppliers worldwide (2,881 more than in 2019, due mainly to the incorporation of VDM Metals) were able to service a company considered an essential activity, allowing them to maintain their historical turnover (and therefore pay their staff) at a time of total financial instability.

Almost two out of every three suppliers (64%) were local companies, 25 percentage points more than in 2019. In other words, companies that operate in the areas where Acerinox production centres are located, which highlights the Group's commitment to the generation of wealth and social fabric in the areas where its factories are located, in addition to further assurance of supply in case of disruption of global trade.

Procurement management

As part of its business strategy, one of Acerinox's objectives is supply chain planning and management, 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.

In its procurement management model, Acerinox establishes a number of general common guidelines for all the Group's subsidiaries, which in turn develop their own procedures to control and guarantee a supply chain that meets the requirements demanded by the Group and the legal and

regulatory standards. To this end, the supplier selection processes are 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 product liability risk. The Group has a public and transparent procedure for the accreditation of suppliers to ensure compliance with quality standards.

Ethical, environmental and social principles are reflected in the approval processes, as well as in the:



General Terms and Conditions



Code of Conduct

Both documents, available on the Group's website, establish the performance that the Group expects from its suppliers.

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

* This report integrates the Management Report, the Sustainability Report and the Statement of Non-Financial Information.



Accreditation

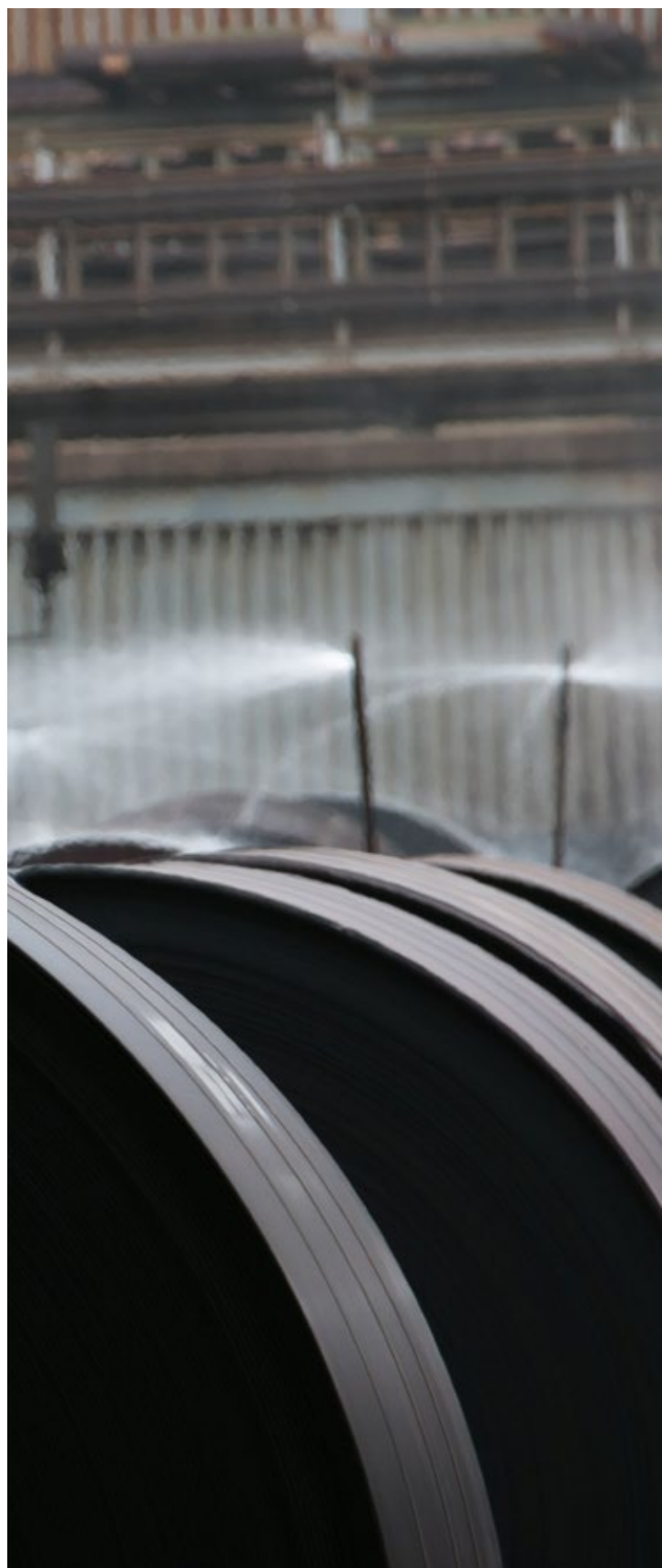
Suppliers must comply with the requirements defined by each factory in matters such as the environment, health and safety and labour practices, and their activity must be compatible with international declarations of Human Rights. In addition, the suppliers must be aligned with the 10 Global Compact Principles.

General Terms and Conditions

These terms and conditions, which must be accepted by the supplier, include labour contracting and compliance with tax and labour legislation (for which they must provide evidence), respect for the environment, contribution to sustainable development and innovation in products and processes.

Periodic assessments

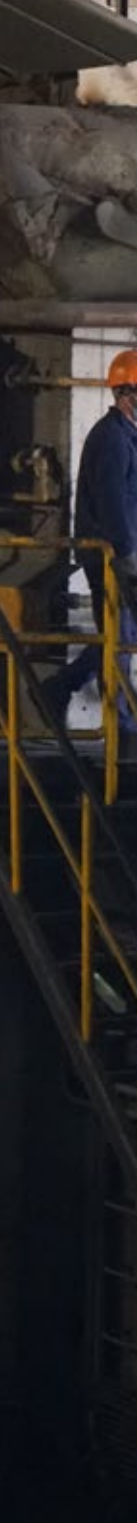
These assessments check that quality, environmental, health and safety and hygiene requirements are maintained. This rating will make it possible to confirm or reassess the level of confidence granted by the accreditation. In 2020 no supplier audits took place. Inspections are carried out at the suppliers' premises throughout the year to confirm compliance with good practices linked to the corporate responsibility strategy.





Intro

Coronavirus has had a very serious impact from a socio-economic point of view on a global scale. Acerinox has therefore strengthened its commitment to the vulnerable groups through its social action and has not neglected its relationships with associations and academic institutions through which it manages and develops the Group's future, nor has it neglected its tax obligations. All this is to promote the advancement of the economy and the society of the communities in which the Group operates.



11.

Committed to the community

11.1 Social Action

11.2 Collaboration with higher education

11.3 Collaboration with associations

11.4 Tax action

11.1 Social Action

Commitment as a Group

In 2020, the world was affected by the COVID-19 pandemic. The Acerinox Group's Social Action was also involved, trying to mitigate the effects of the pandemic on people's health with social and labour measures. It is worth highlighting the efforts of the whole group to maintain as many jobs as possible.

The crisis has also brought about a time of opportunity. On a social level, and also in the Acerinox Group, the necessity to look more carefully at the different needs that were previously less apparent arose. The difficult circumstances we have experienced as a society, the health of employees and their families, the possibility of working from home,

and the complexity of enduring this uncertain period have posed a series of challenges that will help us to face the future with a desire to improve our surroundings with even more strength if possible.

In the specific actions carried out by the Group (institutionally or through its employees), it is possible to highlight different areas that summarise these actions, either directly or through funding. Actions aimed at benefiting health; actions relating to education; and other actions in relation to sustainable growth and the eradication of poverty. In total, investments of approximately €770,000 were distributed.

The Acerinox Group against COVID-19

- +60% of the social action was carried out by the Group
- + than €470,000 earmarked for aid
- Diversity of the aid provided to local communities where the Group operates.
- Healthcare supplies, direct aid and donations to organisations to alleviate the effects of the pandemic.



Shareholder remuneration
135,226
thousand €

Social Action
770
million €

Taxes paid
115,843
thousand €

Direct economic value generated
4,720
million €

Personnel expenses
508
million €

Economic value distributed
4,557
million €



2020 main initiatives

In 2020 the main initiatives carried out by the Group and their relationship with the sustainable development goals were as follows:



Collaboration with NGOs such as Cáritas.

VDM Metals

Collaboration with the Balthasar Hospice for children and young people



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



Support to COVID-19 aid programmes.

Sponsorship of the Association for a Smile Project.

Collaboration with local sports schools and sponsorships.



Support to COVID-19 aid programmes.

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



Support to COVID-19 aid programmes.

Collaboration with NGOs in social action work with specific programmes to combat AIDS.

VDM Metals

Collaboration with health programmes in Königsborn.



Support to various associations that promote education at all levels. Providing financial or leadership development assistance.



Support to the Employee Tender Loving Care Group, a Foundation that helps unemployed people find jobs.



Donation of stainless steel from our production processes for local buildings such as churches and schools.



The Broad-Based Black Economic Empowerment programme (B-BBEE) to integrate 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.



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



Support to local businesses through commercial space, security, water and electricity.



Bottle top repository and the sign lettering of Los Cortijos Nursery and Primary School.



Collaboration with the Ohio River Foundation for education on and preservation of the river's resources.



11.2 Collaboration with higher education

11. Committed to the community

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

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

- Universidad de Cádiz (UCA)
- Universidad de Sevilla (US)
- Universidad Pablo de Olavide
- Universidad de Málaga
- Universidad Complutense de Madrid
- Universidad Internacional de la Rioja
- Universidad Pontificia de Comillas
- Universidad Politécnica de Barcelona

Acerinox S.A.

- Universidad Carlos III
- Universidad de los Andes (Bogotá)
- Universidad Complutense de Madrid
- Universidad Politécnica de Madrid
- Universidad Pontificia de Comillas
- Universidad Rey Juan Carlos

Bahru Stainless

- Universidad SEGI Kuala Lumpur

Columbus Stainless

- Universidad de Pretoria
- Universidad de Ciudad del Cabo

North American Stainless

- Universidad de Kentucky
- Universidad de Cincinnati
- Universidad de Louisville
- Jefferson Community and Technical College de Carrollton

Roldán

- Universidad de León
- Universidad de Salamanca
- Universidad de Valladolid
- Universidad de La Coruña
- Universidad de Santiago de Compostela
- Universidad de Oviedo
- Universidad Pompeu Fabra

VDM

- Universidad de Pittsburgh
- Universidad de Oxford
- Universidad Monash de Melbourne
- Universidad de Ciencias y Tecnología de Beijing
- Universidad de Erlangen
- Universidad Ruhr de Bochum

11.3 Collaboration with associations

An important contribution of the Group involves the various associations to which it belongs or with which it collaborates directly. The main associations, by company, are the following:

Acerinox Europa/Acerinox, S.A.

- International Stainless Steel Forum (ISSF)
- European Steel Association (EUROFER)
- Fundación Consejo España-USA
- Unión Nacional de Empresas Siderúrgicas (UNESID)
- Asociación de grandes industrias del Campo de Gibraltar
- Asoc. para la investigación y desarrollo del Acero Inoxidable (CEDINOX)
- Real Instituto Elcano Asociación de Empresas de Gran Consumo de Energía (AEGE)
- Asociación Instituto de Auditores Internos
- Instituto de Ingeniería de España
- Red Española del Pacto Mundial de las Naciones Unidas
- CDP Worldwide (Europe) GmbH
- Iniciativa Gerentes de Riesgos (IGREA)
- Asociación para el Progreso de la Dirección (APD)
- Círculo de Empresarios Asociación de Emisores Españoles
- Hispanic-Malaysian Business Association
- Asociación de Empresas Gran Consumo de Energía
- Círculo Empresarios
- SERES, Fundación Sociedad y Empresa Responsable
- Universidad Comillas
- Asociación Española de Codificación Comercio
- Instituto de Oficiales de Cumplimiento
- Instituto de Ingeniería de España

Bahru Stainless

- Malaysian Iron & Steel Industry Federation (MISIF)
- Federation of Malaysian Manufacturers (FMM)
- Malaysian Employers Federation (MEF)
- Malaysian International Chamber of Commerce & Industry (MICCI)
- Malaysian Steel Institute (MSI)
- International Stainless Steel Forum (ISSF)
- Spain Malaysian Chamber of Commerce

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
- Spain South African Chamber of Commerce

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)
- American Institute of Steel Construction
- Precision Machining Technology Association
- National Shooting Sport Federation (Barrel and Component Manufacturing)
- World of Concrete (Rebar)
- National Transportation Product Evaluation Program (Rebar)

VDM

- Wirtschaftsvereinigung Metalle / GDB
- Wirtschaftsvereinigung Stahl
- Stahlindustrie VDeH
- Deutscher Verbund für Schweißen und verwandte Verfahren (DVS)
- Bundesverband der Deutschen Luft-und Raumfahrtindustrie (BDLI)
- Gesellschaft für Korrosionsschutz e.V.
- National Association of Corrosion Engineers (NACE)
- Material Technology Institute (MIT)
- AMCHAM - American Chamber of Commerce in Germany



11.4 Tax action

The Tax Policy of Acerinox, S.A. and its Group of Companies consists mainly of ensuring compliance with the applicable tax legislation and ensuring adequate alignment of the policy adopted by the entities belonging to the Group for which the Parent, as established by law, is Acerinox, S.A., thus avoiding tax risks and inefficiencies in the execution of business decisions.

This policy, available on the corporate website www.acerinox.com, addresses the Principles, Good Tax Practices, Monitoring and Control, Dissemination and Updating of the Corporate Tax Policy and the Group's commitment to the tax authorities. The management and responsibility of the Acerinox Group's tax matters lies with the Head of Tax.



The tax policy of Acerinox can be downloaded via the following link:

Public subsidies received in 2020 (Thousand Euros)

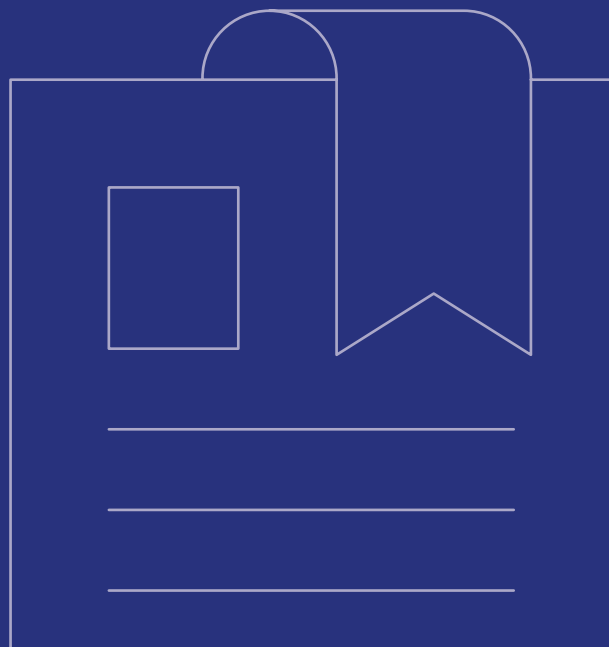
	2020
R&D	252
Environmental	2,307
Allocation of CO2 rights	5,793
Subsidies due to COVID-19	2,218
Training	372
Other	0
Total	10,942



Profit/ Loss before tax and tax paid by country (Thousand Euros)

C o u n t r y	P r o f i t / L o s s b e f o r e t a x	I n c o m e t a x
Spain	592,371	-4,213
The US	300,240	94,031
South Africa	-27,091	48
Malaysia	-92,137	57
Canada	5,435	1,579
Mexico	3,198	666
Portugal	77	127
France	189	281
Germany	20,042	1,869
Italy	2,013	2,923
The UK	797	112
Sweden	-210	0
Switzerland	-338	3
Austria	748	50
Poland	1,017	335
Chile	457	0
Argentina	366	14
Belgium	752	140
Russia	216	0
Turkey	607	118
Brazil	105	38
Colombia	17	69
Peru	76	0
Australia	234	0
China	4,006	796
Hong Kong	-221	-5
Japan	1,152	84
Korea	423	0
Singapore	-41	62
India	-75	0
United Arab Emirates	77	0
Luxembourg	1,016	1
Total	815,518	99,185





Appendix

Appendix 1: Additional information

Appendix 2: GRI content table

Appendix 3: Statement of non-financial
information content table

Appendix 4: principles of the global compact

Appendix 5 - Sustainable development goals

Appendix 6 - Verification report

Appendix 1: Additional information

The Environment

Main raw materials (Tonnes)

Ferroalloys
619,490

Gases
311,353

Acids
37,715

Recycled material*
2,075,910

Recycled acid**
15,913

*Recycled material includes purchased scrap, internal process scrap and metal recovered from slag and recycled waste.

**Recycled acid: Total amount of nitric acid and hydrofluoric acid recovered.

Waste management (Tonnes)

	2020	%	2019*	%
Total waste	1,382,841	%	1,401,201	%
Landfill	302,191	21.9%	401,318	28.6%
Recycled / Recovered	1,079,247	78.0%	998,373	71.3%
Other (R&D&I)	1,403	0.1%	1,510	0.1%
Total non-hazardous waste	1,253,389	90.64%	1,261,893	90.06%
Landfill	232,600	18.6%	316,452	25.1%
Recycled / Recovered	1,019,386	81.3%	943,931	74.8%
Other (R&D&I)	1,403	0.1%	1,510	0.1%
Total hazardous waste	129,452	9.36%	139,308	9.94%
Landfill	69,591	53.8%	84,866	60.9%
Recycled / Recovered	59,861	46.2%	54,442	39.1%
Other (R&D&I)	0	0.0%	0	0.0%

* 2019 data have been recalculated in line with the improved considerations taken into account for the calculation of 2020 data.

CO2e emissions (Tonnes)

	2020	2019*
Scope 1	816,337	785,771
Scope 2	1,952,157	2,111,364
Total (Scope 1+2)	2,768,494	2,897,135

* 2019 data are corrected according to ISO 14064.

Co2e emissions intensity (Tonnes of Co2e/Tonne)

	2020	2019
Intensity (Scope 1+2)	1.15	1.13



The commitment to reduce greenhouse gases also extends to all other atmospheric emissions. Acerinox is working to reduce its emissions of nitrogen oxides, volatile organic compounds and particulate matter.

Other emissions (Tonnes)

	2020			2019		
	Total	Stainless	HPA	Total	Stainless	HPA
NOx	618	589	29	983	983	N/A
COV's	27	27	0	24	-	N/A
Particulate Matter	424	424	0	295	-	N/A

*2019 data have been recalculated in line with the improved considerations taken into account for the calculation of 2020 data.

The plants have catalytic towers where nitrogen oxides are converted into molecular nitrogen, thus reducing the emissions of this air pollution.

Energy consumption (GJ)

	2020			2019		
	Total	Stainless	HPA	Total	Stainless	HPA
Natural gas*	11,559,423	10,577,977	981,446	11,626,381	11,626,381	-
Diesel	164,586	158,418	6,168	167,122	167,122	-
Electricity	10,011,179	9,423,528	587,652	10,416,846	10,416,846	-
Total consumption	21,735,188	20,159,923	1,575,265	22,210,349	22,210,349	-

* The natural gas data relating to the High Performance Alloys Division includes both natural gas and mixed gas.

Energy intensity (GJ/Tonne)

	2020			2019		
	Total	Stainless	HPA	Total	Stainless	HPA
Intensity	9.01	8.59	24.56	8.49	8.49	-

Electricity consumption (GJ)

	2020			2019		
	Total	Inoxidable	HPA	Total	Inoxidable	HPA
Renewable	1,640,998	1,486,799	154,199	0	0	-
Non-renewable	8,370,182	7,936,729	433,453	10,416,846	10,416,846	-
Total	10,011,179	9,423,528	587,652	10,416,846	10,416,846	-

Appendix 1: Additional information

The Environment

Water Withdrawal (m³)

	T O T A L			S T A I N L E S S		H P A	
	Total	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas
2020							
Surface water	8,145,389	4,945,572	3,199,817	4,654,015	3,199,817	291,557	-
Groundwater	0	0	0	0	0	0	-
Seawater	0	0	0	0	0	0	-
Produced water	5,216	5,216	0	5,216	0	0	-
Third-party water	603,114	401,251	201,863	220,560	201,863	180,691	-
Rainwater	296,180	0	296,180	0	296,180	0	-
Total	9,049,899	5,352,039	3,697,860	4,879,791	3,697,860	472,248	0

	T O T A L			S T A I N L E S S		H P A	
	Total	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas
2019							
Surface water	8,879,282	5,162,616	3,716,666	5,162,616	3,716,666	N/A	N/A
Groundwater	0	0	0	0	0	N/A	N/A
Seawater	0	0	0	0	0	N/A	N/A
Produced water	65,340	65,340	0	65,340	0	N/A	N/A
Third-party water	515,649	211,203	304,446	211,203	304,446	N/A	N/A
Rainwater	0	0	0	0	0	N/A	N/A
Total	9,460,271	5,439,159	4,021,112	5,439,159	4,021,112	N/A	N/A



Water discharge (m³)

	T O T A L			S T A I N L E S S		H P A	
	Total	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas
2020							
Surface water	4,183,772	3,810,232	373,540	3,691,638	373,540	118,594	-
Groundwater	0	0	0	0	0	0	-
Seawater	1,221,457	0	1,221,457	0	1,221,457	0	-
Third-party water	169,782	135,222	34,560	0	34,560	135,222	-
Total	5,575,011	3,945,454	1,629,557	3,691,638	1,629,557	253,816	0

	T O T A L			S T A I N L E S S		H P A	
	Total	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas
2019							
Surface water	4,268,513	3,828,404	440,109	3,828,404	440,109	N/A	N/A
Groundwater	0	0	0	0	0	N/A	N/A
Seawater	1,434,018	0	1,434,018	0	1,434,018	N/A	N/A
Agua de terceros	35,500	0	35,500	0	35,500	N/A	N/A
Total	5,738,031	3,828,404	1,909,627	3,828,404	1,909,627	N/A	N/A

Water consumption (m³)

	T O T A L			S T A I N L E S S		H P A	
	Total	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas	Non-water-scarce areas	Water-scarce areas
2020	3,474,888	1,406,585	2,068,303	1,188,153	2,068,303	218,432	0
2019	3,722,240	1,610,755	2,111,485	1,610,755	2,111,485	-	-

Appendix 1: Additional information

Customers and suppliers

Number of Suppliers

	2 0 2 0		2 0 1 9	
Total suppliers	8,255	%	5374	%
Local	5,316	64.39%	3239	60.27%
Non-local	2,939	35.61%	2135	39.73%
Accredited	2,065	25.02%	1782	33.16%
Not accredited	6,190	74.98%	3592	66.84%
New suppliers	647	7.84%	.	.%

Spending on suppliers (€)

	2 0 2 0		2 0 1 9	
Total suppliers	3,870,025,267	%	3,725,000,000	%
Local	1,360,269,431	35.15%	1,453,000,000	39.01%
Non-local	2,509,755,837	64.85%	2,272,000,000	60.99%
Accredited	2,368,929,026	61.21%	.	.%
Not accredited	1,501,096,241	38.79%	.	.%

Contracting terms

Assessment using environmental criteria		%
Total suppliers	2,314	28.04%
New suppliers	237	36.63%
Assessment using social criteria		%
Total suppliers	2,304	27.92%
New suppliers	315	48.69%





Impact on the supply chain.

Assessment of the supplier management model

Assessment using environmental criteria	
Total number of suppliers whose environmental impact has been assessed	211
Total number of suppliers with significant potential and actual environmental impacts	4
Total number of suppliers with significant actual environmental impacts with which improvements have been agreed following the environmental assessment	2
Total number of suppliers with significant actual environmental impacts with which the relationship has been terminated as a result of the environmental assessment	1
Total percentage of suppliers with significant actual and potential negative environmental impacts with which improvements have been agreed following the environmental assessment	50.00%
Total percentage of suppliers with actual and potential impacts with which the relationship has been terminated as a result of the environmental assessment	25.00%

Assessment using social criteria	
Total number of active suppliers whose social impact has been assessed	32
Total number of active suppliers with significant potential and actual negative social impacts	0
Total number of active suppliers with significant actual social impacts with which improvements have been agreed following the social assessment	0
Total number of active suppliers with significant actual social impacts with which the relationship has been terminated as a result of the social assessment	0
Total percentage of active suppliers with significant actual and potential negative social impacts with which improvements have been agreed following the social assessment	-
Total percentage of active suppliers with actual and potential impacts with which the relationship has been terminated as a result of the social assessment	-



Appendix 1: Additional information

Health and Safety

Own employees accident rate

	2 0 2 0			2 0 1 9		
	Hombres	Mujeres	Total	Hombres	Mujeres	Total
Hours worked	12,255,303	1,695,378	13,950,680	11,032,648	1,419,807	12,452,455
Total accidents	219	6	225	205	6	211
Fatalities	0	0	0	0	0	0
Accidents with sick leave	116	2	118	114	2	116
TRIFR	3.57	0.71	3.23	.	.	.
LTIFR	1.89	0.24	1.69	2.07	0.28	1.86
Hours of absenteeism*	511,466	54,834	566,300	141,280	7,632	148,912
Absenteeism rate (%)	4.17%	3.23%	4.06%	6.72%	4.96%	6.55%
Work-related illnesses	0	0	0	1	0	1
Fatalities from work-related illnesses	0	0	0	0	0	0

*Includes the number of hours of absenteeism caused by sick leave due to an occupational accident, non-work-related illness, unjustified causes, in itinere accidents and strikes. The scope of the report has increased compared to 2019 due to the inclusion of VDM, service centres and offices.

TRIFR: (No. of accidents recorded / No. of hours worked) * 200,000.

LTIFR: (No. of accidents with sick leave / No. of hours worked) * 200,000.

Contractors accident rate

	2 0 2 0		
	Hombres	Mujeres	Total
Hours worked	1,603,527	381,683	1,985,210
Total accidents	105	3	108
Fatalities	0	0	0
Accidents with sick leave	50	1	51
TRIFR x 200.000	13.10	1.57	10.88
LTIFR x 200.000	6.24	0.52	5.14
Absenteeism rate (%) *	2.54%	0.06%	2.06%
Work-related illnesses	0	0	0
Fatalities from work-related illnesses	0	0	0



Employees covered by occupational health and safety management systems

	2020	2019
Number of employees covered by a health and safety management system	6,705	3,683
Percentage of employees covered by a health and safety management system	82.99%	62.00%

Workforce

Average number of employees in 2020

Acerinox Europa	Acerinox S.A.	Bahru	Columbus	Inoxfil	NAS	Roldán	VDM	Subsidiaries & Service Centres
1,816	76	544	1,280	107	1,448	382	1,859	744

Number of employees by type of contract and gender

		2020	2019
Permanent contract	Men	7,012	5,292
	Women	1,015	636
	Total	8,027	5,928
Temporary contract	Men	141	32
	Women	27	17
	Total	168	49
Total		8,195	5,977

Number of employees by type of working day and gender

		2020	2019
Full-time	Men	7,138	5,291
	Women	987	637
	Total	8,125	5,928
Part-time	Men	15	33
	Women	55	16
	Total	70	49
Total		8,195	5,977

Appendix 1: Additional information

Number of employees by age group and gender

		2020	2019
<30	Men	926	817
	Women	169	133
	Total	1,095	950
30-50	Men	4,169	3,276
	Women	625	404
	Total	4,794	3,680
>50	Men	2,060	1,231
	Women	246	116
	Total	2,306	1,347
Total		8,195	5,977

Número de empleados por categoría laboral y género

		2020
Director	Men	24
	Women	4
	Total	28
Manager	Men	242
	Women	43
	Total	285
Analyst	Men	580
	Women	181
	Total	761
Specialist	Men	337
	Women	135
	Total	472
Administrative staff	Men	627
	Women	480
	Total	1,107
Operator	Men	5,345
	Women	197
	Total	5,542
Total		8,195

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.



Number of employees by contract type and age group

		2020	2019
Permanent contract	<30	1,011	868
	30-50	4,714	3,610
	>50	2,301	1,346
	Total	8,026	5,824
Temporary contract	<30	84	82
	30-50	80	70
	>50	5	1
	Total	169	153
Total		8,195	5,977

Number of employees by type of working day and age group

		2020	2019
Full-time	<30	1,093	931
	30-50	4,744	3,662
	>50	2,287	1,343
	Total	8,124	5,936
Part-time	<30	2	19
	30-50	50	18
	>50	19	4
	Total	71	41
Total		8,195	5,977

Appendix 1: Additional information

Number of employees by contract type and professional category

		2020
Permanent contract	Director	28
	Manager	284
	Analyst	755
	Specialist	464
	Administrative staff	1,088
	Operator	5,407
	Total	8,026
Temporary contract	Director	0
	Manager	1
	Analyst	6
	Specialist	8
	Administrative staff	19
	Operator	135
	Total	169
Total		8,195

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.

Number of employees by type of working day and professional category

		2020
Full-time	Director	28
	Manager	284
	Analyst	760
	Specialist	468
	Administrative staff	1,060
	Operario	5,524
	Total	8,124
Part-time	Director	0
	Manager	1
	Analyst	2
	Specialist	4
	Administrative staff	46
	Operator	18
	Total	71
Total		8,195

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.



Employment

New hires by age group and gender

		2020	2019
<30	Men	243	282
	Women	37	39
	Total	280	321
30-50	Men	215	209
	Women	55	39
	Total	270	248
>50	Men	16	7
	Women	2	2
	Total	18	9
Total		568	578

Rate of hires

		2020	2019
<30	Men	26.24%	34.52%
	Women	21.89%	29.32%
	Total	25.57%	30.79%
30-50	Men	5.16%	6.38%
	Women	8.80%	9.65%
	Total	5.63%	6.74%
>50	Men	0.78%	0.57%
	Women	0.81%	1.72%
	Total	0.78%	0.67%
Total		6.93%	9.67%

Appendix 1: Additional information

Voluntary departures by age group and gender

		2020	2019
<30	Men	84	111
	Women	11	14
	Total	95	125
30-50	Men	113	111
	Women	21	9
	Total	134	120
>50	Men	41	18
	Women	8	3
	Total	49	21
Total		278	266

Staff turnover rate

		2020	2019
<30	Men	9.07%	13.59%
	Women	6.51%	10.53%
	Total	8.68%	13.16%
30-50	Men	2.71%	3.39%
	Women	3.36%	2.23%
	Total	2.80%	3.26%
>50	Men	1.99%	1.46%
	Women	3.25%	2.59%
	Total	2.12%	1.56%
Total		3.39%	4.45%

Layoffs

Number of layoffs by professional category and gender

		2020
Director	Men	0
	Women	0
	Total	0
Manager	Men	1
	Women	1
	Total	2
Analyst	Men	6
	Women	0
	Total	6
Specialist	Men	7
	Women	1
	Total	8
Administrative staff	Men	3
	Women	9
	Total	12
Operator	Men	124
	Women	4
	Total	128
Total		156

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.

Number of layoffs by age group and gender

		2020	2019
<30	Men	20	71
	Women	4	11
	Total	24	82
30-50	Men	51	93
	Women	6	3
	Total	57	96
>50	Men	70	25
	Women	5	1
	Total	75	26
Total		156	204

Appendix 1: Additional information

Training and performance

Number of employees trained

		2020
Director	Men	7
	Women	3
	Total	10
Manager	Men	163
	Women	36
	Total	199
Analyst	Men	445
	Women	135
	Total	580
Specialist	Men	221
	Women	71
	Total	292
Administrative staff	Men	359
	Women	227
	Total	586
Operator	Men	3,624
	Women	129
	Total	3,753
Total		5,420

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.

Hours of training

		2020
Director	Men	41
	Women	40
	Total	81
Manager	Men	3,529
	Women	747
	Total	4,276
Analyst	Men	9,963
	Women	2,261
	Total	12,225
Specialist	Men	3,484
	Women	930
	Total	4,414
Administrative staff	Men	6,905
	Women	5,493
	Total	12,398
Operator	Men	363,830
	Women	12,128
	Total	375,958
Total		409,352

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.



Hours of training by employee

		2020
Director	Men	1.7
	Women	10.0
	Total	2.9
Manager	Men	14.6
	Women	17.4
	Total	15.0
Analyst	Men	17.2
	Women	12.5
	Total	16.1
Specialist	Men	10.3
	Women	6.9
	Total	9.4
Administrative staff	Men	11.0
	Women	11.4
	Total	11.2
Operator	Men	68.1
	Women	61.6
	Total	67.8
Total		50.0

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.

Number of employees who received a performance appraisal

		2020
Director	Men	7
	Women	4
	Total	11
Manager	Men	110
	Women	31
	Total	141
Analyst	Men	294
	Women	118
	Total	412
Specialist	Men	140
	Women	54
	Total	194
Administrative staff	Men	264
	Women	190
	Total	454
Operator	Men	1,268
	Women	67
	Total	1,335
Total		2,547

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.

Appendix 1: Additional information

% of the workforce subject to a performance appraisal

		2020
Director	Hombres	29.27%
	Mujeres	100.00%
	Total	39.29%
Manager	Hombres	48.67%
	Mujeres	75.61%
	Total	52.81%
Analyst	Hombres	53.65%
	Mujeres	70.66%
	Total	57.62%
Specialist	Hombres	49.47%
	Mujeres	51.92%
	Total	50.13%
Administrative staff	Hombres	43.85%
	Mujeres	46.80%
	Total	45.04%
Operator	Hombres	24.24%
	Mujeres	34.36%
	Total	24.60%
Total		32.52%

* New professional categories were established in 2020, increasing from the five represented in 2019 to the current six.

Benefits for employees

Parental leave

		2020	2019
Employees who had the right to parental leave	Men	6,253	4856
	Women	804	625
	Total	7,057	5481
Employees who used their right to parental leave	Men	251	222
	Women	48	37
	Total	299	259
Employees who returned to work after their parental leave ended	Men	250	222
	Women	37	37
	Total	287	259
Employees who returned to work after their parental leave and who were still employees 12 months after returning to work	Men	186	221
	Women	35	37
	Total	221	258



Collective bargaining agreements

	2020		2019	
Acerinox Europa	1,809	100%	1,934	92%
Acerinox S.A.*	69	100%	207	100%
Bahru Stainless	235	53%	571	60%
Service Centres	166	100%	-	-%
Columbus Stainless	693	55%	1,289	54%
Inoxfil	106	100%	107	100%
North American Stainless	NA	NA	NA	NA
Roldán	382	100%	375	99%
VDM	1,635	87%	-	-%

* The 207 Acerinox, S.A. employees in 2019 are broken down into Acerinox, S.A. and service centres in 2020.

Return-to-work and retention rate

		2020	2019
Return-to-work rate	Men	99.60%	100%
	Women	77.08%	100%
	Total	95.99%	100%
Employee retention rate	Men	94.44%	100%
	Women	84.38%	100%
	Total	93.15%	100%

% of workforce with access to

	2020	2019
Life insurance	65%	81%
Medical insurance	47%	100%
Disability coverage	97%	100%
Pension fund	65%	58%
Transport compensation	58%	61%
Study scholarships for workers / workers' children	50%	61%
Disability allowances	26%	67%
Family death aid	38%	-%
School / Nursery aid	26%	-%
Food aid	43%	-%
Ownership interest in the company	0%	-%

Contractors

Number of contractors

	2020
Total workforce	
Men	6,981
Women	1,890
Total	8,871

Appendix 1: Additional information

Remuneration and salary gap **

Average remuneration by professional category (€)

	2020
Director	331,544 €
Manager	121,361 €
Analyst	62,430 €
Specialist	47,838 €
Administrative staff	48,674 €
Operator	44,050 €

* New professional categories were established in 2020.

Average remuneration by age group (€)

	2020	2019
<30	36,702 €	35,142
30-50	47,444 €	40,925
>50	59,871 €	48,673

Average remuneration by gender (€)

	2020
Hombre	50,048 €
Mujer	46,072 €

Salary gap by professional category (%)

	2020
Director	-1.84%
Manager	20.36%
Analista	10.09%
Especialista	15.15%
Administrativo	-1.85%
Operario	23.25%

* New professional categories were established in 2020.

**The scope of the remuneration and salary gap data covers 99% of the workforce.



**Average basic salary (€)**

	Men	Women
Director	160,487 €	124,103 €
Manager	98,219 €	75,449 €
Analyst	49,469 €	48,782 €
Specialist	43,828 €	36,337 €
Administrative staff	31,990 €	33,746 €
Operator	21,006 €	16,742 €

* New professional categories were established in 2020.

Ratio of female/male basic salary by professional category

	2020*
Director	0.84
Manager	0.83
Analyst	0.90
Specialist	0.86
Administrative staff	1.08
Operator	0.81

* New professional categories were established in 2020.

**The scope of the remuneration and salary gap data covers 99% of the workforce.



Appendix 2 - GRI content table

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	18-27	✓
	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	18-27	✓
	102-5 Ownership and legal form	18-27	✓
	102-6 Markets served	28-29	✓
	102-7 Scale of the organisation	28-29	✓
	102-8 Information on employees and other workers	110-115	✓
	102-9 Supply chain	144-145	✓
	102-10 Significant changes to the organisation and its supply chain	144-145	✓
	102-11 Precautionary principle or approach	120	✓
	102-12 External initiatives	15	✓
	102-13 Membership of associations	152-153	✓
Strategy	102-14 Statement from senior decision-maker	https://www.acerinox.com/opencms901/export/sites/acerinox/.content/galerias/galeria-descargas/CEOs-speech-during-the-Shareholders-General-Meeting-2020.pdf	✓
	102-15 Key impacts, risks, and opportunities	94-96	✓
Ethics and integrity	102-16 Values, principles, standards, and norms of behaviour	88-93	✓
Governance	102-18 Governance structure	69-75	✓
Stakeholder engagement	102-40 List of stakeholder groups	82-83	✓
	102-41 Collective bargaining agreements	110-111	✓
	102-42 Identifying and selecting stakeholders	82-83	✓
	102-43 Approach to stakeholder engagement	82-83	✓
	102-44 Key topics and concerns raised	82-83	✓



GRI Standard	Disclosure	Page/Reference	External assurance
Reporting practice	102-45 Entities included in the consolidated financial statements	18-27	✓
	102-46 Defining report content and topic boundaries	82-83	✓
	102-47 List of material topics	82-83	✓
	102-48 Restatements of information	Amended data from prior years includes an explanatory note	✓
	102-49 Changes in reporting	In 2020 Acerinox integrated the sustainability report, the management report and the non-financial information report into a single report.	✓
	102-50 Reporting period	2020 calendar year (1 January to 31 December	✓
	102-51 Date of most recent report	2020)	✓
	102-52 Reporting cycle	2019 calendar year (1 January to 31 December	✓
	102-53 Contact point for questions regarding the report	2019)	✓
	102-54 Claims of reporting in accordance with the GRI Standards	The reporting cycle is annual.	✓
	102-55 GRI content index	inigo.rodriquez@acerinox.com	✓
Economic performance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	148	✓
	201-4 Financial assistance received from government	155	✓

Appendix 2 - GRI content table

GRI Standard	Disclosure	Page/Reference	External assurance
Indirect economic impacts			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	148-151	✓
	203-2 Significant indirect economic impacts	148-151	✓
Procurement practices			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	162	✓
Anti-corruption			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	All employees of the Group must comply with the anti-corruption guidelines. Furthermore, Acerinox endorses the United Nations Global Compact.	✓
	205-2 Communication and training about anti-corruption policies and procedures	93	✓
	205-3 Confirmed incidents of corruption and actions taken	In 2020 no significant incidents of corruption were reported.	✓
Anti-competitive behaviour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In 2020 no significant legal action concerning anti-competitive behaviour, anti-trust, and monopoly practices was taken.	✓
Tax			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓



GRI Standard	Disclosure	Page/Reference	External assurance
GRI 207: Tax 2019	207-1 Approach to tax	154-155	✓
	207-2 Tax governance, control and risk management 207-3 Stakeholder engagement and management concerns related to tax 207-4 Country-by-country reporting	154-155	✓
	Materials		
	GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83
103-2 The management approach and its components		82-83	✓
103-3 Evaluation of the management approach		82-83	✓
GRI 301: Materials 2016	301-1 Materials used by weight or volume	158	✓
	301-2 Recycled input materials used	158	✓
Energy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	159	✓
	302-3 Energy intensity	159	✓
	302-4 Reduction of energy consumption	128-129	✓
Water			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	130-133	✓
	303-2 Management of water discharge-related impacts	130-133	✓
	303-3 Water withdrawal	160-161	✓
	303-4 Water discharge	160-161	✓
	303-5 Water consumption	160-161	✓
Biodiversity			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 304: Biodiversity 2016	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	✓
	304-3 Habitats protected or restored	133	✓

Appendix 2 - GRI content table

GRI Standard	Disclosure	Page/Reference	External assurance
Emissions and climate change			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	158-159	✓
	305-2 Energy indirect (Scope 2) GHG emissions	158-159	✓
	305-4 GHG emissions intensity	158-159	✓
	305-5 Reduction of GHG emissions	126-129	✓
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	158-159	✓
Effluents and waste			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	158	✓
	306-3 Significant spills	In 2020 no significant spillageswererecorded	✓
Environmental compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	In 2020 no significant sanctionswererecorded	✓
Supplier environmental assessment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	162-163	✓
	308-2 Negative environmental impacts in the supply chain and actions taken	162-163	✓



GRI Standard	Disclosure	Page/Reference	External assurance
Employment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	165-171	✓
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	174-175	✓
	401-3 Parental leave	174-175	✓
Labour/Management relations			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 402: Labour/Management relations 2016	402-1 Minimum notice periods regarding operational changes	Minimum notice periods are in accordance with current legislation and the steel industry collective agreement.	✓
Occupational health and safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	107 y 116	✓
	403-2 Hazard identification, risk assessment, and incident investigation	116-117	✓
	403-3 Occupational health services	116-117	✓
	403-4 Worker participation, consultation, and communication on occupational health and safety	116-117	✓
	403-5 Worker training on occupational health and safety	116-117	✓
	403-6 Promotion of worker health	116-117	✓
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	107	✓
	403-8 Workers covered by an occupational health and safety management system	165	✓

Appendix 2 - GRI content table

GRI Standard	Disclosure	Page/Reference	External assurance
Training and education			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	173	✓
	404-2 Programmes for upgrading employee skills and transition assistance programmes	174	✓
	404-3 Percentage of employees receiving regular performance and career development reviews	174-175	✓
Diversity and equal opportunity			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	69-75	✓
	405-2 Ratio of basic salary and remuneration of women to men	176-177	✓
Non-discrimination			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2020 no significant incidents of discrimination were reported.	✓
Freedom of association and collective bargaining			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
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 2020, the Acerinox Group did not record any operations or suppliers whose right to freedom of association and collective bargaining was at risk.	✓



GRI Standard	Disclosure	Page/Reference	External assurance
Child labour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	In 2020, the Acerinox Group did not record any operations or suppliers with significant risk of cases of child labour. All Acerinox Group companies support the abolition of child labour. Acerinox is a signatory of the United Nations Global Compact.	✓
Forced or compulsory labour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	In 2020, 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. Acerinox is a signatory of the United Nations Global Compact.	✓
Local communities			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	148-151	✓
Supplier social assessment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	162-163	✓
	414-2 Negative social impacts in the supply chain and actions taken	162-163	✓

Appendix 2 - GRI content table

GRI Standard	Disclosure	Page/Reference	External assurance
Customer health and safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	107	✓
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2020 no significant incidents concerning the health and safety impacts of products and services categories were recorded.	✓
Customer privacy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020, 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	82-83	✓
	103-2 The management approach and its components	82-83	✓
	103-3 Evaluation of the management approach	82-83	✓
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	In 2020, no significant sanctions or non-monetary sanctions were received for non-compliance with social or economic laws or regulations.	✓



Appendix 3 - Statement of non-financial information content table

Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
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	18-27 ; 28-29
Geographical presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	18-27 ; 28-29
Objectives and strategies of the organisation	102-14 Statement from senior decision-maker	https://www.acerinox.com/opencms901/export/sites/acerinox/.content/galerias/galeria-descargas/Discurso-del-Consejero-Delgado-durante-la-Junta-de-Accionistas2020.pdf
Main factors and trends that may affect its future development	102-15 Key impacts, risks, and opportunities	94-97
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 Materiality sections	102-54 Claims of reporting in accordance with the GRI Standards 102-46 and 102-47	This report has been prepared in accordance with the essential option of the GRI standards.
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	82-83; 120
The results of these policies, which must include relevant non-financial key performance indicators that allow for the monitoring and evaluation of the progress made and that 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	82-83; 121-133; 158-161
The main risks related to these issues linked 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	94-97
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	94-97



Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
Environmental evaluation and certification procedures	103-2 The management approach and its components	82-83; 120
Resources dedicated to the prevention of environmental risks	Note 8 of the Group's financial statements	
Application of the precautionary principle	102-11 Precautionary principle or approach	120
Number of provisions and guarantees for environmental risks	Note 8 of the Group's financial statements	
Pollution		
Measures to prevent, reduce or remedy 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	82-83; 121-133
Circular Economy and Waste Prevention and Management		
Measures regarding prevention, recycling, reuse, other forms of recovery and disposal of waste Actions to combat food waste.	103-2 The management approach and its components 306-1: Water discharge by quality and destination 306-2 Materials used by weight or volume	82-83; 121-125
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	130-133 ; 160 -161
Consumption of raw materials and the measures adopted to improve the efficiency of their use	301-1 Materials used by weight or volume	130-133 ; 160 -161
Direct and indirect energy consumption	103-2 The management approach and its components 302-1 Energy consumption within the organisation	82-83; 159
Measures implemented to improve energy efficiency	103-2 The management approach and its components 302-4 Reduction of energy consumption	82-83; 128-129
Use of renewable energies	302-1 Energy consumption within the organisation	128-129; 159

Appendix 3 - Statement of non-financial information content table

Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
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	158-159
Measures adopted to adapt to the consequences of climate change.	103-2 The management approach and its components	126-127
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	126-129
Protecting Biodiversity		
Measures implemented to preserve or restore biodiversity.	304-2 Significant impacts of activities, products and services on biodiversity.	Las actividades y operaciones realizadas por Acerinox, no tienen influencia directa sobre la biodiversidad y áreas protegidas.
Impacts caused by activities or operations in protected areas.	304-2 Significant impacts of activities, products and services on biodiversity.	
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	82-83; 110-117
The results of these policies, which must include relevant non-financial key performance indicators that allow for the monitoring and evaluation of the progress made and that 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	82-83; 164-177
The main risks related to these issues linked 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	94-97



Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
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	110-115; 165-177
Total number and distribution of employment contract types, annual average of permanent, temporary and part-time contracts by gender, age and professional category	102-8 Information on employees and other workers	110-115; 165-177
Number of dismissals by gender, age and professional classification	103-2 The management approach and its components	82-83; 171
Average remunerations and their evolution broken down by gender, age and professional category or equal value	405-2 Ratio of basic salary and remuneration of women to men 103-2 The management approach and its components	176-177
Salary gap, the remuneration of equal job positions and the company's average	405-2 Ratio of basic salary and remuneration of women to men	111; 176-177
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	111; 176-177
Implementation of policies on the disconnection from work during non-work hours	Acerinox does not have specific measures related to disconnecting from work beyond those established in collective bargaining agreements and agreements reached with employees	
Disabled employees	405-1 Diversity of governance bodies and employees	115
Work organisation		
Organisation of the working schedule	103-2 The management approach and its components	110-111
Number of hours of absenteeism	403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	116-117
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	174-175
Health and safety		
Occupational health and safety conditions	403-3 Workers with high incidence or high risk of diseases related to their occupation	116-117
Accidents at work, in particular their frequency and severity, as well as occupational illnesses; broken down by gender.	403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	116-117

Appendix 3 - Statement of non-financial information content table

Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
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	110-111
Percentage of employees covered by collective bargaining agreements	102-41 Collective bargaining agreements	175
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 (2018 version)	116-117
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	82-83; 91; 111-114
Total number of hours of training by professional category	404-1 Average hours of training per year per employee	173
Universal accessibility for people with disabilities		
Universal accessibility for people with disabilities	103-2 The management approach and its components	82-83
Equality		
Measures adopted to promote equal treatment and opportunities between men and women	103-2 The management approach and its components	82-83; 111-114
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	82-83; 111-114
The policy against all types of discrimination and, where appropriate, management of diversity	103-2 The management approach and its components	82-83; 111-114
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	82-83; 86; 92; 145



Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
The results of these policies, which must include relevant non-financial key performance indicators that allow for the monitoring and evaluation of the progress made and that 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	82-83; 86; 92; 145
The main risks related to these issues linked 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	94-97
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 remedy 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	88-93
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	
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 at significant risk for incidents of forced or compulsory labour	

Appendix 3 - Statement of non-financial information content table

Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
Fight against corruption and 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	82-83; 93
The results of these policies, which must include relevant non-financial key performance indicators that allow for the monitoring and evaluation of the progress made and that 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	82-83; 93
The main risks related to these issues linked 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	94-97
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 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	88-93
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	82-83; 93
Contributions to foundations and not-for-profit entities	102-13 Membership of associations 201-1 Direct economic value generated and distributed	152-153



Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
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	82-83; 94-97
The results of these policies, which must include relevant non-financial key performance indicators that allow for the monitoring and evaluation of the progress made and that 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	82-83; 94-97
The main risks related to these issues linked 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	94-97
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	82-83; 100-107
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	162; 148-151
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	82-83; 100-107
Association or sponsorship actions	103-2 The management approach and its components	82-83; 152-153

Appendix 3 - Statement of non-financial information content table

Information required by the Law on Non-Financial Information	Associated reporting criteria (GRI Standard)	Page / Ref.
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	82-83; 91
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	144-145
Supervision and audits systems and the results thereof	102-9 Supply chain 308-2 Negative environmental impacts in the supply chain and actions taken 414-2 Negative social impacts in the supply chain and actions taken	144-145
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	
Complaint systems, complaints received and their resolution	103-2 The management approach and its components 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Tax Information		
Profits obtained by country	207-4 Country-by-country reporting	154-155
Income tax paid	207-4 Country-by-country reporting	154-155
Public subsidies received	201-4 Financial assistance received from government.	144-145



Appendix 4: principles of the global compact

Human Rights



1

“Businesses should support and respect the protection of internationally proclaimed human rights”.

2

“Businesses should make sure that they are not complicit in human rights abuses”

- **Point 5.4 Ethics and compliance** - Protection of Human Rights
- **Table in APPENDIX 3** - STATEMENT OF NON-FINANCIAL INFORMATION CONTENT TABLE

Relation with SDG



Environment



7

“Businesses should support a precautionary approach to environmental challenges”

8

“Businesses should undertake initiatives to promote greater environmental responsibility”

9

“Businesses should encourage the development and diffusion of environmentally friendly technologies”

- **Point 1.2** About us
- **Point 8** Committed to the Environment
- **Point 8.1** Circular economy
- **Table in APPENDIX 3** - STATEMENT OF NON-FINANCIAL INFORMATION CONTENT TABLE

Relation with SDG



Working standards



3

“Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining”

- **Table in APPENDIX 2** - GRI CONTENT TABLE

4

“Businesses should uphold the elimination of all forms of forced and compulsory labour”

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Point 5.4** Ethics and compliance - Code of conduct

5

“Businesses should uphold the effective abolition of child labour”

- **Table in APPENDIX 3** - STATEMENT OF NON-FINANCIAL INFORMATION CONTENT TABLE
- **Point 5.4 Ethics and compliance** - Code of conduct

6

“Businesses should uphold the elimination of discrimination in respect of employment and occupation”

- **7.2 A diversity that enriches**
- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Table in APPENDIX 3** - STATEMENT OF NON-FINANCIAL INFORMATION CONTENT TABLE

Relation with SDG



Anti-corruption



10

10. “Businesses should work against corruption in all its forms, including extortion and bribery”

- **Point 5.4 Ethics and compliance.**
- Fight against corruption and bribery

Relation with SDG



Appendix 5 - Sustainable development goals

Evidencias en el informe



>> Goal 1: No poverty

- **Point 11** Committed to the community
- **11.1** Social action



>> Goal 2: Zero Hunger

- **Point 11** Committed to the community
- **11.1** Social action



>> Goal 3: Good health and well-being

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Point 7.1** Generating stable and high-quality employment
- **7.3** Health & Safety
- **Point 11** Committed to the community
- **11.1** Social action



>> Goal 4: Quality education

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Point 11** Committed to the community
- **11.1 Social action** - Collaborating with educational institutions



>> Goal 5: Gender equality

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Point 7.1** Generating stable and high-quality employment
- **7.2** A diversity that enriches



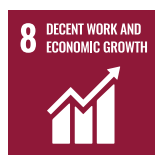
>> Goal 6: Clean water and sanitation

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Point 8** COMMITTED TO THE ENVIRONMENT
- **Point 8.3** Water consumption management



>> Goal 7: Affordable and clean energy

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Point 8** COMMITTED TO THE ENVIRONMENT
- **Point 8.2** Climate change and energy



>> Goal 8: Decent work and economic growth

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **Point 11** Committed to the community
- **11.1** Social action



>> Goal 9: Industry, innovation and infrastructure

- **Table in APPENDIX 2** - GRI CONTENT TABLE
- **9.** COMMITTED TO INNOVATION
- **9.1** Innovation strategy



- » **Goal 10:** Reduced inequalities
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 7.1** Generating stable and high-quality employment
 - **7.2** A diversity that enriches



- » **Goal 11:** Sustainable cities and communities
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 11** Committed to the community
 - **11.1** Social action



- » **Goal 12:** Responsible consumption and production
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 11** Committed to the community
 - **11.1** Social action



- » **Goal 13:** Climate action
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 8** COMMITTED TO THE ENVIRONMENT
 - **Point 8.2** Climate change and energy



- » **Goal 14:** Life below water
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 8** COMMITTED TO THE ENVIRONMENT
 - **Point 8.3** Water consumption management
 - **Point 11** Committed to the community
 - **11.1** Social action



- » **Goal 15:** Life on land
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 8** COMMITTED TO THE ENVIRONMENT



- » **Goal 16:** Peace, justice and strong institutions
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 11** Committed to the community
 - **11.1** Social action



- » **Goal 17:** Partnerships for the goals
- **Table in APPENDIX 2 - GRI CONTENT TABLE**
 - **Point 10** Committed to the community
 - **11.2 & 11.3** Social action - Collaborating with educational institutions
 - Collaborating with associations



Annual Integrated Report

2020