



**REPORT ON THE PROPOSED  
RESOLUTIONS TO THE GENERAL  
SHAREHOLDERS' MEETING TO  
COMPLY WITH THE SECOND CYCLE  
(2022-2024) OF THE SECOND  
MULTIANNUAL REMUNERATION  
PLAN**

**Madrid, 25 February 2021**

## **REPORT ON THE PROPOSED RESOLUTIONS TO THE GENERAL SHAREHOLDERS' MEETING TO COMPLY WITH THE SECOND CYCLE (2022-2024) OF THE SECOND MULTIANNUAL REMUNERATION PLAN**

### Proposed resolution prepared by the Board of Directors to be submitted to the General Shareholders' Meeting:

Authorisation to the Board of Directors for the acquisition of shares of ACERINOX, S.A. for the payment of the Second Cycle (2022-2024) of the Second Multiannual Remuneration Plan or Long Term Incentive Plan (LTI) established for Executive Directors and the remaining members of the Group's Senior Management.

The General Shareholders' Meeting held in 2020 approved an incentive consisting of a Second Multiannual Remuneration Plan, each of whose phases or cycles began in the years 2021, 2022 and 2023, and with a duration of three years, respectively, from the beginning of each one thereof.

The General Shareholders' Meeting authorised the Board of Directors in 2018 and 2019 to acquire the Acerinox, S.A. shares necessary to proceed with the payment of the Plan corresponding to the first of these cycles.

Since the second cycle started in 2022, it is necessary to provide the Board of Directors with the same powers to acquire the shares necessary to proceed with the payment.

For a better understanding of the proposal and transparency, points 1 to 4 summarize the characteristics of the Second Plan already approved at the General Shareholders' Meeting held on 22 October 2020 and the Proposed Agreement specify the authorization requested, and the number of actions on which this Second Cycle of the Second Plan is planned.

**1.- Duration:** The LTI has three cycles lasting three years each. The First Cycle of the Plan spans from 1 January 2021 to 31 December 2023. The Second Cycle began on 1 January 2022 and will end on 31 December 2024, and the Third Cycle began on 1 January 2023 and will end on 31 December 2025.

**2.- Purpose:** The Long-Term Incentive (LTI) will allow Senior Managers, and also the Executive Director ("the Beneficiaries"), to receive an incentive payable in shares of Acerinox, S.A. for a *target* figure of between 30% and 50% of the basic salary and with a total personal maximum of 200% of the respective target.

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**3.- Implementation:** The LTI is implemented through the allocation to each Beneficiary of a certain theoretical number of shares ("Performance Shares"). To calculate this theoretical number of shares, the Acerinox S.A. shares will be valued at the market price they held in the 30 trading days prior to the commencement of the Plan. That number of Performance Shares shall serve as the basis for determining the actual number of shares of Acerinox, S.A. to distribute, where applicable, to the Beneficiary at the end of each cycle, depending on the degree of fulfilment of the objectives and subject to compliance with the requirements set out in the Regulations that govern each Plan.

**4. Calculation. Metrics:** Determination of the LTI to be received. The total number of shares to be distributed on the Settlement Date for each cycle, if the established requirements are met, will be determined on the Calculation Date in accordance with the following formula:

$$\text{Final Incentive} = \text{Target Incentive} \times \text{Weighted Achievement Coefficient}$$

Where:

Final Incentive = number of shares of the Company, rounded by default to the nearest whole number, to distribute to each Beneficiary on the Plan Termination Date, according to the procedure stipulated in the Regulation.

Target Incentive = number of Performance Shares assigned to the Beneficiary.

Weighted Achievement Coefficient = Coefficient dependent on the level of fulfilment of the objectives to which the Plan is linked and which will be determined in accordance with the Regulation.

Metrics: The Weighted Achievement Coefficient will depend on the degree of fulfilment of the objectives to which the Plan for each cycle is linked. The achievement of the objectives will be measured through identifiable and quantifiable parameters, called Metrics (the "Metrics"). The Plan's Metrics will always be aligned with the Strategic Plan of the Company. For this reason, the Metrics may vary in each cycle depending on the Company's strategic priorities set at the beginning of each period.

These metrics are:

(i) The Total Shareholder Return (TSR): This Metric makes up 75% of the Weighted Achievement Coefficient. At the end of each cycle, the TSR will be calculated for Acerinox and each of the companies in the Reference Group, which will be composed of the companies listed in the IBEX 35 Index, that are listed in

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the regulations of each Plan. The companies of this Reference Group, including Acerinox, will be ordered from the highest to the lowest according the corresponding TSR for each company.

The payment coefficient for the position Acerinox occupies in the ranking will be determined below. For each position in the ranking, there is a corresponding payment coefficient, ranging from 0% to 200% of the Target Incentive, according to the following scale:

For a lower than average position in the Reference Group, the payment coefficient will be 0% of the Target Incentive.

For an average position in the Reference Group (15<sup>th</sup> position in the ranking) ("minimum compliance level"), the payment coefficient will be 50% of the Target Incentive.

For a position equal to or greater than the 75<sup>th</sup> percentile of the Reference Group (8<sup>th</sup> position in the ranking) ("maximum compliance level"), the payment coefficient will be 200% of Target Incentive.

For intermediate positions between the average and the 75<sup>th</sup> percentile of the Reference Group, the payment coefficient will be calculated by linear interpolation.

For the calculation of the Initial Value and the Final Value of the share price concerned, the trading references in the main stock market will be used.

The companies used as a reference in this metric are: Acciona, ACS, Aena, Almirall, Amadeus IT Group, ArcelorMittal, Cellnex Telecom, Cie Automotive, Colonial, Enagas, Ence, Endesa, Ferrovial, Grifols, IAG, Iberdrola, Inditex, Indra, Mapfre, Masmovil, Meliá Hotels, Merlin Properties, Naturgy, Red Eléctrica, Repsol, Siemens Gamesa, Telefónica y Viscofan.

(ii) Return on Equity ("ROE"): This Metric makes up 25% of the Weighted Achievement Coefficient. For these purposes, ROE is understood to be the ratio of "(Net Profit – minorities) / equity". At the end of each cycle, the ROE will be calculated for Acerinox and each of the companies in the Reference Group, which will be composed of the following companies: Aperam, Arcelormittal, Outokumpu, Salzgitter, SSAB, AK Steel and Voestalpine. The companies of this Reference Group, including Acerinox, will be ordered from the highest to the lowest according their corresponding ROE.

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The payment coefficient for the position Acerinox occupies in the ranking will be determined below. For each position in the ranking, there is a corresponding payment coefficient, ranging from 0% to 200% of the Target Incentive.

The shares finally received by the Beneficiary shall be as follows:

Share Incentive = Final Incentive x (1 - Withholding Tax Rate).

Where:

Share Incentive = Shares to be distributed after applying Personal Income Tax.

Final Incentive = Final Incentive.

Withholding Tax Rate = Rate of tax withheld as Personal Income Tax corresponding to the Beneficiary in accordance with the applicable legislation on Personal Income Tax.

The shares received by means of this Plan will be fully paid, admitted to trading and free from any charge or tax.

The Beneficiaries will be subject to the limitation that includes the obligation to retain the received shares (net of any corresponding payment of Personal Income Tax) for a period of one year from the date of receipt. After that period has passed, the shares will be freely disposable.

### PROPOSAL FOR AGREEMENT TO BE SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING:

#### **A) Second Cycle of the Second Multiannual Plan**

Authorize the Board of Directors of the Company to acquire shares of Acerinox, S.A. for the payment of the Second Cycle (2022-2024) of the Second Multiannual Remuneration Plan, or Long-Term Incentive (ILP) for the period 2021-2025 directed established in favour of the Executive Directors and Senior Management Staff of the Acerinox Group.

Since this Second Cycle begins in 2022 it is necessary to give the Board of Directors the power to acquire the necessary shares to proceed with the payment.

The regulation of this Second Cycle of the Second Plan is as indicated in points 1 to 4 above of this same report.

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**B.- Maximum number of shares on which this Second Cycle (2022/2024) of the Second Plan is based.**

The maximum number of shares to be delivered in execution of this First Cycle of the Second Plan will be calculated by dividing 3,500,000 between the average share price value of Acerinox, S.A. during the last thirty trading days of 2020 and without exceeding 500,000. The unassigned shares in this Second Cycle (2022/2024) will remain for the following cycles and the vacant shares will be given the destination decided by the Board of Directors.

The acquisition of shares by the Company will be performed by taking into account the provisions of Acerinox's General Policy of Conduct in Treasury Shares, approved by the Board of Directors in its meeting on 28 October 2016.

Further detail on the regulation of this incentive – and in particular on the *clawback* clause with which it is taxed – more information can be obtained in the corresponding agenda item (Director Remuneration Report) with reference to the Executive Director, whose regime is common to that of the rest of senior management.

**6.- Authorisation to the Board of Directors.** The Board of Directors is empowered, in the broadest terms required by law and in accordance with the terms set out in the Regulations that govern the Senior Management's remuneration, to acquire the shares mentioned in the preceding point and to apply, develop, interpret and execute this resolution.

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