



REPORT ON THE ACTIVITIES OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE IN 2020

Madrid, 25 February 2021

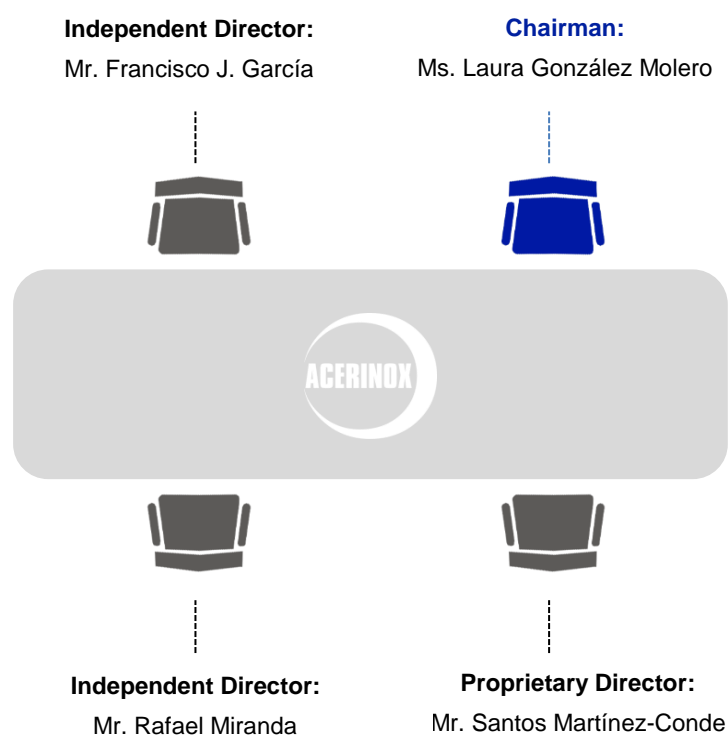
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This report on the activities of the Appointments, Remuneration and Corporate Governance Committee (hereinafter, in addition, the Committee or the ARCGC) for 2020 has been drawn up in accordance with the recommendations contained in the Code of Good Governance of Listed Companies (6th Recommendation).

1. COMPOSITION AND QUALIFICATIONS OF ITS MEMBERS

The Appointments, Remuneration and Corporate Governance Committee as at 31 December 2020 comprises the following members



Until the General Shareholders' Meeting held on 22 October, Mr Braulio Medel Cámara was a member of the committee. Mr. Medel could not be re-appointed by the General Shareholders' Meeting for being 72 years old.

LAURA G. MOLERO

Chairman
Independent External Director



Ms Laura González Molero, an independent director and Spanish national. She has been a member of the Board of Directors since 2017 and the Audit Committee since 2017. She has been the Chairman of the Appointments, Remuneration and Corporate Governance Committee since 2018.

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

She is currently an Independent Director of the Adecco Foundation (NGO), Bankia, Grupo Ezentis S.A. and Viscofan, S.A. Since this year she has also been President of the APD (Association for the Advancement of Management).

She previously worked at international pharmaceutical and chemical companies, having been CEO and Chairman of Merck España and Chairman of Bayer Latinoamérica, as well as an Independent Director at Calidad Pascual S.L.

SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN

External Proprietary Director on behalf of Corporación Financiera Alba



Mr Santos Martínez-Conde Gutiérrez-Barquín, an external proprietary director and Spanish national. He has been a member of the Board of Directors since 2002 (re-elected in 2006, 2010, 2014 and 2018). Mr Martínez-Conde is a director on behalf of Corporación Financiera Alba, S.A. He holds a degree in Civil Engineering, a Master's degree in Business Management from ICADE and a Diploma in Nuclear Technology from ICAI.

Mr Martínez-Conde Currently, he is Director of Corporación Financiera Alba, S.A., of Indra Sistemas, S.A. and CIE Automotive, S.A. He has been CEO of Corporación Financiera Alba, S.A. and member of the Board of Directors of listed companies such as ACS, S.A. Unión Fenosa, S.A. y Bolsas y Mercados Españoles, S.A. and numerous unlisted companies from different sectors of activity. The rest of his professional career has been developed in Sener Técnica Naval e Industrial, S.A., Técnicas Reunidas, S.A., Bestinver, S.A., Corporación Borealis, S.A. and Banco Urquijo, S.A.

FRANCISCO JAVIER GARCÍA SANZ

Director
Independent Director



Mr Francisco J. D. Francisco Javier García Sanz, a Spanish national, has been an Independent Director since 2020 and a member of the Executive Committee and the Appointments, Remuneration And Corporate Governance Committee

Holds a degree in Business Administration and an Honorary Doctorate from the University of Stuttgart (2008) and was awarded the Grand Cross of the Order of Civil Merit.

He currently serves on the Board of Directors of Critería Caixa, Hochtief AG and Tubacex.

García Sanz was Executive Director of Worldwide Purchasing at General Motors Corporation in Detroit, USA. Later he worked at the Volkswagen Group, where he became Vice President, as well as Executive Vice President of SEAT, S.A., became Director in 1997 and Chairman of the Board from 2007. He was also Chairman of ANFAC. In 2009 he was appointed Chairman of the Wolfsburg football team until 2018.

RAFAEL MIRANDA ROBREDO

Independent Director
Independent External Director



Mr Rafael Miranda Robredo, an independent director and Spanish national, a member of the Board of Directors and Chairman of Acerinox, S.A. since April 2014 (re-elected in 2018). Mr Miranda holds a degree in Industrial Engineering from the ICAI.

Mr Miranda is the Honorary Chairman of the Association for the Advancement of Management, Honorary Chairman of Eurelectric, and Director of Brookfield Asset Management, Parkia, S.A. and Nicolás Correa, S.A.

During his professional career Mr Rafael Miranda has held multiple positions, such as CEO of Endesa S.A. and Vice-Chairman of the Industrial Division of Campofrío S.A. His career has made him an exemplary model in the business community, both for his role in the modernisation of the electrical system and for his management of large companies

2. MEETINGS HELD DURING THE YEAR, NUMBER OF ATTENDEES AND OTHER PERSONS WHO WERE PRESENT

The Board of Directors of Acerinox S.A. has considered that, despite it being a listed company and being included in the IBEX 35 index, there are insufficient reasons to separate the functions between an appointments committee and a remuneration committee, as it states in its annual corporate governance report. The ARCGC has met on nine occasions in 2020 telematics since March:

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<i>Date</i>	<i>Location</i>	<i>Attendance</i>
22 January 2020	Madrid	3
24 February 2020	Madrid	All (4)
18 March 2020	Telematics	All (4)
19 May 2020	Telematics	All (4)
28 May 2020	Telematics	All (4)
1 June 2020	Telematics	All (4)
21 July 2020	Telematics	All (4)
19 October 2020	Telematics	All (4)
3 December 2020	Telematics	All (4)

Apart from its members, the following persons, whose attendance is recorded in the minutes, were present:

- Chief Executive Officer
- Director of International Relations, Sustainability and Communication
- Director of Human Resources
- Director of Compliance
- Director of Risks

3. FUNCTIONS AND TASKS PERFORMED IN 2020

The following groups of tasks that have occupied a good part of the agenda during 2020 should be highlighted

a. Informations and proposals of appointments and resignations of directors and changes in the Senior Management

i) Directors

Cessation and Resignations of Directors

During this year, in October, Mr. Braulio Medel has ceased as Director, since he could not be appointed again for a period of four to exceed the age of 72 established in the Articles of Association.

In August, the Directors representing Nippon Steel Stainless Steel Corp., Mr. Mitsuo Ikeda and Mr Ryo Hattori resigned from their positions.

Appointment of Directors

Ms. Leticia Iglesias Herraiz and Mr. Francisco J. García Sanz were appointed at the General Shareholders' Meeting as independent Directors for a period of four years. These appointments make it up to the commitment that at least 30% of directors are women.

ii) Senior Management: During 2020 there have been changes in the Group's Senior Management. Mr. Hans Helmrich has been appointed Chief Operating Officer of the Group and Mr. Fernando Gutierrez, former Director of Strategy and Raw Materials has been appointed CEO of Acerinox Europe, in both cases with favourable report from the Committee.

b. Review of obligatory reports

The Committee has reviewed the obligatory annual reports: the Annual Corporate Governance Report, the Annual Director Remuneration Report, the Annual Report of this Committee for 2020 and the non-Financial Consolidated Information Statement. The Company also draws up the GRI report and announces it at its General Shareholders' Meetings

c. Matters related to remunerations, including those of the Board and the Senior Management

As regards long-term remuneration, the Committee reported the adoption of the Third Cycle of the First Long-Term Remuneration Plan for Management and the launch of the Second Plan. It previously conducted the relevant studies on the evolution of running cycles and their predictable result. The Second Plan considered including new companies to the metrics that discipline the system, without finally submitting any changes to the General Shareholders' Meeting at this point. In order to comply, the General Shareholders' approved a new acquisition of the company's shares.

The Committee maintained an open and transparent relationship with the main voting advisers to explain the advantages and benefits of the remuneration system. The two main *proxy advisors* rated the system favourably at the time, although one of them favoured an even greater breakdown of the metrics used in the remuneration system by payment in shares, those suggestions were taken into consideration for the preparation of successive reports.

d. Evaluation of the Board and other activities

i) The Code of Good Governance notes as good practice the at least annual evaluation of the Board of Directors and its Committees. This evaluation was realized by the Company's internal services and was based on the analysis of the points of improvement resulting from the evaluation of the preceding year. The result showed overall satisfaction and the point of new points of improvement been achieved by those of the financial year.

The Committee considered appropriate to increase the spectrum of the Evaluation of the Committees, which was realized not only by their members but also by the other Directors.

One of the Committee's priority tasks is the plan of training actions that has been established for the Board of Directors, whose members have been able to receive regular special sessions on regulatory and jurisprudence changes, legislative trends, and above all, monographic presentations on various topics. By 2021, the contents of these training and information sessions are currently being defined.

The 2020 evaluation has been done by an external consultant (KPMG) as suggested by the Recommendations of the Code of Good Governance.

ii) The Committee, as in the context of their respective competences and as other Committee do has verified that the corporate information published on the entity's website accurately reflects reality. Asking the Secretary to

regularly advertise and certify said content following the appropriate verifications.

iii) The Committee helped the Chairman of the Board of Directors to prepare his speech on the status of the Corporate Governance made to the General Shareholders' Meeting. Just like every year, this item was included on the General Shareholders' Meeting agenda. This presentation summarises the improvements introduced into the Group's Corporate Governance and the status of the compliance.

e. Matters related sustainability

During 2020 a new Committee has been set up, the Sustainability Committee, that assumed this role since November.

This has led to the relevant regulatory change, with the provisions of Annex III to the Board Regulation conferring powers in this area on the Appointments, Remuneration and Corporate Governance Committee.

f. Regulatory activities and issues assimilated to them

During 2020 the regulatory activity of this Committee has been incessant:

Advancing the situation created by the Pandemic, in March the Committee already approved a draft of Articles of Association and Regulations of the General Shareholders' Meeting that provided for and regulated telematics General Shareholders' Meeting. The final versions of this regulation were approved at the General Shareholders' Meeting - telematics - held on October 22.

At the same time, a new version of the Communication, Contacts and Involvement Policy was prepared with shareholders, institutional investors, asset managers, financial intermediation and voting advisers, which essentially reflects the mandates of Directive (EU) 2017/828, prior to the expected reform of this matter by the Corporations Act, still in draft.

In the same way, the Internal Regulations for Conduct in Securities Markets (RIC) have also been amended. Circular notices of the CNMV at the beginning of the year, altering the "safe harbor" state, the concept of Relevant Acts, the adoption during 2019 of a new policy on conflicts of interest and some legislative adjustment under development of *Market Abuse Regulation* recommended a revision of those important standards. The Board of Directors approved the new RIC in October 2020.

At the last session of the year, the Committee welcomed a new amendment to the Board of Directors Regulation, which provided for the regulation of the

newly created Sustainability Committee and secondly adapted some of its articles to the requirements of the Code of Good Governance of Listed Companies, which, as is known, was amended over the course of the year.

g. Other activities

i) The Committee developed a matrix of powers of the Board of Directors as a tool to guide decisions on the proposal and appointment of new directors and committee members. This competency matrix has been of great help in the process of proposing vacancy.

ii) The Committee invited the Group's Director of Human Resources, who presented the projects of its department, including the Group's organization chart after the integration of VDM, integration incentive plans, as well as the advancement of Equality Plans and the project for the assessment of key posts and classification of the Group's jobs.

iii) Monitoring of the classification and assessment of reputational risks has been performed. The Company has detected a number of risks of this nature which are not fundamentally different from those of other companies of the sector and is striving to prevent, mitigate and control them. The Director of Corporate Risks, who operates under the direct authority of the Company's Chief Executive Officer, appeared to provide an update on the status of the situation in this sensitive area.

iv) The Committee set its calendar for the coming year shortly after the end of the first six months of the preceding year. A schedule has been set for 2021 with six meetings.

v) During the second half of 2020, the committee analysed the consequences of the amendments to the Code of Good Governance and the Capital Companies Act Project.

4. REGULATION

As a result of the establishment of the new Sustainability Committee, some articles of the Committee's regulation have been adjusted. They can be found on the company's website: www.acerinox.com.

Laura González Molero
Chairman
Appointments, Remuneration and Corporate Governance Committee