



# **Acerinox, S.A. Diversity of the Board of Directors and selection of Directors Policy**

December 16, 2021

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



# ACERINOX, S.A. DIVERSITY OF THE BOARD OF DIRECTORS AND SELECTION OF DIRECTORS POLICY

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## ACERINOX, S.A. DIVERSITY OF THE BOARD OF DIRECTORS AND SELECTION OF DIRECTORS POLICY

The Board of Directors of ACERINOX, S.A. ("*Acerinox*" or "the *Company*") has been empowered to regularly approve, design, assess and review the Company's Corporate Governance System and approve the Corporate Policies that are implemented through the principles set out in the Spanish Limited Liability Companies Law and in the Good Governance recommendations for Spanish listed companies and the technical guides of the Spanish National Securities Market Commission ("CNMV"), which contain guidelines that govern the performance of the Parent and Group companies, as well as their directors, executives, and employees.

Through this General Policy on Diversity of the Board of Directors and Selection of Directors of Acerinox, S.A. ("the *Policy*"), the Board of Directors seeks to ensure that proposals for the appointment of Directors respond to the recommendations of Good Governance and to the need for an appropriate composition of the Board of Directors and the Corporate Group, and that they constitute well-founded decisions, that may be overseen by the shareholders and the various stakeholders.

### I.- Sphere of application

This Policy applies to candidates to form part of the Board of Directors of Acerinox, regardless of whether the candidate is appointed by the Board of Directors by co-optation or by the ordinary system of appointment by the Annual General Meeting.

In the event that the appointment is made based on the right to group shares, it shall be ensured that candidates comply with the provisions of this Policy. The Company may oppose the appointment of persons who do not comply with the provisions of this Policy.

### II.- General principles

This Policy is based on the following general Principles:

- Appropriate composition of the Board of Directors. The composition of the Board shall be appropriate for the best discharge of its functions, for which purpose the selection processes for directors shall be based on a preliminary analysis of the competencies required by the Board of Directors.
- Promotion of diversity in the composition of the Board and non-discrimination. Candidate selection procedures shall favour diversity in the composition of the Board and its Committees, inter alia, in terms of knowledge, experience, age, disability and gender, and shall not suffer from implicit biases that could entail any discrimination and, in particular, shall facilitate the selection of female directors in numbers that allow for a balanced presence of women and men.

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- Transparency in the selection of candidates for directors. The processes for the selection and appointment of directors must be duly documented, and the main conclusions thereof must be set forth in the reports and proposals of the competent bodies, which must be made available to the shareholders at the Annual General Meeting in a simple, complete, and exhaustive manner.
- Compliance with the Law and with the Company's Corporate Governance System. The processes for the selection of directors of the Company shall be carried out in compliance with prevailing legislation, the Bylaws and the other internal regulations of the Company, also taking into account the best good governance practices in this area.

### **III.- Appropriate composition of the Board of Directors and diversity objectives**

The size of the Board of Directors should be sufficient for effective and participatory operation, with an appropriate proportion of the different categories of directors.

Proprietary and independent directors shall constitute the majority of the Board of Directors. In turn, the proportion of proprietary directors out of the total number of directors should not be greater than the proportion between the share capital of the Company represented by such directors and the remaining share capital.

Furthermore, the selection of candidates must be based on an adequate balance of training, knowledge, experience, age, disability, gender and origins on the Board of Directors as a whole, which enriches decision-making and contributes plural points of view to the debate of the matters within its competence, and which allows the legal requirements and recommendations of good governance to be met in relation to the composition and singular suitability that the members of the Board of Directors and of the various consultative Committees of the Board of Directors must have.

In particular, with regard to the Audit Committee and the Nomination, Remuneration and Corporate Governance Committee, the process of selecting candidates to sit on these Committees must take into account the singularities required by law and good governance recommendations, thereby ensuring that all members have knowledge and experience in the areas that may be appropriate for the Committees to discharge their functions, notwithstanding the requirements of geographical origin, gender and other diversity requirements that must be taken into account.

The Policy will promote the objective that by 2022 the number of female Directors should reach at least 40% of the total of the Board of Directors.

The Board will assess the possibility of increasing this percentage in light of the circumstances prevailing at any given time.

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In order to promote gender diversity, the Company shall strive to establish measures to encourage the Company to have a significant number of female senior executives, without prejudice to the essential criteria of merit and ability that must govern all the personnel selection processes of the Company and its Group in order to enable the recruitment of the best professionals in accordance with the Company's strategy and international best practices in the recruitment, retention, management and promotion of talent.

The Board of Directors urges shareholders with proprietary representation on the Board to take these objectives into account in any such requests as they might submit.

### **IV.- Selection process. Collaboration with external advisers**

The selection of candidates for appointment, ratification or re-election as directors shall be based on a weighted analysis of the competencies required by the Company's Board of Directors according to the competency matrix prepared by the Nomination, Remuneration and Corporate Governance Committee, taking into account the diversity objectives set by the Company and, where appropriate, the need for progressive renewal of the Board, specifying the profile and capabilities required of the new director.

The result of the preliminary analysis and the description of the reasons supporting the candidate's suitability in relation to the competency framework shall be included in the Committee's proposal or report, which shall be published when the Annual General Meeting is called to ratify, appoint or re-elect each director.

The process shall begin at least three months prior to the vacancy being due to occur, if such a fact is known.

In addition, the Chairman shall submit to the deliberation of the Board of Directors the advisability of covering all vacancies and shall request an opinion on this matter from the Nomination, Remuneration and Corporate Governance Committee.

Any director may request that the Nomination, Remuneration and Corporate Governance Committee consider potential candidates for a directorship, should they consider them suitable. The proposals must meet the requirements set out in this Policy.

Notwithstanding the foregoing provisions of this section, which shall apply to all candidates for directorships, the following special provisions shall also apply depending on the category of director in question:

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### **a) Proprietary directors**

When the director is a proprietary director, the person presenting the director shall ensure that the person meets the requirements of experience, knowledge, honourability and aptitude that would be required of a candidate for an independent directorship, as established in this Policy.

For the selection of proprietary directors, consideration shall be given to requests from shareholders holding significant ownership interests in the share capital of the Company, as well as to formal requests for presence on the Board of Directors from shareholders whose shareholdings are equal to or greater than those of others at whose request proprietary directors have been appointed.

### **b) Independent directors and executive directors**

When significant shareholders have submitted candidates for proprietary directorships or executive directorships to the Nomination, Remuneration and Corporate Governance Committee for assessment, and in particular in the case of candidates for independent directorships, the Committee shall thoroughly analyse the candidate's profile and gather all information it deems appropriate to ensure that the proposed candidate has no ties that could condition their independence.

The Nomination, Remuneration and Corporate Governance Committee may consult with external advisers for the selection or drawing up of a short list of candidates, on its own initiative or at the suggestion of the Chairman of the Board of Directors, in which case it shall pay particular attention to any potential conflicts of interest that may exist with such advisers.

### **c) Other non-executive directors**

Non-executive directors may be selected who are neither independent nor proprietary. The Company shall explain this circumstance and their links either with the Company or with its executives or significant shareholders.

## **V.- Conditions to be met by candidates**

Candidates for the position of director of the Company must be honourable, suitable persons of recognised professional solvency, competence, experience, qualification, training, availability and commitment to their duties.

They must be professionals whose conduct and professional career are in line with the principles set out in Acerinox's Code of Conduct and Good Practices and with the Company's values.

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Furthermore, candidates for independent directorships must meet the independence requirements established by Law and the Company's internal regulations, and the Nomination, Remuneration and Corporate Governance Committee must also analyse whether the candidate will be able to perform their duties without being conditioned by their relations with the Company or its Group, its significant shareholders or its executives.

### **VI.- Limitations on being a candidate for the Board**

Those persons who are subject to a legal prohibition or incompatibility for the discharge of their position, as well as the following, shall not be proposed as candidates for directorships:

- a) Those persons who have held senior positions in Spanish public authorities or entities or in national or autonomous community governments that may be legally incompatible with the discharge of the duties of a director at a listed company, pursuant to Spanish state or autonomous community government legislation. This circumstance shall also be understood to exist when, even where there is no legal impediment, the proximity to the public functions performed by the candidate could detract from the good name and impartiality of the governance bodies of Acerinox once appointed.
- b) Persons who are subject to any other incompatibility or prohibition regulated in general provisions.
- c) Persons who hold a number of directorships on the governance bodies of other companies that exceeds the limits set out in the Acerinox Board of Directors Regulations or who will exceed that number if they are appointed as a director of Acerinox, unless they undertake to comply with the indicated number if they are appointed, without prejudice to the fact that the Board of Directors, having heard the Nomination, Remuneration and Corporate Governance Committee, in view of the circumstances of each case, may admit amendments to this figure, either upwards or downwards.
- d) Those persons who discharge similar functions or hold positions of responsibility in directly competing companies, in entities that control such companies and, in general, those persons whose position or significant relationships could give rise to concerns regarding the existence of a permanent conflict of interest.
- e) Those persons who have a direct or indirect relationship of dependence or kinship with other members of the Board, or professional relationships with them, or any other relationship that could influence their independence, unless

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they were elected as proprietary directors.

- f) Those persons who have reached the age stipulated in the Company's Bylaws at the time of appointment, ratification or re-election.

### **VII.- Verification**

Compliance with this Policy shall be verified annually by the Nomination, Remuneration and Corporate Governance Committee and reported on in the Annual Corporate Governance Report.

### **VIII.- Dissemination**

The Company will post this Policy on its website.