

Integrated **Annual Report** **2023**



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

Consolidated directors' report / Non-financial information statement (NFIS)

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Letter from the Chief Executive Officer

GRI 2-22



Mr. Bernardo Velázquez

Chief Executive Officer
Acerinox

It is an honor to speak to you all today to lay out the strategic importance of sustainable development - one of the essential pillars that serves as a backbone for our work and our strategy's principles. We efficiently manufacture high-performance stainless steels and alloys in a respectful, committed way. We are committed to a responsible management model that helps protect the planet, reduce inequality, and promote a more prosperous, sustainable world.

We're well aware that the worldwide nature of our business exposes us to new risks and geopolitical tensions. Russia's invasion of Ukraine, conflict in the Middle East, and the growing tension between China and Taiwan threaten to block the way of economic development and further strain supply chains. By the end of 2023, events in the Red Sea - with constant attacks on cargo ships - disrupted maritime trade and diverted Suez Canal cargo flows to longer, more costly alternative routes. Our Group undoubtedly faces numerous challenges and complex risks in an increasingly changing, unstable world.

In this complex, adverse context, we have been able to maintain our commitment to operational excellence and sustainable efficiency, standing out as a leader and driver in circular economy, once again demonstrating our ability to adapt to changing circumstances.

As a global supplier of stainless steel and high-performance alloys, we are committed to best practices in governance and sustainability in order to contribute to economic and social development. We are firmly committed to helping achieve the Sustainable Development Goals (SDGs) approved by the United Nations, with recycled materials, manufacturing products that are wholly and indefinitely recyclable while also promoting innovation, education, equality policies, and climate change mitigation. To this end, we have a responsible management model that structures, coordinates, and strengthens our goals while ensuring the sustainability of the business.

Our sustainability plan, 360° Positive Impact, is based on a materiality and ESG risk analysis; it identifies levers for value generation and establishes long-term targets alongside the Group's main environmental, social, and corporate governance initiatives. This multi-year program is structured around five strategic pillars: ethical, responsible, and transparent governance; eco-efficiency and climate change mitigation; circular economy and sustainable products; a committed team, culture, diversity, and safety; and lastly supply chain and societal impact.

The Group has also established a set of targets for 2030 which include ambitious goals such as a 20% reduction in direct and indirect carbon emissions intensity (Scope 1 and 2) using the 2015 baseline. We have managed to reduce them by 11% already. Responsible energy consumption is another essential characteristic of our company's work. In this regard, the stainless steel division has committed to reducing its energy intensity by 7.5% compared to 2015. However, we weren't able to improve in this area this year; it was affected by the drop in production, which had a significant impact on factory efficiency.

The 20% reduction target for water intake intensity is also progressing steadily (18% versus 2015). Another of our Group's essential goals is to recycle 90% of our waste. Stainless steel is a sustainable material by definition; thanks to our ongoing investments and efforts, our waste reuse figure has now reached 80%. All these carbon intensity, energy intensity, water withdrawal, and percentage of waste recycled targets were set for the stainless steel division only. However, in 2024, this will be extended to the entire Group.

I would also like to lay out the progress we have made on our other priorities and best practices, such as our commitment to avoid any kind of accidents, far exceeding the 2023 target, as detailed in the report and thanks to everyone's hard work. The Group has a presence in all five continents, where most races and religions are represented. As part of our growing commitment to diversity, we also set ourselves the target of increasing the percentage of women in the workforce to 15% (currently 13.3%, well above the 9.1% of the Spanish steel industry).

A leader in circular economy

To achieve all these targets and manufacture increasingly sustainable products and solutions, we believe that the R&D&I strategy must go hand-in-hand with environmental challenges. For this reason, we're committed to managing our production processes in an eco-efficient way, from the source to the end of the product's life cycle. In addition to legal obligations, Acerinox factories also have procedures in place to control environmental risks, as well as their corresponding likelihood and severity evaluations. All Group facilities also have an environmental management system in accordance with the ISO 14001 standard.

In short, our ESG model is a future international benchmark. This year, our commitment to sustainability has once again earned us top-level international recognition that validates and supports our aim: to create the most efficient materials for the future, generating a positive environmental impact. For the second consecutive year, Acerinox was awarded the Platinum Medal by EcoVadis in 2023, the highest rating in corporate sustainability. This rating evaluates corporate social responsibility in global supply chains.

This year, Acerinox obtained an overall score of 82 points; placing us in the 99th percentile, at the top of the sector, as well as exceeding the score received last year (79 points). The assessment includes 21 sustainability criteria divided into four key areas: environment, labor and human rights, ethics and sustainable procurement.

In 2023, we also joined the Together for SDGs initiative, flying the colors of the United Nations Sustainable Development Goals (SDGs). Looking ahead to 2024, we've identified projects in key business areas to improve quality and performance in the production of high-value-added steels, optimize internal scrap and raw material management, and introduce further sustainability improvements to make consumable use more efficient and further reduce CO2 emissions.

We are proud that this strong commitment, which underpins our circular-economy-based business model, is supported by the ongoing efforts of the thousands of people who make up our Group. Sustainability is our driving force, which in turn brings together and unites the other pillars. We are looking for a model based on value generation for our stakeholders, carrying forward the legacy for future generations. You can find a full accounting of all our progress and contributions to sustainability in the various chapters of this report, which I now invite you to read.



1. Business model

Business model and value creation

13
Factories

20
Service centers

26
Warehouses

57
Sales offices

22
Commercial agents

61
Countries in which the
sales network operates

Global presence

5 Continents

Sales in **79** countries

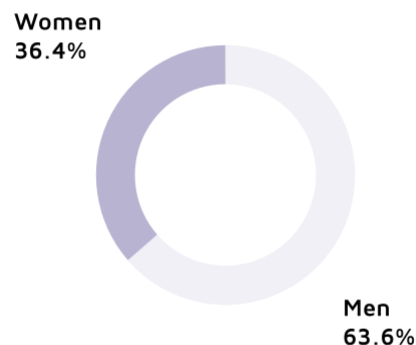
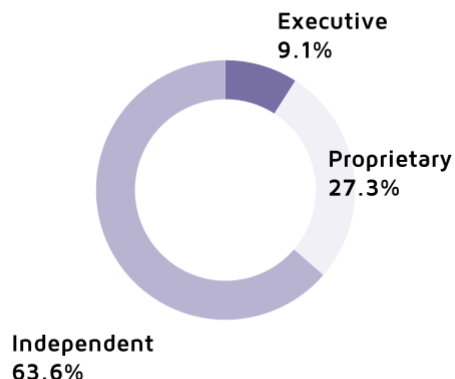
8,229 employees

Customers

11,864
Acerinox's factories have
more than 120
quality certifications



Board of directors



63.6%

Independent directors

34

board committee meetings

14

meetings held by the board of directors

Economic performance

6,608

EUR million

revenue

228

EUR million

net income

703

EUR million

EBITDA

341

EUR million

net financial debt

481

EUR million

operating cash flow

Our shares

249,335,371

shares

150

EUR million

dividend

2,657

EUR million

Market capitalization

EUR 10.66/share

share price at year-end

EUR 62,333,842.75

share capital

Production volume

1,869,417

metric tons of stainless steel

76,288

metric tons of high-performance alloys

More than 18,000 combinations

The widest range of products and solutions

Products for all areas

- Transport
- Industrial and engineering equipment
- ABC and infrastructure
- Food sector
- Electrical appliances and hardware
- Energy and environmental technology
- Aerospace

Purchases from suppliers

4,967

EUR million

79% of suppliers are local

(from the same country as the production center)

We promote the development of local communities in which the Group operates

Digitalization and innovation

EUR 17.6 million

digitalization and innovation investments and expenses

Main R&D&i lines

- Research to improve quality
- Technological development
- Development of new types of steel and finishes
- Investments to optimize the circular economy
- Production line improvements
- Digitalization, automation and control of the production process
- Investment in climate change mitigation

'Excellence 360°' strategic plan Comprehensive view of the business

- **Raw material purchases:** optimize the mix. Predictability of consumption, raw materials and consumables.
- **Production:** increase reliability and competitiveness.
- **Supply chain:** optimize inventories and delivery processes.
- **Sales:** focused on providing added value and improving margins. Demand planning.

Commitment to sustainability

Contribution of sustainability to the business strategy

The Sustainability Plan, Positive Impact 360°, responds to one of the main areas of Acerinox's strategy, which identifies sustainability as one of its fundamental lines of action and includes five pillars.

Ethical, accountable, and transparent governance



Eco-efficiency and climate change mitigation



Circular economy and sustainable products






Committed team, culture, diversity, and safety



Supply chain and community impact



Positive Impact 360° responds to the ESG risk and materiality analysis carried out based on the Group's strategy. It identifies the levers of value generation and establishes long-term objectives to make these levers a reality. Acerinox has established **six sustainability objectives** with a view to 2030 associated with the pillars of the Positive Impact 360° Plan.

Pillar	2030 targets**	Degree of progress	2023 vs 2022
	20% reduction in CO2 emissions intensity (Scopes 1 and 2) compared to 2015.	-11% vs 2015	-3%
	7.5% reduction in energy intensity compared to 2015	8% vs 2015	6%
	20% reduction in water withdrawal intensity compared to 2015	-18% vs 2015	-3%
	90% waste recycled	80%	1%
	10% annual reduction in LTIFR	–	-24%
	15% women at the organization	13.28%	0.37%*

*Increase in the percentage of women on staff compared to the previous year.

**Carbon intensity, energy intensity, water withdrawal intensity and % waste recycled targets were set for the stainless steel division only. In 2024, they will be extended to the Group level.

The Group seeks to reduce, reuse, and recycle as many of the resources used as possible to establish a more sustainable production model.

Committed to the United Nations 2030 Agenda

The Group identified the Sustainable Development Goals to which it can make the biggest contribution.



Recognitions

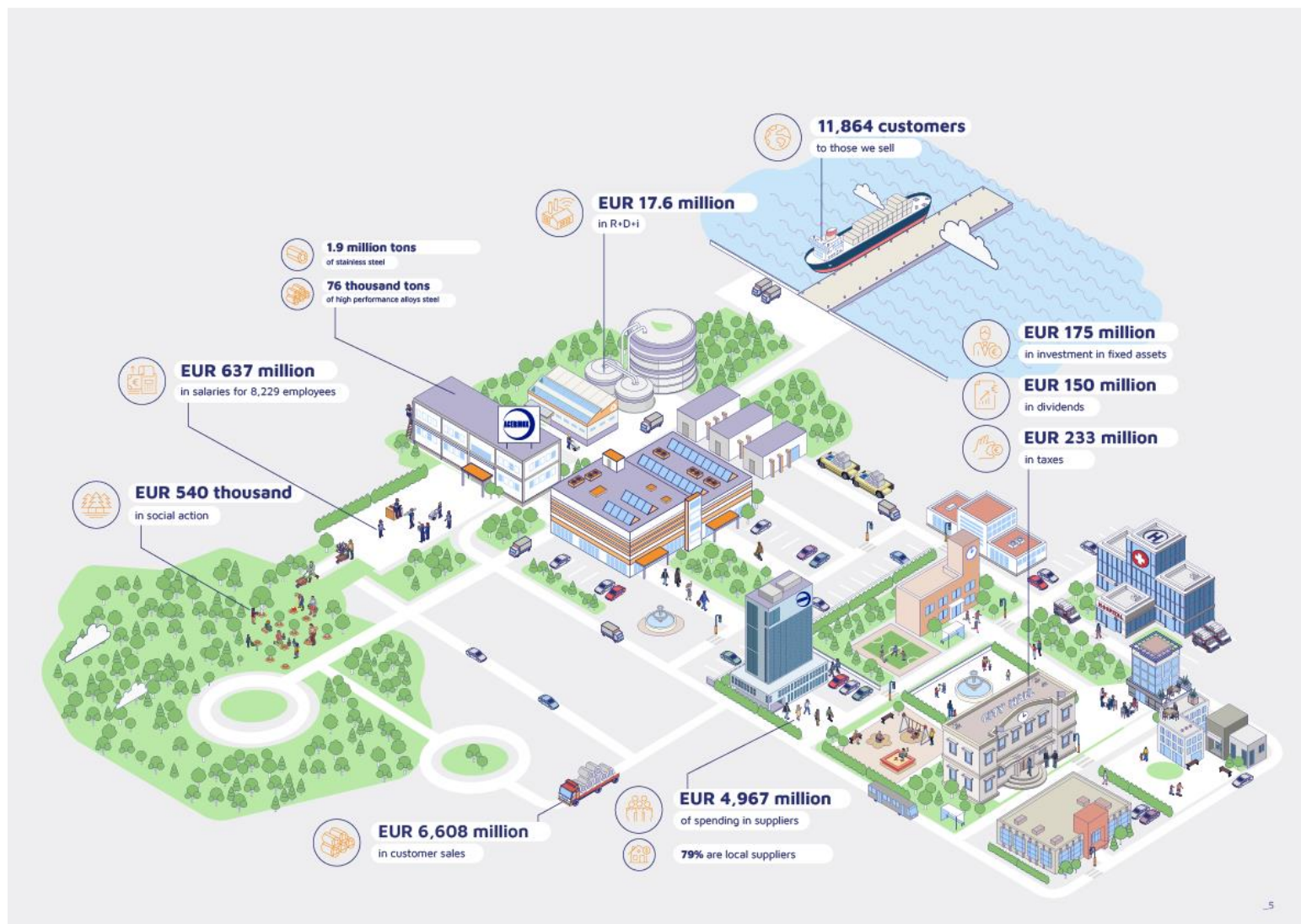
Acerinox received, for the second consecutive year, the EcoVadis Platinum Medal for its performance in sustainability and two gold awards, one in sustainability and one in safety, at the Annual Stainless Steel Industry Awards.



worldstainless



1.1 Value creation





1.2 About the Group

GRI 2-1 / 2-2

The Acerinox Group is the world’s most global manufacturer and distributor of stainless steel and high-performance alloys; present on all five continents, it is a market leader in the US and Africa, as well as one of the industry’s best-positioned companies in Europe. The Group has an international sales network made up of 20 service centers, 26 warehouses, 57 offices and 22 sales representatives, thanks to which Acerinox distributes in 79 countries.

Acerinox’s stainless steel factories are located in Campo de Gibraltar, Ponferrada and Igualada (Spain), Ghent (Kentucky, US), Middelburg (Mpumalanga, South Africa) and Johor Bahru (Malaysia). The Group also has high-performance alloys plants, which are located in Unna, Duisburg, Siegen, Werdohl and Altena (Germany), and in New Jersey and Nevada (US).

Acerinox’s mission, vision and values guide the entire company towards its purpose: creating the most efficient materials for the future, maximizing societal benefit and creating value for its stakeholders. In its wide range of solutions, Acerinox Group, a leader in circular economy, offers more than 18,000 possible combinations. These are used in industries such as transportation, construction, energy and environmental technology, and food service, thanks to their corrosion resistance, durability, versatility, mechanical properties, aesthetic beauty, and low maintenance requirements.

At December 31, 2023, the majority shareholder of Acerinox was Corporación Financiera Alba (19%)

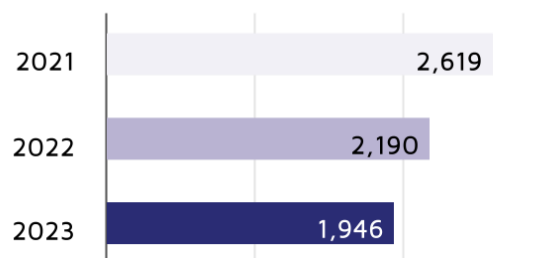
20	26	57	22	61
Service centers	Warehouses	Sales offices	Commercial agents	Countries in which the sales network operates



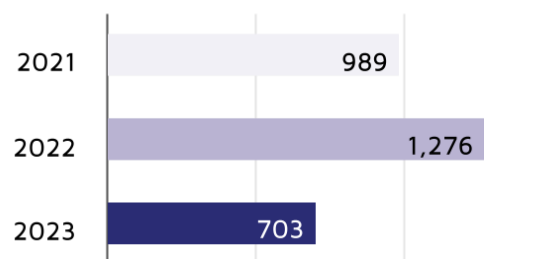
Key indicators

Performance in figures

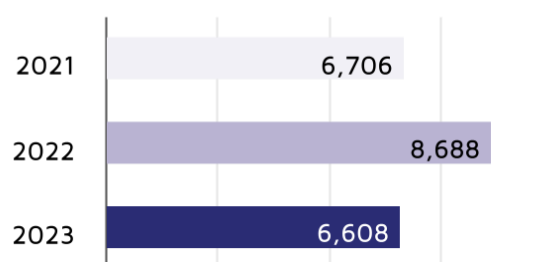
Melting shop production (MMT)



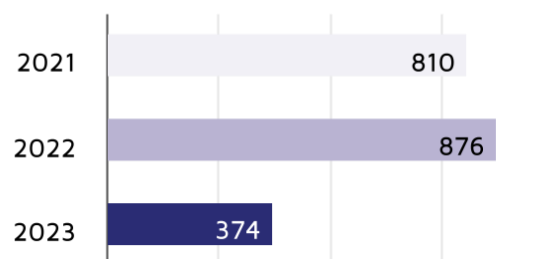
EBITDA (M€)



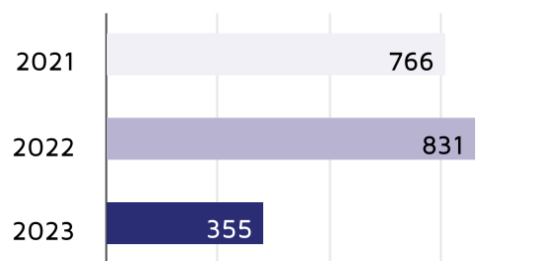
Turnover (M€)



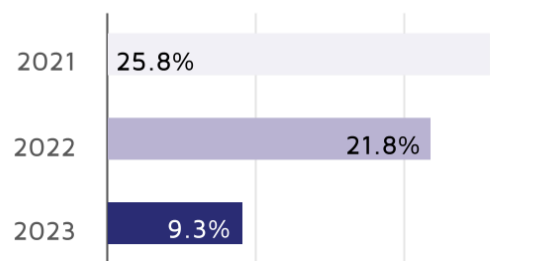
EBIT (M€)



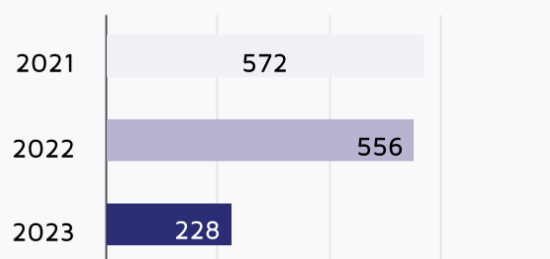
Profit before tax (M€)



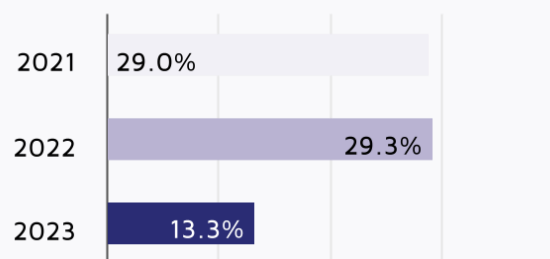
ROE (%)



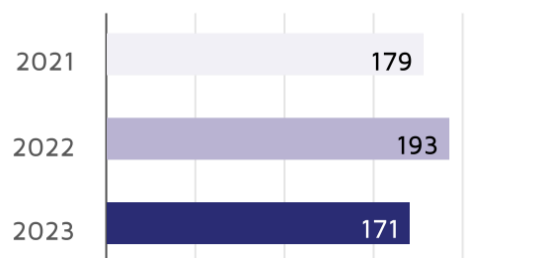
Net profit (M€)



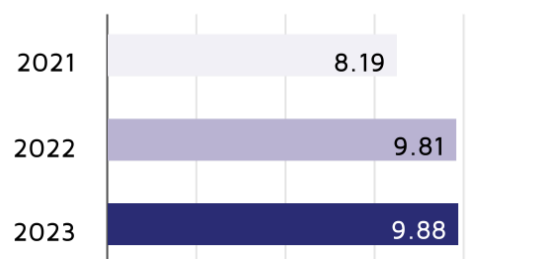
ROCE (%)



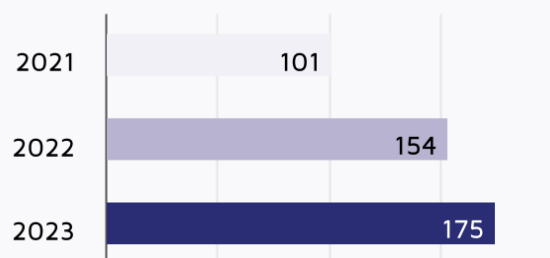
Depreciation and amortization (M€)



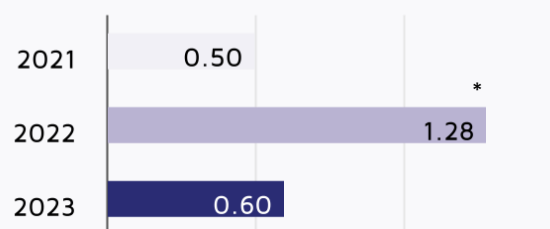
Book value per share (€)



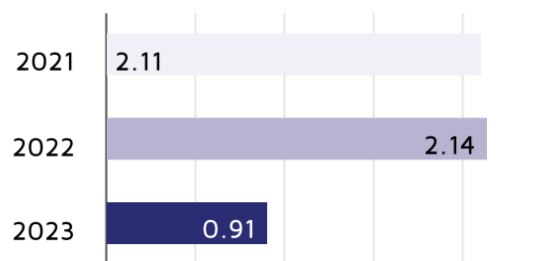
Investments (M€)



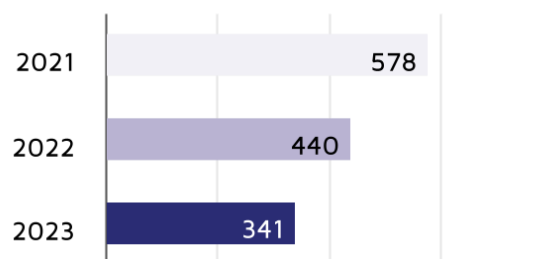
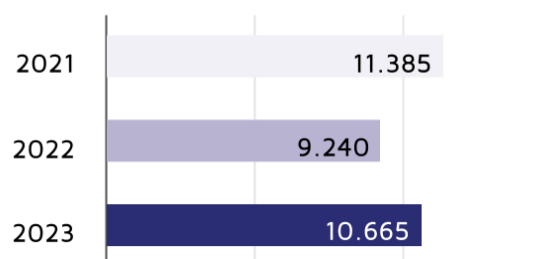
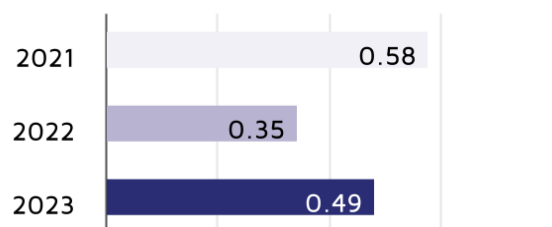
Shareholder remuneration per share (€)



*Includes the ordinary dividend of EUR 0.50/share and the indirect remuneration derived from the share buyback program

Earnings per share* (€)

*Calculated based on the number of outstanding shares at year-end

Net financial debt (M€)**Share price at end of fiscal year (€)****Net financial debt / EBITDA
(Number of times)**

1.3 Parent

Acerinox S.A.

Acerinox S.A. is the Group's holding company, which establishes and monitors the strategic lines of business. It also provides corporate services such as legal, accounting and consulting, and is responsible for the management and administration of Group financing.

The head office, with 114 employees, is located in Madrid, and is where the main decision-making and management bodies convene.

Acerinox's shares are listed on the continuous market and the company is part of the selective Spanish IBEX 35. Approximately 45,000 shareholders, including individuals and legal entities, own stock in the company.

At December 31, 2023, Acerinox's share capital consisted of 249,335,371 ordinary shares with a nominal value of EUR 0.25 each.

1.4 Production companies

_1970

Acerinox Europa

Campo de Gibraltar (Spain)

1,746 employees.

Fully integrated flat product factory. Its melting shop production totaled **550,162** metric tons.

More information at: <https://www.acerinox.com/es/grupo-acerinox/fabricas/acerinox-europa/inicio-acerinox-europa/>

STAINLESS STEEL

_1990

North American Stainless

Kentucky (US).

1,606 employees.

Fully integrated flat- and long-product factory. Its melting shop production totaled **841,821** metric tons.

More information at: <https://www.northamericanstainless.com/>

STAINLESS STEEL

_2002

Columbus Stainless

Middelburg (South Africa).

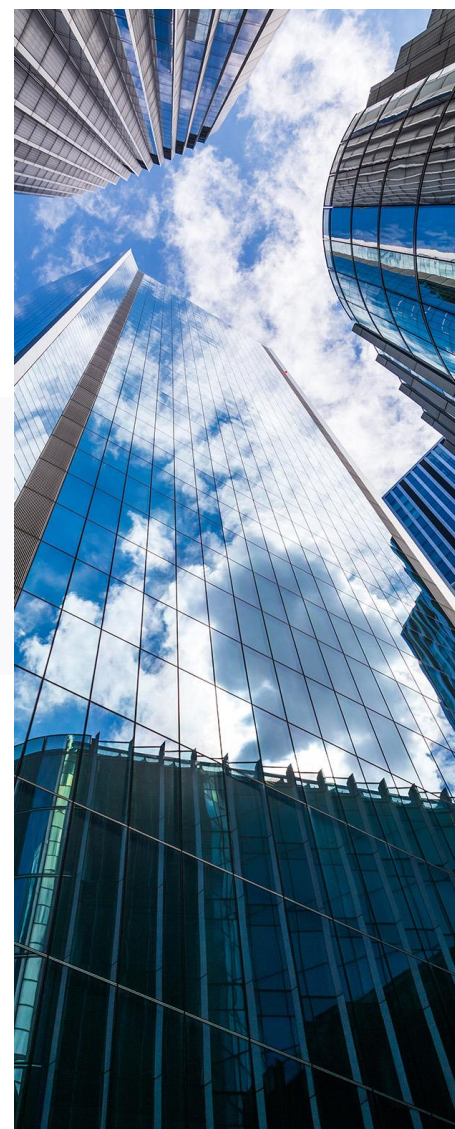
1,248 employees.

Fully integrated flat product factory.

Its melting shop production totaled **477,434** metric tons.

More information at: <https://www.columbus.co.za/>

STAINLESS STEEL



_2009

Bahru Stainless

Johor Bahru (Malaysia).

427 employees.

Bahru has cold rolling lines, which processed **77,181** metric tons.

More information at: <https://bahrustainless.com/en/>

STAINLESS STEEL

_1957

Roldán S.A

Ponferrada (Spain).

361 employees

44,479 metric tons of hot-rolled products.

Its product portfolio includes bars, wire rods, angles, hexagonal bars and reinforcement bars, all of them flat products.

More information at: <https://www.acerinox.com/es/grupo-acerinox/fabricas/roldan/inicio-roldan/>

STAINLESS STEEL

_1989

Inoxfil S.A

Igualada (Spain).

96 employees.

5,502 metric tons produced.

Manufactures stainless steel wire.

More information at: <https://www.acerinox.com/es/grupo-acerinox/fabricas/inoxfil/inicio-inoxfil/index.html>

STAINLESS STEEL

_2020

VDM Metals

Unna, Duisburg, Siegen, Altena & Werdohl (Germany).

New Jersey & Nevada (US).

2,047 employees.

76,288 metric tons produced.

Global leader in the production of nickel alloys and high-performance alloys, with five factories located in Germany and two in the US.

More information on VDM Metals at: <https://www.vdm-metals.com/>

HIGH-PERFORMANCE ALLOYS

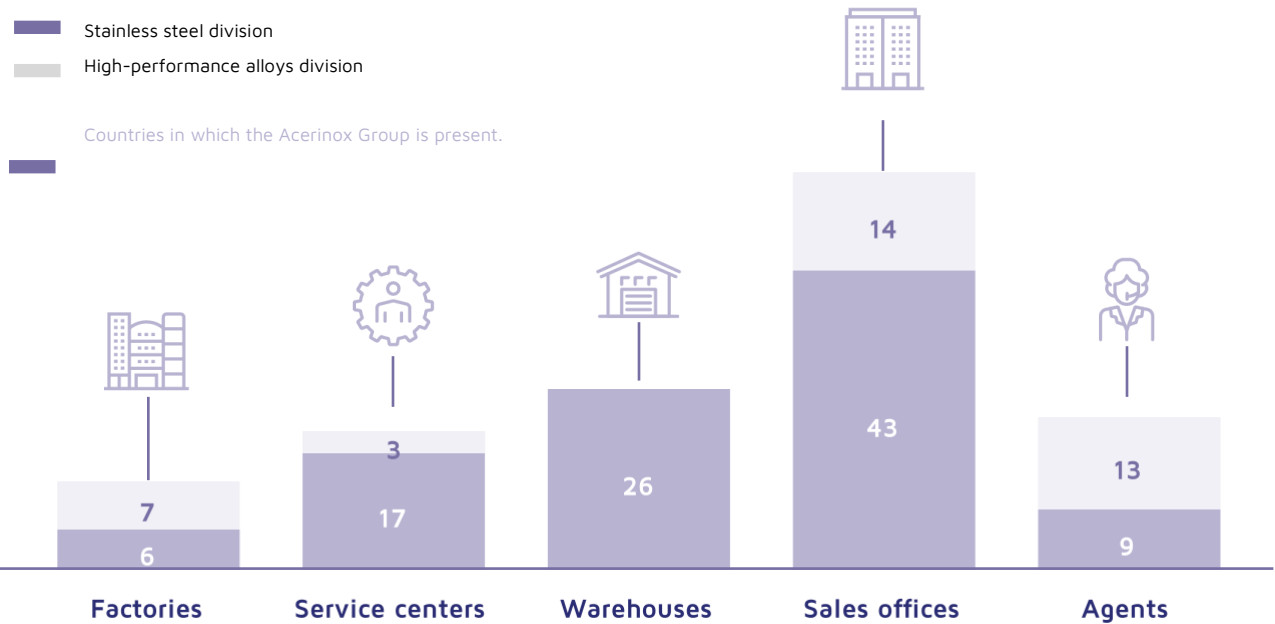
Eco-efficient products

Our products contribute to:

- Circular economy.
- Offering durable materials.
- 100% recyclable alternatives.
- Systems to reduce emissions.
- Improving quality of life with a lower environmental impact.



1.5 Sales subsidiaries



1.6 Relevant events

A. Acerinox, a future of excellence with a renewed focus on added value

Acerinox's mission is to become a global supplier that addresses present and future needs by offering the widest selection of solutions.

To achieve this, the Group has designed a strategic plan based on four pillars. At its core, we have the production of higher-value-added solutions, orienting the sales mix towards special stainless steels and high-performance alloys. Alongside this pillar, excellence stands out; the Group offers the highest quality standards and maintains a spirit of perpetual improvement in both products and processes.

Both pillars are based on financial strength, guaranteeing stability and profitability for the various stakeholders. Finally, the three pillars described above are supported and built on the Company's firm commitment to be a leader in sustainability and circular economy.

As part of this strategy, which is aimed at developing and expanding higher-value-added solutions, Acerinox strengthened its commitment to VDM Metals in 2023 with a new EUR 67 million investment in the Group's world-leading high-performance alloys division, acquired in 2020.

This renewed focus on higher-value-added and faster-return products will increase production by 15% and boost efficiency with additional sales of more than 6,000 metric tons per year from 2026.

VDM Metals is a lever for the Group's transformation as a supplier of a wide variety of materials, modifying the sales mix with new high-value-added products. Thus, Acerinox will further leverage the competitive advantage conferred by the 'stainless steel-high-performance alloys platform' to expand its portfolio and offer differential end-to-end solutions, from commodities to special alloys.

In parallel to these new investments, the Group continues to drive forward operational excellence through Beyond Excellence, an ambitious new program that will kick off between 2024 and 2026. Its main goal is to enhance comprehensive competitiveness through continuous improvement ideas that will be implemented across all Acerinox factories through digital transformation, cross-functional collaboration and a commitment to innovation.

Both projects are part of Acerinox's Strategic Plan 2021-2025 and will strengthen two pillars: added value, thanks to new investments in VDM Metals, and excellence, through the Beyond Excellence program. Their impact on the Group's other two main pillars - sustainability and financial strength - will also be direct.

B. Beyond Excellence: a new plan to drive forward comprehensive competitiveness

The Beyond Excellence Plan is based on six pillars (decarbonization, efficiency, sales excellence, productivity and automation, quality and customer service, and purchasing), with specific objectives for each one.

The program is being launched to improve Acerinox's operational excellence and competitiveness. It will save EUR 100 million from 2024 to 2026 by combining costs/savings and revenue improvements while fostering a culture of continuous improvement and innovation across the organization.



C. New investment in NAS bolsters its leadership: wider range, higher output

North American Stainless (NAS), the Acerinox Group's main integrated stainless steel factory in the US, is strengthening its leading position in the American market with a new investment (its thirteenth since 1990) totaling US\$244 million. This will increase its production capacity by 20% to 200,000 metric tons.

The new equipment will increase the volume of flat products, with a special focus on higher-value-added products such as Bright Annealing (BA) and steels with special compositions to keep up with expected growth in this area.

NAS, one of the most efficient and advanced factories in the world, leads the industry in the US. It produces nearly 50% of the nation's stainless steel, supporting American supply security while creating quality jobs. The plant will have, among other equipment, a new cold rolling mill and modernized annealing and pickling lines.

These investments will create 70 new jobs in addition to the factory's 1,600 employees and 500 local service providers.

D. Consolidated leadership in sustainability: second EcoVadis Platinum Medal

This highest-level rating places the Group among the top 1% of companies in the sector worldwide

For the second consecutive year, Acerinox has been awarded the Platinum Medal by EcoVadis, the highest global rating in corporate sustainability. This rating evaluates corporate social responsibility in global supply chains.

The Company has passed the qualification process, demonstrating its solid management system. The assessment includes 21 sustainability criteria divided into four main areas: environment, labor and human rights, ethics and sustainable procurement.

This year, Acerinox obtained an overall score of 82 points; this placed it in the 99th percentile, at the top of the sector, as well as exceeding the score it received last year (79 points).

This distinction validates and demonstrates the Group's commitment to sustainability, supporting Acerinox's goal of creating the most efficient materials for the future, minimizing environmental impacts and maximizing benefits to society.



2. Strategy

2.1 Global context

The year 2023 was again marked by geopolitical tensions and supply chain problems. The Russia-Ukraine conflict was joined by the Gaza-Israel conflict and, at the end of the fiscal year, incidents in the Red Sea disrupted trade routes, diverting Suez Canal cargo flows to longer, more costly alternative routes.

The stainless steel sector

The stainless steel division had a year of low activity following the inventory adjustment phase launched in the second half of 2022.

In this regard, there were significant adjustments in all producing countries except China and Indonesia, where generated surpluses resulted in greater market price pressure.

The latest available data point to a normalization of inventories in all markets, so a recovery in apparent consumption can be expected during 2024. However, the year will continue to be marked by geopolitical uncertainty and the constant threat of overcapacity in Asia.

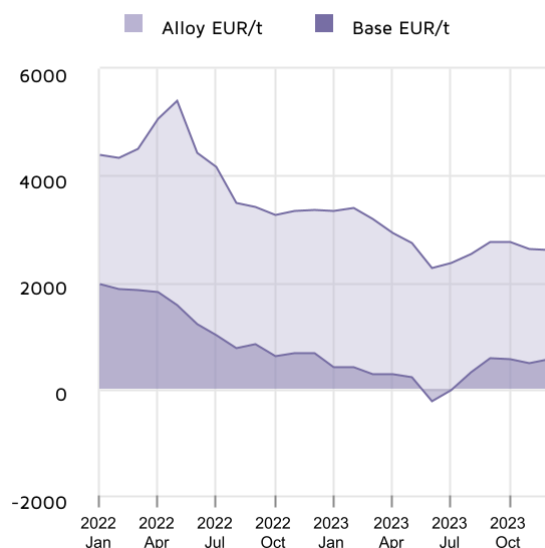
Europe

As a result of the inventory readjustment, apparent consumption in Europe fell by around 20%.

The main correction, with decreases of more than 50%, occurred in imports, most of which were destined for the distribution market. Demand from end users remained more stable.

Low prices, together with the safeguards and trade protection measures in place, as well as the positive impact of the launch of new anti-circumvention investigations regarding material of Indonesian origin re-rolled in Taiwan, Vietnam and Turkey, caused a notable reduction in imports from these origins.

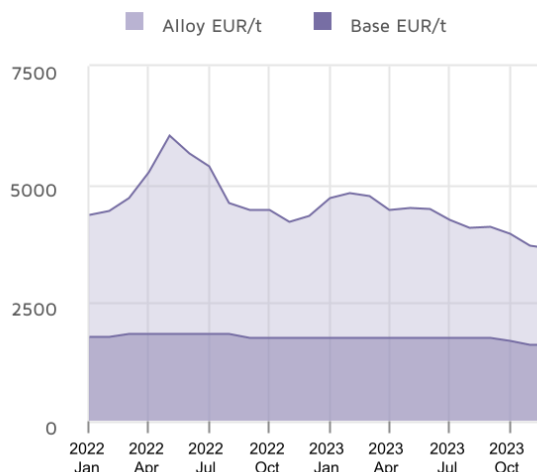
Evolution of base price + surcharge
in Europe (euros/ton)



United States

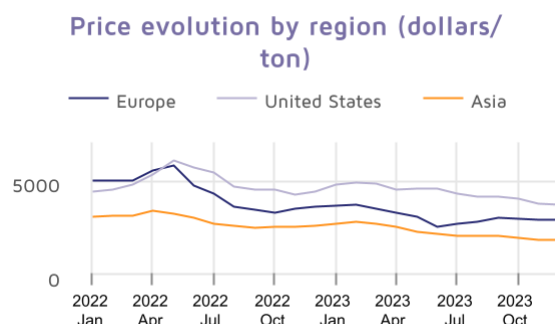
As in Europe, apparent consumption in the US declined by around 20% compared with the previous year due to the aforementioned inventory adjustment, affecting imports more sharply. The market, on the other hand, maintained a more stable activity level in terms of end users.

Evolution of base price + surcharge
in United States (dollars/ton)



Asia

The Asian market continued to suffer from aggressive pricing and production policies by major Chinese and Indonesian competitors; given the drop in demand from China, this diverted a significant portion of exports to Russia and the Middle East.



The high-performance-alloys sector

The high-performance alloys market behaved positively in 2023, though with significant differences from sector to sector. The oil and gas (O&G) and chemical process industry (CPI) markets in particular remained up.

In the O&G market, bar demand exceeded expectations. During the second half of 2023, the confirmation of many pipeline projects generated a strong increase in demand, especially during the last four months of the year.

Chemical process industry, for its part, also saw strong demand throughout the year and was propelled by high demand for electrolyzer applications.

As expected, the automotive market experienced a slight decline while the aerospace market continued to improve, especially in long product.

The electronics sector was much weaker than in previous years, with recovery expected in the second half of 2024.

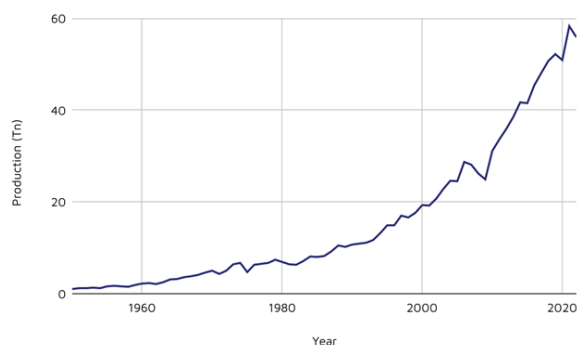
Acerinox's powder production business for additive manufacturing experienced its best year yet in 2023, and the forecast points to further growth in this product niche.

GDP growth (IMF - World Economic Outlook)

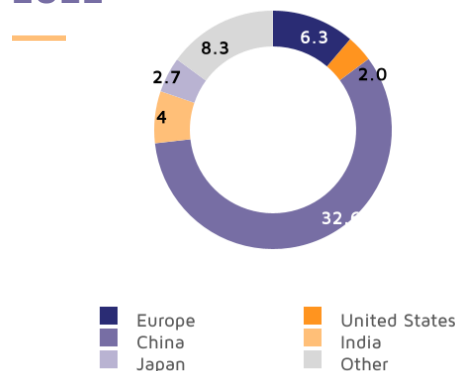
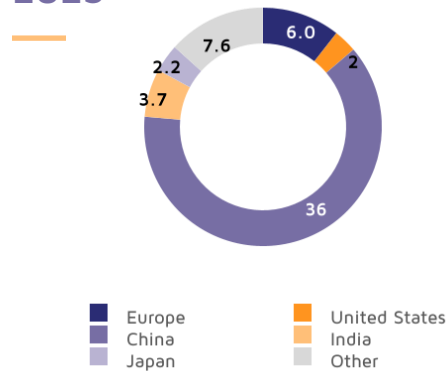
	2022	2023	2024
China	3.0	5	4.6
Germany	1.8	-0.3	0.5
India	7.2	6.7	6.5
South Africa	1.9	0.6	1.0
Spain	5.8	2.4	1.5
USA	1.9	3	2.1
ASEAN-5	5.5	4.2	4.7
Eurozone	3.4	0.5	0.9
World	4	3.1	3.1

2.1.1 Global production

_Global stainless steel production 1950 - 2023



_Global stainless steel production (millions of metric tons)

2022

2023


_Global melting shop production (thousands of metric tons)

	Q1	Q2	Q3	Q4	Total
2022	14,536	14,695	12,768	13,856	55,855
2023	13,467	14,410	14,727	14,281	56,885

_Global melting shop production by region / country (thousands of metric tons)

	2022	2023	Variation
Europe	6,294	6,034	-4.1%
US	2,017	1,807	-10.4%
China	32,575	35,603	9.3%
India	3,943	3,704	-6.1%
Japan	2,686	2,158	-19.7%
Other	8,340	7,580	-9.1%
Total	55,855	56,886	1.8%

2.1.2 Raw materials

Nickel

Official price on the LME 2022 – 2023

Average spot price / three months in US\$/t.



The downward trend in nickel prices continued throughout the period, starting 2023 above US\$31,000 and closing at around US\$16,500.

One of the main reasons for this sharp drop was the increased availability of all nickel sources. The surplus also extended to pure nickel due to weak demand, higher supply and new production capacities in China and Indonesia.

The gradual increase in stocks on the London and Shanghai metal exchanges also contributed to maintaining this downward trend in price.

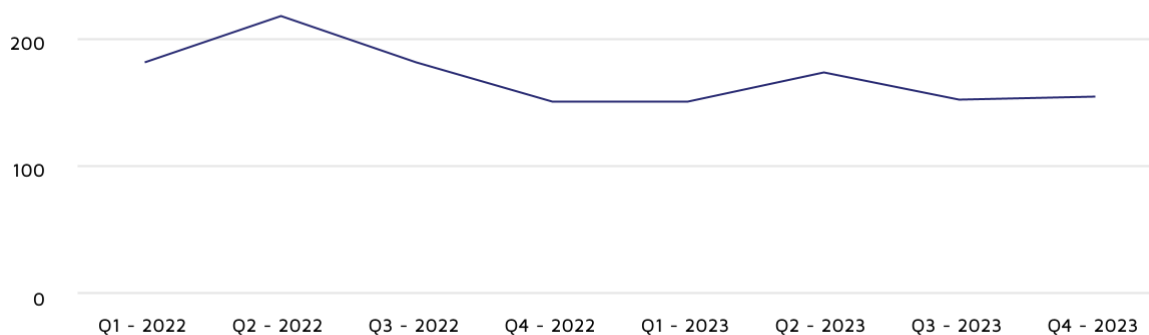
Ferrochrome

Robust chrome ore prices, announced ferrochrome production cuts and the price of energy in South Africa led to a price increase during the second quarter.

The second part of the year was marked by a price correction in the face of reduced global demand.

Average quarterly ferrochrome price

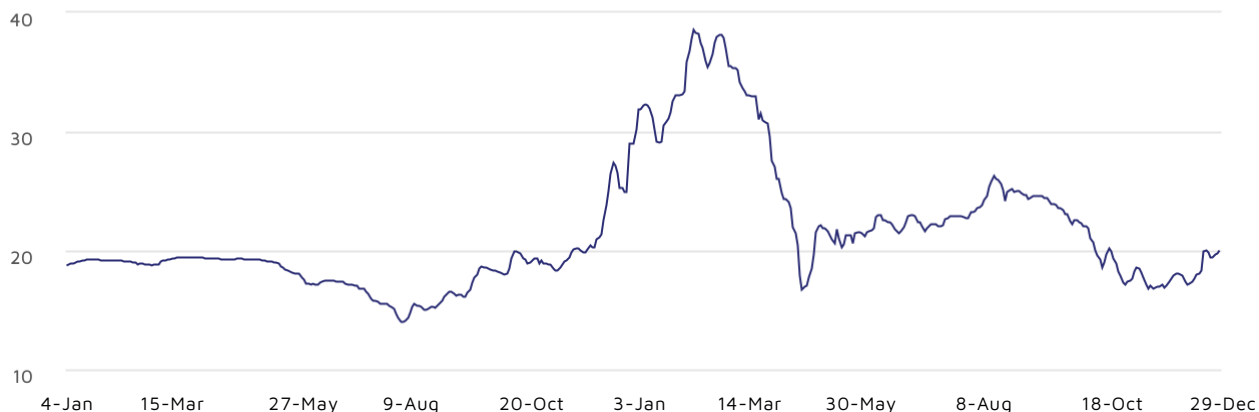
US¢ / Lb. Cr



Molybdenum

The announcement of a larger-than-expected shortfall in molybdenum concentrate production maintained the upward price trend at the beginning of the year, with prices peaking above US\$38/lb Mo in February.

Readjusted demand caused a price correction, with the price reaching its lowest levels during the month of April. Slight movements in the flow of imports and exports from the Asian market set its course during the second half of the year.

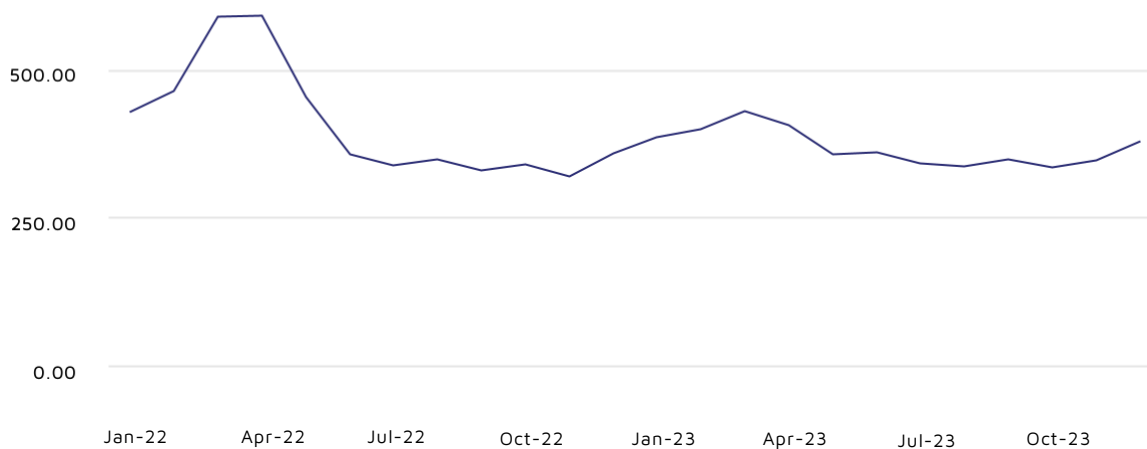


Ferrous scrap

After a first quarter characterized by the replenishment of stocks and an improved economic outlook, the rest of the year presented a very even supply/demand balance, keeping scrap prices at a high but stable level.

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

US\$/t



2.2 Strategic plan



Acerinox continues to successfully advance in the implementation of its strategic plan 2021-2025.

The deployment is based on the Group's vision: to become a global supplier that responds to present and future needs by offering the widest selection of materials, solutions and services. As a leader and driver in circular economy, Acerinox efficiently manufactures stainless steels and high-performance alloys with a focus on respect and committed to the environment.



The strategic plan is based on four pillars that support short-, medium- and long-term initiatives.

Strategic Plan 2021-25 Centered around 4 key pillars



Deliver through-cycle value creation



_Strategic pillars

- **Added value**

In 2023, Acerinox strengthened its market presence by standing out from the competition through the evolution of its portfolio. The development and expansion of products and solutions towards high-performance alloys in the US, Europe and South Africa was particularly significant.

- **Excellence**

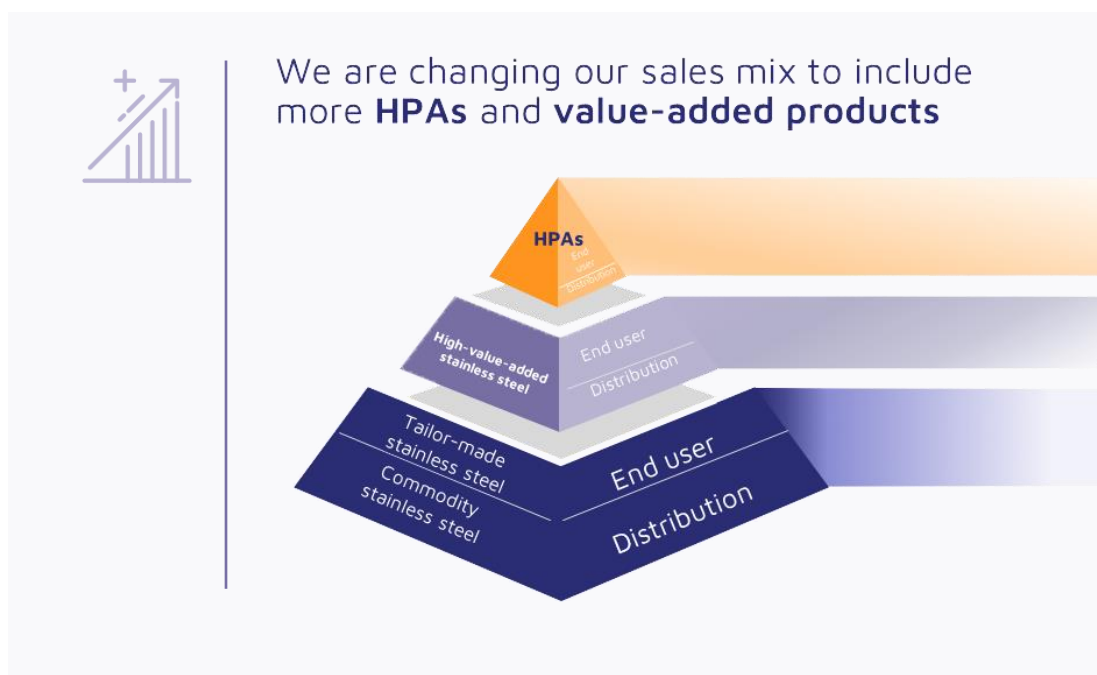
This is one of the values that directs the rest of the pillars and acts as a lever for competitiveness. The Group always offers the highest standards of excellence, balanced with cost management and with an overall positive impact on operations.

- **Sustainability**

This is the fundamental axis underpinning the Group's business model, based on circular economy. Sustainability enables the integration and cohesion of the other pillars.

- **Financial soundness**

Financial soundness guarantees shareholder remuneration and ensures our commitment to generate sustainable cash flow while maintaining a low level of indebtedness that allows us to face any cycle.



Key milestones 2023

NAS expansion project

In line with Acerinox's commitment to high-value-added products and performance, the Group gave a boost to its US factory, North American Stainless (NAS), one of the most efficient in the world.

During 2023, the contracting process for equipment and construction work began; this will generate 70 new jobs as part of a US\$244 million investment.

The expansion project includes the modernization of the annealing and pickling lines, the addition of a new cold rolling mill and the expansion of the melting shop, which will include a 400 metric ton crane, as well as the development of digital solutions that will increase production capacity by 20% to 200,000 metric tons.

VDM expansion project

VDM Metals' leadership in the high-performance alloys industry has been strengthened by a EUR 67 million investment in its German plants in Unna, Altena and Werdohl, which will gradually increase its production capacity of precision strip, bars, and wires, as well as increasing sales by 15%.

Projects include the expansion of three remelting furnaces, the upgrade of an annealing and pickling line, and another defect detection line for bars.



Second powder sprayer

Another focus of the project is the addition of a second powder sprayer plant, used for additive manufacturing (3D printing, used in many areas of high-demand industrial production). VDM Metals enjoys great recognition in this sophisticated format, where it will double its production capacity.

This investment is significant not only because it reflects the Group's strengthened R&D activity, but also because it underscores its innovative vision, given that the market in metal powders for additive manufacturing has double-digit growth potential.

Exploiting synergies with the high-performance alloys division

The investment made in the VDM facilities at Werdohl and Acerinox Europa (Campo de Gibraltar) will enhance synergies in the production of high-performance alloys and increase the range of products available.

Looking to the future: Beyond Excellence 24-26

The Acerinox Group continues to promote excellence through its Beyond Excellence program. The new Excellence Plan will be implemented at all Group factories, carrying out projects between 2024 and 2026 with the aim of reaching EUR 100 million in EBITDA by 2026.

The purpose of this plan is to improve all areas of the supply chain and to boost the Group's global competitiveness by implementing projects aimed at continuous improvement and adaptability centered on digital transformation, interdisciplinary collaboration, and a commitment to innovation using a holistic approach.

Beyond Excellence is based on six pillars: decarbonization, productivity, quality, efficiency, purchasing optimization, and new product development.

With specific targets for each, during 2024, we will work along the following lines:

- Increasing quality and in the production of high-value-added steels.
- Optimize the use of scrap as the main raw material.
- Increasing equipment productivity through digitalization.
- Using predictive techniques to improve the quality and maintenance of equipment and processes.
- Refining energy efficiency resources and consumables, which will result in reduced CO2 emissions.

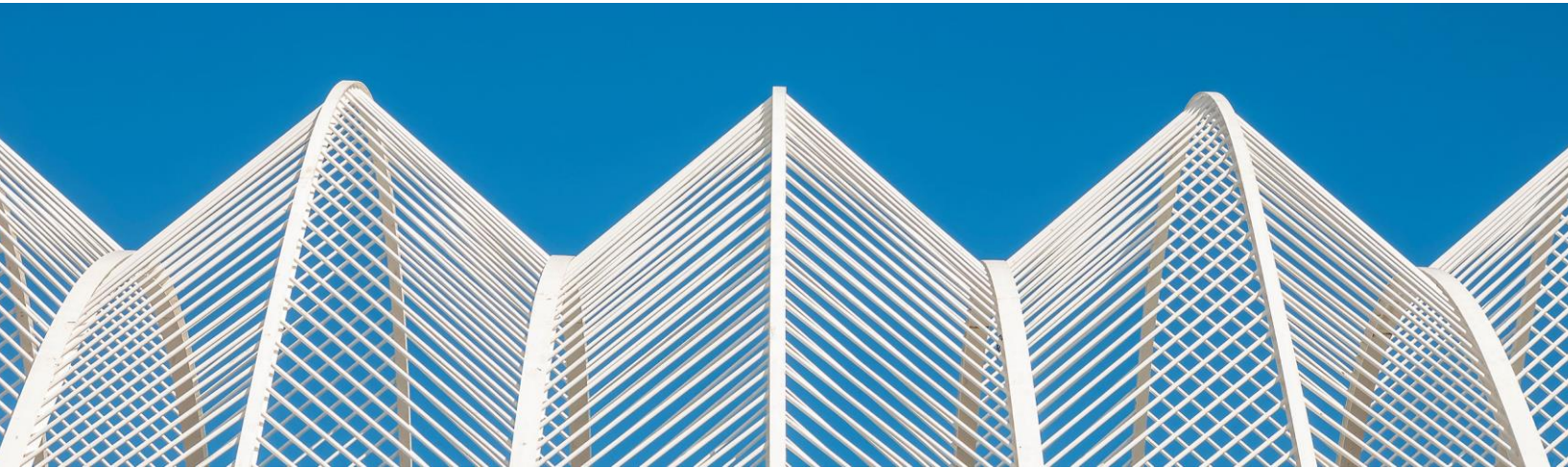
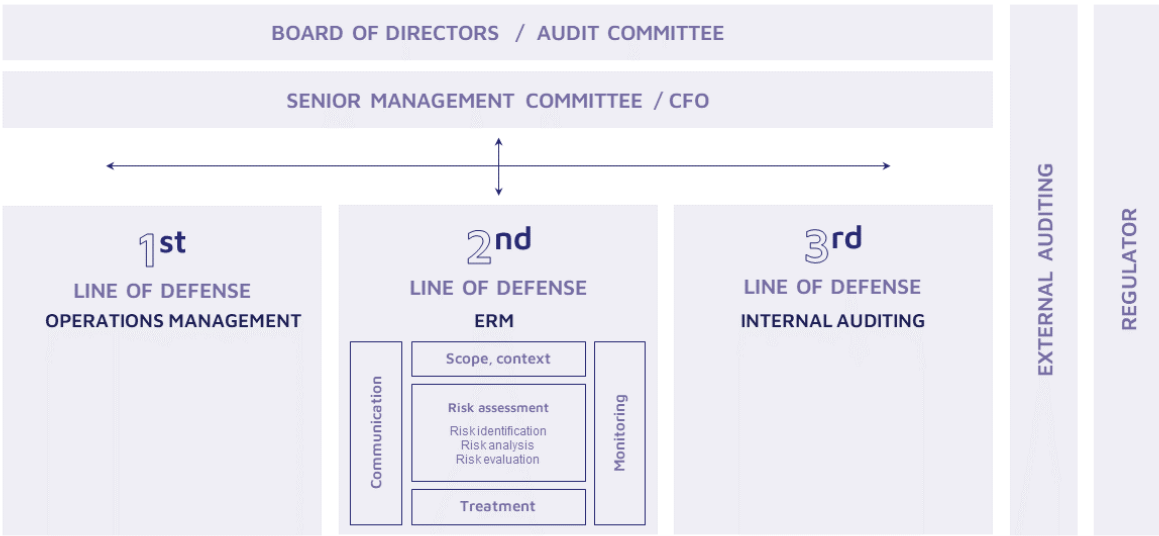
As an added value, Beyond Excellence aims - in line with the management by objectives philosophy - to deepen the culture of continuous improvement and innovation at all levels of the organization.



2.3 Risk Management




Acerinox has implemented a risk management model backed by the board of directors and senior management. It aims to identify, evaluate and mitigate the risks inherent to the sector in which it operates, as well as their impact on the Group’s financial goals and strategic objectives to the continued benefit of its stakeholders.

Acerinox recognizes its exposure to risks of various types and natures, which may affect both its financial and non-financial results. The identification and effective management of these risks is key to business success. To this end, the Company has implemented an Enterprise Risk Management (ERM) program aligned with the COSO ERM framework, covering all of the Group’s business areas and overseen by the Board of Directors:



Main risks

The Group's ERM model establishes a risk management methodology aimed at simplifying, unifying and homogenizing risk assessment across the Group's companies. The risk taxonomy is divided into six categories. The main risks within each category are detailed below, as well as the most important measures or plans designed to mitigate them:

Category	Main risks	Description and examples	Main responses
External 	Economic cycles	The global economic and geopolitical environment may be affected by tensions and adverse changes affecting stainless steel and, therefore, the Acerinox Group's business in its main markets.	Strategic Plan and Beyond Excellence underway at the Acerinox Group
	Geopolitical	Geopolitical tensions arising from Russia's invasion of Ukraine, the Israel-Hamas conflict or the growing tension between China and Taiwan can hamper economic development and put stress on supply chains.	Constant global monitoring to mitigate and/or anticipate economic impacts and potential supply chain disruptions
	Trade barriers and competitiveness	Acerinox is a group that works across the globe; its activities span multiple countries and are exposed to different regulatory frameworks. Due to the global nature of the business, the Group is exposed to possible risks arising from the existence and/or elimination of trade restrictions such as anti-dumping/anti-subsidy tariffs, export restrictions, special control measures, etc.	Monitoring of global trade and geopolitical trends with an active presence in the main local and international organizations and institutions
ESG 	CO2 emissions	In matters relating to environmental, social and corporate governance (ESG), the most significant risks are those related to the reduction of CO2 emissions, energy and occupational health and safety. Acerinox has targets for 2030 linked to these three areas; the specific action plans can be found in the corresponding sections of this report.	Concrete plans to reduce CO2 and improve efficiency
	Energy		Energy efficiency plans for each facility.
	Health and safety		Preventive maintenance programs, safety awareness campaigns, training plans
	Climate change (emerging risk)	In addition, climate change was identified as an emerging risk, so transition risks and physical were assessed following TCFD (more information in the Eco-efficiency and climate change mitigation chapter)	Decarbonization plan. Implementation of energy efficiency measures, increased use of renewable energies and greater use of sustainable fuels.
Financial 	Raw material price volatility	The production of stainless steel and high-performance alloys requires raw materials, mainly nickel, ferrochromium, molybdenum, and scrap. For the most part, commodity prices are subject to significant volatility due to the aforementioned geopolitical tensions.	Alloy surcharge mechanisms and/or, if applicable, financial hedges to try to minimize the impact of the volatility of the main raw materials (nickel, chrome, etc.)
	Macroeconomic, market and third-party insolvency variables	This same context may put special stress on different macroeconomic and market variables, such as interest rates, exchange rates and commodity prices, and likewise the insolvency of third parties. These are risks that the Group faces in its daily operations in order to achieve its financial targets	Partially insure the risk through financial hedging mechanisms and commercial credit insurance policies. There is an internal commercial credit risk management instruction as well as a global Commercial Risk Committee



Technological Cybersecurity



Increased cybercrime has led to greater risks for the company's operations. The development of AI puts the spotlight on the risks associated with new technologies. Cyberattacks can lead to business interruption and the loss of critical information, as well as loss of customer and supplier confidence and the imposition of governmental fines.

The company added a Global CISO in 2023. Reporting to the CEO, the CISO will lead the deployment of the cybersecurity strategy. The Cybersecurity Master Plan is underway; this will increase our protection capacity and improve our response to potential threats

Operational Supply chain. Availability of raw materials / basic supplies



The availability of raw materials and, in general, of the supply chain is essential to maintain the continuity of the production process. Events such as the recent Israel-Hamas conflict, the first impact of which has caused transportation problems across the Red Sea, highlight the risks to which supply chains are exposed. Risks affecting transportation, access to raw materials, or availability of other basic supplies.

Reduction of specific consumption. The Group strives to maintain adequate stability in the supply chain, monitoring the quality and reliability of the main suppliers of raw materials, such as nickel and chrome, as well as the other basic supplies necessary to ensure the continuity of our production process

Strategic Strategic plans



The execution and correctness of the strategic plans implemented by the company always comes with a risk of not achieving the targets set. Strategic investments, M&A processes, plans for improvement and target achievement, etc.

Regular review of climates and variables that may affect the achievement of strategic plans

Emerging risks

The Group is exposed to many complex, interconnected risks, conditioned by changes in the business context of a globalized, changing world in turmoil. In this context, in addition to the risk taxonomy, Acerinox pays attention to emerging risks, understood as new or unforeseen risks that have not yet been considered or whose potential damages or losses are not fully known.

Emerging risks, uncertain by nature, are a challenge to identify, assess, and mitigate. In this regard, Acerinox monitors global megatrends and the development of geopolitical tensions; likewise, it may review both the internal environment and specialized third-party publications that anticipate emerging risks which may affect the Group, either directly or indirectly.

Among the aforementioned emerging risks are those associated with climate change, new areas of transformation in the technological context, new regulation linked to sustainability, the transition towards a low-emissions economy, the effect of the evolution of artificial intelligence (AI) and their implications for cybersecurity and disinformation, as well as their repercussions in the geopolitical and economic sphere.



Review of the cybersecurity model

In an increasingly technological world, cyber-threats and security challenges are becoming ever more significant due to their impact on the organization. Their impacts could range from the loss of sensitive data to damage to physical assets or reduced product/service quality, even threatening business continuity itself.

Acerinox believes that it is essential to develop an effective way to manage risks associated with technology, in particular those related to cybersecurity.

This philosophy is based on the understanding that cybersecurity is one of the essential pillars for the protection of the Group's digital assets and sensitive information. A proactive approach is therefore crucial to safeguarding operational integrity and continuity, as well as to preserve stakeholder confidence, with a special focus on customers.

Acerinox's growing commitment to cybersecurity is reflected in robust governance structures staffed by information security experts, its constant strategy reviews and adherence to internationally-recognized standards such as the ISO/IEC 27001:2017 information security management systems standard, a certification Acerinox has held since 2022.

In this area, the company added a Global CISO (Chief Information Security Officer) in 2023. Reporting to the CEO, the CISO will lead the deployment of the cybersecurity strategy. Likewise, it has a robust cybersecurity governance structure consisting of a corporate information security committee, chaired by the group CEO and also including the CIO, the director of compliance, the chief legal officer, the chief risk officer and the Group's global CISO. Acerinox also has information security and cybersecurity committees in each business unit that ensure this function is applied consistently throughout the organization.

To ensure independent control and oversight, the cybersecurity function is subject to regular review by the Audit Committee. Since 2023, the Group has been busy implementing its three-year cybersecurity master plan, which is focused on strengthening the technological, organizational and procedural elements that guarantee that cybersecurity risks are managed properly. This plan is regularly reviewed and updated in order to respond to the shifting cyber-threat landscape.

Understanding this landscape means not only taking preventive measures, but also promoting an organizational culture that fosters awareness and shared responsibility in this area. Employee training and awareness is another indispensable pillar for proper cybersecurity management. With these premises in mind, the Group carries out constant training and awareness-raising actions for the entire workforce to promote best practices and mitigate possible risks.

To this end, Acerinox has a security operations center (SOC) supported by top-tier suppliers, whose purpose is to provide continuous surveillance and an effective response to potential incidents.

All these efforts reflect the Group's determination to continue managing cybersecurity challenges in a robust, proactive way, thus ensuring that information and assets are protected against potential threats and emerging risks.



3. Governance

GRI 3-3 / 2-19 / 2-20

In 2023, Acerinox's new dividend policy came into effect, establishing a stable dividend in its total amount and to the extent that the securities acquired through the share buyback programs are written off, increasing per share. The dividend is distributed in two annual payments, one in January and one in July.

The Group's Annual Shareholders' Meeting - held on May 23, 2023, as proposed by the board of directors at their April 12, 2023 meeting and following a report from the Appointments, Remuneration and Corporate Governance Committee - approved an amendment to the Directors' Remuneration Policy. This change implies the inclusion of a clawback clause relating to the total short-term variable remuneration referring therefore to the annual bonus and the Long-Term Incentive whereby the executive directors and senior management personnel of the Company may be required to repay in full the amounts unduly received.

This amendment of the Board of Directors' Regulations was reported on at the 2023 general meeting of shareholders. Said amendment was agreed upon at the meeting of the board of directors held on February 27, 2023, in order to incorporate the regulation of the position of lead independent director. The aforementioned amendment to the regulations was registered with the Madrid Company Register.

In 2023, the Acerinox board of directors carried out an annual evaluation of its performance and that of its committees through an independent external consultant.

In terms of training, the members of the Sustainability Committee were trained in various subjects, such as the new corporate sustainability reporting directive (CSRD), and climate risks.

The 2023 Acerinox Annual Corporate Governance Report, the Directors' Remuneration Report, the Financial Statements and the Management Report are available on the Spanish National Securities Market Commission and Acerinox websites.

The board of directors, in collaboration with its committees, approves the Group's policies. The board of directors and its committees, monitor the company's targets, including those related to sustainability.

3.1 Board of directors

GRI 3-3 / 2-9 / 2-11 / 2-12 / 2-13 / 2-14 / 2-17 / 2-18

In 2023, Acerinox's board of directors met fourteen (14) times and consisted of eleven (11) directors. At the Annual Shareholders' Meeting held on May 23, 2023, Mr. Ignacio Martín San Vicente stepped down as independent director, having completed the statutory term for which he had been appointed. In turn, Mr. Pedro Sainz de Baranda Riva was appointed independent director for a term of four (4) years. Mr. George Donald Johnston was also re-elected as independent director at the aforementioned general meeting of shareholders.

Skills matrix

At the behest of the Appointments, Remuneration and Corporate Governance Committee, the board of directors drew up and approved its own skills matrix. This document is made to serve as a mandatory guide for all board member selection processes and assignments to specific committees.

The board of directors brings together a huge range of skills, encompassing industry, sales, investment banking, and finance, as well as specialization in areas such as audit, sustainability, energy and new technologies. It is common for directors to have previous experience on the boards of other major international companies. Similar criteria, extensive experience and a wide variety of knowledge guide the decisions to assign professional profiles to each committee.



Board of directors



CARLOS ORTEGA ARIAS- PAZ

Chairman

Proprietary Director representing Corporación Financiera Alba, S.A. Member of the board of directors since May 2022.

Elected with the favorable vote of 91.99% of the subscribed voting capital attending the 2022 Annual Shareholders' Meeting.

Holder of 11,111 shares at December 31, 2023.



BERNARDO VELÁZQUE Z HERREROS

Chief Executive Officer
Executive

Member of the board of directors since 2010, re-elected in 2014, 2018 and 2022.

Chief Executive Officer since July 2010. He is a member of the Executive Committee.

Re-elected with the favorable vote of 92.55% of the subscribed voting capital attending the 2022 Annual Shareholders' Meeting.

Holder of 82,690 shares at December 31, 2023.



LAURA G. MOLERO

External independent

Member of the board of directors since 2017, re-elected in 2021.

She chairs the Appointments, Remuneration and Corporate Governance Committee and is a member of the Audit Committee.

Re-elected with the favorable vote of 97.24% of the subscribed voting capital attending the 2021 Annual Shareholders' Meeting.



GEORGE DONALD JOHNSTON

Lead independent director

Member of the board of directors since 2014, re-elected in 2019 and 2023.

He is a member of the Audit Committee and the Executive Committee.

Holder of 6 shares at December 31, 2023.

Re-elected with the favorable vote of 87.76% of the subscribed voting capital attending the 2019 Annual Shareholders' Meeting.



ROSA MARÍA GARCÍA PIÑEIRO

External independent

Member of the board of directors since 2017, re-elected in 2021.

She chairs the Sustainability Committee and is a member of the Executive Committee.

Re-elected with the favorable vote of 97.32% of the subscribed voting capital attending the 2021 Annual Shareholders' Meeting.



FRANCISCO JAVIER GARCÍA SANZ

External independent

Member of the board of directors since 2020.

He is a member of the Executive Committee and the Appointments, Remuneration and Corporate Governance Committee.

Elected with the favorable vote of 92.78% of the subscribed voting capital attending the 2020 Annual Shareholders' Meeting.



TOMÁS HEVIA ARMENGOL

External proprietary, representing Corporación Financiera Alba, S.A.

Member of the board of directors since 2016, re-elected in 2021.

He is a member of the Audit and Sustainability Committees.

Re-elected with the favorable vote of 99.13% of the subscribed voting capital attending the 2021 Annual Shareholders' Meeting.



MARTA MARTÍNEZ ALONSO

External independent

Member of the board of directors since 2017, re-elected in 2021.

She is a member of the Sustainability Committee.

Re-elected with the favorable vote of 98.05% of the subscribed voting capital attending the 2021 Annual Shareholders' Meeting.



LETICIA IGLESIAS HERRAIZ

External independent

Member of the board of directors since 2020.

She chairs the Audit Committee and sits on the Sustainability Committee.

Elected with the favorable vote of 92.59% of the subscribed voting capital attending the 2020 Annual Shareholders' Meeting.



SANTOS MARTÍNEZ- CONDE GUTIÉRREZ- BARQUÍN

External proprietary, representing Corporación Financiera Alba, S.A.

Member of the board of directors since 2002, re-elected in 2006, 2010, 2014, 2018 and 2022.

He is a member of the Executive Committee and of the Appointments, Remuneration and Corporate Governance Committee.

Re-elected with the favorable vote of 91.57% of the subscribed voting capital attending the 2022 Annual Shareholders' Meeting.

Holder of 9,997 shares at December 31, 2023.



PEDRO SAINZ DE BARANDA RIVA

External independent

Member of the board of directors since 2023.

He is a member of the Appointments, Remuneration and Corporate Governance Committee, as well as the Sustainability Committee.

Elected with the favorable vote of 92.05% of the subscribed voting capital attending the 2023 Annual Shareholders' Meeting.



LUIS GIMENO VALLEDOR

Secretary of the Board and General Secretary of the Acerinox Group.

Holder of 23,579 shares at December 31, 2023.

The articles of association establish that the board may have between five (5) and fifteen (15) directors. Although the maximum number has been reached in the past, there are currently eleven (11) members after the former chairman stepped down in 2022. This number is considered adequate to understand the current needs of the company, although it is subject to change in the future if the circumstances so require.

Name	Charge	Gender	Director			Committee				Other
			Executive	Proprietary	Independent	Executive	Audit	Appointments and Remuneration	Sustainability	First appointment
Carlos Ortega Arias-Paz	Chairman			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> C				2022
Bernardo Velázquez Herreros	Chief Executive Officer		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>				2010
Laura G. Molero	Director				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> C		2017
Rosa María García Piñeiro	Director				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/> C	2017
George Donald Johnston	Lead independent director				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			2014
Francisco Javier García	Director				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		2020
Tomás Hevia Armengol	Director			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	2016
Leticia Iglesias Herraiz	Director				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> C		<input checked="" type="checkbox"/>	2020
Pedro Sainz de Baranda	Director				<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2023
Marta Martínez Alonso	Director				<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	2017
Santos Martínez-Conde	Director			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		2002
Luis Gimeno Valledor	Secretary					SEC	SEC	SEC	SEC	-



Man



Woma

*C: Chairman

At the end of 2023, 36% of board members were women, with a target of reaching 40%



Changes in the board of directors

GRI 2-10 / 2-11

At the Annual Shareholders' Meeting, Mr. Ignacio Martín San Vicente stepped down from his position as director, having completed the statutory term for which he had been appointed, and Mr. Pedro Sainz de Baranda Riva was appointed independent director for a term of four (4) years.

Board committees

_Executive Committee

Composed of six (6) members, it held two (2) meetings.

_Audit Committee

Composed of four (4) members, it held fourteen (14) meetings.

_Appointments, Remuneration and Corporate Governance Committee

Composed of four (4) members, it held twelve (12) meetings.

_Sustainability Committee

Constituted in December 2020, it is composed of five (5) members and held six (6) meetings.



See the powers of the committees at:

URL:
<https://www.acerinox.com/export/sites/acerinox/.content/galerias/galeria-descargas/Reglamento-Consejo-Administracin.pdf>

_Management Committee

At December 31, 2023, the following members sat on the Acerinox Management Committee:

Ms. Lucía Alonso de Noriega	Internal Audit
Mr. Daniel Azpitarte	Chief Integration Officer
Ms. Esther Camós	Consolidation, Budgeting and Taxation
Mr. José Campuzano	Health, safety and environment
Mr. Carlos Castillo	Legal Advice
Ms. Marisa Dafaue	Human Resources
Mr. Mark Davis	CEO of Bahru Stainless
Mr. Antonio Fernández de Mesa	Treasury
Mr. Miguel Ferrandis	Chief Financial Officer
Mr. Cristóbal Fuentes	CEO of North American Stainless
Mr. Juan García	Risks
Mr. Rodrigo García-Vega	Compliance
Mr. Antonio Gayo	Strategy
Mr. Luis Gimeno	Secretary General and Secretary of the Board
Mr. Fernando Gutiérrez	CEO of Acerinox Europa
Mr. Hans Helmrich	Chief Operating Officer
Mr. Carlos Lora-Tamayo	Investor Relations and Communication
Mr. Carlos Marqués	Raw material purchases
Mr. Niclas Müller	CEO of VDM Metals
Ms. Deniza Puce	Indirect Purchases
Mr. Alberto Ruiz	Cybersecurity
Mr. Carlos Ruiz	Sustainability
Mr. Johan Strydom	CEO of Columbus Stainless
Ms. Isabel Vaca	Information Systems
Mr. Bernardo Velázquez	Chief Executive Officer



The variable remuneration of senior management, and therefore of executive directors (only the CEO at present), was determined on the basis of a series of metrics:

- The first set is related to the financial performance of the Acerinox Group, such as EBITDA, profit after tax and non-controlling interests, and net debt.
- The second set are specific indicators of the companies for which the pertinent member of management is directly and particularly responsible.
- The last set of metrics reflect sustainability performance.

Further details regarding the process of accrediting the CEO's bonus can be found in the Directors' Annual Remuneration Report, which is published at the same time as this report and is available on the website of the Company and the Spanish National Securities Market Commission. The total remuneration of Senior Management can also be consulted in the Annual Corporate Governance Report in the places mentioned above.

A portion of Senior Management remuneration, like the chief executive officer and other ensembles within Group Management, is linked to the profit obtained by shareholders over a three-year period. This is measured based on the TSR and ROE during these cycles. This component of remuneration is paid in Company shares.

For 2023, the effects of the clawback clause for the CEO and Senior Management contracts have been extended to all variable compensation.

Specifically, to the annual variable remuneration and the long-term incentive, following the recommendations of the Good Governance Code.

3.2 Annual shareholders' meeting

The annual general meeting of Acerinox was held on May 23, 2023 in Madrid with the physical presence of the Company's shareholders. A total of 1,754 shareholders, either in person or by proxy, were in attendance, representing 54.54% of the subscribed voting capital. All items on the agenda were approved with the sufficient majorities required by the Corporate Enterprises Act and the Company's articles of association.

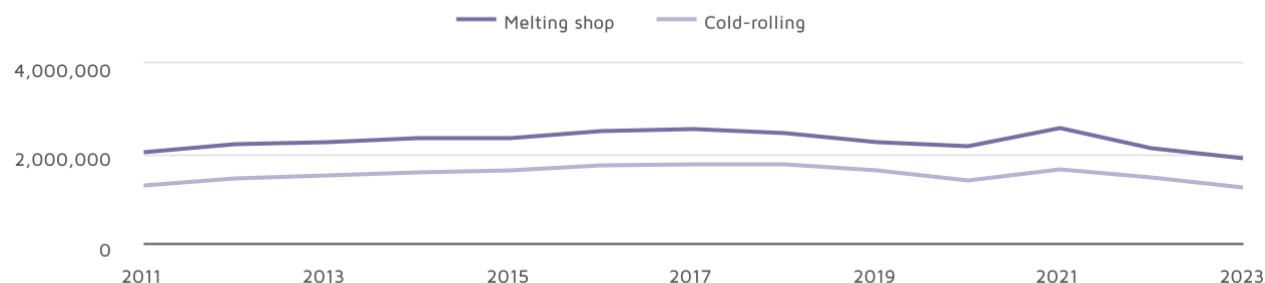


4. Economic performance

4.1 Production

The Acerinox Group produced 1.9 million metric tons in 2023, of which 96 % corresponded to the stainless steels division and 4 % to the high-performance alloys division.

Evolution of the total production of the Stainless Steel Division's factories (MT)



Quarterly performance of stainless steel division production (thousands of metric tons)

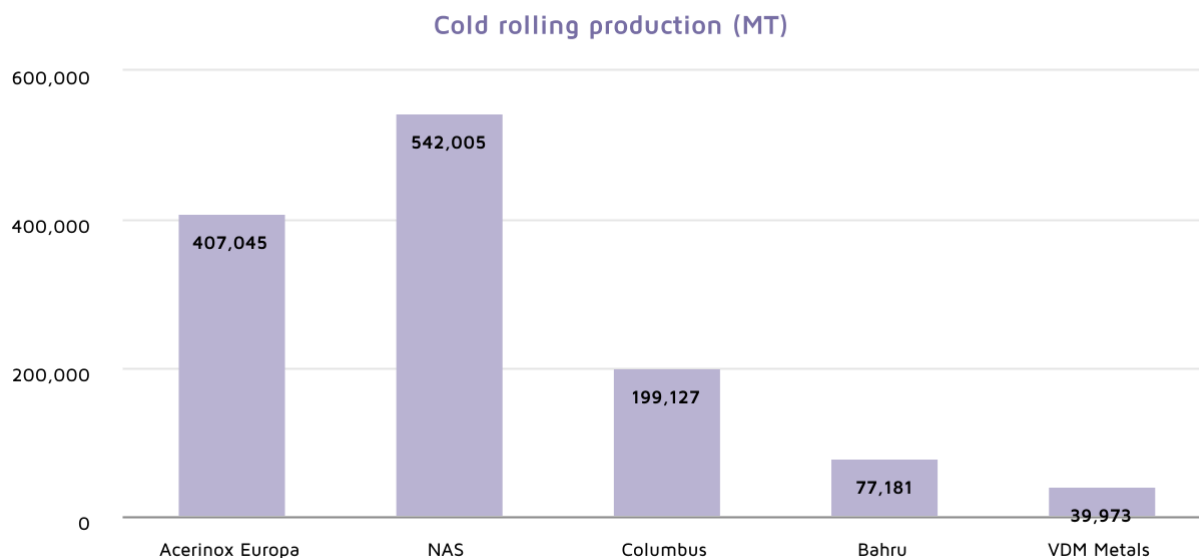
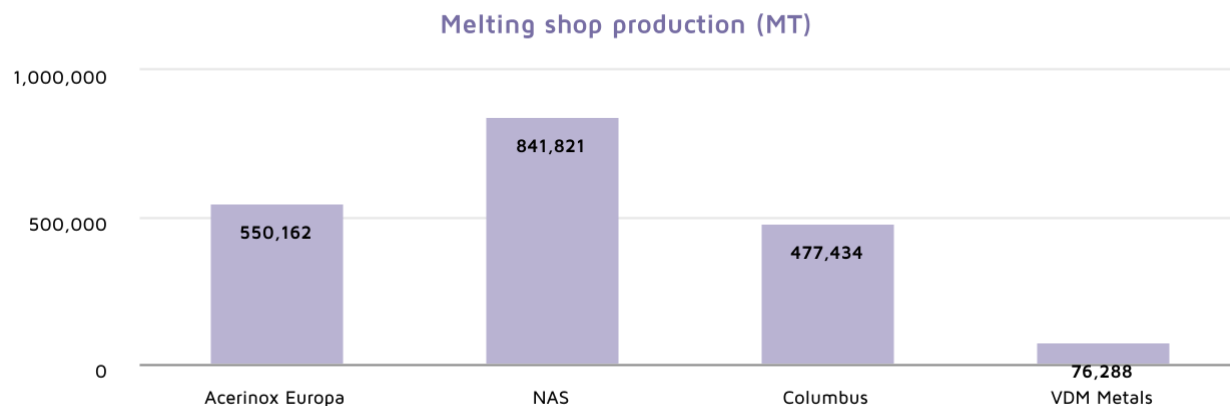
	2023					2022	Variation
	Q1	Q2	Q3	Q4	Accumulated	Jan-Dec	2023 - 2022
Melting shop	515	465	423	468	1,869	2,108	-11.3%
Cold rolling	311	304	283	328	1,225	1,441	-15.0%
Long products (hot rolling)	42	36	32	28	139	233	-40.6%

Quarterly performance of high-performance alloys division production (thousands of metric tons)

	2023					2022	Variation
	Q1	Q2	Q3	Q4	Accumulated	Jan-Dec	2023 - 2022
Melting shop	19	21	17	18	76	82	-7.0%
Finishing shop	8	12	11	10	40	44	-9.2%



_Group production



In 2023, production in the stainless steel division maintained the downward trend that appeared during the fourth quarter of 2022.

The low level of demand throughout the year, along with the inventory reduction process, meant that all the factories in the stainless steel division had to adjust their production to market conditions.

In the case of the high-performance alloys division, demand remained stable throughout the year, while production activity was slightly lower than in the record year of 2022 (-7% melting shop production).

4.2 Financial results

_Key indicators - EUR million

703	6.608	228	341	13.34%
EBITDA	REVENUE	NET INCOME	NET FINANCIAL DEBT	ROCE

Group's consolidated results

In a complex environment, Acerinox's results reflect the Group's resilience even at the lowest points in the cycle. 2023 was marked by macroeconomic and geopolitical tensions, supply chain challenges and incidents affecting trade routes. In these circumstances, the Group's flexibility in adapting to market conditions, cost controls, working capital reduction and debt reduction was evident.

The remarkable results given this market context demonstrate the foresight of the strategic decisions made in recent years, as well as the increased efficiency achieved in the last decade. Acerinox is managing to flatten and mitigate industry's cyclical nature while consolidating a new profitability threshold and consistently generating value across different economic cycles.

The stainless steel industry was affected by the inventory reduction process launched during the second half of 2022. Uncertainties in different markets pushed back new purchases, causing a sharp drop in apparent demand, which affected the Group's operations during 2023.

On the other hand, the high-performance alloys market - the focus of part of Acerinox's strategy, renewing its commitment to higher-value-added products - performed satisfactorily, maintaining its strength, solid demand and good prospects.

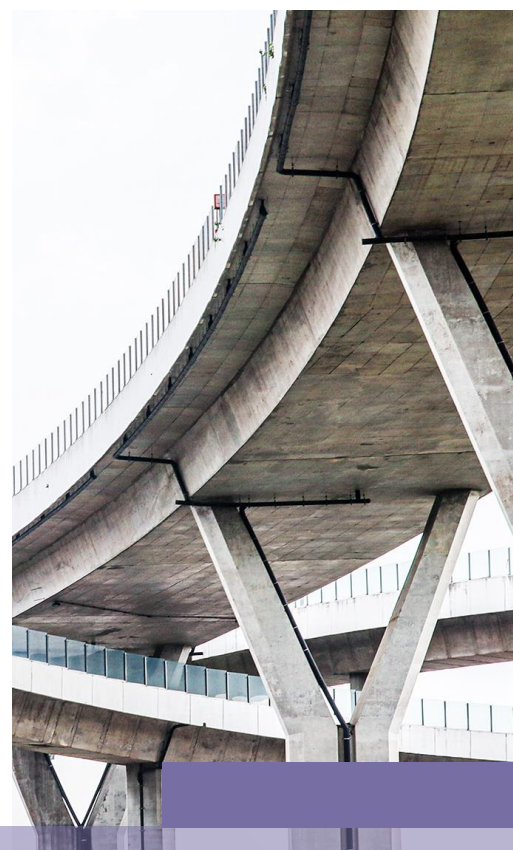
Diversification and added value

In recent years, Acerinox has focused its strategy on a process of geographic and product diversification, with a special focus on higher-value-added solutions.

In 2023, the Group's main markets faced similar challenges: downward trends in demand and consumption, high inventory levels and the uncertainties generated by the geopolitical situation. While Europe suffered from falling prices and rising costs, prices remained stable in the North American market.

In addition, the high-performance alloys industry boosted Acerinox's presence in strategic industries with high profitability and long-term growth. It also strengthened the Group's position as a supplier of a wide variety of materials and modified the sales mix with new high-value-added solutions. Thanks to its production and distribution network, the Company was close to suppliers and customers, supporting the regionalization process and improving supply chains.

Despite the unfavorable environment, Acerinox's strong cash generation and ability to make efficient use of capital allowed it to reduce its net financial debt and continue to generate value for shareholders. In 2023, the Group's shareholders benefited from a total dividend of EUR 150 million, consolidating the ongoing commitment to increasing the dividend per share that characterized previous years.



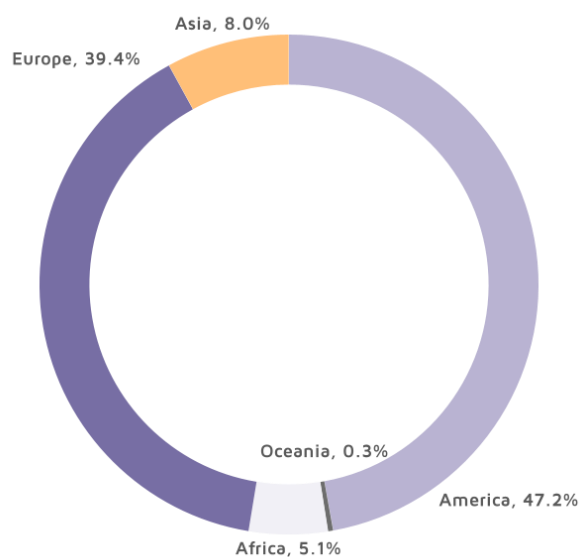
The most important figures for the year and the change with respect to the previous one are summarized in the following table:

EUR million	12M 2023	12M 2022	% 12M 23 / 12M 22
Melting shop production (thousands of metric tons)	1,946	2,190	-11%
Net sales	6,608	8,688	-24%
EBITDA	703	1,276	-45%
EBITDA margin	11%	15%	
Adjusted EBIT (1)	530	1,080	-51%
Adjusted EBIT margin	8%	12%	
EBIT	374	876	-57%
EBIT margin	6%	10%	
Pre-tax income	355	831	-57%
Profit after tax and non-controlling interests	228	556	-59%
Operating cash flow	481	544	-12%
Net financial debt	341	440	-23%

(1) Adjusted EBIT: excluding an impairment of the assets of Bahru Stainless amounting to EUR 204 million in 2022 and EUR 156 million in 2023.

Revenue for the year totaled EUR 6,608 million, 24% lower than the previous year, marked by sharp declines in apparent demand and prices in the main markets in which the Group operates.

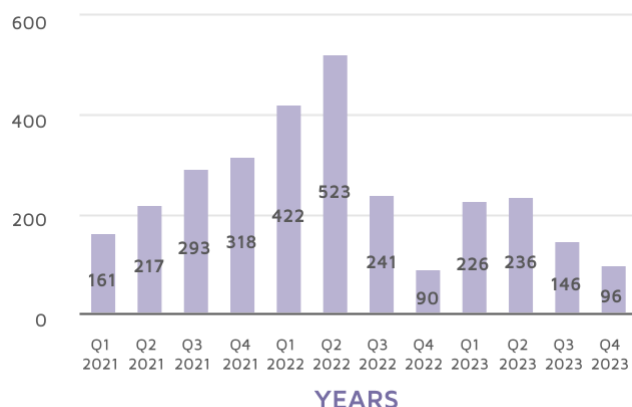
Geographic distribution of sales



The Group made a substantial effort to adapt to market conditions and ended the year with the lowest inventory levels in its history, allowing for a significant reduction in working capital



Quarterly EBITDA 2021, 2022 and 2023 - EUR million



Despite the drop in demand, the Group managed to obtain a commendable EBITDA of EUR 703 million, 45% lower than 2022, an all-time record for the Company in its more than 50-year history.

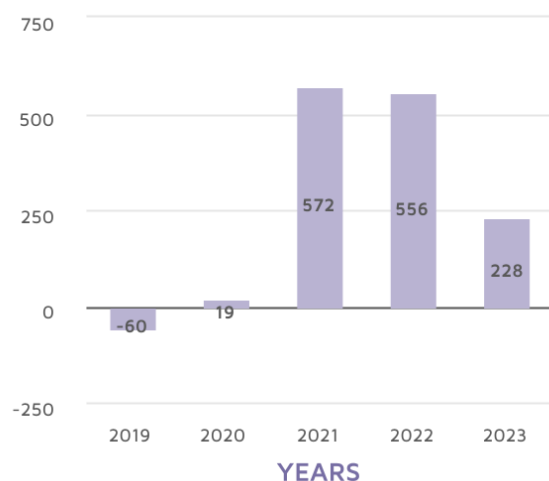
The EBITDA margin rose to 10.6%. This figure includes an inventory adjustment to net realizable value of EUR 65 million.

Depreciation and amortization, at EUR 171 million, decreased by 11% compared to the previous year.

Operating profit (EBIT) amounted to EUR 374 million. Excluding the impairment of Bahru Stainless (EUR 156 million), adjusted EBIT would be EUR 530 million.

Profit after tax and non-controlling interests for 2023 amounted to EUR 228 million, 59% down on 2022.

Profit after tax and non-controlling interests - EUR million



Impairment of Bahru Stainless

Existing overcapacity in Asia, as well as the difficulty of turning a profit at the Group's factory in Malaysia, have led management to reflect strategically on the future of this plant, not ruling out the possibility of ceasing operations.

As a result, the maximum possible impairment of assets in Bahru Stainless was conducted, amounting to EUR 156 million. This did not result in a cash outflow.

Cash generation

One of the Acerinox's strategic pillars is to maintain its financial strength, defined as sustainable cash generation over time to make efficient use of capital and generate value for the shareholder.

Cash generation continues to be one of the Group's priority objectives. In 2023, despite the lower result obtained, management to reduce Acerinox's working capital, mainly inventories, resulted in an operating cash flow of EUR 481 million (EUR 544 million in 2022).



_Cash flow - EUR million

	12M 2023	12M 2022
EBITDA	703	1,276
Changes in working capital	79	-479
Corporate income tax	-233	-238
Finance costs	-4	-25
Other adjustments	-65	10
OPERATING CASH FLOW	481	544
Payments due to investment	-175	-126
FREE CASH FLOW	307	419
Dividends and treasury shares	-152	-336
CASH FLOW AFTER DIVIDENDS	155	83
Translation differences	-56	55
Changes in net financial debt	99	138

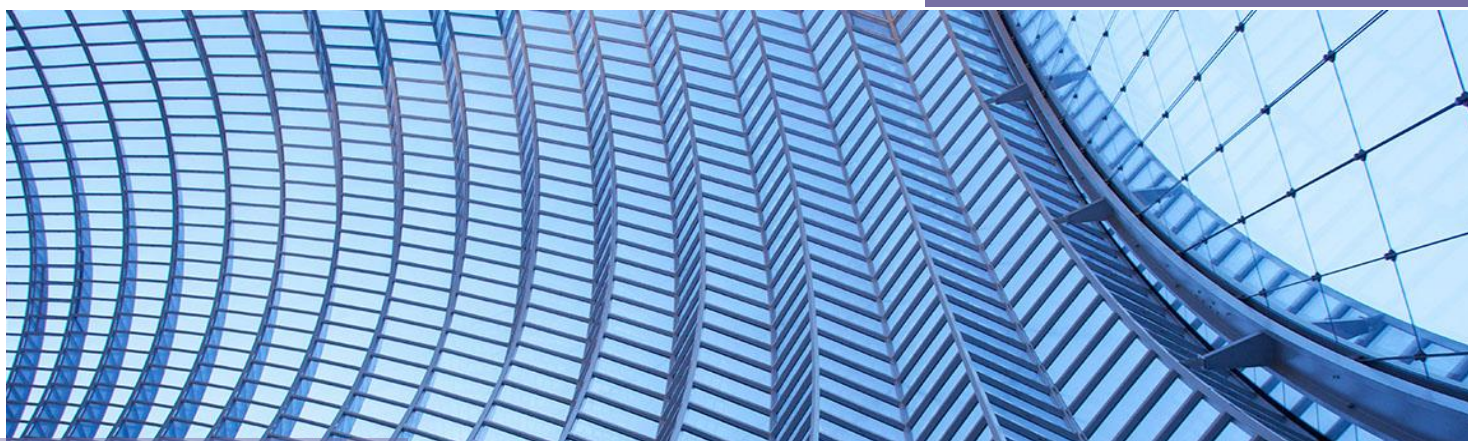
In a year of falling apparent consumption, with the price of nickel falling throughout the year and industry prices in Europe at historic lows, working capital was reduced by EUR 79 million.

Income tax payments amounted to EUR 233 million, due to the good result obtained by the Company in the previous year.

After investment payments of EUR 175 million, the free cash flow generated amounted to EUR 307 million.

Shareholder remuneration for the year amounted to EUR 150 million in ordinary dividends, as a cash payment of EUR 0.60 per share was made, representing a payout of 66%.

On the other hand, the depreciation of the US dollar (-4% in the year) generated negative translation differences of EUR 56 million.



_Statement of financial position and financing

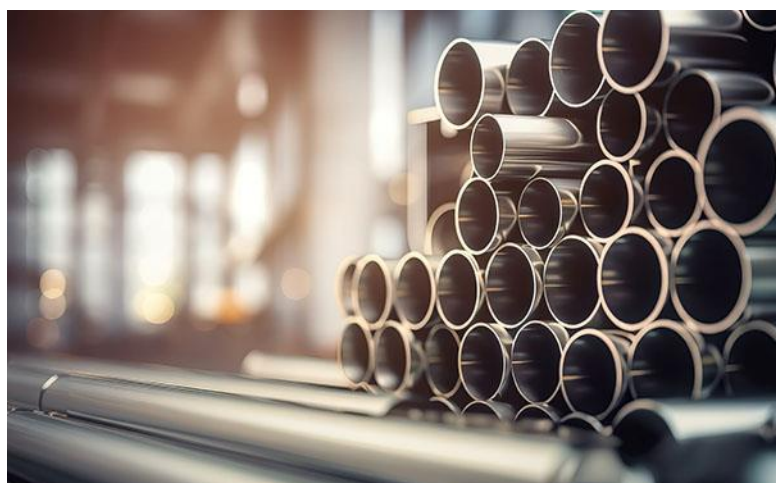
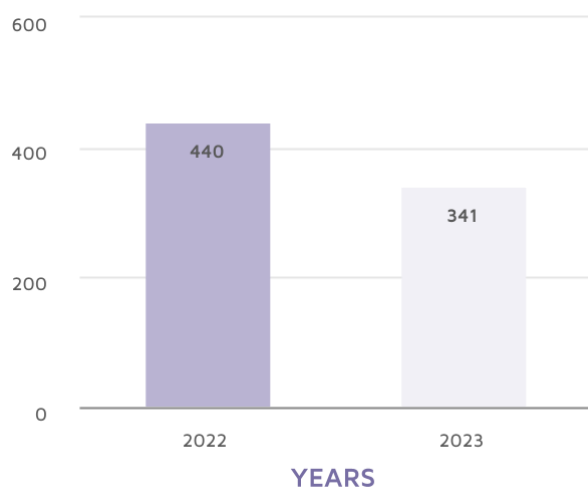
ASSETS

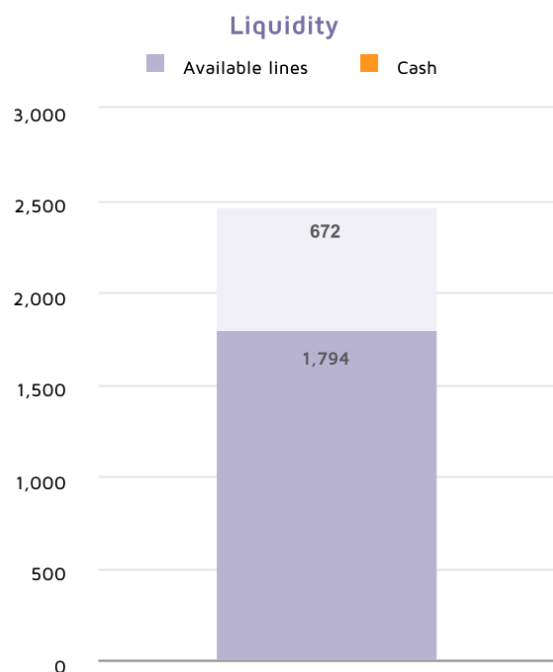
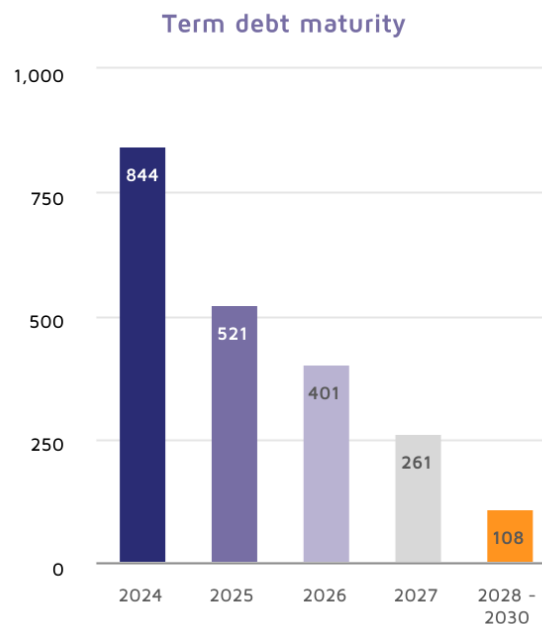
EUR million	2023	2022	Variation
Non-current assets	1,777	1,902	-7%
Current assets	4,322	4,416	-2%
Inventories	1,861	2,156	-14%
Receivables	618	646	-4%
Customers	560	575	-3%
Other receivables	58	71	-18%
Cash	1,794	1,548	16%
Other current financial assets	50	67	-25%
Total assets	6,099	6,318	-3%

LIABILITIES

EUR million	2023	2022	Variation
Equity	2,463	2,548	-3%
Non-current liabilities	1,733	1,823	-5%
Bank borrowings	1,291	1,394	-7%
Other non-current liabilities	442	429	3%
Current liabilities	1,902	1,947	-2%
Bank borrowings	844	594	42%
Trade payables	787	1,017	-23%
Other current liabilities	272	335	-19%
Total Liabilities	6,099	6,318	-3%

_Net financial debt - EUR million



_Liquidity - EUR million**_Maturities of term debt - EUR million****EUR 2,135 million**

Net financial debt at December 31, 2023 of EUR 341 million had fallen by EUR 99 million (EUR 440 million at December 31, 2022).

As in 2022, during 2023, the Group continued to actively manage its long-term loans and renew its credit lines to maintain the Group's liquidity. In this regard, the most relevant financial operations in 2023 were as follows:

- Renewal of the syndicated factoring agreement in Spain until 2026, increasing the maximum amount to EUR 380 million and including a new assignor (VDM Metals International)
- Renewal of the Columbus Borrowing Base Facility in South Africa until 2027 for a total maximum amount of ZAR 3.5 billion
- Renewal and extension of credit facilities up to a total amount of EUR 301 million and US\$135 million.
- Signing of five new long-term loans in Spain with various financial institutions for a total amount of EUR 155 million.
- 1.5 year extension of the loan signed by VDM for EUR 30 million.
- Extension for an additional year (until 2025) of the bilateral financing lines signed with VDM with five financial institutions for a total amount of EUR 210 million.
- Increase in Bahru Stainless' short-term financing facilities (credit lines and revolving credit facilities) to a maximum of US\$145 million.

At year-end, the Group had sustainable outstanding debt totaling EUR 647.4 million, linking the cost of the credit to the evolution of the established indicators to be reviewed annually. At December 31, 2023, the majority of the Group's financing corresponded to term loans, of which almost 80% were due to mature in over a year. Overall, 70% of the loans and private placements were at fixed interest rates (these figures include loans closed at floating interest rates but hedged with an interest rate derivative).

As of December 31, 2023, the Acerinox Group had liquidity amounting to EUR 2,465 million. Of this amount, EUR 1,794 million corresponded to cash and short-term deposits and EUR 672 million to available financing at various Group subsidiaries.

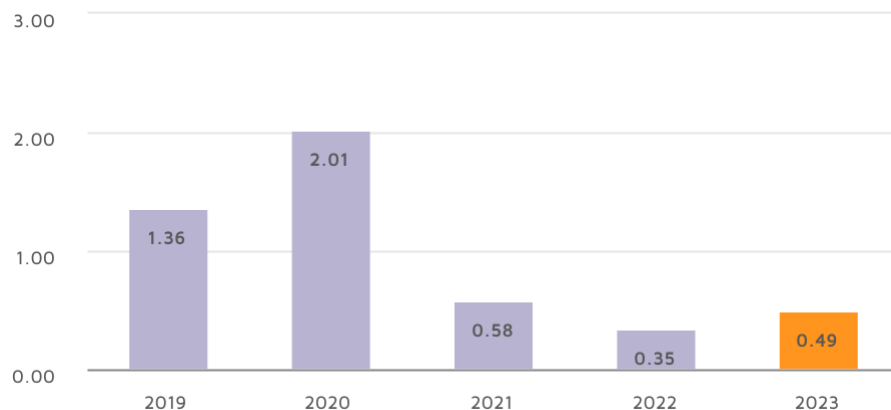
Financial ratios

The net financial debt/EBITDA ratio was 0.49x (0.35x in 2022), demonstrating our good financial situation.

The gearing ratio stood at 14%, a 25-year low.

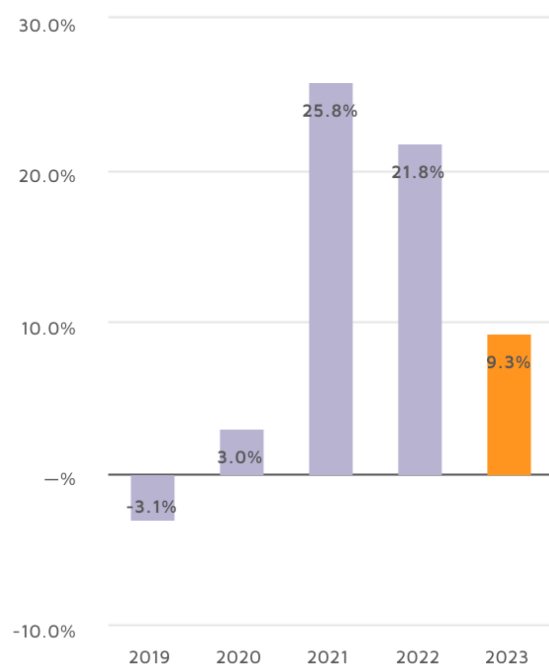
Return on capital employed (ROCE) was 13.34% in 2023 (29.31% in 2022). Adjusted ROCE (excluding the impairment of Bahru Stainless) was 17.9%, exceeding the Group's target of 15%.

_Net financial debt to EBITDA - No. of times

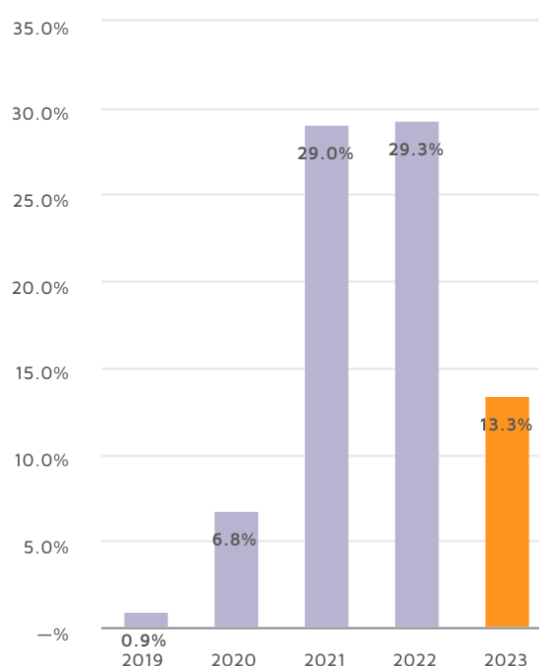


ROE in 2023 stood at 9.3% while ROCE was 13.3%

_ROE - %



_ROCE - %



Average period of payment to suppliers

With regard to the average payment period, Law 18/2022 of September 29 on the establishment and growth of companies amended the related law, in particular the additional provision 3, which establishes an information requirement and obliges all listed companies to explicitly indicate in their Annual Accounts the average payment period to suppliers, the volume of money and the number of invoices paid in a period lower than the maximum established in the regulations on late payments, as well as the percentage of these invoices in the total number of invoices and in the total amount of money paid to their suppliers. The Group has taken this amendment into account.

The average period of payment to suppliers of the Spanish companies that form part of the Acerinox Group, after deducting payments made to Group companies, is as follows:

	2023	2022
	Days	Days
Average period of payment to suppliers	64 days	63 days
Ratio of operations settled	62 days	62 days
Ratio of transactions pending payment	81 days	80 days
	Amount	Amount
Total payments made	2,363,976	2,384,319
Total outstanding payments	189,493	189,759

The table includes payments made to any supplier, whether domestic or foreign, and excludes Group companies.

As regards the new mandatory disclosures for Spanish companies belonging to the group, the situation is as follows:

	2023	2022
a) Monetary volume of invoices paid within a period equal to or less than the maximum established in the regulations on late payment	1,114,046	1,129,490
Percentage share of total number of invoices of payments to its suppliers	47%	47%
b) Number of invoices paid within a period equal to or less than the maximum period established in the late payment regulations	23,427	22,172
Percentage share of total monetary payments to its suppliers	41%	40%



Stainless steel division results

EUR million	12M 2023	12M 2022	% 12M 23 / 12M 22
Melting shop production (thousands of metric tons)	1,869	2,108	-11%
Net sales	5,195	7,426	-30%
EBITDA	533	1,151	-54%
EBITDA margin	10%	16%	
Depreciation and amortization	-138	-161	-14%
Adjusted EBIT*	393	987	-60%
Adjusted EBIT margin	8%	13%	
EBIT	237	783	-70%
EBIT margin	5%	11%	
Operating cash flow (before investments)	475	648	-27%

*Includes the impairment of assets at Bahru Stainless amounting to EUR 204 million in 2022 and EUR 160 million in 2023

Revenue was down 30% compared to 2022 due to lower sales and price drops in all markets.

EBITDA amounted to EUR 533 million, 54% down on 2022. This figure includes an adjustment of inventories to net realizable value of EUR 49 million.

Operating cash flow totaling EUR 475 million was generated owing to the EUR 206 million decrease in working capital.

Cash flow - EUR million

EUR million	12M 2023	12M 2022
EBITDA	533	1,151
Changes in working capital	206	-247
Corporate income tax	-230	-233
Finance costs	17	-14
Other adjustments	-50	-8
OPERATING CASH FLOW	475	648



High-performance alloys division results

The alloys division exploited the favorable market momentum with a sound management of raw material purchases, the backlog and product mix, which led VDM to achieve the best results in its history, surpassing the record achieved in 2022.

EUR million	12M 2023	12M 2022	% 12M 23 / 12M 22
Melting shop production (thousands of metric tons)	76	82	-7%
Net sales	1,437	1,262	14%
EBITDA	175	125	40%
EBITDA margin	12%	10%	
Depreciation and amortization	-24	-24	1%
EBIT	151	102	49%
EBIT margin	11%	8%	
Operating cash flow (before investments)	7	-104	

High-performance alloys revenue reflected the favorable market momentum with 14% growth compared to 2022.

EBITDA generated—EUR 175 million—was 40% higher than in the previous year, setting a new record. At year-end, an inventory adjustment to net realizable value of EUR 16 million was carried out.

Meanwhile, operating cash flow was EUR 6.5 million, due to an increase in working capital of EUR 126 million as a result of good activity.

Cash flow - EUR million

EUR million	12M 2023	12M 2022
EBITDA	175	125
Changes in working capital	-126	-232
Corporate income tax	-3	-5
Finance costs	-25	-11
Other adjustments	-14	18
OPERATING CASH FLOW	7	-104

4.3 Excellence 360° Plan

In 2023, the Group advanced in the deployment of the Excellence 360° Plan, featuring digital transformation as the driving force to gather and direct the Group's strategies until they are aligned with its production requirements, thus maximizing business opportunities.

Production

Quality
Maintenance
Productivity
Yield
Production materials

Supply chain

Logistics
On time in full delivery

Excellence



Raw materials

Mix optimization
Purchasing planning

Commercial

Sales increase
Sales management

The Excellence 360° Plan made it possible to successfully tackle the uncertain environment that characterized the steel industry in 2023, as well as the weakness of the industrial market in the face of constantly rising energy prices and supply failures. These factors were compounded by the unstable geopolitical situation and the resurgence of armed conflicts. Production cuts resulting from this global scenario prevented value chain optimization, as in other periods of stability, with an average savings during the life of the plan of close to 40%.

In this area, achievements in areas such as the optimization of raw material purchases and the improvement in melting shop yields stand out, with final results above the targets set, as does progress in the reduction of material sent to landfill, and the increase in line processing capacity.

The success of the excellence plans implemented over the last 15 years and the know-how acquired by Acerinox during their execution planted the seed for the design of the new Beyond Excellence Plan.

Digital Transformation Plan

The Digital Transformation Plan, one of the main enablers for pushing forward Excellence, has turned Acerinox into one of the major companies in Industry 4.0.

Its three core programs of recent years - automation and robotization, integrated planning, and data analytics - have been complemented by the addition of a fourth: traceability. The combination of their advances makes the Group not only a Smart Factory, but a Smart Company, building a process improvement strategy with the help of the most innovative technologies, such as AI and digital twins.

During 2023, the Group launched nearly 40 initiatives along the value chain, implementing them at its main facilities.

Specifically, this activity was focused on improvements to the advanced analytics program, with promising projects such as the following:

- Predictive maintenance to ensure constant monitoring of critical assets.
- Predictive quality, which allows surface defects in cold rolling production to be reduced. A global project launched at all the stainless steel division's factories.
- Real-time statistical monitoring of the hot rolling process to reduce its variability. A pilot project deployed in Google Cloud that, in 2024, will be extended to other production areas.
- Melting shop digital twin technology to help optimize slab costs.
- Scrap metal characterization using AI for image recognition.
- Progress in the project to promote product traceability.
- At flat product factories, progress was made in the deployment of sequencers to optimize production campaigns.

Acerinox has joined the Association to Promote the Data Economy and Artificial Intelligence in Spanish Industry, IndesIA, as it works to modernize and digitalize Spanish companies. Acerinox will be an active part of the IndesIA ecosystem, enriching its teams, learning, and benchmarking, using the different working groups to develop products and projects while contributing its experience in these fields.

INDESIA

Consortio Nacional Industrial para
el Impulso de la Economía del Dato
y de la Inteligencia Artificial



Digitalization and innovation

EUR 17.6 million

digitalization and innovation
investments and expenses

4.4 Acerinox shares

Acerinox's share capital on December 31, 2023, after the redemption of 10,388,974 shares approved at the Annual Shareholders' Meeting on May 23, 2023, was set at EUR 62,333,842.75. It is represented by 249,335,371 shares, with a par value of EUR 0.25 per share.

All shares are admitted to official trading on the Madrid and Barcelona stock exchanges and are traded on the continuous market.

At December 31, 2023, Acerinox had a total of 44 thousand shareholders:

	No. of shares	% capital
Corporación Financiera Alba SA	48,101,807	19.29%
Danimar 1990 SL	14,224,988	5.71%
Industrial Development Corporation of South Africa LTDA	8,809,294	3.53%
Other investors	178,199,282	71.47%

Domestic investors
represent **58%** of share capital;
foreign investors represent **42%**



Analyst and investor relations

Acerinox guarantees the market equal access to information through all communication channels. Our website (acerinox.com) plays a very important role in applying this transparent communication policy and serves as a guarantee of access to information.

Any minority shareholder may contact the shareholder's office to make any request for information on Acerinox's performance.

Acerinox must maintain fluid and efficient communication with the financial markets, shareholders and investors, which is why the investor relations team provides intensive, proactive service to the financial community. In 2023 Acerinox attended 25 events organized by brokers (conferences and roadshows), and held more than 223 direct meetings (62% individual meetings and the rest in groups), in which more than 130 entities were assisted. In addition to these figures, a hundred or so individualized calls with analysts and investors were requested throughout the year. Acerinox also complements market information with quarterly open-access conference calls that can be joined by phone and/or online. During 2023, an average of 147 participants were recorded at the results presentations.

Among the most significant issues discussed were interest in the evolution of markets by region, possible corporate operations (mergers and acquisitions), the decarbonization plan, and capital allocation policies.

Capital Markets Day

On November 29 and 30, Acerinox celebrated Capital Markets Day in Germany.

This provided a unique opportunity to showcase the high-performance alloys business and see first-hand the foresight of the acquisition of this division, VDM Metals.

Acerinox executives updated the Company's situation and explained its future mission: to be a world leader in the manufacture of stainless steel and high-performance alloys by creating the most efficient materials for the future, maximizing the benefits for society and creating value for stakeholders.

Among the topics discussed, Acerinox's CEO introduced a new path for a new world and presented the Group as a creator of solutions for each application, thus contributing to the progress and quality of life of a sustainable society. In addition, the following presentations were given:

- "Facing tomorrow's challenges," by our strategy director, Antonio Gayo.
- "Deep dive into high-performance alloys," by VDM Metals CEO Niclas Müller.
- "Stainless steel and HPAs: Materials of the future," by Senior VP R&D VDM Metals International Helena Alves.
- "Achieving excellence in all plants," by Acerinox COO Hans Helmrich.
- "Sustainability: It's our nature," by our indirect purchasing director Deniza Puce and our sustainability director Carlos Ruiz.
- "From global to local," by the head of Business Intelligence, Manuel Landeta
- "Acerinox: A sustainable investment," by the Group's CFO, Miguel Ferrandis.



Capital Markets Day included a guided tour of the Unna (Germany) factory facilities.

This successful event enabled 90 attendees to meet in person and more than 500 participants to tune in virtually.



Share price performance

Evolution in the stock markets in 2023 was marked by different milestones in each of the regions where episodes of high volatility took place:

- The uncertainty generated throughout the year by the complexity of the geopolitical environment and the conflict in Ukraine has been compounded by the situation in the Middle East.
- The banking crisis in March (Silicon Valley Bank) shook the US financial system and had repercussions in Europe, with the collapse of internationally recognized institutions (Credit Suisse).
- The rate hikes that began in 2022 came to an end in the middle of the year. The last Fed rate increase took place in July, reaching its highest level in 22 years (5.25%-5.5%). In Europe, increases slowed in September, reaching their highest level since 2001 (4.5%).

Despite geopolitical uncertainty and adverse circumstances, most stock exchanges ended the year with gains.

Performance of the world's main indexes in 2023:

	2023
IBEX 35	22.8%
Industrial DJ	14.0%
Nikkei	28.2%
France CAC 40	17.0%
Euro STOXX 50	19.2%
Germany DAX	20.3%
Ftse MIB	28.0%
CSI 300	-11.4%
S&P 100	31.0%
NASDAQ-100 Index	54.0%

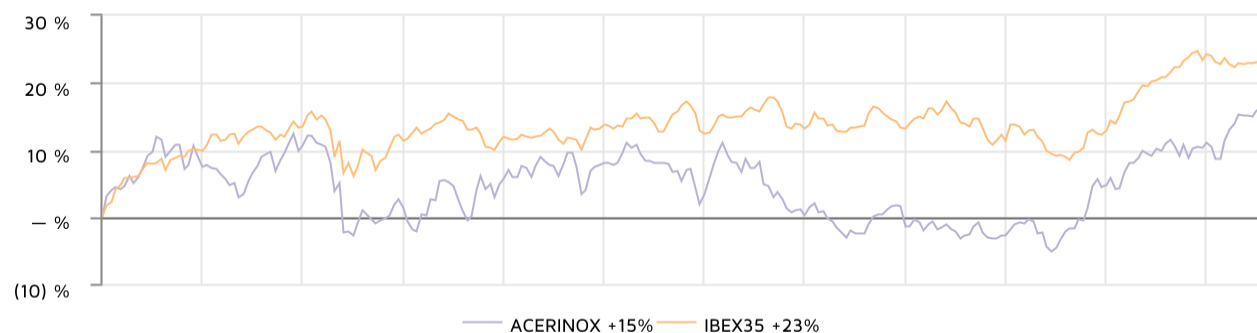
Source: Bloomberg



The Acerinox share reached a high of EUR 10.7/share on December 28 and a low of EUR 8.8/share on October 23.

Stock market evolution of Acerinox and the IBEX 35

Daily percentage data, 2023. Source: Bloomberg

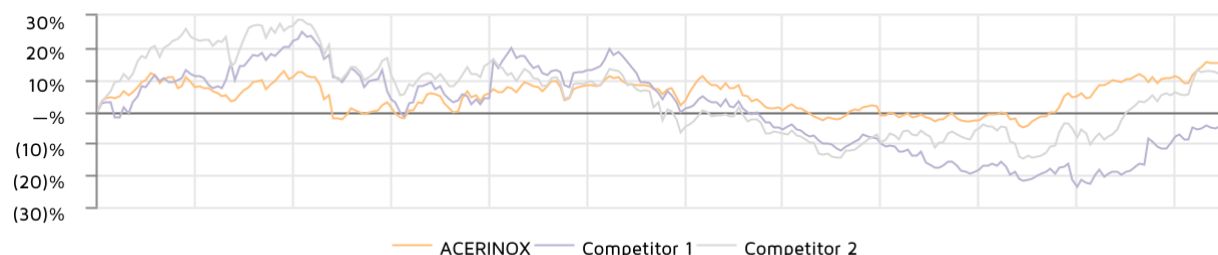


Acerinox rose +15% in 2023, while the IBEX35 went up +23%

Acerinox's share price performance in 2023, although below the IBEX 35, outstripped its competitors. In a complex year, with a decline in apparent consumption in the US and Europe, the Group was able to generate very positive results thanks to its strategy of offering higher-value-added solutions and the strength of the US plant.

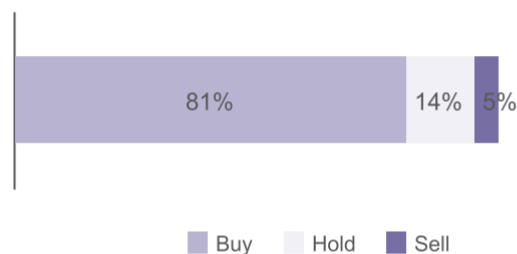
Stock market evolution of Acerinox and its European competitors

Daily percentage data, 2023. Source: Bloomberg



Analysts' recommendations regarding Acerinox did not change significantly during the year. 85% issued a "buy" recommendation at the beginning of the year, as did 81% at the close; 14% of analysts covering the company advised holding and 5% selling.

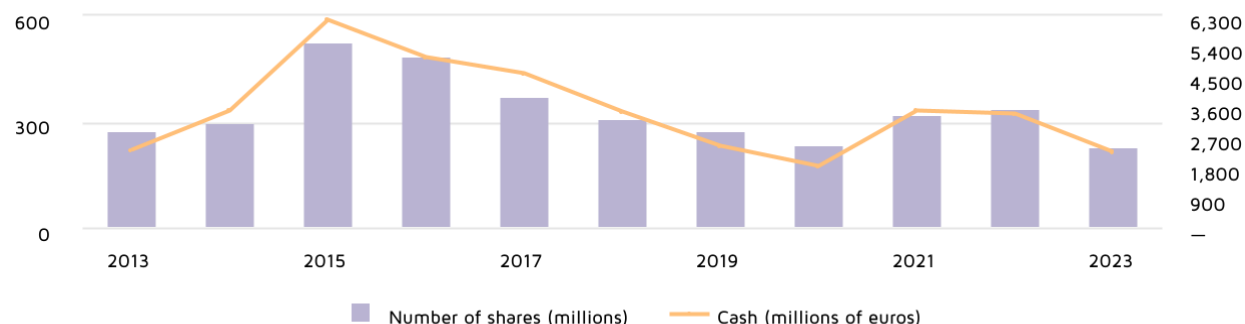
Analysts' recommendations



The average target price of analysts following Acerinox was EUR 13.3/share, a potential increase of 25% from EUR 10.7/share at year-end 2023.

In 2023, Acerinox shares traded on the 255 days the continuous market was in operation. The total number of shares traded amounted to 229,197,103, with average daily trading of 898,812 shares.

In 2023, trading totaled EUR 2,229,325,733, entailing a daily average of EUR 8,742,454.

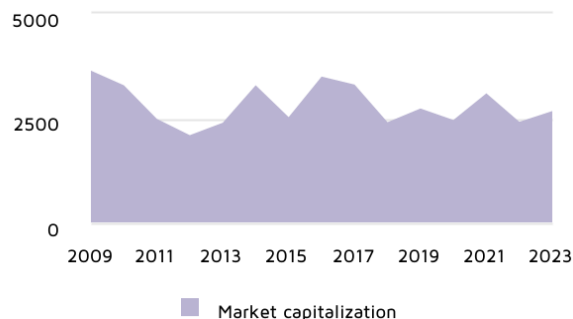


At year-end 2023, the Spanish stock market reported a 26% drop in trading volume compared to 2022 and a 15% drop in average daily cash traded (Source: BME Market Report 2023).

At December 31, 2023, Acerinox's market capitalization was EUR 2,657 million (EUR 2,400 million in 2022).

Market capitalization of Acerinox, S.A.

EUR million



4.5 Shareholder remuneration

In 2023, Acerinox shareholders received EUR 150 million in dividends. The Annual Shareholders' Meeting also approved the redemption of 10,388,974 treasury shares held as part of the buyback program approved by the board of directors on July 27, 2022 (carried out from August 1 to October 26, 2022).

Dividend payment

As established in the dividend policy approved by the board of directors in December 2022, an interim dividend of EUR 0.30 gross per share was paid for 2022 to shareholders on January 27, 2023.

In addition, following approval by the 2023 Annual Shareholders' Meeting, a supplementary dividend of EUR 0.30 gross per share for 2022 was paid on July 17. The total paid to shareholders in 2023 was consequently EUR 0.60 gross per share, 20% higher than the 2022 dividend.

The board meeting of December 20, 2023, resolved to propose to the next Annual Shareholders' Meeting a total remuneration for 2024 of EUR 0.62 gross per share, 3.3% more than the previous year:

- Interim dividend for 2023 of EUR 0.31 gross per share, paid in January 26, 2024.
- Supplementary dividend of EUR 0.31 gross per share to be paid in July.

Shareholder remuneration policy

The purpose of the dividend policy, approved by the board of directors in December 2022, is to establish the essential principles that will govern the shareholder compensation agreements submitted by the board of directors to the Acerinox Annual Shareholders' Meeting for approval, connecting shareholder compensation to the Group's financial results.

Proposals for shareholder compensation must be sustainable and compatible with the maintenance of financial soundness.

Provided that market conditions, the Group's earnings performance, and net debt does not exceed 1.2x the average EBITDA for the cycle permit, the board of directors may resolve to provide extraordinary shareholder remuneration through share buyback plans or the payment of extraordinary dividends pursuant to authorization at the Annual Shareholders' Meeting.

As a general rule, the dividend will be paid in two tranches:

- A payment on account in January.
- A supplementary payment in July.

This policy may be revised when there are significant and tangible organic and/or inorganic investments in the short term or when conditions so advise.

4.6 European taxonomy on sustainable finance

The European taxonomy is part of the European Commission's action plan for financing sustainable growth, which aims to redirect capital flows to sustainable activities. To achieve this, a common language and a clear definition of "sustainable" are needed. To this end, the European taxonomy was created, and a common classification system for sustainable economic activities was established.

In June 2020, European Union Regulation 2020/852 was approved, establishing the criteria for determining whether or not an investment can be classified as sustainable. The aforementioned European taxonomy regulation established six environmental objectives:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control;
6. Protection and restoration of biodiversity and ecosystems.

Subsequently, the European Union adopted delegated acts supplementing Regulation 2020/852. In December 2021, the delegated act related to climate change mitigation and adaptation objectives was approved, with the delegated act related to the rest of the objectives following in December 2023. The delegated acts set out the technical criteria for substantial contributions to each objective, determine whether an economic activity causes significant harm to the other environmental objectives and establish minimum social safeguards.

In accordance with Regulation 2020/852, non-financial companies must report on the proportion of their revenue, Capex and Opex associated with sustainable activities to determine whether they comply with the taxonomy regulation.

Acerinox is a specialist in the manufacture and distribution of stainless steel and high-performance alloys with a presence on five continents.

Its production network comprises 13 factories. The Group has six stainless steel factories: four flat product plants (three of which are integral: Acerinox Europa, North American Stainless and Columbus Stainless; and one with cold-rolling: Bahru Stainless) and two long product plants. The other seven (split between the US and Germany) produce high-performance alloys.

The integrated production process consists of three stages: melting, hot rolling and cold rolling.

During the melting process, raw materials (scrap, ferro-alloys and other elements) are melted down to make stainless steel. First, the product is melted in electric arc furnaces, reaching temperatures of 1,600 degrees Celsius. Once melted, it is transferred to the AOD converter, where the alloy is refined. The resulting material is transferred using a ladle to the continuous casting machine, where the slag is removed and the product is refined.



Subsequently, in the hot rolling stage, the thickness or diameter is reduced, taking advantage of the higher ductility of the material at high temperatures.

In the hot rolling mill, the slabs are heated in a walking beam furnace, then pass successively through a roughing mill and a finishing mill, with entry and exit furnaces. Later, steam jets are used to descale and clean the surface. The resulting range of products is finally passed to a coiler that winds them, creating coils.

In the last stage, cold rolling, the material is subjected to heat treatment, then undergoes a mechanical and chemical process to remove surface oxidation. Acerinox has conducted a comprehensive analysis to assess which of its activities may be eligible under the six objectives of the taxonomy. These potential eligible activities are then cross-referenced with the definitions in the taxonomy to identify the Group's eligible activities.



Acerinox has an analysis tool that records the data used and the results thereof, serving as a document manager and guaranteeing the traceability of the information.

Eligibility

The Group has identified potentially eligible economic activities for these environmental objectives.

- **Climate change mitigation:** manufacture of basic iron and steel and ferro-alloys.
- **Climate change adaptation:** manufacture of basic iron and steel and ferro-alloys; flood risk prevention and protection infrastructure.
- **Transition to a circular economy:** valorization of hazardous and non-hazardous waste materials, renovation of existing buildings and preparation to reuse products and product components at the ends of their useful lives.

Acerinox also carries out other cross-cutting activities related to its core business that also fall under the objective of climate change mitigation.

Once potentially eligible activities have been identified, the activities included on the taxonomy list are reviewed. Specifically, this involves those included in the Climate Delegated Act (mitigation and adaptation) and in the Delegated Act for the other objectives (water and marine resources, circular economy, pollution prevention, and biodiversity).

For this purpose, the precise definition of the activities carried out is reviewed, as well as their correspondence with the statistical classification of economic activities as set out in Regulation (EC) No 1893/2006 (NACE codes*). The activities carried out by Acerinox are included in Group C. Manufacturing industry, subgroup 24. Metallurgy: manufacture of iron and steel and of ferro-alloys.

Activities falling under NACE subgroups C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52 qualify as transitional (eligible) activities under article 10(2) of Regulation (EU) 2020/852 when they meet the technical eligibility criteria.

For each Group company, the applicable NACE code has been identified and compared with the previous codes. Likewise, an exhaustive analysis of the activities carried out by each Group company is carried out, verifying that these activities comply with the definition provided by the European taxonomy.

According to this analysis, the infrastructure activities of prevention and protection against related flood risks, valorization of hazardous and non-hazardous waste materials, renovation of existing buildings and preparation to reuse products and product components at the ends of their useful lives that may be considered eligible. However, given the nature of the stainless steel production, which includes both upstream and downstream processes, these activities fall within the production process and are therefore grouped under the climate change mitigation objective.

In this regard, the company is working on improving the information's granularity level in order to assess whether there are significant adaptation measures to be calculated as part of economic activities linked to the adaptation target.

In conclusion, the manufacture of basic iron and steel and ferro-alloys (NACE 24.20) linked to the climate change mitigation objective is considered eligible.

Code	Name of the activity	Description	Taxonomic target	Alignment
3.9	Iron and steel manufacturing	Manufacture of basic iron and steel and ferro-alloys.	Climate change mitigation	YES

This eligible activity does not include the production of high-performance alloys, nor the production of stainless steel long products.

Alignment

The activity, in addition to being eligible, must demonstrate that it meets the requirements set out in article 3 of the regulation, summarized as follows:

- Substantial contribution to one or more of the six EU environmental objectives.
- It does not cause significant detriment to the other environmental objectives (Do No Significant Harm, DNSH).
- Compliance with minimum social safeguards.



Substantial contribution

In relation to the climate change mitigation objective, appendices I and II of the Delegated Climate Regulation establish the technical criteria for substantial contribution.

Specifically, paragraph 3.9 states the following: the activity consists of the manufacture of one of the following products: Steel in electric arc furnaces (EAF) producing EAF carbon steel or EAF high alloy steel as defined in Commission Delegated Regulation (EU) 2019/331 and where the steel scrap input relative to production output is:

- 70% for the production of high alloy steel;
- 90% for the production of carbon steel.

In the case of Acerinox, some Group companies were not aligned in this analysis as they are part of the production chain but do not have EAFs in their facilities; therefore, the significant contribution criterion could not be measured. The companies at which the substantial contribution criterion can be measured are Acerinox Europa, NAS and Columbus.

Therefore, in order for these companies' activity to be considered aligned in accordance with activity 3.9, 70% of stainless steel production must come from scrap. The percentage of scrap used at each of the identified companies has been calculated; all three companies exceed the established threshold, reaching scrap usage ratios above 90%.

Following the analysis of the substantial contribution criteria for the different eligible activities, the compliance of these activities with the do no significant harm (DNSH) principle, explained below, has been assessed.

Compliance with the principle of do no significant harm (DNSH)

Compliance with the conditions set out to do no significant harm to the other environmental objectives for each of the companies identified was then verified.

Climate change adaptation

The Group conducted an analysis of physical and transitional climate risks in the medium and long term (2030 and 2050) with the help of an external consultant. Physical risks were assessed using IPCC climate projections, namely the SSP 1-2.6 (RCP2.6) and SSP 5-8.5 (RCP8.5) scenarios, for each of the company facilities identified.

The assessment showed significant risks related to water stress and flooding at some facilities; the Group quantified the financial impacts of the relevant risks there and established climate change adaptation plans. As a result of this analysis, in 2023, the Company implemented adaptation measures to mitigate the impact of the Group's most significant risks. In relation to the risk of flooding, the main equipment was raised to protect it, and the necessary containment and drainage measures were established to channel the water. In relation to the risk of water stress and drought, water consumption efficiency measures have been implemented, and investments have been made in treatment and recovery plants. For the stainless steel division, which includes the companies under analysis, a water withdrawal reduction target was set.

Regarding the risk associated with the development of mechanisms and taxes on carbon emissions, energy efficiency and emissions reduction measures were implemented. Actions were also taken to increase the consumption of renewable electricity. In addition, studies were carried out on the replacement of natural gas consumption with low-carbon fuels (hydrogen and biomethane); and carbon capture, storage and use projects were analyzed. For the stainless steel division, a carbon intensity reduction target was set.

A global climate change adaptation plan will also be implemented by 2024.





Sustainable use and protection of water and marine resources

Acerinox Europa, Columbus, and NAS have an integrated environmental authorization and all other legally required permits regarding water pollution prevention, and groundwater and surface water extraction and use. At facilities located in water-stressed areas, improvement actions were set out within the framework of the environmental management objectives.

Section 5.2 Eco-efficiency and climate change mitigation provides further information on this area, specifically in the "Water stewardship" section. This includes a case study of the Palmones factory (Acerinox Europa). Appendix 6.2 Supplementary information includes detailed information on water withdrawal, consumption and discharge in areas with and without scarcity.

Environmental impact assessments were also carried out at the facilities without identifying any risk of environmental degradation to the bodies of water. In 2023, the water footprint of each Group company was analyzed. For facilities that discharge water into rivers, such as NAS, the gray water footprint has been calculated to estimate the degree of pollution associated with a process step. It was concluded that the concentration of contaminants at the NAS facilities was less than 1,000 mg/l.

In addition, it was evaluated whether the activity of aligned companies has a negative or hindering impact on seawater. The only company that discharges water into the sea is Acerinox Europa. Water is discharged into the Bay of Algeciras through a general collector managed by the Major Industries Association of Campo de Gibraltar. This discharge is subject to regular analysis in accordance with the Plan for the Monitoring and Control of the Receiving Environment for Discharges into the Bay of Algeciras.

In the case of Columbus, given that it is located in a water-stressed area, a zero-effluent discharge operation is used.

Finally, NAS has strict measures in place to prevent, avoid and act in the event of spills or discharges resulting from the storage of other substances. The facility has neutralization plants to treat acidic and basic waters, as well as emergency berms to prevent spills into the outside environment and other safety apparatus to eliminate possible spills. The tanks are equipped with a permanent secondary containment mechanism, as well as cleaning and emergency shutdown services. The final effluent water is discharged back into the Ohio River in equal or better condition than it was withdrawn, thus avoiding any possible environmental impact.

Transition to a circular economy

In accordance with the specifications established in the European Taxonomy, the iron and steel manufacturing activity has no impact on this objective. Therefore, no additional disclosure is required.

Pollution prevention and control

Acerinox's activity complies with the emission and discharge limits established in the Best Available Techniques (BAT), as well as with the applicable regulations regarding the presence of hazardous substances in equipment and products.

Each year, the facilities of Acerinox Europa, Columbus, and NAS conduct an assessment of their compliance with environmental legal requirements under the ISO 14001 standard. This standard establishes a specific management procedure through which the organization can monitor the environmental aspects of its activities that may affect the environment in one way or another, either positively or negatively.

Likewise, internal and external ISO14001 certification audits regularly include compliance evaluations for the aforementioned requirements.

At Acerinox Europa, the Regional Government of Andalusia's technical services team carries out regular legal compliance evaluations as part of their monitoring program for certain facilities.

Likewise, an exhaustive analysis was performed on the products used by Acerinox Europa, Columbus and NAS in their manufacturing and sale processes, in accordance with the specifications established in the taxonomy regulations.

It concluded that none of the Acerinox Europa, Columbus or NAS facilities manufacture or market organic compounds, substances, or mixtures contained them. The same is the case for substances listed in Article 57 of the REACH Regulation and mercury-added products. Companies take measures to avoid the use of metallic material containing mercury, using the applicable industry BAT. Purchase contracts with suppliers also specify the requirements that the scrap must meet.

The facilities only use authorized substances with ozone-depleting potential in auxiliary operations, as part of the refrigeration equipment, and in accordance with the operating, maintenance and waste management requirements established in national standards.

The stainless steel product does not contain elements or substances covered by Directive 2011/65 in quantities exceeding the values indicated in Appendix II, as attested by the Acerinox Europa, Columbus, and NAS Declaration of Restriction of certain Hazardous Substances (RoHS) in electrical and electronic equipment.

Protection and restoration of biodiversity and ecosystems

Acerinox carries out environmental impact assessments in accordance with applicable regulations.

Acerinox Europa's nearest protected area, the Palmones River Marshes Nature Park, is less than 500 meters away on the northwest side. The protected area's governmental charter (ES6120006) states that in there are several uses in the immediate surroundings of this natural area, among which industrial use stands out, with major industries such as Acerinox, the Los Barrios power plant, and the Palmones I and II industrial estates located nearby. In 2018, the Company conducted an environmental assessment study that took into account Directives 2009/147/EC and 92/43/EEC, among others. The study concluded that Acerinox Europa's activity does not generate any type of impact on any protected area.

On the other hand, Columbus is located within 50 km of a protected area. Although its activity does not affect said protected area, the company has a biodiversity plan that protects native flora and fauna. In partnership with a local landscaping contractor, it also actively monitors native plant species to avoid possibly altering the local ecosystem.

The NAS facility is located near a wetland, a protected area administered by the US Army Corps of Engineers. The scope of protection of this agency is not equivalent to the protected areas established in the European Natura 2000 network regulations.

However, NAS cannot directly or indirectly affect the wetland without a permit from the US Army Corps of Engineers. Any potential expansion or change in the operating conditions of its activities that may affect the area must include an environmental impact study and permit application.

Preventive measures have been put in place at NAS. For example, we assessed the presence of endangered species in the immediate vicinity to ensure that expanding our activities in the future would not affect protected species. In addition, training activities were carried out for factory personnel so that they are aware of the applicable prohibitions and limits, as was the placement of signs around the borders of the protected area, and access was banned.

Compliance with minimum social safeguards

Acerinox complies with minimum social safeguards in terms of human rights, corruption and bribery, fair competition, and taxation.

The Group's global human rights policy is available on the company website and sets out Acerinox's commitments regarding the management of human rights, in accordance with the principles established in the United Nations Universal Declaration of Human Rights, the declaration on fundamental principles and rights at work and its follow-up by the ILO (International Labor Organization), and the Guiding Principles on Business and Human Rights of the United Nations.

Acerinox continues to work on developing a human rights due diligence process by identifying, preventing and mitigating current and potential negative impacts on human rights arising from own, Group, and value-chain activities. No human rights violation reports were received in 2023. For more information, see chapter 5.1 Ethical, responsible and transparent corporate governance, in the section on the human rights due diligence model.

The Group extends its commitment to sustainability to the entire value chain. Acerinox has a responsible procurement policy, available on the company website, that outlines general principles for purchasing goods and services (including economic, competitive, social, and environmental aspects), and simultaneously defines the Group's objectives and core action framework rolled out in all its companies.



Additionally, a code of conduct for business partners was established, which defines Acerinox's principles and requirements with respect to its suppliers of goods and services, and vis-à-vis intermediaries, advisors and other Group business partners. The aforementioned code is an essential requirement for the establishment of any contractual relationship with Acerinox. The principles and requirements included are based on the Group's code of conduct and good practices, general contracting conditions, general purchasing policy, and other Company corporate policies. In addition, they are aligned with the 10 principles of the Global Compact, ILO, etc.

The new Group purchasing strategy 2023-2027 is based on three pillars, one of which is specifically related to compliance with ESG standards and the management of risks inherent in the supply chain. This detailed information is available in this section of chapter 5.5 Supply chain and community impact.

Relatedly, the Group's crime prevention program is aimed at eliminating the risk of committing criminal acts, especially those that entail criminal liability for the legal entity, including risks related to corruption and bribery, competition, and so on. This program includes several phases: updating of protocols and monitoring, self-assessment of monitoring, evaluation and certification, and the action and training plan.

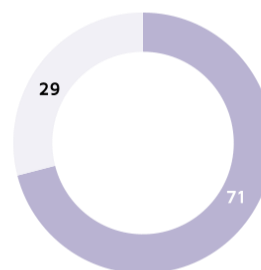
In 2023, AENOR conducted an external audit of the crime prevention program as part of the certification process under UNE 19601: Management system for criminal compliance. For more information, see chapter 5.1 Ethical, responsible and transparent corporate governance, specifically the section on the crime prevention program.

In addition, as a sign of its commitment to best practices in tax matters, Acerinox is a signatory to the Code of Good Tax Practices, actively participates in the Tax Forum of Large Companies and has voluntarily submitted, for the second consecutive year, a tax transparency report to the Spanish tax agency.

As a result of this commitment, the Company was awarded the "T for Transparent 2022" seal for responsible taxation and good governance by the Haz Foundation.

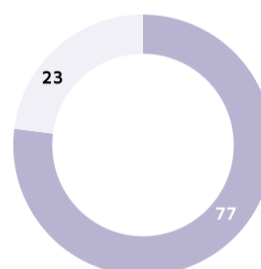
The Group publishes its integrated annual report on the company website. The report includes details of its tax contribution in the countries where it operates, as well as the general tax policy. For more information, see chapter 5.1 Ethical, responsible and transparent corporate governance, specifically the responsible taxation section.

Turnover



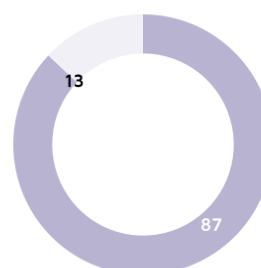
■ Aligned turnover ■ Non-aligned turnover

Capex



■ Aligned Capex ■ Non-aligned Capex

Opex



■ Aligned Opex ■ Non-aligned Opex

In appendix 6.3. Taxonomy-related information includes details on the calculation of financial indicators and ratios related to revenue, Capex and Opex.

5. Sustainable management model

GRI 3-3



Acerinox is committed to best practices in governance and sustainability to contribute to economic and social development. To this end, it has a responsible management model that structures, coordinates and strengthens the activities necessary to make this a reality.

In order to guide targets and ensure the sustainability of our business, a sustainability committee was created in 2020 within the board of directors. The Sustainability Director, a direct report of the CEO, reports to the Sustainability Committee. Their purpose is to supervise and promote actions related to the Group's commitment to sustainability.

Acerinox has a regulatory framework with a sustainability policy and a suite of complementary policies laying out the commitments and procedures in a slew of areas, such as risk management, climate change mitigation, defense of human rights, equality, diversity, inclusion, and responsible procurement. These are all available on the company website.

For the deployment and implementation of our commitment to sustainability, the company has a sustainability plan, Positive Impact 360°, which responds to the ESG risks and materiality analysis, identifies the levers of value generation, and establishes long-term objectives to make this a reality.

Positive Impact 360° sets out the Group's main environmental, social and corporate governance initiatives. This multi-year plan is implemented through annual sustainability programs defined and agreed with the Group's different areas and factories. These programs are a legitimate tool for achieving continuous improvement in responsible execution.

In 2023, Acerinox worked hard to make progress in the systematization of sustainability management, through procedures that implement the policies and enable better performance of duties, such as the assessment of ESG criteria in the supply chain, management of climate change risks, and transparent reporting of related information. The sections below expound upon the most relevant activities in these areas.

Materiality analysis

GRI 2-29 / 3-1 / 3-2 / 3-3

In 2022 the Acerinox Group reviewed and updated the material issues. This analysis process made it possible to identify risks and opportunities, and to better understand the needs and expectations of key stakeholders. To this end, Acerinox consulted customers, shareholders, employees, financial backers, and suppliers, among others, in order to prioritize the most important issues and learn more about these stakeholders' level of satisfaction with the Group's performance. The consultation process included online questionnaires and one-on-one interviews with over 500 professionals, with a response rate of 50%.

The most relevant issues for stakeholders were health and safety, product safety and sustainability, supply chain, ethics and compliance, and circular economy. The Group was well rated across all aspects, particularly in product safety and sustainability, circular economy, financial management, and supply chain.

Acerinox also performed specific analysis to review ESG risks, i.e. those associated to environmental, social and corporate governance matters, following the same methodology as that applied in the corporate risk management model. This analysis revealed the most relevant risks to be those related to health and safety and the Company's decarbonization.

Physical risks and transition risks related to climate change were identified as emerging or long-term risks (see detailed information in chapter 5.2 Eco-efficiency and climate change mitigation).

Based on this information and other external sources, material issues were prioritized. Shown below is the materiality matrix approved by the board of directors' Sustainability Committee.



1. Health and safety
2. Circular economy and waste management
3. Efficient financial management
4. Decarbonization strategy
5. Leadership, transparency and ethical behavior
6. Supply chain management
7. Environmental risk management
8. Sustainable and safe products
9. Talent management: diversity, equality, and inclusion
10. Digitalization and new technologies
11. Positive working environment Training and professional development
12. Social contribution

Acerinox is conducting a double materiality analysis in order to identify what is relevant to the company, as well as the Group's material impact on people and the planet. The study is preceded by an analysis of the global context and industry trends.





Stakeholder management

GRI 2-29

The Acerinox Group is aware of the importance of maintaining responsible relationships with stakeholders in order to create shared value. Therefore, in 2022, the company approved the stakeholder management model; its main objective is to prioritize the aforementioned groups, as well as to identify their needs and expectations around the company’s performance.

Acerinox considers the following six stakeholders to be priorities:

- Employees
- Shareholders and investors
- Suppliers
- Local communities
- Customers
- Public agencies
- Civil society

Communication and continuous dialogue are the basis of the relationship Acerinox maintains with its stakeholders. The Company offers opportunities for constant dialogue to build trusting, stable, and lasting relationships. It also regularly evaluates stakeholder satisfaction, making any necessary improvements to its commitments in order to meet their needs.



Positive Impact 360° plan

The Group reviewed its sustainability management model in order to foster continuous improvement in all material issues. To this end, the **Positive Impact 360° Sustainability Plan** is implemented through annual programs, the most relevant actions of which are explained in the following sections of this report.

The Sustainability Plan is structured around five strategic pillars:

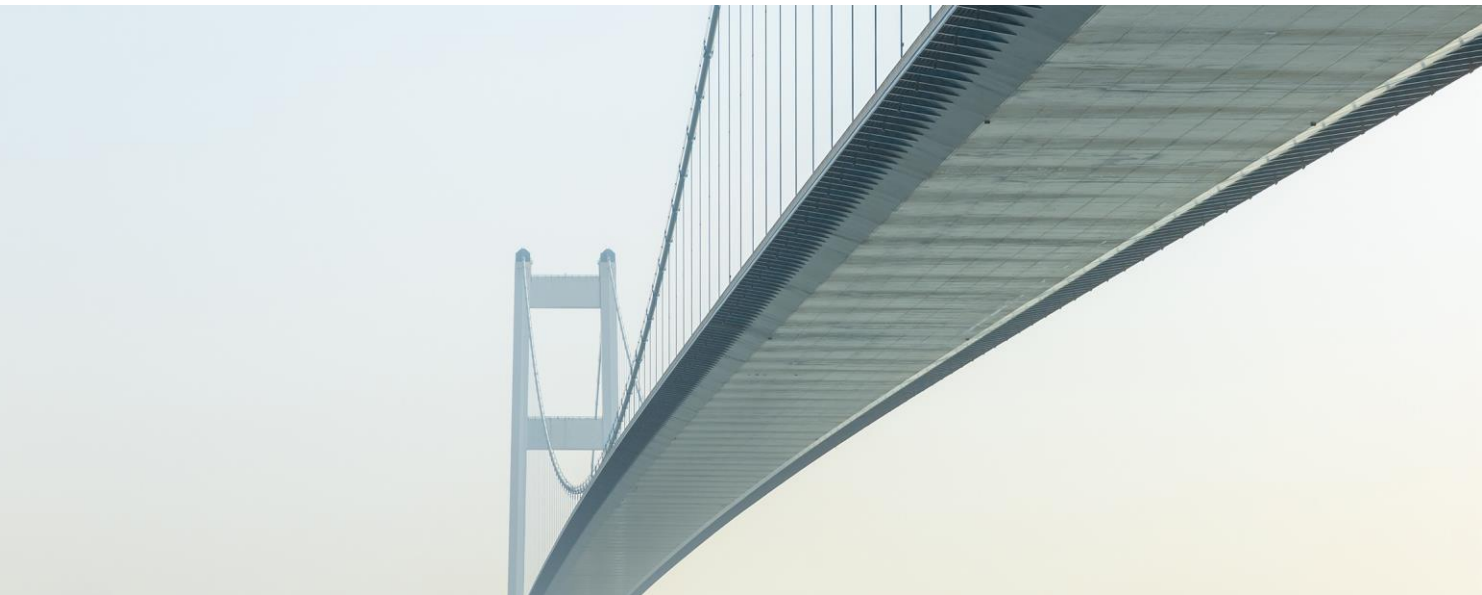
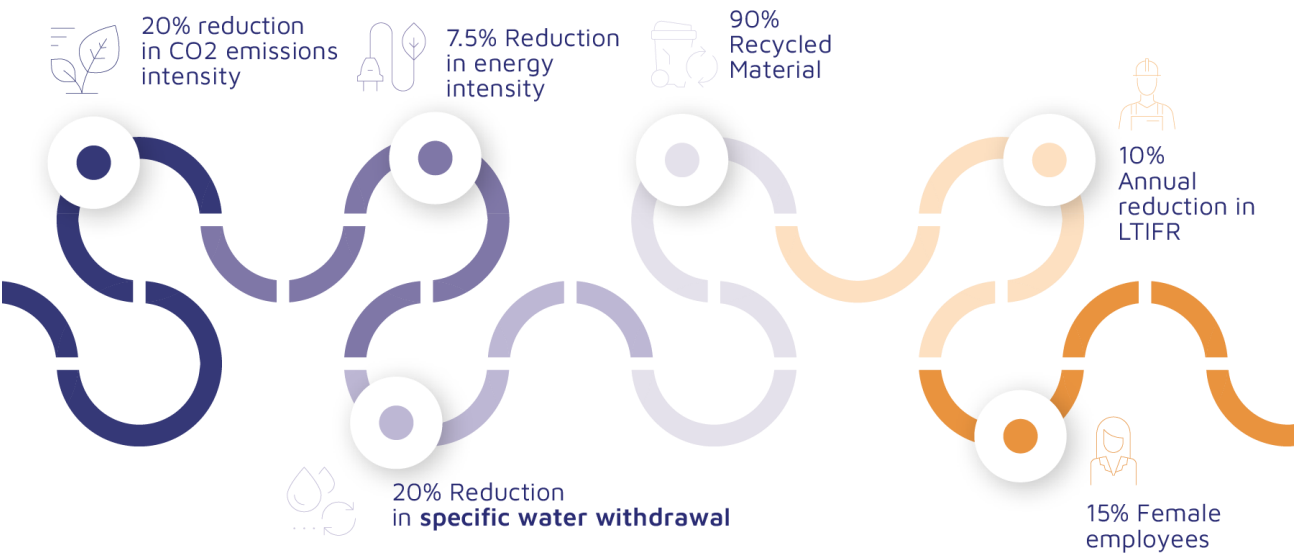
Ethical, accountable and transparent	Eco-efficiency and climate change mitigation	Circular economy and sustainable products	Committed team, culture, diversity, and safety	Supply chain and community impact
Promote the development of a responsible and transparent management model and solid corporate governance, with a sustainable and long-term vision, which identifies and proposes responses to new ESG challenges and	Establish commitments and objectives in climate change mitigation and develop an action plan to achieve them that includes energy efficiency measures, which are the bedrock of the climate change model.	Integrate circular economy processes into all operations by driving the development of sustainable and low-emission products.	Strengthen the alignment of people with the values of Acerinox, boosting their commitment to sustainability, promoting equality, the development of talent and the improvement of the climate, guaranteeing safety,	Manage the supply chain responsibly and be a company recognized for its commitment to local society and creating positive community impact.






Sustainability objectives

GRI 305-5

In 2020 Acerinox set sustainable goals linked to its environmental, social and corporate governance performance, aligned with Positive Impact 360°, its Sustainability Master Plan, and the main international standards (Paris Agreement, Sustainable Development Goals, etc.).



Progress in these objectives is as follows:

Pillar	2030 targets**	Degree of progress	2023 vs 2022
	20% reduction in CO2 emissions intensity (Scopes 1 and 2) compared to 2015.	-11% vs 2015	-3%
	7.5% reduction in energy intensity compared to 2015	8% vs 2015	6%
	20% reduction in water withdrawal intensity compared to 2015	-18% vs 2015	-3%
	90% waste recycled	80%	1%
	10% annual reduction in LTIFR	-	-24%
	15% women at the organization	13.28%	0.37%*




*Increase in the percentage of women on staff compared to the previous year.

**Carbon intensity, energy intensity, water withdrawal intensity and % waste recycled targets were set for the stainless steel division only. In 2024, they will be extended to the Group level.

The targets are monitored monthly by the sustainability managers at each plant and reviewed by the corporate sustainability team. The evolution of the targets is also reviewed quarterly by the Sustainability Committee, and the necessary measures are taken in each case.

The company has met the targets set for 2023 in accordance with the path set out for the year 2030. It is worth highlighting the effort made in terms of emissions thanks to our commitment to renewable energies, as well as the LTIFR reduction target, which has fallen by 24% in just one year. On the other hand, the energy intensity target was not met due to the drop in production, which had a significant impact on plant efficiency. Acerinox has also decided to extend the 2030 targets established at the stainless division level to the entire Group in 2024, applying similar annual reduction levels to the high-performance-alloys division.

Achievement of some of these sustainability objectives is linked to the variable remuneration of employees, forming part of the short- and long-term incentives of the Group's c-suite and being rolled out across the organization's different areas. The specific objectives linked to variable remuneration for 2024, in line with the 2030 Group roadmap, are as follows:

Pillar	2024 targets	2024 vs 2023
	Reduction in CO2 emissions intensity (Scopes 1 and 2)	-1.54%
	Increase in recycled waste	4.03%
	TIR reduction	-26%
	Increase in the percentage of women in the organization	0.25%*

*Increase in the percentage of women on staff compared to the previous year

Contribution to the 2030 Agenda

The 2030 Agenda is a universal call for action by governments, institutions and businesses to end poverty, protect the planet, and improve the lives and future of people through the achievement of 17 Sustainable Development Goals by 2030.






The private sector plays a key role in this roadmap, making it an opportunity to align business objectives with sustainability. In this respect, Acerinox is firmly committed to helping achieve these global objectives through the manufacture of infinitely recyclable products, such as stainless steel, and through a responsible management model that contributes to protecting the planet, reducing inequality and developing a more prosperous and sustainable world.

The Group identified the Sustainable Development Goals to which it can make the biggest contribution.

On September 25, we raised the SDG flag for a more sustainable future to mark the 8th anniversary of the 2030 Agenda. This initiative of the UN Global Compact aims to unite companies, individuals and institutions under the symbolism of a single flag.



Contribution to the SDGs

SDGs	Contribution of stainless steel	Acerinox's 2030 objectives
	Stainless steel is a hygienic and clean material that is fundamental to development of the food industry and other sectors, such as pharma, medicine, and transport.	Objective of reducing accidents, setting out specific initiatives to achieve this goal. (For more information, see the Health and safety section in 5.4 Committed team, culture, diversity, and safety.)
	The stainless steel industry traditionally has a low representation of women but is working hard to reduce this gender gap.	Objective of having 15% women by 2030, setting out specific initiatives to achieve this goal. (For more information, see the Equality, diversity, and inclusion section in 5.4: Engaged team, culture, diversity, and safety.)
	Stainless steel is a hygienic and clean material that is fundamental to development of water pipes and treatment.	Objective of reducing specific water withdrawal by 2030, setting out specific initiatives to achieve this goal. (For more information, see the Water stewardship section in 5.2 Eco-efficiency and climate change mitigation.)
	The stainless steel industry has a significant impact on jobs and the economy, and is fundamental to development of other sectors.	Acerinox employs over 8,000 people and generates an economic value of EUR 6,766 million in the form of salaries, taxes, payments to suppliers, etc. (See 1.1 Value creation for further information).
	Stainless steel is a material used in the development of other industries, such as transport, energy, petrochemicals, etc., and in infrastructure, construction, etc.	Acerinox fosters innovation by making investments that improve efficiency through automation, new equipment, new methods, etc., and/or the development of new products, incorporating sustainability criteria into the investment decisions. (See 2.2 Strategic plan for further information.)



Stainless steel is a very long-lasting and infinitely recyclable material. Its use in different sectors increases circularity, and contributes to a more sustainable economic model.

Acerinox champions the efficient use of available resources and has set 2030 targets for reducing CO2 emission intensity, energy intensity, and specific water withdrawal, putting in place initiatives designed to achieve these goals. To increase circularity, it has also set a waste valorization objective. (See 5.2 Eco-efficiency and climate change mitigation and 5.3 Circular economy and sustainable products for further information.)



Stainless steel contributes to the development of basic sectors in the economy, such as transport, infrastructure, industry, etc., and other sectors that foster renewable energy, batteries, fuel cells, etc.

Acerinox has set specific 2030 objectives to reduce its greenhouse gas emissions, such as carbon intensity, putting in place initiatives designed to achieve these goals. Moreover, to improve its adaptation to climate change, it has analyzed the physical and transition risks related to climate change. (See 5.2 Eco-efficiency and climate change mitigation for further information.)

The Group signed up to the 10 Principles of the United Nations Global Compact and incorporated them into its strategy. This is the framework for the 2030 Agenda that ensures the Company fulfills its basic responsibilities vis-à-vis people and the planet, paving the way for long-term success. This report lays out the most relevant aspects that generate sustainable development, in compliance with the commitment to release an annual Progress Report.

Participation in ESG ratings

S&P Global **ecovadis**

MSCI
ESG RATINGS

MOODY'S
ANALYTICS

CDP
DISCLOSURE INSIGHT ACTION

ISS ESG

MORNINGSTAR | **SUSTAINALYTICS**

Memberships

UNESID



Responsible Steel
standards & certification

EUROFER
The European Steel Association



5.1. Ethical, responsible and transparent corporate governance

Corporate governance

Good governance practices

GRI 2-18

Acerinox adopts best corporate practices in its operations, keeping it ahead of international standards.

Creation and appointment of a lead independent director: George Donald Johnston was elected to this position following the retirement of the previous Chair and the appointment of Carlos Ortega Arias-Paz as new non-executive chairman of Acerinox. Although the chair is a non-executive position, it was decided to create this position because of the benefits it brings.

When the Company increased the dividend per share to EUR 0.60, compared to EUR 0.50 in prior years, it also approved a new dividend policy. This explicit policy states the commitments undertaken vis-à-vis shareholders and provides much-needed predictability regarding expected returns in future years.

The board of directors carries out an annual evaluation of the board and its various committees in order to identify areas for improvement and to approve the measures needed to boost their performance. The resulting improvement plans are periodically monitored and analyzed halfway through and at the end of the year in question. Its usefulness is evidenced by the fact that the ratings improve year after year. The 2023 assessment was conducted through external services.

At the request of the board of directors, the Company has strengthened the area of sustainability in recent years. First, the Sustainability Directorate was created and, subsequently, a specialized committee was set up under the board itself.

Significant events after the reporting period

Acerinox, S.A. closes an agreement to acquire the US company Haynes International

The boards of directors of Acerinox, S.A. and Haynes International have agreed that Acerinox Group shall acquire 100% of Haynes International (Haynes), a company listed on the NYSE and headquartered in Indiana (United States) specializing in the special alloys industry.

Interim dividend

The board of directors of Acerinox, S.A. held on December 20, 2023, decided to propose to the Annual Shareholders' Meeting a dividend of EUR 0.62 per share charged to 2023 results, of which EUR 0.31 were paid as an interim dividend on January 26, 2024. This dividend will be submitted for approval at the Annual Shareholders' Meeting to be held in 2024.

Acerinox Europa, S.A.U collective bargaining agreement

Acerinox Europa began the process of renewing the 4th Collective Bargaining Agreement in January 2023. The company is committed to changing its model at this plant in order to stop producing losses and to be able to tackle the strong competition in this market. This transformation will mean regaining productivity through greater staff flexibility and versatility.

Given this situation, after months of negotiations, a strike began on February 5 at the Campo de Gibraltar facility. The strike is ongoing as of the publication of these results, despite the fact that the company has always expressed its willingness to negotiate.



Ethics and compliance

GRI 3-3 / 2-15 / 2-16 / 2-25 / 2-26 / 2-27 / 205-2

Ethics and compliance are key to the proper operation of Acerinox Group’s business activity.

Relevant activities



Milestones 2023

Favorable audit report for the Group’s nine companies in Spain to obtain UNE 19601 certification for criminal compliance management systems.

Specific training on money laundering, terrorism, criminal groups, fraud, and punishable insolvency.

Modified the Group’s whistleblowing channel per Law 2/2003, which transposes the Whistleblowing Directive into Spanish law.

Created a repository of all Group regulations, called ACERINORM, available to all Group employees.

Reviewed and re-evaluated risks related to the following crimes: harassment, hate speech, discovery and disclosure of secrets, digital sabotage and damage, intellectual and industrial property right infringements, and tax offenses.



Challenges 2024

Complete the implementation process for the Crime Prevention Program at all group companies.

Implement the Crime Prevention Program at VDM companies.

Complete the corporate regulation integration process at all the Group’s subsidiaries.

Provide training in the prevention of harassment and crimes related to the use of digital services and resources.

Progress in the implementation of the Human Rights due diligence model.

Implement smuggling prevention measures, social security, foreign citizens’ rights, investment fraud, and land and urban planning at non-Spanish companies.



Code of Conduct and Best Practices

The current edition of the Group's Code of Conduct and Best Practices, approved by the board of directors in 2016 and accessible on the company website, provides a rule-based guide for professionals across Acerinox's various companies to determine the ethical commitments and responsibilities that should govern their activity at the company.

The basic principles of the Code of Conduct are implemented through internal policies and instructions. The Code of Conduct Monitoring Committee, which reports to the board of directors through the Audit Committee, supervises compliance with and internal dissemination of the code among employees, interprets it, provides a whistleblowing channel to gather information on compliance, and also controls and supervises the processing of each case and its resolution, in accordance with the internal regulations that regulate it.

Violation of the Code of Conduct could result in disciplinary action, without prejudice to the administrative or criminal sanctions that may apply in accordance with applicable law.

The Group also has a specific code of conduct for business partners, likewise accessible on the company website, which establishes the duties and commitments of the Group's suppliers. Non-compliance may entail a range of consequences in the contractual relationship with Acerinox.

Whistleblowing channel

GRI 2-16

To encourage the application of the Code of Conduct, the company has a whistleblowing channel, a communication tool accessible to all Acerinox employees and stakeholders. Its purpose is to report behavior that breaches the Code of Conduct and Best Practices as well as to request advice on the application of the organization's policies and practices for responsible business conduct.

In 2023, the Group's whistleblowing channel was modified per Law 2/2003 of February 20, 2003, on the protection of persons who report regulatory violations and the fight against corruption. The aforementioned legislation incorporates the Whistleblower Directive into Spanish law.

This modification to the Acerinox whistleblowing channel required the acquisition of an external whistleblowing hotline (EQS) while keeping its management internal. In addition, the various whistleblowing channels of the Group's companies were unified, and the new rules governing them were approved.

During 2023, 27 complaints were received. In 9 cases, breaches of internal regulations or applicable law were found; in the others, no breaches were found. These breaches were committed by third parties (7) and/or by employees or executives of the Group (2). For each complaint substantiated by a breach, mandatory corrective measures and/or sanctions were applied.

Communication mechanisms of the whistleblowing channel:

Company websites:

- <https://www.acerinox.com/en/accionistas-e-inversores/gobierno-corporativo/etica-y-transparencia/canal-denuncias/index.html>
- <https://www.northamericanstainless.com/governance/>
- <https://www.columbus.co.za/>
- <https://www.bahrustainless.com/en/Corporate-Responsibility/ethics-and-transparency/>
- <https://www.vdm-metals.com/en/company/about-vdm-metals/corporate-responsibility>

Telephone numbers

Post:

- Calle Santiago de Compostela, 100 (28035) Madrid, Spain.

Email:

- canaldedenuncias@acerinox.com
- whistleblowing@acerinox.com



Through these channels, the complainant may request a face-to-face meeting to present their complaint. In this case, it will be recorded and they will be informed of the processing of their personal data in accordance with the applicable legislation.

If the complaint is received by any other means (e.g. a report to an immediate supervisor), the information shall be forwarded immediately to the whistleblowing channel manager so that it can be processed in accordance with the applicable regulations.

Compliance function

The compliance function is made up of the set of actions and entities that prevent and detect the regulatory non-compliance risks that may arise in any business process, promoting a culture of compliance at the Acerinox Group and avoiding, or at least reducing, the risk of sanctions, fines, or reputational damage loss as a result of non-compliance with applicable legislation.

The Group's companies, management team, and employees act within the framework established by the laws of the countries where they are located, internal rules and the Acerinox Code of Conduct and Good Practices.

The Group promotes a culture of prevention and zero tolerance for illegal acts, carrying out and implementing monitoring, prevention and compliance activities across all its companies.

The Compliance Department, which reports directly to the Audit Committee, coordinates the roll-out of the compliance model in all Group companies. This model includes the Crime Prevention Program, aimed at averting the risk of crimes being perpetrated, particularly those entailing criminal liability for the legal entity.

In 2023, Acerinox took another step down the path of continuous improvement to prevent and mitigate risks by subjecting the Crime Prevention Program to an external audit carried out by AENOR. This was part of the process for obtaining certification under UNE 19601: Management system for criminal compliance, a standard aimed at reducing criminal risk exposure and promoting a culture of crime prevention.

Key indicators

27

Inquiries received via the ethical channel

82%

Inquiries resolved

1,971

Employees trained in compliance

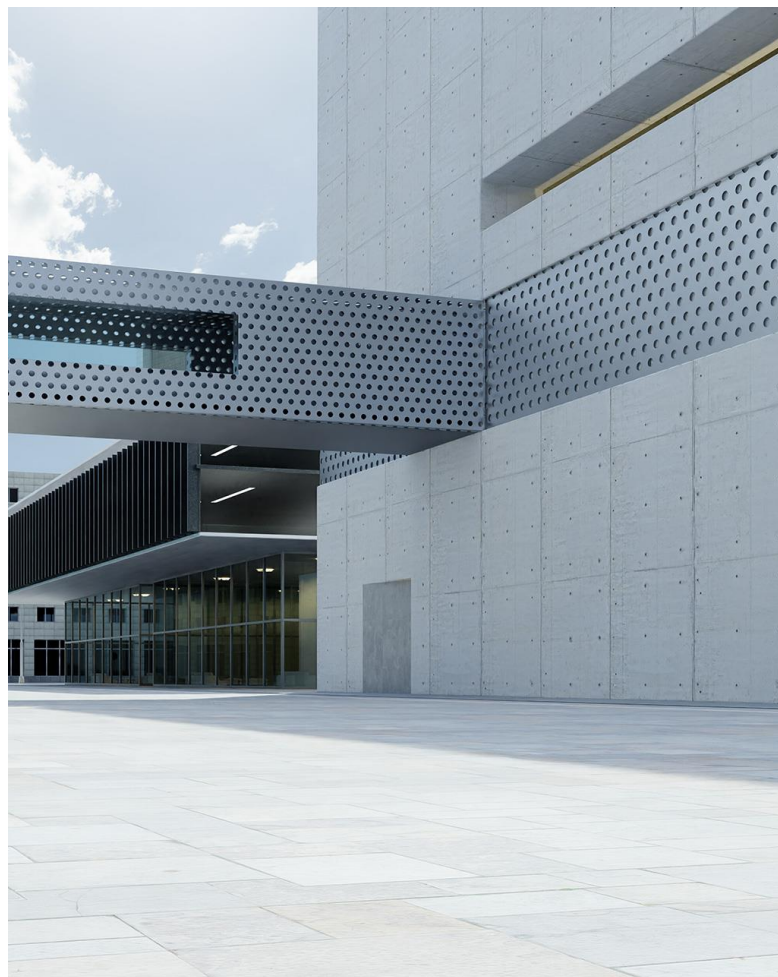
Crime prevention program

GRI 2-15 / 205-2

The Acerinox Group's criminal compliance management system is called the "Crime Prevention Program."

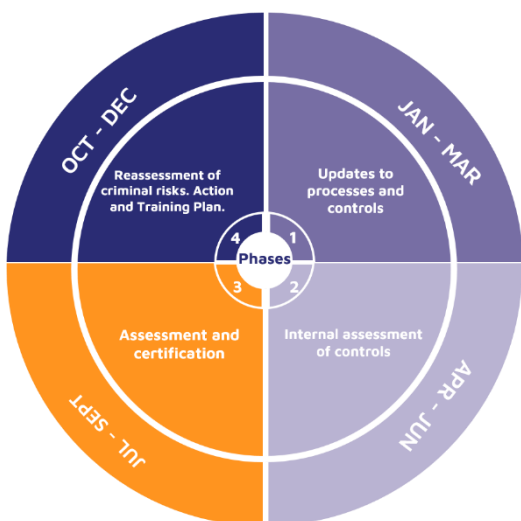
It includes measures designed to identify, evaluate and avoid the commission of crimes in the Group's activities, and is made up of the necessary policies, processes and procedures, in accordance with best practices in this area.

The program follows the risk management methodology adopted by the Acerinox Group, which has three phases: identification, assessment, and mitigation.



The program is monitored, measured, analyzed, and evaluated in accordance with the “crime prevention wheel”:

Annual crime prevention wheel



The crime prevention wheel includes the following phases:

A. Processes and monitoring update:

confirmation of the program’s modification to suit the Group’s organizational and functional changes.

B. Monitoring self-assessment:

dispatch of monitoring confirmation surveys to the people both involved in and responsible for monitoring.

C. Evaluation and certification:

evaluation of criminal risks in light of the survey results; certificates of compliance are prepared and signed.

D. Action and training plan:

documentation of the monitoring, measurement, analysis, and evaluation work, specifying the action plans found and completed/pending training measures.

In 2023, risks related to the following crimes were reviewed and re-evaluated: harassment, discovery and disclosure of secrets, digital sabotage and damage, intellectual and industrial property right infringements, hate speech, and tax offenses.

New crime prevention program management software from Diligent has also been put in place.

Training

The following training activities took place in 2023:

- General training on the Crime Prevention Program for managers and persons in charge of the various departments of non-Spanish subsidiaries affected by the established crimes, as well as for people both involved in and responsible for monitoring.
- Online training on money laundering, terrorism, and criminal groups for the 302 Group employees most exposed to this type of crime due to their jobs.
- Online training on fraud and punishable insolvency for the 290 Group employees most exposed to this type of crime due to their jobs.

Basic training on the Crime Prevention Program and Code of Conduct takes place continually and is provided to new Group hires in Spain.

Internal regulations

Built around the Code of Conduct as a backbone, Acerinox has approved various development rules in the area of compliance:

- Crime prevention model
- Internal instructions on gifts and invitations
- Internal instruction on conflicts of interest
- Internal instruction on bribery prevention
- Internal instruction on competition
- Internal instruction on good financial practices
- Internal instruction on confidentiality
- Internal instruction on third-party risks
- Internal instruction on the commission of crimes.



The following standards were approved and distributed during 2023:

- A.** Policy approving the basis of the whistleblowing system of the Acerinox Group, its organic management and the rights and guarantees of the persons concerned.
- B.** Procedure for the reporting, handling, and resolution of complaints.
- C.** Acerinox Group internal regulations on the purchase of goods and services.

In addition, a repository of all the Group's regulations, called ACERINORM, has been created and is available to all employees.

Data protection

The Group has a data protection model that is adapted to local legal requirements where it is present and guarantees good data governance. The Group periodically assesses compliance in order to design the necessary actions for continuous improvement.

In 2018, the Group appointed a single Data Protection Officer (hereinafter DPO) for all its companies, supported and advised by the rest of the organization in the performance of their duties. The DPO performs their duties with due regard to the risks associated with processing operations, taking into account the nature, scope, context and purposes of the processing. In accordance with the requirements of German regulations regarding data protection, VDM companies have their own DPO.

At Acerinox, we are aware of the importance of identifying organizations' responsibilities regarding respect for human rights and awareness of their current impact on the same. To help benefit and support human rights, we joined the Business & Human Rights Accelerator program of the Global Compact, the leading UN initiative in global sustainability.

Commitment to human rights

At Acerinox, we firmly respect human rights. In 2021, the board of directors approved the Human Rights Policy, available on the company website, which sets out the Group's commitments in this respect, in accordance with the principles established in the United Nations Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work and its Follow-up Procedure of the ILO (International Labor Organization), and the Guiding Principles on Business and Human Rights of the United Nations.

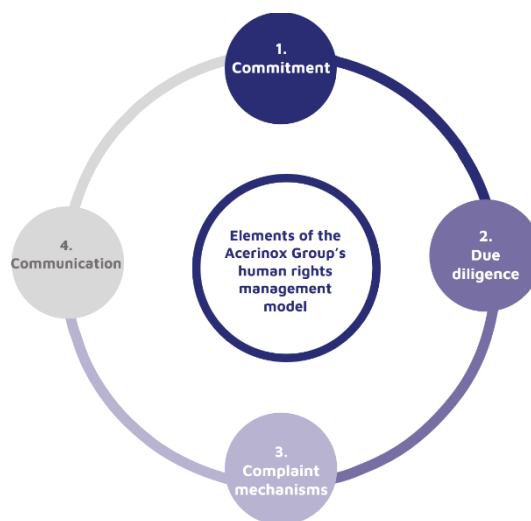
Acerinox also maintains a firm commitment to the Principles of the Global Compact and the Sustainable Development Goals, the United Nations' frames of reference that are underpinned by various human rights declarations.

This policy applies to all the companies that make up Acerinox and binds all the governance bodies of the Group and their companies, employees and, as appropriate, the persons or entities that provide services or that supply goods to Group companies.

Human rights due diligence model

Acerinox is making progress in the development of its human rights due diligence model, supported by preexisting procedures and systems. The model follows the methodology established by the United Nations Guiding Principles on Business and Human Rights. Its goal is to provide the necessary tools to guarantee that human rights are properly protected and respected.

The due diligence process focuses on identifying, preventing, and mitigating current and potential negative impacts on human rights arising from own and value-chain activities.



The Company takes a continuous-improvement approach to human rights, keeping an up-to-date vision amid major economic and social transformations, including addressing emerging human rights.

No human rights violation reports were received in 2023.

Responsible tax policy

GRI 3-3 / 201-4 / 203-1 / 203-2 / 207-1 / 207-2 / 207-3 / 207-4

In line with our plan to advance with the development of ethical and transparent corporate governance, our firm commitment to sustainability also extends to taxation. Taxes are a fundamental tool for creating long-term sustainable value and now, more than ever, society needs a commitment from enterprises in all tax-related areas.

Acerinox firmly believes in strict adherence to tax legislation in all the countries where we operate, in cooperating with the tax authorities and in tax transparency.

Since its approval in 2011, Acerinox has adhered to the Code of Good Tax Practices and is an active participant in the Tax Forum for Large Companies.

As a sign of our commitment to best practices in tax matters, collaboration with the tax authorities and transparency, the Group has voluntarily submitted (for the second consecutive year, a tax transparency report to the Spanish tax authorities; it plans to submit it on a recurring basis every year. The purpose of this report is to provide information on certain aspects of the companies' economic activities, ranging from an explanation of the Group's tax strategy approved by the management bodies, its tax contribution, the transfer pricing policies applied by the Group, the degree of consistency with the OECD BEPS principles, an explanation of the most substantial corporate transactions, and the cooperative programs in which the Company participates, among other matters.

As a result of this commitment, Acerinox was awarded the "T for Transparent 2022" seal by the Haz Foundation for its responsible taxation and good governance. This award demonstrates compliance with transparency indicators; Acerinox is one of the only 13 companies to have been awarded this seal, and it is perceived as one of the most transparent companies in the industry.

In recent years, in its integrated annual report on the website, the Group has published details of its tax contribution in the countries where it operates, as well as the General Tax Policy.

Likewise, Acerinox has been an active party in various procedures in the cooperative field, including its participation in the OECD-backed ICAP program, which began in mid-2019 and concluded in March 2022 with the receipt of letters from the various participating tax administrations; these categorized the transactions examined, in general, as low tax risk. Acerinox also has a bilateral advance pricing agreement (APA) with the Spanish and German tax authorities; signed in 2017, it is now in the renewal process. In addition, it has collaborated with the tax authorities in the resolution of various mutual agreement procedures.



_Key indicators

GRI 201-1

150

Shareholder remuneration (EUR M)

233

Taxes paid (EUR M)

637

Staff remuneration (EUR M)

6,766

Direct economic value generated (EUR M)

6,141

Economic value distributed (EUR M)

625

Economic value retained (EUR M)

The direct economic value generated includes the Group's revenue, other operating income (excluding extraordinary income), subsidy income, interest income, and proceeds from the sale of fixed assets.

The economic value distributed includes purchases of commodities and consumables, operating expenses (excluding extraordinary expenses), taxes, personnel expenses, financial interest expenses, payments, dividend payments, purchases of treasury shares, and corporate income tax payments

Internal monitoring and oversight framework

GRI 207-1 / 207-2 / 207-3

The Acerinox Group's General Tax Policy forms part of the Group's corporate governance system. It is available on the company website and sets out the principles and good practices for tax management in the Group, with a view to ensuring compliance with applicable tax legislation, adequately coordinating the management of all Group companies, and preventing tax risks and inefficiencies when making business decisions. The tax risk management and internal control framework also falls under the Risk Control and Management Policy, available on the company website. See 3.3 Risk management in this report for details of the management principles.

The Acerinox Group is aware of this importance of Base Erosion and Profit Shifting (BEPS) principles within its activity, and has therefore developed different internal mechanisms to comply with them. It has put into place various internal mechanisms to ensure compliance with these principles, which include an annual self-assessment of BEPS risks, in accordance with the 19 tax risk indicators established by the OECD. Acerinox considers that its tax policy is compliant with the BEPS principles and actions approved by the OECD and does not carry out any aggressive tax planning for the purpose of: i) shifting profits to entities in countries with low or no taxation, or ii) using complex mechanisms that would erode taxable income.

Under 'Contribution to the welfare state', the Acerinox Group's Code of Conduct and Good Practices expressly prohibits the incorporation or holding of entities in territories classified as tax havens for the sole purpose of reducing the corporate income tax base. For these purposes, Acerinox considers as tax havens those places listed in Ministry of Finance Order 115/2023 of February 9 or its subsequent amendments.

Acerinox also complies with the legislation in each country where it operates and pays the corresponding taxes as per the regulations in force.

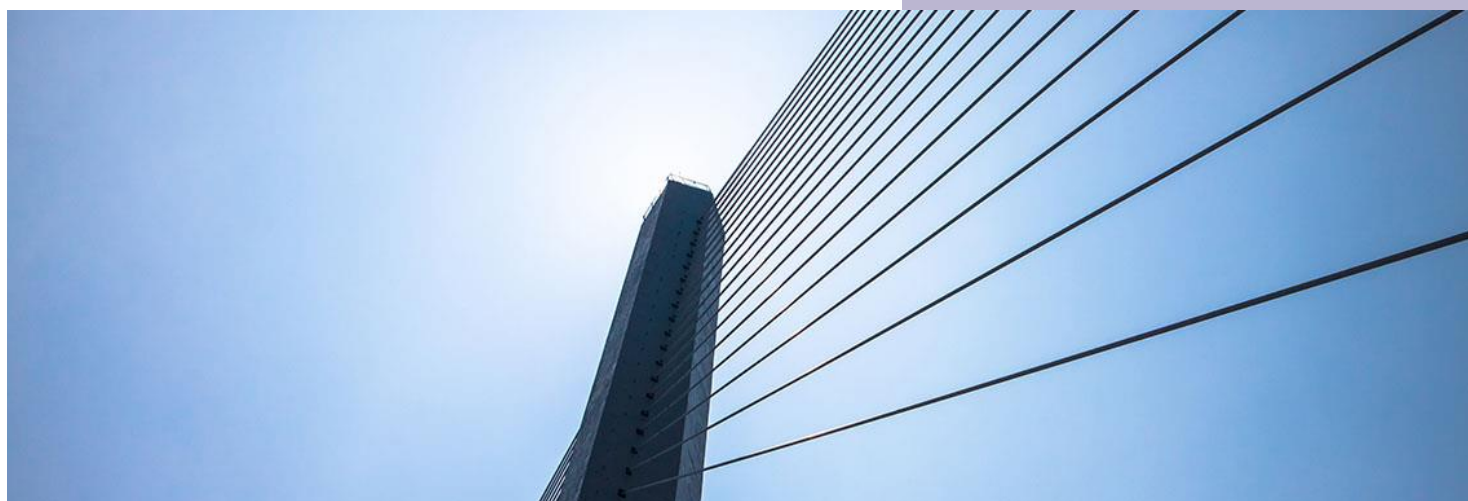
Tax contribution

GRI 201-1

The Acerinox Group endeavors to maximize its financial and corporate profits without affecting the fulfillment of its tax obligations.

The value generated by Group companies is distributed to the tax authorities through the payment of taxes, to employees through the payment of salaries, to creditors through the payment of interest, and to shareholders through the payment of dividends.

As a sign of the Group's commitment to comply with its tax obligations in all the countries in which it operates. The following is a breakdown by country of profits earned and corporate income tax paid. All the taxes paid and received by the Acerinox Group in 2023 are also disclosed.



GRI 207-4

Country	Pre-tax income by country	Payment of taxes
Spain	-157,424	-12,157
USA	766,756	231,791
South Africa	-49,799	1,901
Malaysia	-208,184	29
Canada	5,423	-82
Mexico	6,057	326
Portugal	385	335
France	1,779	405
Germany	201,810	-1,544
Italy	2,675	7,890
UK	3,057	615
Sweden	720	0
Switzerland	-31	0
Austria	1,669	372
Poland	604	694
Chile	-1,092	-80
Argentina	-402	38
Belgium	1,060	213
Russia	-20	0
Turkey	954	125
Brazil	-4	-11
Colombia	-196	0
Peru	-156	0
Australia	389	137
China	3,221	1,240
Hong Kong	668	6
Japan	2,361	974
Korea	543	-17
Singapore	-71	34
India	208	17
United Arab Emirates	-4	0
Luxembourg	2	0
Total	582,955	233,251



The results that appear in the table are the aggregate results in each of the jurisdictions and correspond to those recorded under local regulations.

Taxes paid include all payments of income tax to the tax authorities during the year, whether payments on account, settlements of prior years, payments in respect of assessments, or mutual agreements.

The Group presents detailed information on tax litigation and open inspections in its financial statements (Note 19.5)

In some countries, legislation requires payments on account to be made on the basis of the profit or loss obtained for the year rather than on the basis of taxable income. These may prove higher than those that would be payable according to the calculation of taxable income.

As can be seen in the table, the country with the highest corporate income tax contribution is the country in which the Group makes the highest profits (United States).

The following jurisdictions are likewise notable in this fiscal year due to the difference between reported results and taxes:

- **Spain:** pre-tax income reflects dividends received by the Group's parent. An exemption of 95% is applicable to these as said parent files taxes in the home country. This fiscal year, the excess payments on account made in 2021 and 2022 were also collected.
- **Germany:** pre-tax income also includes dividends received by entities of the VDM subgroup, which hold stakes in other entities. On the other hand, tax legislation allows different measurement criteria to be used for certain assets and liabilities, such as inventories or pension plans, which gives rise to temporary differences between accounting profit and taxable income.
- **Italy:** this fiscal year, agreements with the tax authorities for certain pending litigations relating to the years 2007 to 2013 have been met. In addition, the payments on account are determined based on the tax results from the previous year.
- **Canada:** outstanding sums from previous years have been received from mutual agreement procedures with other countries.

In the remaining countries the profit obtained in each jurisdiction is in line with the amount of income tax paid.

The methodology used to determine the total tax contribution (TTC) measures the Group's payments to the different tax authorities.

This methodology generally allocates taxes paid and taxes received to each fiscal year on a cash basis.

- **Taxes paid** are those that entail a cost for the Group companies, such as income tax, social security payable by the Company, and certain environmental taxes, property taxes, and other local taxes.
- **Taxes received** are those generated as a result of the Company's economic activity, with no cost to companies other than in their management, such as withholding tax on salaries owing to personal income tax (PIT), other withholdings on dividends or interest, and VAT.

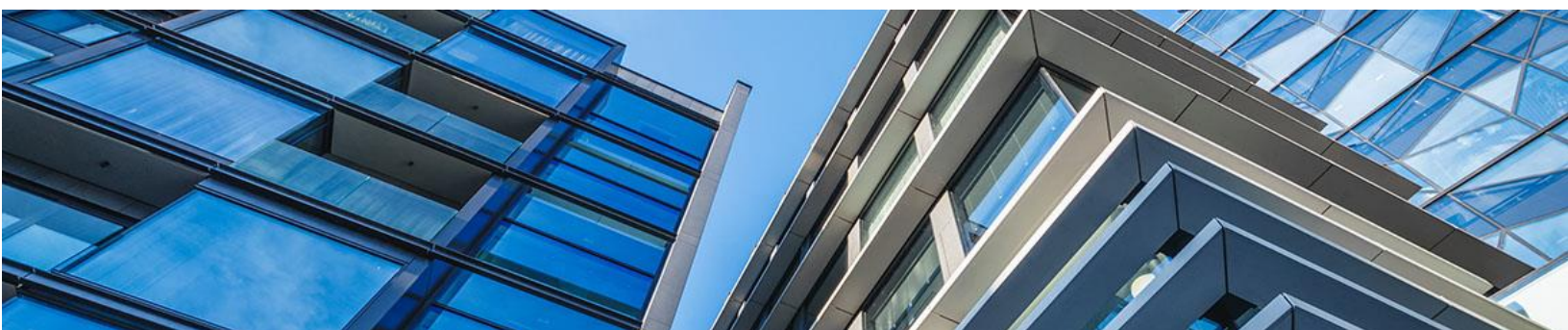
Taxes paid	Amount (EUR thousands)	%
Corporate income tax	233,251	71%
Social security	66,860	20%
Other indirect taxes (*)	17,191	5%
Local taxes	9,697	3%
Total taxes paid	326,999	51%

(*) Other indirect taxes include the taxes on electricity, imports, etc.

In keeping with the OECD's thinking, the analysis of the tax burden took into account the contributions made to social security or similar bodies in other jurisdictions, given that they are mandatory payments that generally account for a significant portion of a state's income and, in light of them being more tax-like than contribution-like, the Group considers them as taxes.

Taxes received	Amount (EUR thousands)	%
Employee personal income tax and social security	135,663	43%
VAT (*)	153,742	49%
Withholdings	26,978	9%
Total taxes received	316,382	49%

(*) The VAT shown is the net amount of taxes received and paid.



Total tax contribution: EUR 643 M
Taxes paid: EUR 327 M


The amount of taxes paid represents 51% of the Group's total tax contribution, as shown in the chart above.

The Group's pre-tax consolidated profit amounted to EUR 355 million in 2022. Total taxes paid and received amounted to EUR 643 million. This means that global tax contribution was higher than total pre-tax profit.

Companies do key work as tax collection agents in the framework of their business operations; likewise, they play an essential role as qualified employers, assuming the risk and compliance costs associated with their proper liquidation and timely payment. Although the taxes collected do not represent a cost for the company, they are generated and paid into the public treasury thanks to the economic activity of the business groups. They are significant, both as employment taxes and taxes on products and services

Public subsidies received in 2023

Public subsidies received (EUR thousands)	2023
R&D	1,889
Environment	24,612
Allocation of CO2 allowances	19,113
Aid related to COVID-19	29
Training	273
Other	63
Total	45,979



Financial Transparency Seal

Acerinox has been awarded a tax transparency seal by the Haz Foundation, which evaluates the governance system and transparency practices of companies to prevent tax hazards.

5.2 Eco-efficiency and climate change mitigation

Climate change mitigation

GRI 3-3

_Relevant activities



Milestones 2023

- Verification of product carbon footprint per ISO 14067, including scope 1, 2 and 3 for each steel family
- Economic quantification of physical and transition climate change risks, in line with the TCFD recommendations
- Increase in the use of renewable energy and contracting of new renewable PPAs
- Completion of the CDP Climate questionnaire, obtaining a B score

Challenges 2024

- Launch of the ECO ACERINOX range of sustainable products
- Review of decarbonization targets, taking SBTi into account
- Review of the plan to install photovoltaic renewable energy panels at the various plants
- Review of decarbonization plan and associated investment plan

Stainless steel is a very sustainable, long-lasting, and infinitely recyclable material. Despite these positive qualities, the steel industry accounts for a considerable proportion of global industrial emissions. This is due to the intensive use of energy to melt scrap and ferro-alloys in electric arc furnaces to obtain molten material, as well as the use of fossil fuels, such as natural gas, in the heating and melting processes. Reducing emissions in the steel industry is essential to mitigate climate change and meet global targets.

In this sense, Acerinox committed to decarbonizing its activity by implementing the Positive Impact 360° Sustainability Master Plan. One of its pillars is eco-efficiency and climate change mitigation; it sets the target of a 20% reduction in GHG emissions intensity (Scope 1 and 2) by 2030, using 2015 as the base year.

The Group has also established a sustainability and climate change policy supported by complementary policies that set out its commitments regarding climate change mitigation.

The Acerinox climate change management model follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and provides information on governance, strategy, risk, and opportunity management, as well as metrics and targets to mitigate climate change.

_Key indicators

GRI 305-1 / 305-2 / 305-3 / 305-4

1,092 t CO2e/t steel	778,994 tCO2e	1,483,902 tCO2e	3,521,612 tCO2e
SCOPE 1+2 / PRODUCTION	SCOPE 1	SCOPE 2	SCOPE 3

Climate change governance

GRI 3-3

The board of directors is ultimately responsible for the oversight of the Group's climate change management, to which the sustainability and audit committees report within their spheres of influence.

The head of sustainability reports to the Sustainability Committee on at least a quarterly basis regarding the primary sustainability initiatives, including climate change mitigation, as well as the metrics and monitoring of the associated goals. The Group has a team dedicated to managing sustainability-related themes at each plant and a corporate sustainability team that works together to coordinate the geographical roll-out of this management model.

The chief risk officer reports to the Audit Committee at least twice a year on the Group's main risks, including those associated with climate change.

Climate change strategy

GRI 3-3 / 302-4 / 305-5

Acerinox established its commitment to climate change mitigation around four pillars:

- **Improving energy efficiency:** through initiatives such as heat recovery boilers and the use of autonomous guided vehicles (AGVs), etc.
- **Increasing the use of renewable energy:** by entering into PPAs and obtaining renewable energy certifications, as well as through the installation of solar panels for self-supply at the Group's facilities.
- **Using sustainable fuels:** analysis of the feasibility of replacing natural gas consumption with other carbon-neutral fuels, such as biomethane and green hydrogen.
- **Carbon capture, utilization and storage:** studies into the technical and economic feasibility of capturing a portion of the CO₂ produced at the plants.

Management of climate change risks and opportunities

GRI 201-2

The Group's climate risk management is integrated into its corporate risk management.

Climate risks are overseen by the board of directors' Audit Committee, as part of its role to supervise the integrated risk monitoring system. Climate risks are also examined by the board's Sustainability Committee.

To strengthen their management, in 2023 the Group also analyzed the physical and transition climate change risks using TCFD methodology. The study considered the impact that climate change would have on each of the Group's facilities over two time horizons - 2030 and 2050 - under two climate scenarios. For physical risks, IPCC RCP 2.6 (aligned with the Paris Agreement) and RCP 8.5 (business as usual (BAU)) were taken into account. In the case of transition risks, the International Energy Agency's Stated Policies Scenario (STEPS) and Sustainable Development Scenario (SDS) (aligned with the Paris Agreement) were considered.

The impact of climate risk on the Group's financial statements is structured into three main areas: analysis of the recoverability of non-financial assets, determination of the useful lives of plants and equipment and credit ratings. Due to the nature of the business, we feel that there is no material impact from climate change risk that would indicate impairment.

The company has joined the Climate Ambition Accelerator initiative of the Spanish chapter of the UN Global Compact. This program helps companies set quantifiable, science-based emissions reduction targets and develop concrete plans to achieve them. Through this initiative, Spanish companies like Acerinox are expected to become leaders in climate change mitigation.



The analysis carried out enabled the Group to identify the following most salient risks and opportunities:

_Risks and opportunities

GRI 201-2

Risk	Type of risk	Classification	Time horizon	Scenarios	Potential business impact	Mitigation and control measures
Risk of flooding due to very heavy rain and/or rivers bursting their banks	Physical - acute	Very high*	2030 and 2050	RCP 2.6 and 8.5	Interruption of production during flooding due to limited access to the plant	Placing primary equipment at height to avoid it being affected in the event of flooding.
						Putting in place containment and drainage measures to channel flood water.
Risk of water stress and drought	Physical - chronic	High and very high*	2030 and 2050	RCP 2.6 and 8.5	Limited water supply or interruption of water supply for extended periods of time	Setting objectives to reduce water consumption
					Increased water treatment costs due to the low quality of the resource.	Implementing water consumption efficiency measures
						Investing in water treatment and recovery plants
Risk associated with the introduction of mechanisms or levies that tax carbon emissions	Transition - political or legal	Moderate and high	2030 and 2050	STEPS and SDS	Direct impact on operations	Setting targets aimed at improving carbon intensity
					Indirect impact on supply chains, involving potential additional operating costs in inputs and energy prices.	Adopting energy efficiency and emissions reduction measures
						Increasing the consumption of renewable electricity
						Looking into replacing natural gas with low-carbon fuels (hydrogen and biomethane)
Changes in customer preferences	Transition - market	Low and moderate	2030 and 2050	STEPS and SDS	Decrease in demand	Analyzing carbon capture, utilization and storage projects
						Setting of 2030 sustainability targets
						Sustainability Master Plan - Positive Impact 360°
						Developing premium products that meet more stringent sustainability criteria

*Physical risks include the highest level identified at any of our facilities.

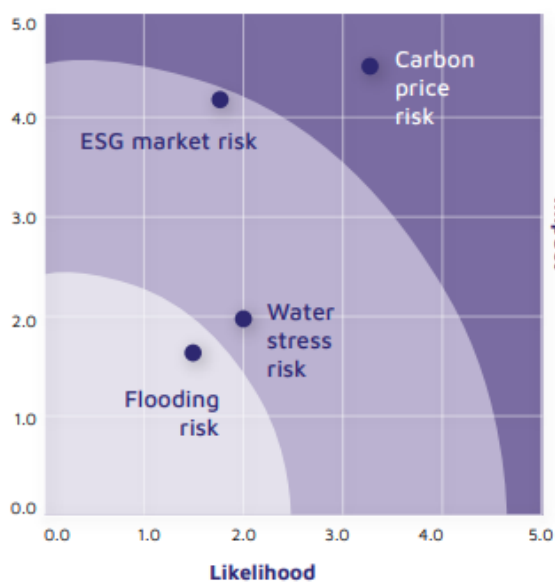
*The costs of measures associated with climate risks are quantified and reported in the Capex and Opex related to the climate change mitigation objective established in the European Taxonomy.

_Risks and opportunities

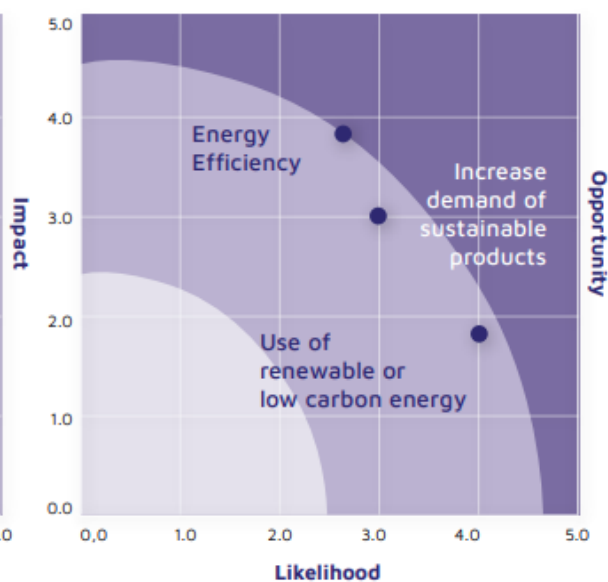
GRI 201-2

Opportunity	Type of opportunity	Classification	Time horizon	Scenarios	Potential business impact	Stimulus measures
Increasing demand for more sustainable products	Products and services	High	2030 and 2050	STEPS and SDS	Increased steel demand due to the development of new technologies and products for the energy transition	Setting of 2030 sustainability targets
						Sustainability Master Plan. Positive Impact 360°
						Developing premium products that meet more stringent sustainability criteria
Improving energy efficiency	Resource efficiency	Moderate	2030 and 2050	STEPS and SDS	Reduction of environmental impact	Setting targets aimed at improving carbon and energy intensity
					Reduction of operating costs	Adopting energy efficiency and emissions reduction measures
Use of renewable or low-carbon energy	Energy sources	Moderate	2030 and 2050	STEPS and SDS	Reduced exposure to the future price of fossil fuels	Setting targets aimed at increasing the consumption of renewable energy
					Improving business sustainability	

_Risks



_Opportunities



Decarbonization roadmap

The Company's goal is to advance in the decarbonization of its business model. Acerinox is working to reduce the amount of CO₂ released into the atmosphere and to reduce other polluting gases associated with the steelmaking process in order to achieve a considerable improvement in air quality, reducing its impact on human health and adjacent ecosystems.

To this end, the Acerinox Group has short- and medium-term initiatives grouped around the following pillars:

- Improving energy efficiency through best available techniques.
- Promotion of heat recovery systems from process sources.
- Electrification of systems and vehicle fleet.
- Increased use of renewable energies, especially renewable electricity.
- Use of alternative low-carbon fuels (e.g., green hydrogen).
- Increased use of scrap metal.
- Increased use of low-carbon raw materials.
- CO₂ capture, storage, and use.
- Boosting digitalization to improve energy monitoring and management.

These measures are aligned with the sustainability plan climate change targets for 2030, with 2015 as a baseline. The sustainability managers at each factory monitor them every month together with the corporate sustainability team. The evolution of the targets is reviewed quarterly by the Sustainability Committee, and the necessary measures are taken in each case.



FEATURED CASES

Heat recovery boiler. Palmones

The aim of this project is to recover the excess heat generated by electric arc furnaces to generate process steam. Heat recovery is carried out on the hot air (fumes) that pass through the furnace fume exhaust ducts to the filters using air-steam heat exchangers.



Unna (VDM) forklift fleet electrification

The VDM factory in Unna (Germany) undertook an ambitious project to electrify its forklift and heavy transport fleet.

These electric vehicles replaced internal combustion vehicles that used fossil fuels.



Climate change mitigation metrics and targets

GRI 3-3 / 302-1 / 302-3 / 302-4 / 305-1 / 305-2 / 305-3 / 305-4 / 305-5

The targets set by Acerinox demonstrate its commitment to reducing its environmental impact.

The Company measures progress towards these targets and reports them to the board's Sustainability Committee on a regular basis.

The Acerinox carbon footprint is certified using ISO 14064 Standard / GHG protocol. In 2021 a significance analysis was carried out regarding the new Scope 3 categories under the ISO 14064-1:2019 standard, the most salient of which were incorporated into the certified footprint.

In 2023, the Company went a step further and calculated the product carbon footprint of the four stainless steel families used by Acerinox Europa (austenitic, ferritic, martensitic and duplex steel). The product footprint was verified by an external third party. Currently, work is underway to calculate the product carbon footprint for a specific steel.

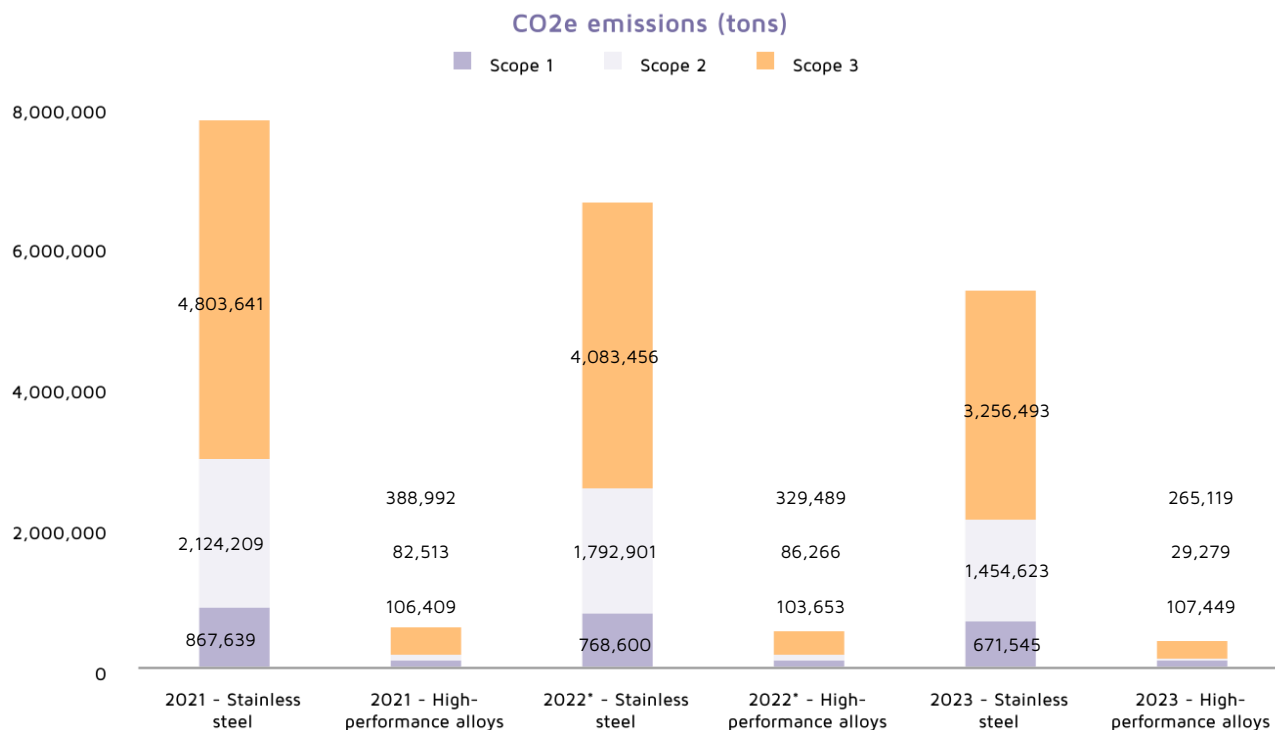
_Table scope 1, 2 and 3 emissions (tCO2e)

GRI 305-1 / 305-2 / 305-3

Emissions	GHG categories	Stainless	High-performance alloys
Direct	1.1. Fixed	535,105	105,712
	1.2. Mobile	6,200	596
	1.3. Process	125,211	1,046
	1.4. Fugitive emissions	5,029	95
Total direct		671,545	107,449
Indirect	2.1. Energy	1,454,623	29,279
	3.1. Goods and services purchased	2,384,151	247,079
	3.2. Capital assets	0	0
	3.3. Fuel and energy activities not included in Scope 1 or Scope 2	209,256	10,126
	3.4. Upstream transport and distribution	53,809	1,073
	3.5. Waste generated in operations	284,134	0
	3.6. Business travel	1,001	0
	3.7. Transport used on the way to and from work	6,594	0
	3.8. Upstream leased assets	0	0
	3.9. Downstream transport and distribution	316,509	6,814
	3.10. Processing of sold products	0	0
	3.11. Use of sold products	0	0
	3.12. End of useful life treatment of sold products	1,039	27
	3.13. Downstream leased assets	0	0
	3.15. Investments	0	0
Total indirect		4,711,116	294,398
Total sum		5,382,661	401,847

_Scopes 1, 2 and 3 group emissions (tCO₂e)

GRI 305-1 / 305-2 / 305-3

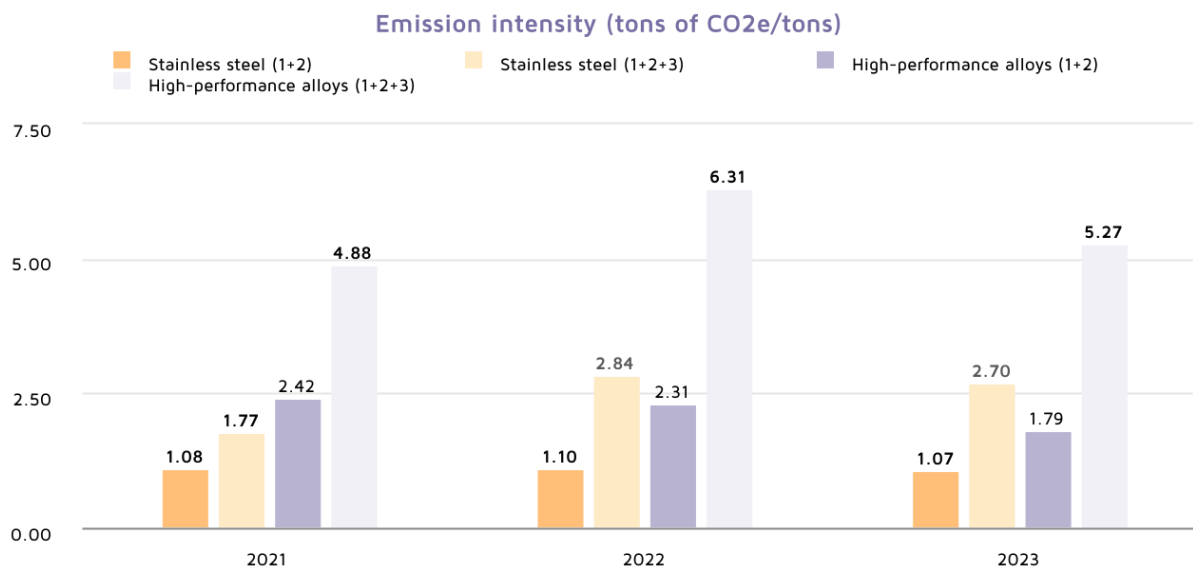


*Scope 3 emissions data for the high-performance-alloys division for 2022 have been recalculated due to the increased availability of the data used for the calculation. Additionally, the data for Scope 1 and 2 of the high-performance alloys division and Scope 3 of both divisions in 2023 have been estimated based on information available at the date of publication of the report.

In 2023, Acerinox's CO₂ emissions decreased by almost 20% including scopes 1, 2 and 3. This reduction was similar in the stainless steel division and in the high-performance alloys division. It was mainly based on the increase of the use of renewable energy and the reduction of scope 3 by a lower carbon footprint of raw materials due to better scrap management.

_Scopes 1+2+3 group emissions intensity (tCO₂e/t steel)

GRI 305-4



In line with the previous graph showing the Group's emissions, emissions intensity decreased for Scopes 1, 2 and 3 of both the stainless steel and the high-performance alloys division. The Acerinox Group is committed to reducing its carbon footprint. To this end, the Sustainability Master Plan set a target for the stainless steel division of reducing by 20% the intensity of its direct and indirect carbon emissions (Scopes 1 and 2) by 2030 with respect to 2015 levels. This target is linked to the variable compensation of senior management and other management bodies, as well as that of the Company's employees.

As discussed earlier, the drop in steel production in the latter part of the year had a major bearing on this indicator. Despite this, Acerinox almost achieved the stainless steel division's proposed target for 2023 (1,062), achieving an intensity ratio of 1,065 tCO₂e/t steel produced. This improvement is due to the increased use of renewable energy and the optimization of plant operations. The stainless steel division also has sustainable loans linked to the reduction of its carbon footprint; these are tied to a 1% annual reduction in emissions intensity (scope 1+2). The 2023 target was met as the ratio was 1.07, below the target of 1.09 tCO₂e/metric ton of production.

CO₂ emission intensity target and sustainable loans - Stainless steel division scopes 1+2 (tCO₂e/t steel produced)

GRI 305-4



In 2022, Acerinox committed to the Science-Based Targets Initiative (SBTi). The Group is reviewing its CO₂ emission reduction targets in light of this initiative and the recently published steel industry guidance.



Responsible energy management

The iron and steel sector requires intensive energy use to melt scrap and ferro-alloys in electric arc furnaces to obtain molten material, as well as the use of fossil fuels such as natural gas in the heating processes. For this reason, Acerinox works to continually improve its production processes, promoting innovation and the development of more efficient, cleaner technologies in steel production, fostering advances in less polluting and more sustainable processes.

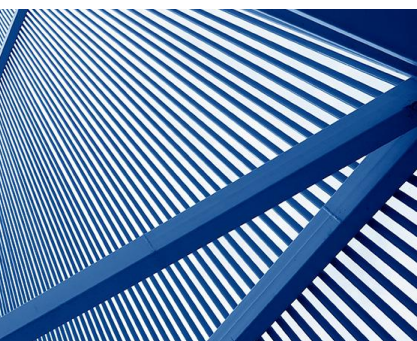
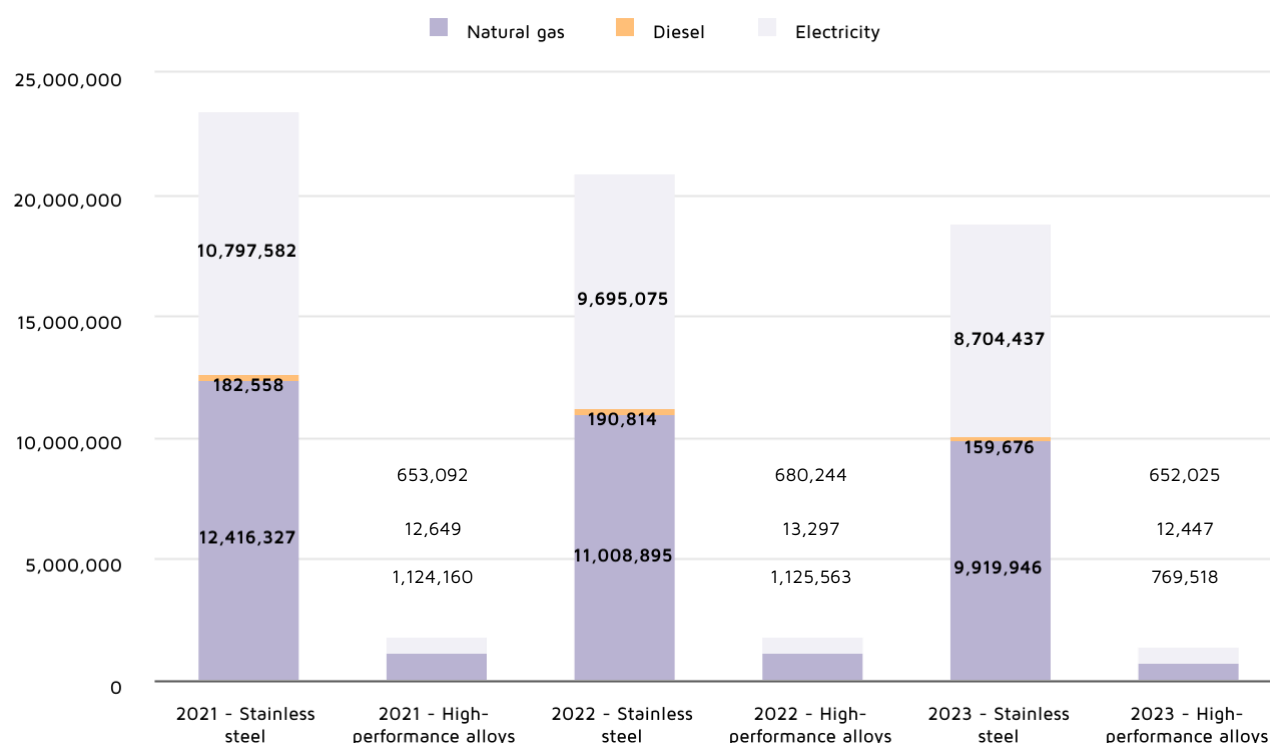
Other measures include replacing components in existing equipment, increasing the purchase of energy with guarantees of renewable origin (PPAs and GoOs), switching to LED lighting, replacing fossil fuels with hydrogen, and improving furnaces, burners, and recovery boilers.

In addition, during 2023, the company worked on the preparation of the new "Beyond Excellence" efficiency plan for the next three years (2024-2026). The plan was approved by the board of directors in late 2023.

The plan consists of six pillars, notably including productivity and automation; efficiency; and decarbonization and the environment. This Plan reinforces the company's commitment to the search for solutions that reduce the environmental impact of its factories.

_Group energy consumption (GJ)

GRI 302-1



Reducing energy consumption is a key issue for Acerinox. Acerinox has therefore set a target of reducing the stainless steel division's energy intensity by 7.5% by 2030 compared to 2015.

The achievement of this target has been affected by the drop in production caused by the macroeconomic and political environment.

During the last two years, the energy crisis, accentuated by the invasion of Ukraine and the subsequent impact on economies around the world, as well as distributors' high inventory volumes in the wake of strong imports, led to a drop in stainless steel production in the last half of the year. This drop in production had a significant impact on the factories' efficiency, worsening the indicator regarding energy intensity per metric ton of steel produced, although the total volume of emissions decreased due to the increased use of renewable energies.

Stainless steel division energy intensity target (GJ/t steel produced)

GRI 302-3



Renewable Energy Certificates

GRI 302-1

616,880 MWh

+ 117% increase on the previous year

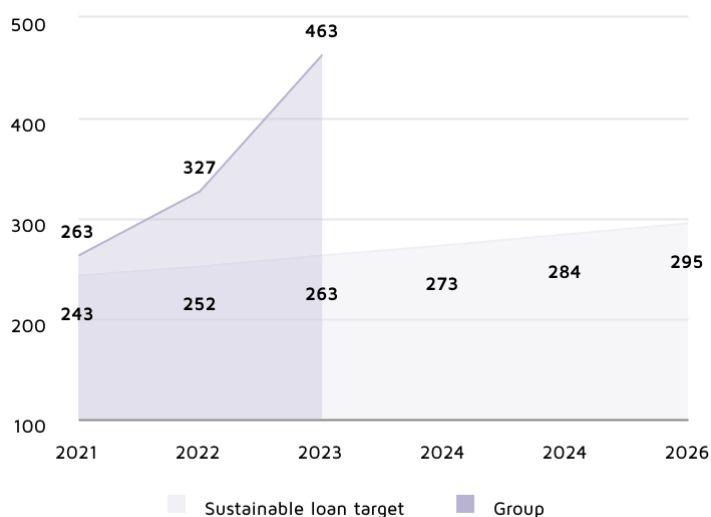
One of the most important initiatives in the decarbonization process consists of increasing the consumption of renewable electricity through renewable PPA contracts at our factories, according to the features and opportunities available in the different countries where Acerinox operates. In 2023, renewable electricity accounts for 37% of the Group's electricity consumption, up almost 50%.

These measures will drive the transformation of the value chain by increasing our plants' resilience, strategic autonomy and energy security.

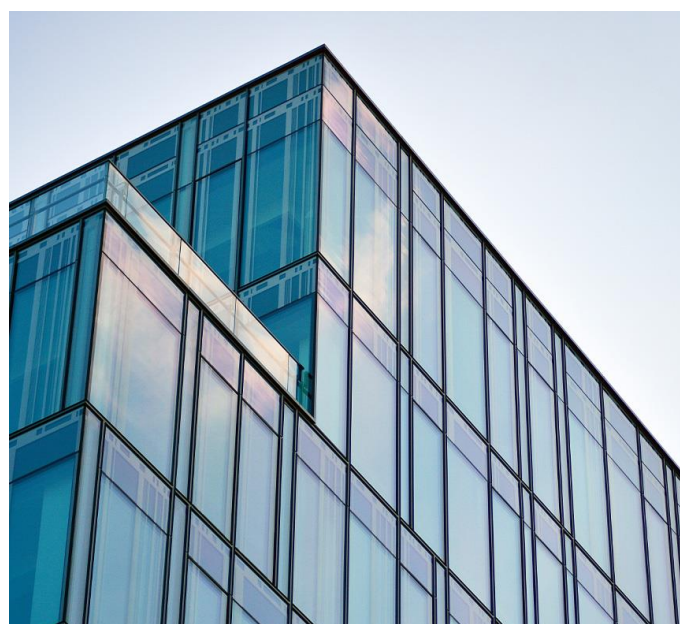
Increasing renewable energy sources is one of the targets linked to sustainable financing. Specifically, the Company has committed to improving the renewable electricity intensity ratio of the entire Acerinox Group (stainless steel and high-performance alloys divisions) by 4% per year from 2020.

Group's renewable energy intensity (renewable kWh/t steel produced)

GRI 302-1



*Renewable energy consumption (PPAs + GOs), remaining energy from national energy mix (location-based)





Water stewardship

GRI 3-3 / 303-1 / 303-2 / 303-3 / 303-4 / 303-5

Water, in addition to being a vital resource for life on this planet, plays a fundamental role in the steel industry.

The production of stainless steel and high-performance alloys requires a considerable volume of this natural resource, making its availability a key factor for Acerinox. The Company works to achieve efficient and responsible water management through initiatives such as measuring the water footprint and identifying the level of water stress at each facility.

The Group ensures water quality through internal and external laboratory analyses that provide information and parameters regarding matters like suspended solids, pH, alkalinity, iron, calcium, phosphorus, and aluminum content, among others.

Acerinox identifies SDG 6 “Clean water and sanitation” to be one of the main Sustainable Development Goals and recognizes access to water as a human right. In line with this commitment to sustainability, the Company works in partnership with various stakeholders.

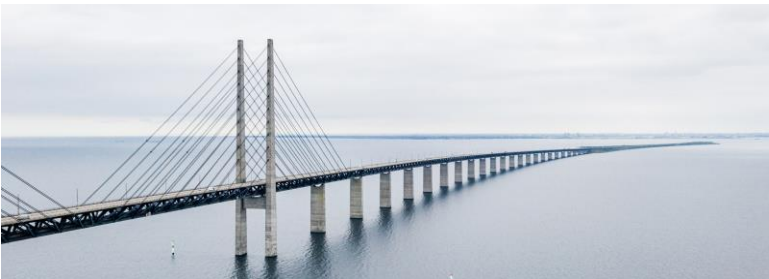
Acerinox’s commitment in water catchment areas will enable it to devise water sustainability strategies together with local players, such as launching projects involving water replenishment in natural ecosystems, improving water quality, and reusing waste water within catchment areas.

The Group provides all its employees with fully operational and safely managed WASH (Water Sanitation Hygiene) services at all sites. It also guarantees access to clean water for drinking, washing, and sanitation systems, ensuring staff health and safety.

During the last four years, there have been no incidents related to water management.

_Key indicators

GRI 303-3 / 303-4 / 303-5



_Relevant activities



Milestones 2023

Development of the water footprint model for the stainless steel division

Completion of CDP Water questionnaire, obtaining a B score

Specific water withdrawal objective met



Challenges 2024

Development of water footprint model for the special alloy division

Implementation of the water management policy

Improvement of water footprint parameter calculation processes

Water footprint

Acerinox calculates its water footprint as a fundamental environmental parameter at all industrial facilities by measuring the volumes of water used and managed in its processes.

The water footprint model is based on the WFN (Water Footprint Network) methodology, which estimates the blue and gray water footprint of factories.

The water footprint allows for more precise traceability of different water flows so that facilities can understand their vulnerability to water scarcity and/or water quality decline.

This is especially significant in the case of facilities located in areas of high or extremely high water stress.

In parallel, the Group analyzes its facilities' areas of influence; it identifies the level of water stress of these areas based on the World Resources Institute (WRI) and updates the future projections of the hydrographic basins where it operates.

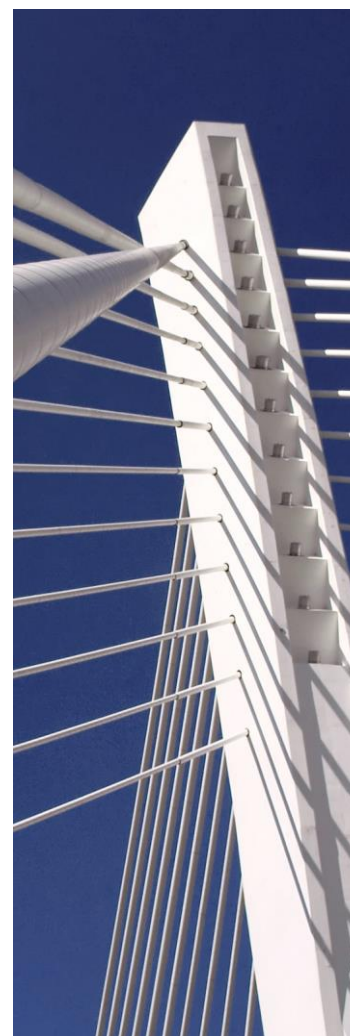
Based on the classifications provided by this tool, Acerinox considers water-stressed areas to be those in which the ratio of total surface or ground water withdrawn per annum for various uses (civil, industrial, agricultural and livestock) and the total available supply of renewable water per annum is high (40-80%) or very high (>80%). The resulting information allows for comparisons to be drawn between the water required for production and availability in the country or catchment area, determines the relevance of the water risks posed in order to adopt appropriate measures, and facilitates dialogue with stakeholders. Each plant is assessed using the most geographically specific data available. This data, drawn from the Aqueduct Water Risk Atlas, currently four out of the 13 municipalities in which the Acerinox plants are located are in regions of high or very high water stress (Spain, South Africa and the US).

The impact and risk of each facility are unique, based on the local context.

A climate risk analysis was also conducted in 2023, which included the risk of water stress. To assess these long-term risks (2030 and 2050), Acerinox considered the IPCC, RCP 2.6 and RCP 8.5 scenarios (for further information please refer to section 5.2 Eco-efficiency and climate change mitigation).

Facilities at risk of high or extremely high water stress are already implementing water efficiency measures.

The Group is working from various angles: reducing water used in manufacturing processes; optimizing and making good use of raw and auxiliary materials; and treating and regenerating water for other uses or to be returned to nature. To that end, the reuse of water at the manufacturing plants is fundamental, as is increasing its possible uses, enhancing the processes that use water and tightening controls over water consumption in order to gain greater knowledge.



FEATURED CASE

Global Stainless Steel Industry Gold Award in Sustainability. Wastewater reuse. Palmones

Water is a critical resource in the Group's operations. For this reason, Acerinox Europa is making significant efforts to minimize its water footprint.

In this area, the Company has made significant improvements in the reuse of wastewater for different uses, such as street cleaning, industrial cleaning with pump trucks and garden watering.

The first phase of the project achieved very good results, reducing water consumption by 400 cubic meters per week. The emissions generated by the handling and pretreatment of raw materials also fell.

Water management efficiency improvement projects. NAS

In 2023, several water management efficiency improvement projects were implemented at the NAS plant, resulting in a 3.3% reduction in water withdrawal intensity compared to 2022.

This significant improvement aids the corporate sustainability target to reduce relative water withdrawal intensity compared to 2015.

Water collection

GRI 303-3

Each of the Company's facilities has water withdrawal control and monitoring systems.

Volumes are accounted for daily through flow meters and verified annually by a third party. This monitoring is not only performed for production processes, but also to ensure compliance with water permit requirements.

The Acerinox Group is keenly aware of the importance of reducing water collection, including a specific KPI in this regard in its Strategic Sustainability Plan. Specifically, the stainless steel division plans to reduce specific water withdrawal by 20% by 2030 (compared to 2015).

In 2023, the stainless steel division's water withdrawal intensity fell by 3% compared to 2022, reaching the established annual target. The following graph shows the reduction path established for 2030 and the actual performance of this indicator.

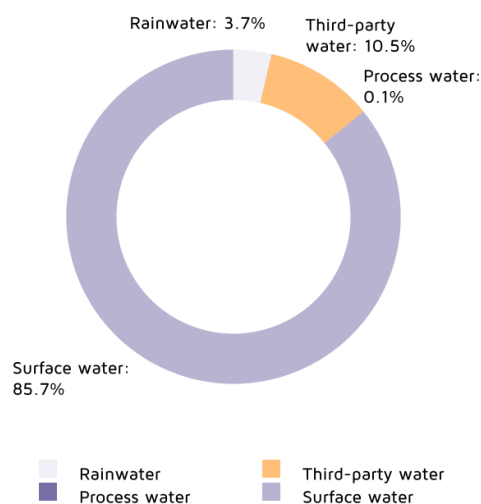
_Water withdrawal - Stainless Division

GRI 303-3



Acerinox records the water collection source used for plant operations. Water volumes are taken from official and verified data and are measured daily by means of flow meters. The Acerinox Group uses various sources, the quality standards of which are certified by the supplier: surface water (main case), production water and third-party water (municipal water providers).

Distribution of total water withdrawn by source: 7,422 ML/tons



_Water withdrawal - Stainless Division (ML)

GRI 303-3

ML	Total			Stainless		HPAs	
2023	Total	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
Surface water	6,364	3,877	2,487	3,557	2,487	320	0
Groundwater	0	0	0	0	0	0	0
Seawater	0	0	0	0	0	0	0
Process water	5	5	0	5	0	0	0
Third-party water	782	596	186	367	186	229	0
Rainwater	271	0	271	0	271	0	0
Total	7,422	4,478	2,944	3,929	2,944	549	0

Water discharge

GRI 303-2 / 303-4

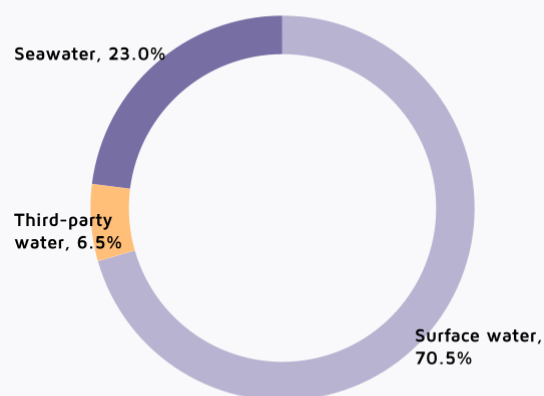
Water discharges are a key environmental indicator for factory operations. Water volumes and water quality are monitored according to local regulatory requirements and process efficiency parameters.

All factories have treatment and neutralization plants for stabilization and the removal of contaminants prior to discharge. They also have secondary retention systems that prevent accidental spills and allow for effluent recovery.

All discharges from the facilities are checked regularly to ensure compliance with Emission Limit Values (ELVs) and other legal requirements.

Distribution of total water discharged by source:

4,876 ML



_Water discharge (ML)

GRI 303-2 / 303-4

ML	Total	Stainless		HPAs			
2023	Total	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
Surface water	3,440	3,440	0	3,439	0	1	0
Groundwater	0	0	0	0	0	0	0
Seawater	1,121	0	1,121	0	1,121	0	0
Third-party water	315	315	0	26	0	289	0
Total	4,876	3,755	1,121	3,465	1,121	290	0

Responsible use

Responsible water consumption is one of the fundamental pillars of the Acerinox Group's operations.

Manufacturing requires continuous, intensive cooling and water-intensive surface treatment processes.

Process efficiency and effluent reuse is a fundamental element of the facilities.

The Group's factories have neutralization plants and wastewater treatment plants (WWTP) that maximize the recirculation of effluents and reduce our water withdrawal intensity.

Other environmental aspects

GRI 305-7

In line with climate change mitigation and environmental impact minimization, Acerinox focuses its efforts on improving the efficiency of its operations by monitoring and controlling the emission of pollutants by its processes.

_Key indicators

663
metric tons

NO_x

15
metric tons

VOCs

191
metric tons

Particulate matter

16
metric tons

SO_x

t	2023		
	Total	Stainless	HPAs
NO _x	663	618	45
VOCs	15	15	0
Particulate matter	191	191	0
SO _x	16	13	2





FEATURED CASE

Control of particulate emissions. Palmones

The Acerinox factory in Palmones (Spain) has implemented various environmental control measures aimed at reducing emissions of particulate matter and dust. Among others, the following stand out:

- Installation of water misters and intensive use of the vacuum sweeper on internal roads
- Modification of the smoke scrubber dust discharge system into trucks for management (sleeve system), using an airtight tank.
- Enclosure of aerators in the melting shop, preventing leaks to the outside.
- Improvements in the efficiency of melting shop fume exhaust systems.
- New slag treatment plant in an enclosed building with coverage at potential dust generation points.

All these initiatives have led to a 65% reduction in the number of incidents detected by the immission monitoring system.

Biodiversity

GRI 3-3

The Group helps preserve biodiversity by minimizing its environmental impact through increased recycling rates, reduced greenhouse gas emissions and efficient water management.

Acerinox is committed to recycling 90% of its material by 2030. The increased use of scrap decreases the extraction of raw materials, such as ferro-alloys, reducing our land use, water, and air pollution impacts.

The stainless steel division has also set a target of a 20% reduction in the emissions intensity ratio by 2030 (baseline 2015). To this end, the company has a decarbonization roadmap. These measures contribute to improving the air quality of the ecosystems adjacent to the facilities.

The stainless steel division set the target of a 20% reduction in water withdrawal intensity by 2030 (baseline 2015). Acerinox implemented best available techniques to optimize the use of recycled water with a view to attaining Zero Waste Status at all its plants (100% reuse of water). Several of the Group's facilities have already implemented zero-waste measures.

Aware of the urgency of halting rapid species loss, the Company has undertaken an in-depth review of its commitment to strengthening the preservation of ecological diversity and minimizing its impact on flora and fauna.

5.3 Circular economy and sustainable products

Circular economy

GRI 3-3 / 306-1 / 306-2

In a context of increasingly limited resources, the circular economy plays a crucial role in environmental preservation. Aware of this reality, Acerinox seeks to achieve the highest possible recyclability ratio, positioning itself as a leader in circular economy. In steel production, the Group uses scrap as its main raw material, reaching values of over 90% recycled material in process inputs, depending on the final specifications of the product.



The Group is working to find more efficient methods to recover, recycle and reuse all kinds of metals and alloys during and at the end of the manufacturing process. The effectiveness and feasibility of each initiative is assessed.

As a result of the Company's commitment to circular economy, a Group-wide target has been set to recycle 90% of all waste generated by 2030. This target is monitored on a monthly basis by the sustainability managers of each factory and reviewed by the corporate sustainability team. Likewise, the Sustainability Committee monitors this target on a quarterly basis and, if necessary, takes any necessary measures.

In order to promote sustainable growth and the responsible use of resources, Acerinox has sustainability and responsible purchasing policies, accessible on the company website, which establish the Group's general principles in the procurement of goods and services, production, and distribution.

Acerinox provides customers and other interested parties with Environmental Product Declarations (EPDs), where it offers quantitative, verified information on the environmental impact of different products for transportation, construction, engineering, the food industry, and energy and environmental technology.

This material, available on the company website, provides detailed information about products' environmental impact and estimate how they affect the life cycle of the structures or solutions being manufactured.

_Key indicators

GRI 301-2 / 306-4

2,033,855 metric tons

Raw materials from recycled material

80%

Recycled waste

ACERINOX participated in the "First Conference on Circular Economy for Andalusian Industry," reaffirming its commitment to the circular economy, a fundamental pillar of the company's strategy to ensure sustainable growth over time.



_Relevant activities



Milestones 2023

Obtaining CE certification for slag from the Algeciras plant (various uses)

Valorization and local uses of waste (slag, neutralization sludge)

Scrap segregation plan at service centers



Challenges 2024

R+D+i studies for the valorization of slag in different factories

Industrial application of slag as construction aggregate

Increase the value-added of scrap recovered at factories and service centers

_Raw materials (metric tons)

GRI 301-1

The Company is aware of the environmental impact generated by the extraction of raw materials, including soil degradation, water pollution, and biodiversity loss. For this reason, one of the lines of action of the Group's decarbonization strategy is to reduce the purchase of raw materials by increasing the use of scrap. In addition, the Company has implemented different initiatives such as the improvement of machinery, to minimize losses of the products that are manufactured, or the improvement of the AOD process, to reduce the consumption of chemical components.

2,033,855

Recycled material*

536,758

Alloys

276,823

Gases

33,969

Acids

14,092

Recycled acid**

*Recycled material is defined as purchased scrap, process and internal scrap, as well as metal recovered from slag and other recycled waste.

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

_Waste management

_Waste generated, sorted by type of management and composition

GRI 306-3 / 306-4 / 306-5

Waste is managed independently at each factory, complying with the legislative requirements of each location.

At all of them, waste is monitored and traced by type using computer programs or internal monitoring. The data is then entered into a global tool for the entire Group, then reviewed and consolidated by the corporate sustainability team.

At some facilities, annual reports on hazardous and non-hazardous waste are prepared and submitted to the relevant governmental authorities.

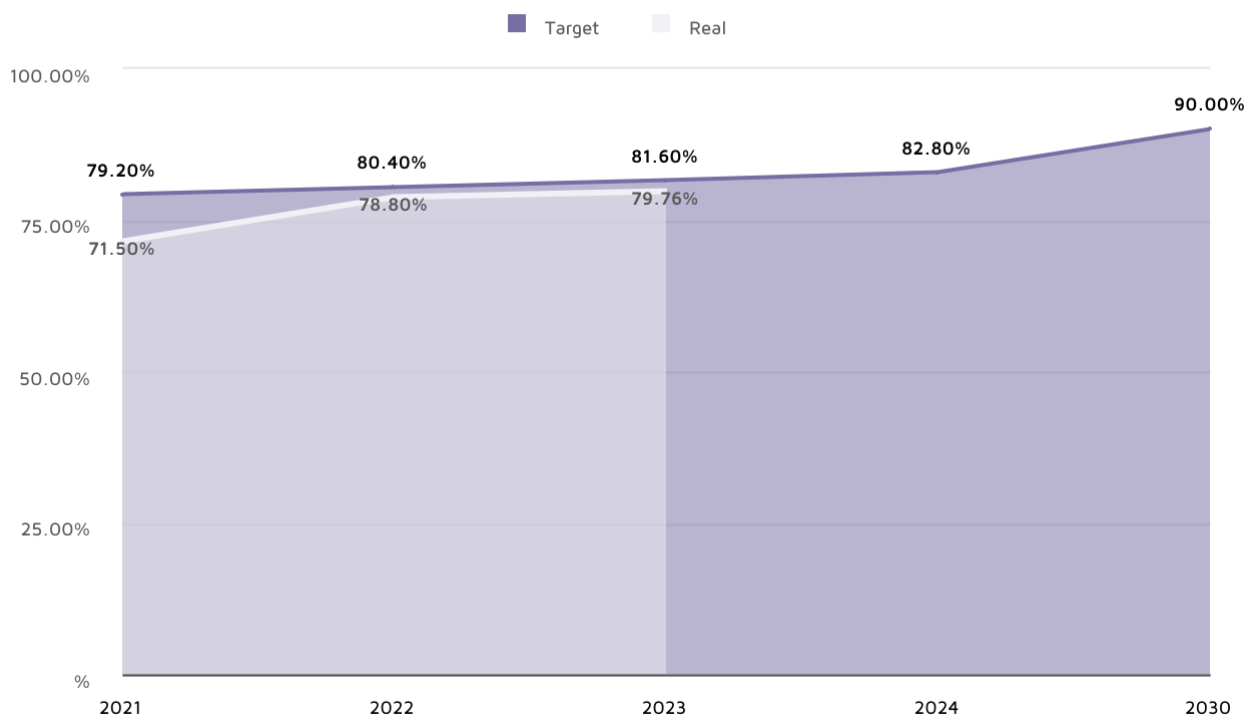
Although most of the waste generated by the Company is recycled, other waste is also generated for landfill. Landfilled waste is managed by an authorized manager in accordance with the regulations applicable in each country.

t	2023		2022		2021	
Total waste	1,298,793	%	1,572,090	%	1,669,375	%
Landfill	262,827	20.24%	333,534	21.22%	471,076	28.22%
Recycled/ Recovered	1,035,966	79.76%	1,238,556	78.78%	1,198,299	71.78%
Total non-hazardous	1,182,735	91.06%	1,432,963	91.15%	1,521,645	91.15%
Landfill	203,578	17.21%	252,595	17.63%	385,541	25.34%
Recycled/ Recovered	979,157	82.79%	1,180,368	82.37%	1,136,104	74.66%
Total hazardous	116,058	8.94%	139,127	8.85%	147,730	8.85%
Landfill	59,250	51.05%	80,939	58.18%	85,535	57.90%
Recycled/ Recovered	56,809	48.95%	58,188	41.82%	62,195	42.10%

In 2023, the Group worked towards the goal of increasing its waste recycling by 2030, employing its best practices at its various factories and managing to recycle almost 80% of the waste generated, increasing the percentage of waste recycled compared to previous years.



Stainless Steel Division - % of waste recycled



Acerinox operates by maximizing the use and valorization of generated waste. The Group's production centers have environmental management systems that include the following measures:

- Education and awareness-raising for employees and contractors on environmental impact and waste segregation.
- Employee training in handling hazardous substances.
- Segregation, labeling, storage, handling, and transportation of waste and hazardous substances.
- Stabilization, neutralization, and sedimentation plants for liquid effluents.
- Heat recovery boilers with combustion, steam generation, and electric power.



FEATURED CASES

"Sludge To Brick" project. Bahru

BAHRU shipped 1,071 metric tons of acid neutralization sludge for a waste valorization project that transforms sludge from the neutralization plant into unfired bricks used for ornamental building.

The "Sludge to Brick" project was awarded the Ecological Product label in Malaysia and registered with MyHIJAU Mark, the Malaysian government's official green recognition for environmentally-friendly products and services.

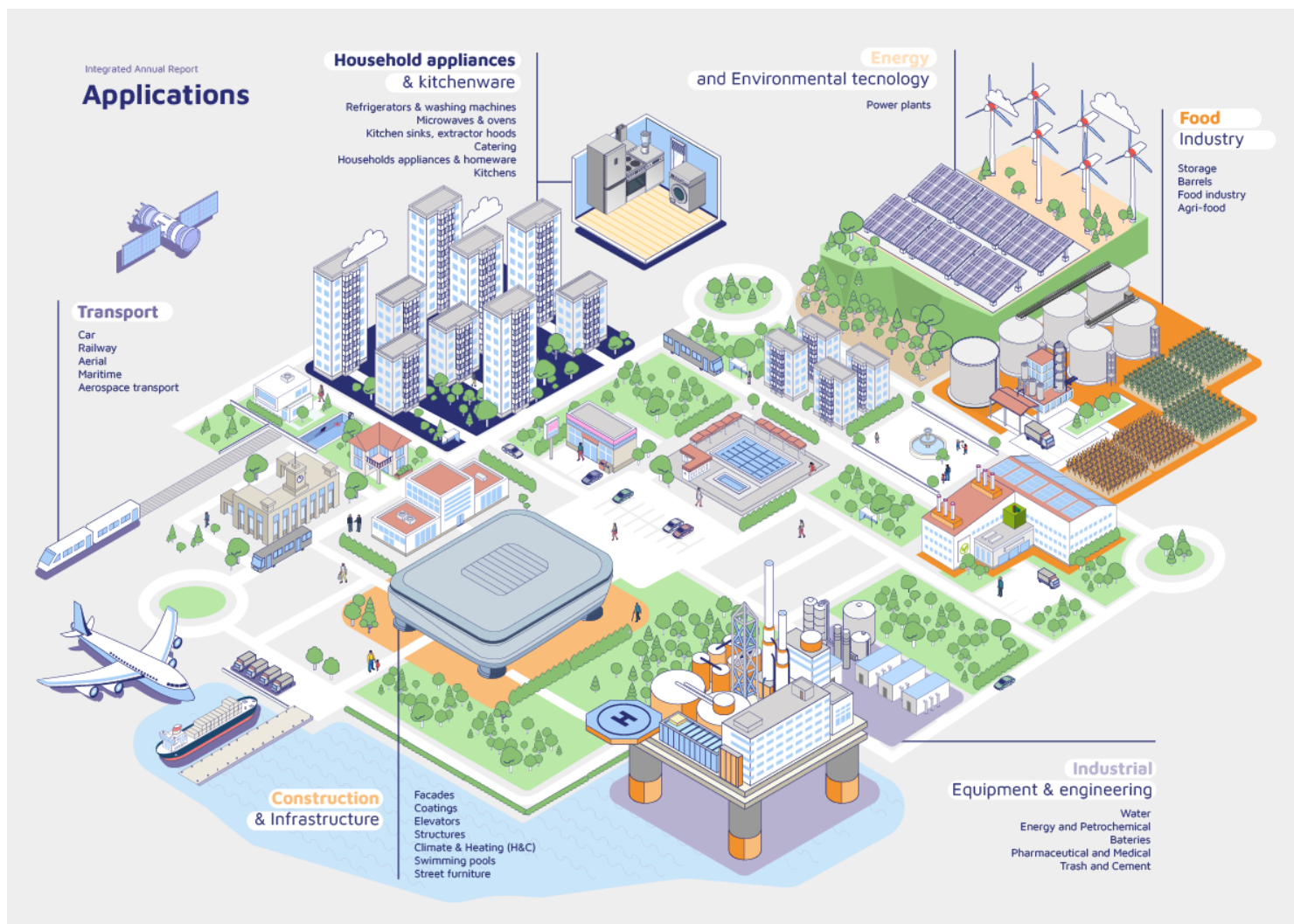
Valorization of WWTP sludge. NAS

The NAS plant in Kentucky (US) managed to reduce waste sent to landfills from the WWTP by more than 60%. This sludge was reused as backfill aggregate in mines.



Sustainable solutions

Acerinox offers a wide variety of efficient and durable solutions for customers who manufacture all kinds of products that are essential in everyday life, products that are a benchmark in economy and that comply with the so-called three Rs rule of sustainability: reduce, reuse, recycle. For this reason, the materials manufactured by the Group stand out for their lower environmental impact, both in their production and in their processes and useful life, as well as for their lower carbon footprint.



Process and product certifications and controls

GRI 416-1

In addition to the legal requirements applicable in each country, all the Group's factories are subject to strict quality and environmental controls. They also have, as a whole, environmental management systems in line with the ISO 14001:2015 standard. Similarly, each subsidiary has established standards that exceed legal requirements in areas such as quality, safety, and the environment.

Moreover, Acerinox undergoes annual external audits of the Group's information systems, both at the Parent and at all subsidiaries. These are carried out both by external entities and by customers.

LINKS

ACX Europa:

<https://acerinox.com/es/acerinox/fabricas/acerinox-europa/certificados-acerinox-europa/>

NAS:

<https://www.northamericanstainless.com/quality/qms-iso/>

Roldán:

<https://acerinox.com/es/acerinox/fabricas/roldan/certificados-de-roldan/>

Inoxfil:

<https://acerinox.com/es/acerinox/fabricas/inoxfil/certificados-de-inoxfil/>

Columbus:

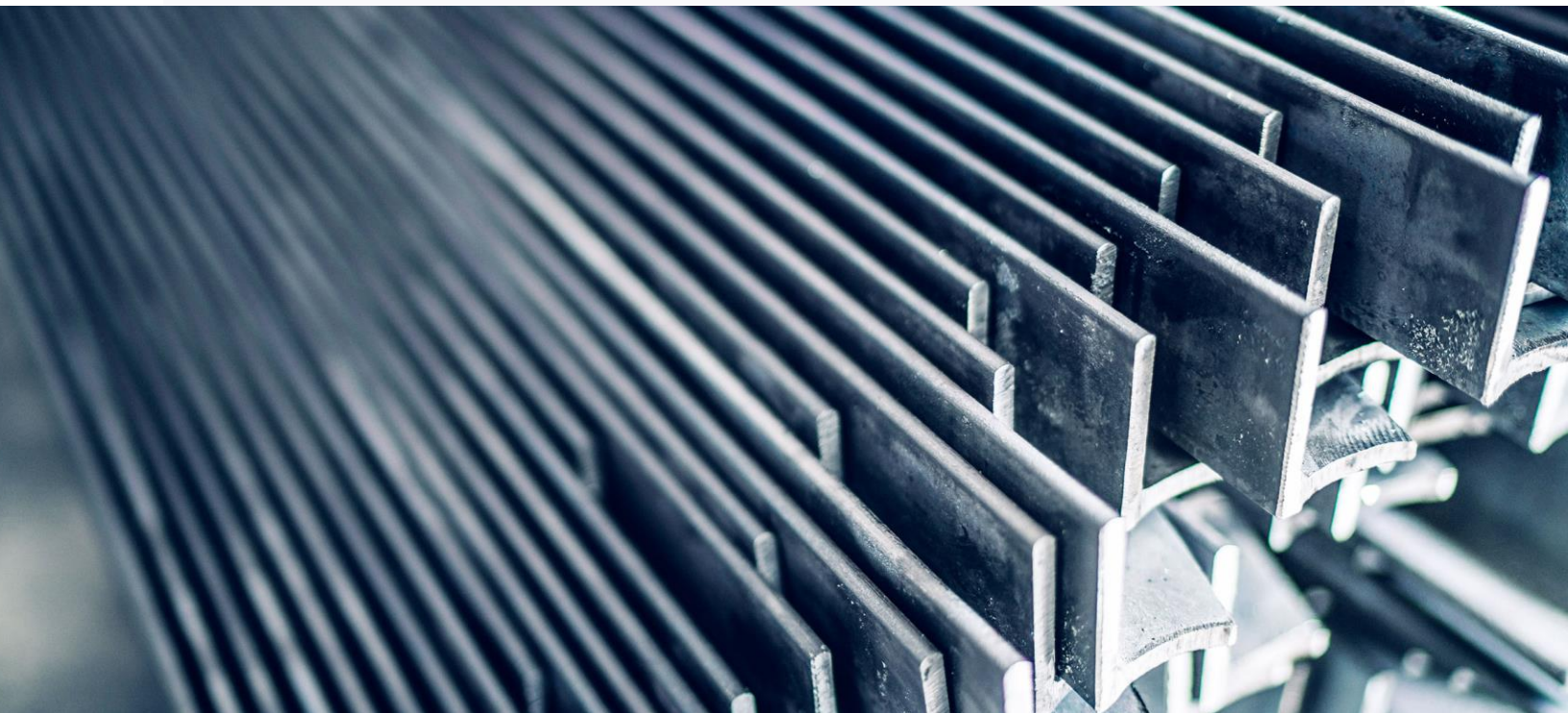
<https://www.columbus.co.za/products/certification-markings.html>

Bahru:

<https://bahrustainless.com/en/products/certification/>

VDM Metals:

<https://www.vdm-metals.com/es/>



Technological innovation

Investment in fixed assets

Investments made in 2023 in both property, plant, and equipment and intangible assets amounted to EUR 175 million. These investments include both the acquisition and installation of new equipment and recurrent maintenance investments. In many cases, they are investments to improve efficiency and productivity, but they are also of a strategic nature and geared towards sustainability, as they entail reductions in energy consumption.

In the case of Acerinox Europa, the total sum of investments (including maintenance) amounts to EUR 39 million, related to improvements and expansions made in several production lines.

Investments made by North American Stainless amount to EUR 73.9 million, of which EUR 21 million correspond to the investment plan approved at the beginning of this year and EUR 27 million to recurring maintenance investments.

In the case of Columbus Stainless, investments for the year amounted to EUR 21.2 million. Finally, the VDM Group invested EUR 27.2 million over the year.

The December 2023 board meeting also approved an EUR 67 million investment plan for the high-performance alloys division at its German plants in Unna, Altena and Werdohl, which will enable it to gradually increase its production capacity in precision strips, bars, and wires, as well as lifting sales by 15%. The planned investments include the expansion of three remelting furnaces, the upgrade of an annealing and pickling line, another flaw detection line for bars, and a sprayer for the production of stainless-steel and high-performance-alloy powders for additive manufacturing.

R&D&i

Innovation is one of Acerinox's corporate values, and a source of improvement in order to compete in a market as globalized and competitive as the stainless steel market.

Since 2021, Acerinox has an innovation and technology committee. Led by the Group's CEO and comprising the heads of various business areas, the aim of this Committee is to review the Company's capabilities, define the R&D&i strategy, provide sufficient funding, identify the risks that could affect the Group's operations and define long-term objectives.

Three work groups were also created, focusing their efforts on the development of materials, improvement of production processes, implementation of new processes, and the promotion of innovation processes, which includes, inter alia, the management of Group patents and push for sustainable processes. Some examples of projects underway in 2023 are related to the use of stainless steel for renewable hydrogen applications.

This exchange of experiences between the Group's business units is open to the contribution of any employee with the aim of making the most of the extensive know-how of Acerinox staff.

Collaboration with public and private research bodies is essential, since almost half of the investments in this field are carried out in partnership with entities, universities and research centers of this nature.

More than 40 people in the Group, distributed across different production plants, dedicate their knowledge and efforts to research and development work, without counting the staff who, at the laboratories of each Group plant, work on searching for new alloys and improving the properties of the current ones. During 2023, collaboration on R&D tasks between the different Group units has deepened, resulting in an increase in knowledge generation synergies and an increase in the value-added of our products.

Acerinox also promotes the participation of all employees in this field with the annual Rafael Naranjo Awards, aimed at recognizing workers who have stood out for their innovative projects in the areas of safety, the environment and quality.



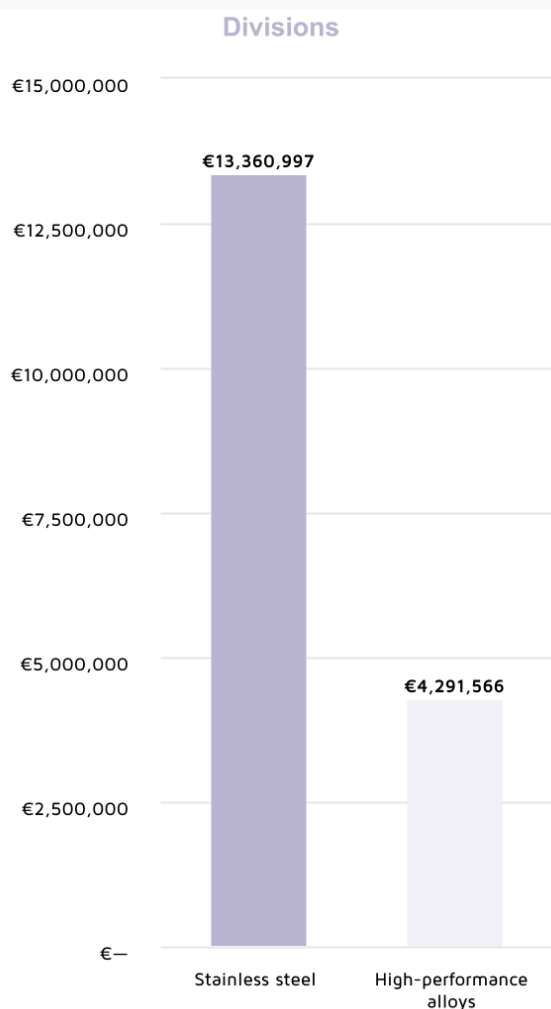
Projects in 2023 included the ASTRONG project, a European project carried out with Italian, Spanish and Finnish entities, which aims to develop a new steel to withstand the most demanding hydrogen working conditions, even in a liquid state. Related to hydrogen, at the national level, the H₂ EPA, FORNAX, and HYADES projects, focused on the development of stainless steel for its safe storage and transport and its use as fuel in heating furnaces, should also be highlighted. Also worth mentioning at the national level is the CERES project. Led by Acerinox Europa, this project aims to evaluate the development of a **circular economy** based on mineral waste from iron and steel plants. The project analyzes the main challenges of these materials and their recovery in a safe legal environment that is sustainable in the long term.

In addition, the "Materials for the future" initiative brings together a selection of 20 professionals from various disciplines of the Acerinox Group with representatives from the different factories (Acerinox, NAS, Columbus, Bahru and VDM). The goal of this initiative is to work together on possible scenarios that may arise in the future, anticipating emerging market trends. This promotes both synergies within the Group and the correct alignment with the company's strategy. This program includes specific initial training and a final challenge in which each working group will present the conclusions of their study to management.

2023 R&D&i investments and expenditure

Group total:

EUR 17,652,563



CEDINOX

Through its commitment to the dissemination of knowledge, Acerinox supports and promotes the work of CEDINOX, the Spanish Association for the Research and Development of Stainless Steel.

This not-for-profit association bases its activity on four fundamental pillars: research, advice, dissemination and training on stainless steels. Founded in 1985, it collaborates actively with the main Acerinox factories, users and universities.

Among the Association's research activities, worthy of note is its participation in different projects, the search for new applications and the detection of opportunities for the development of this material in sectors as varied as industry, energy, architecture and transport, to name a few.

CEDINOX advises companies and professionals on the correct selection and maintenance of stainless steels, as well as their transformation and cleaning. It has an extensive library on its website and responds to the technical queries through its online channel. The association has also been involved in international reference projects such as the Hong Kong Macao bridge, the Sagrada Familia, the Santiago Bernabeu stadium and the extension of the port of Monaco, as well as different projects related to renewable energies and the industry in general. CEDINOX also participates and collaborates in the drafting of various regulations on stainless steel, such as the recent building code. Likewise, it stands up for steel's advantages in different forums.

The preparation of numerous technical documents on stainless steels, together with its magazine "Acero Inoxidable", is an excellent way of making the material known among professionals and users. CEDINOX also translates technical documentation into Spanish, positioning the company as a leading source of information on stainless steel in Spanish. Its participation in fairs such as the Stainless Steel World Exhibition and Conference in Maastricht, the Metal Madrid Fair and the Tube and Wire Fair in Düsseldorf allows CEDINOX not only to know the market and the sector in depth, but also to take part in lectures and forums. It also collaborates in activities from the World Stainless (International Stainless Steel Forum) and its working groups. Its growing presence on social media such as LinkedIn, Instagram, and YouTube, is another way of bringing the material closer to all kinds of audiences. The association's initiatives are not limited to Spain, as it is also operates globally through International Advisory Centers (IACs).

Among the activities with the greatest social impact are, without a doubt, the trainings carried out at universities and companies. In 2023, it offered a total of 35 courses at various Spanish universities - including two at high schools - in order to make stainless steel more familiar to almost 1,500 engineering and architecture students, 95 high school students, 74 university professors and 8 high-school teachers. Courses have also been held at 4 companies, with a total of 42 attendees.

It has a very close relationship with universities and the main research centers, and as a result of this link, the Acerinox Award was created for the best university engineering or architecture project related to stainless steels, already in its 7th year.

In short, the association's work supports the stainless steel sector by connecting professionals, seeking out and promoting the various synergies that may arise.

<https://www.cedinox.es/en/cedinox/que-es-cedinox/>



5.4 Committed team, culture, diversity, and safety

Acerinox’s culture includes its mission, vision, and values with guidelines and policies for people management and, specifically, the Group’s commitment as a leading employer in its industry.

Its priority is to attract and retain the best talent, promoting and implementing measures that promote equal opportunities, diversity, and inclusion of all professionals.

Attracting and retaining talent

GRI 3-3

The Group’s selection and promotion policy establishes the basic principles of action deployed at all its subsidiary companies.

Acerinox, with its presence on five continents, offers qualified employment opportunities and prospects for professional development and growth. It fosters a work environment based on trust and ensures stable, high-quality, safe, and healthy jobs.



_Key indicators

GRI 2-7 / 404-1 / 404-3

8 229

Employees

73.52

h training/employee

*The staff figure in this Appendix does not include 10 members of senior management.

_Relevant activities



Milestones 2023

Completion of the management by objectives (MBO) policy roll-out for the entire workforce and its inclusion in the target-based variable remuneration.

Inclusion of women executives or women with high potential in the Progress-Promotion programs rolled out by CEOE-ESADE.

Carrying-out of various publicity initiatives, such as “Get to Know Stainless Steel.”

Implementation of measures to continue strengthening leadership and professional development with Acerinox’s development plans, continuing with the “Ignite Next Generation” and the “Leadership Academy” programs.

Appraising all the organization’s job positions under the certified system.

Establishment of initiatives and roadmap to comply with parity regulations of the board of directors and the Management Committee.



Challenges 2024

Consolidation of the Group’s positioning in a culture of recognition and pay for performance.

Raising awareness of female leadership in different socio-cultural environments to support female talent attraction in the industry.

Strengthen internal and overall communication through digital transformation.

Extend the “Leadership Academy” program to the entire Acerinox Group and strengthen our know-how, best practices, and synergies across factories within the Group through technology, training, and knowledge sharing.

Improve effectiveness, efficiency, and decision-making through digital systems and tools for people management.

Continue to enhance our leadership in diversity, equality, and inclusion and comply with the principle of parity.

As of December 31, 2023, Acerinox had a global staff of 8,229 professionals, 33% (2,660 people) of whom work in Spain.

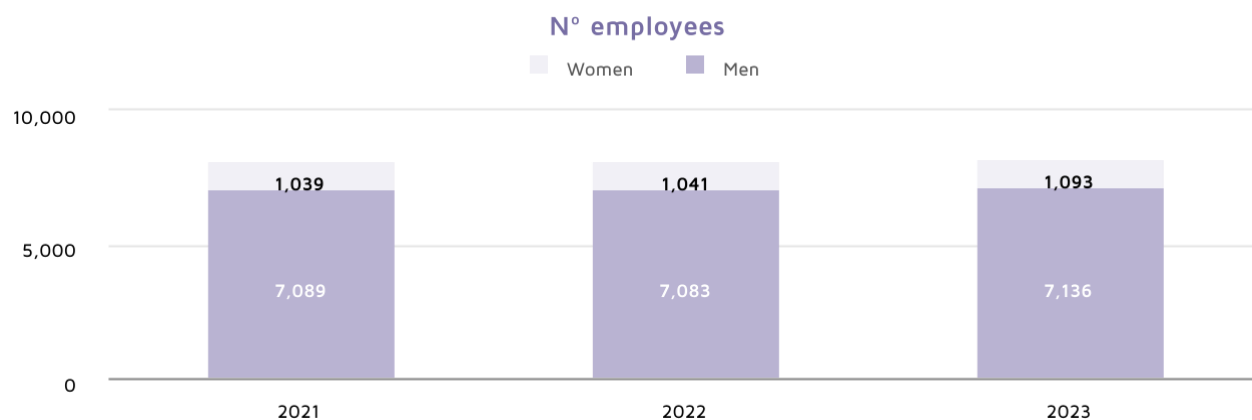
Acerinox Europa	Acerinox S.A.	Bahru	Columbus	Inoxfil	NAS	Roldán	VDM	Subsidiaries and service centers	Total
1,746	114	427	1,248	96	1,606	361	2,047	584	8,229

*The staff figure in this appendix does not include 10 members of senior management.

Against the current transformation and uncertainty backdrop, the Group's commitment to its employees can be observed in its efforts to safeguard jobs and in the high percentage of permanent employment contracts (97%).

_Changes over time in workforce

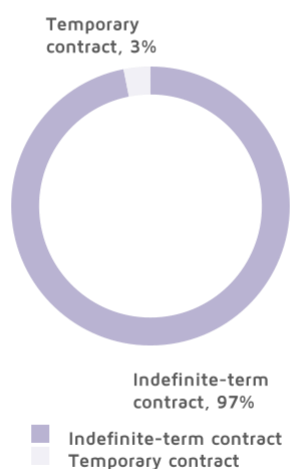
GRI 2-7



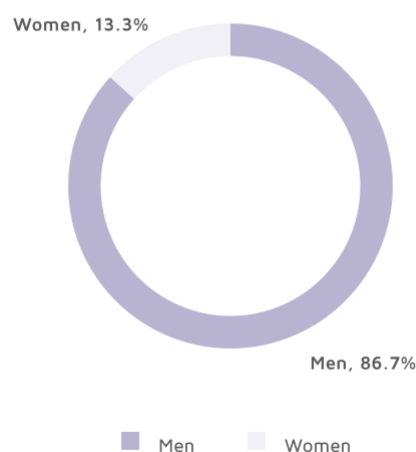
_Distribution of the workforce by gender and type of contract

GRI 2-7

Number of employees by type of contract



% Employees



Acerinox is implementing initiatives to develop flexibility, foster the hiring of highly-skilled professionals and young university graduates (e.g. "Commercial Graduate Program"), which brings young people onto staff, ensures that knowledge is transferred and increases the presence of women (13.28%).

Some of the initiatives include international internships for students and recent graduates, the Group's collaboration agreements with more than 30 universities and training centers to bring in new talent, renew and extend knowledge, and facilitate generational coexistence.

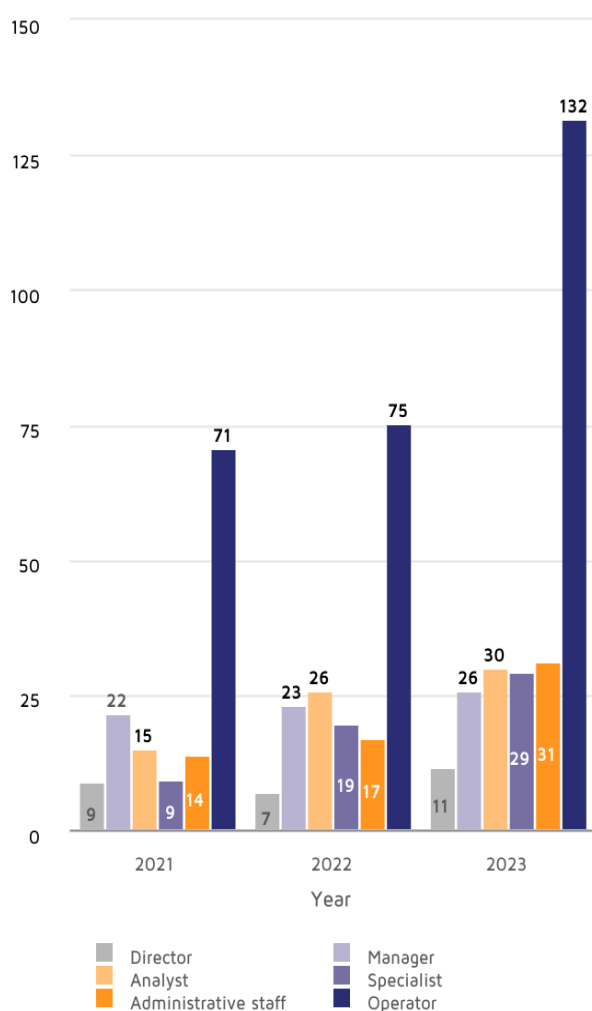
In parallel, the Group continues to increase its presence at universities by participating at jobs fairs in major international locations.

The Company promotes a training model that is adapted to the needs of each job position in order to enhance performance. The number of training hours per employee has increased significantly with respect to the prior year (73.52 hours).

Today's environment is complex, changing and digitalized, and requires quick adaptation to new challenges. The industry is in continuous transformation, which requires continuous learning about the digital context, together with the use of agile methodologies to train professionals. Acerinox is therefore committed to continuing to develop the technical and managerial skills of all our employees.

_Hours of training per year per employee

GRI 404-1



Leadership and global positioning initiatives

The Acerinox Group's leadership in the industry is based on promoting talent development, because the Acerinox of the future must be based on the commitment and involvement of its employees.

In 2023, the "Ignite Next Generation" program, our executive program for the Group's future leaders, drew to a close. The participants presented major advances in the implementation of their innovation projects in face-to-face meetings with members of senior management in the United States, South Africa, and Spain.

The NAS factory served as a pilot for the launch of the new "Leadership Academy" program, aimed at the entire chain of middle managers and team managers at production facilities. The program covered various matters, from communication skills and effective feedback to problem solving, teamwork, and more.

In 2023, the Group completed the full implementation of the Management by Objectives program for the entire target group (a total of approximately 1,000 employees), which represents a qualitative and quantitative leap in individual and global performance. In this way, individual objectives contribute to the Company's strategic targets. This program structures the variable compensation policy based on individual and company performance.

Talent attraction and retention initiatives

GRI 401-2

In terms of attracting young talent, in 2023, participants in our programs for recent graduates developed a continuous-improvement project that they presented to management. This experience allowed them to gain business knowledge and improve their analytical, communication, and management skills, as well as gain exposure and visibility at all levels of the organization.

In addition to individual development plans, the "Excellence Talent Program," which helps our professionals in their development, has been continued. This program also fosters alignment with Management by Objectives and therefore with the Company's strategy to ensure the successful performance of people and the business.

Also, during the year, all the Company's job positions were evaluated under a certified system, which allows for the consolidation of the organizational structure and the provision of greater transparency in all people management processes.

Additionally, the company offers a range of employee benefits, including life insurance, health insurance, disability and invalidity coverage, a pension fund, travel allowance, scholarships for employees and their children, disability benefits, death benefits, school and daycare subsidies, meal subsidies and parental leave.

Communication initiatives

During 2023, the "Acerinox Insights" sessions have continued through regular talks given by the top managers in different areas to all Group employees. In these sessions, the company's strategy in terms of sustainability, digital transformation, product, business, financial results, and production processes were presented.

Likewise, the different specific Management Committees have strengthened strategic communication with their teams with the aim of reaching all levels of the organization to generate greater overall alignment, together with the improvement of communication channels in the production centers through digital tools.

A case in point is the "Get to Know Stainless Steel" initiative at NAS, our factory in Kentucky (USA), where bimonthly online information sessions are held for the entire workforce on matters related to the product and the manufacturing process.

Collective bargaining

The Group has collective bargaining agreements in force in all production centers, maintaining an open, fluid, and cooperative dialogue with the workers' representatives. Issues related to working conditions and health and safety, among others, are addressed. Meetings with workers' representatives are held regularly or whenever required to address a specific issue.

Employee satisfaction

In 2023, various measures were implemented to improve the working environment and employee satisfaction.

The initiatives that have been implemented include everything from flexibility measures that help with work-life balance and co-responsibility to measures that have improved communication and collaboration between different teams.

The various team-building initiatives used sustainable values, promoting teamwork and effective communication between different departments.

Additionally, an Innovation Committee has been created for the company's departments to collect all suggestions for continuous improvement through different channels accessible to all workers, providing continuity and supporting implementation.

We continue to position ourselves as a leading employer in all our business units through various certifications such as EcoVadis. In this regard, the Great Place To Work certification of our high-performance alloys division, VDM Metals in Germany, is noteworthy.

Additionally, as part of the actions aimed at employee satisfaction, Acerinox has continued with its Scholarship Policy, offering university scholarships every year for the children of our employees in order to encourage their personal and professional development.

Equality, diversity, and inclusion

_Relevant activities



Milestones 2023

- Monitoring and evaluation of the equality plans in force (91% of execution).
- Provision of more impetus to female leadership initiatives (progress, promotion and women of steel programs).
- Female leadership initiative with involvement in specific development tasks.

Challenges 2024

- Complete the initiatives agreed in the equality plans.
- Comply with the new legislation on parity in management bodies and management committees.
- Promote an awareness campaign for comprehensive protection against harassment and violence in all its forms.

The Equality, Diversity, and Inclusion Policy, accessible on the Acerinox company website, sets out the Group’s basic principles in this area, which are implemented across all Group companies. It includes management procedures to prevent all kinds of discrimination and promote diversity.

Acerinox continues to develop various initiatives in place to promote the participation of women, especially at professional levels and for positions in which women are under-represented.

_Key indicators

GRI 2-7 / 404-1

13.28 %

Women

91%

Equality plan actions completed

259

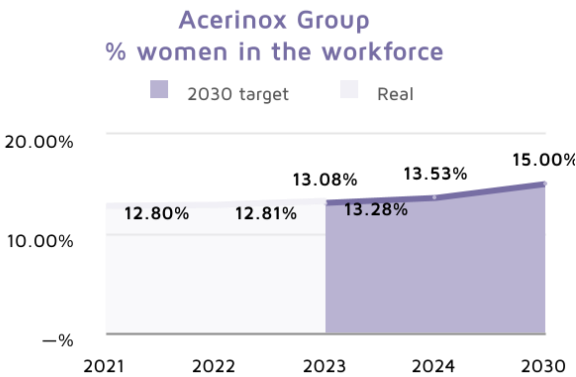
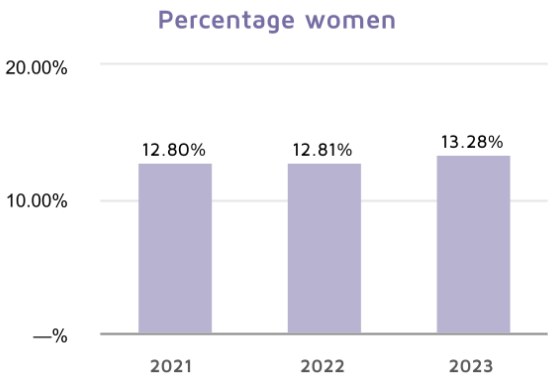
Employees with disabilities



The percentage of women in the workforce is up slightly on the previous year to represent 13.28% of the entire Acerinox staff. If operators are removed from the equation, women represent 32.76% of the workforce.

_Women in the workforce (%)

GRI 2-7



Acerinox reviewed its target of adding women to the workforce, setting a target of 15% by 2030.

Acerinox has equality plans negotiated with the representatives of workers at all the Group's companies in Spain while continuing to promote specific initiatives adapted to the reality of each country where it operates.

In 2023, 91% of the measures established in the equality plans were carried out, compared to 75% in 2022. Among them, various initiatives taken by suppliers and providers are noteworthy, as well as those related to equality, communication, and awareness-raising.

In this regard, the unbiased assessment of all job positions is of particular significance, and it is based primarily on the factors of competence, responsibility, and problem-solving ability, as well as their contribution to the business. This initiative ensures that positions of equal value are compared regardless of their occupants, co-responsibility measures can be monitored, and so on. With these projects, Acerinox has facilitated the progressive development of the incorporation of women to the Group, reaching 13.28%.

Acerinox manages diversity and non-discrimination arising from any circumstance of a personal or social nature, through the code of conduct, the general equality, diversity and inclusion policy, the general human rights policy, and the general selection and promotion policy, taking into account the specific conditions of all the locations where it operates which, due to their geographic dispersion, present major cultural differences. Specifically, it fosters the workplace inclusion of people with different abilities. As of 2023, the Group had 259 employees with some form of disability (2022: 256 employees).

Acerinox's remuneration model promotes fair and transparent pay that is not skewed by any discriminatory or gender-based bias. The pay gap between men and women stood at 9.2% in 2023, which is down 5.46% with respect to the previous year. This difference is primarily due to the later addition of women to the workforce and their under representation more broadly in the industry. These factors have an adverse effect on women in terms of receiving salary items associated with concepts such length of service, experience, specialization or shift work.

In 2023, total remuneration paid to members of the board of directors was EUR 4,167 thousand. The four female members of the Board were paid EUR 600 thousand. Remuneration to the senior management team, excluding the CEO, totaled EUR 12,044 thousand. At the Annual Shareholders' Meeting held on May 23, 2023, the directors' remuneration policy was endorsed by 90.67% of the votes.

Acerinox supports the work-life balance and well-being of its employees through flexibility measures and social benefits such as life insurance, medical insurance, flexible working hours, intensive working days, and remote work, among others.

Over the course of 2023, 305 employees took maternity and paternity leave, after which return-to-work (99%) and retention rates remained high (88%).



CEO for Diversity

Bernardo Velázquez, the company's CEO, has joined the CEO Alliance for Diversity backed by the Adecco Foundation and the CEOE Foundation. This initiative's mission is to unite companies around a common and innovative vision of diversity, equity, and inclusion (DEI), as well as to accelerate the development of strategies that contribute to business excellence, the competitiveness of talent, and the reduction of inequality and exclusion in Spanish society.

CEO  **LA**
DIVERSIDAD



Health and safety

GRI 403-1 / 403-2 / 403-3 / 403-4 / 403-5 / 403-6 / 403-7 / 403-8 / 403-9 / 416-1

_Relevant activities



Milestones 2023

- A significant reduction in the Group’s accident rates: 24% LTIFR and 18.5% TRIR
- ISO 9001, 14001 and 45001 certification of our main production centers
- Monitoring of a leading indicator panel on HSE performance
- Variable compensation linked to reduction of the LTIFR (group) / IRR (business unit) ratio
- Launch of the cardinal safety and environmental rules

Challenges 2024

- Accident performance improvement pathway. TIR reduction target -26% compared to 2023
- Consolidation of HSE management system integration
- Proactive HSE and process safety indicators dashboard
- Variable compensation linked to reduction of TIR (group / business units)
- Deployment of safety culture and leadership model

Safety is one of Acerinox’s company values and defines the way the Group works. The commitment to employee health and safety is woven into every level of the Company, from senior management to the entire workforce. These same stringent levels are also demanded of third-party contractors.

The Group has an occupational health and safety policy, the aim of which is to reach zero accidents in operations. Accessible on the company website, it sets out the basic principles for action and application across all companies.

In 2023, the Group worked on the roll-out of its health, safety and environment strategy for the coming five years, based on six fundamental pillars:

- Integration of the health, safety and environment management system.
- Safety-focused corporate culture.
- Health, safety and environment corporate processes.
- Structure of safety processes.
- Reduction in the environmental footprint.
- Health, safety and environment in Industry 4.0.

_Key indicators
GRI 403-9

3.47

LTIFR* x 1,000K

7.91

TRIR** x 1,000K

*LTIFR: Lost time injury frequency rate
**TRIR: Total recordable injury frequency rate



Health and safety performance continued to improve in line with the trend from previous years, recording an LTIFR reduction of 24% and TRIR reduction of 18.5% at Group level compared with 2022.

For 2024, we are being even more ambitious, setting an accident rate reduction target of 26% for the TIR vs. 2023 for employees and contractors.

Process safety is a critical aspect of operations to prevent industrial accidents.

Acerinox applies the WorldSteel process safety model based on six fundamental principles:

- Ensuring commitment to process safety management.
- Establishing a hazard assessment and risk analysis program.
- Implementing and maintaining a risk monitoring and management system.
- Striving for excellence and learning from experience.
- Using continuous improvement to ensure the effectiveness of process safety management.
- Maintaining a sense of vulnerability in the safety management of each process.

Risk analyses are performed when there is a change in facilities or operations. Hazard reporting is done through the preventive observations and the whistleblowing channel, if applicable, for anonymized reports.

Acerinox monitors all safety incidents in its operations, also investigating and implementing corrective and preventive measures to mitigate their recurrence.



The Group has sustainable loans linked to the improvement of its employees' accident rate. Specifically, its target is to improve the LTIFR x 1,000k indicator by 2% compared to 2022 in the factories of Acerinox Europa, North American Stainless, Columbus Stainless and Bahru Stainless; this is 3.3, and the target has already been met.

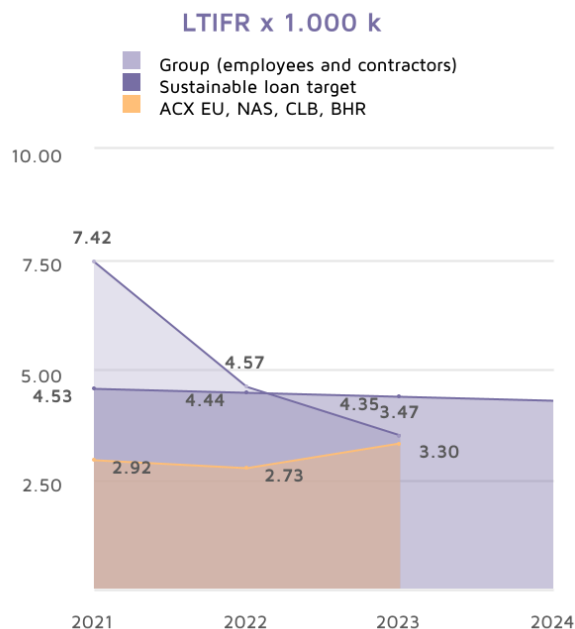


_Lost time injury frequency rate (LTIFR)

GRI 403-9

Acerinox is continually working to fuse safety culture into operations by tying the variable remuneration of senior management and plant managers to an improvement in these rates.

The proactive HSE indicators, deployed in all production centers, are a fundamental tool for monitoring performance. Acerinox has met its loan-linked target.



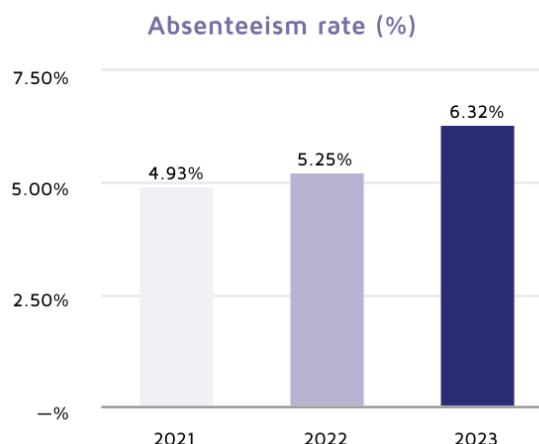
_Absenteeism rate own personnel (%)

GRI 403-9

Despite the increase experienced in 2023, the reduction of absenteeism is another major focus of action and effort through the monitoring of cases and consultation with accident insurance companies in order to achieve better reporting and management.

Team initiatives in health, safety and environmental matters are drivers of change that allow us to identify operational improvements.

Several innovations have received industry awards, such as the World Stainless Industry Awards in Safety: Gold and Bronze for the Bahru plant, the World Stainless Industry Awards in Sustainability for the Palmones plant, and the World Steel Occupational Safety and Health Excellence Recognition for the Columbus plant.



Health and well-being

One of the Company's priority objectives is to promote the well-being of people in order to achieve a healthy working environment in which employees feel comfortable, satisfied and have a good quality of life. We understand well-being management as a state of balance that encompasses mental, physical, and emotional health.

Acerinox has an employee assistance program (EAP), a psychological counseling service to help employees resolve and manage situations that may affect them emotionally in their daily lives. All employees have a psychologist available to them in real time, 24 hours a day, 7 days a week.

The EAP also offers thematic workshops on different matters related to health and wellness, such as workshops on managing mental blocks, stress control, relaxation and mindfulness techniques, and nutrition workshops.





FEATURED CASES

Launch of the HSE Cardinal Rules

In 2023, the Group launched its Cardinal Rules, providing a framework for ensuring safety as a common value for employees and contractors in each and every operation.

These rules are based on Acerinox's history and are simple instructions to prevent high-risk situations.



Gold World Stainless Industry Award in Safety, intelligent sensors. Bahru

The implementation of smart sensors on coil turrets increases worker safety by reducing the risk of unintended strikes or entrapment. Upon detecting the presence of employees and obstacles in the safety area, the turret movement locks down. These sensors improve productivity by reducing accidents and overall production efficiency.



Bronze World Stainless Industry Award in Safety.

NAS ergonomic lifting equipment

A detailed analysis of the loads handled at each of the workstations made it possible to establish different mechanical lifting systems to minimize ergonomic risks.

World Steel Occupational Safety and Health Excellence Recognition. Columbus

Following the spontaneous breakage of a hot roll, which caused particles to shoot out with no personal or material consequences, the Columbus team developed an innovative safety hood solution during the cooling process, improving safety and efficiency in hot rolling operations.





5.5 Supply chain

Supply chain management

GRI 2-6 / 204-1 / 308-1 / 308-2 / 414-1 / 414-2

Relevant activities



Milestones 2023

Approval of the code of conduct for business partners.

Approval of the procedure for assessing risks in the supply chain.

Definition of the supplier audit methodology and execution of a pilot test

Optimization of procurement and contract arrangement processes and the associated costs. Deployment of the first offline electronic catalogs.

Awarding of the most prestigious sustainability accolade, the EcoVadis award (platinum)

Challenges 2024

Definition of the Company’s core procurement processes, thus ensuring good management of responsible procurement.

Assessment and first report on supply chain risk status

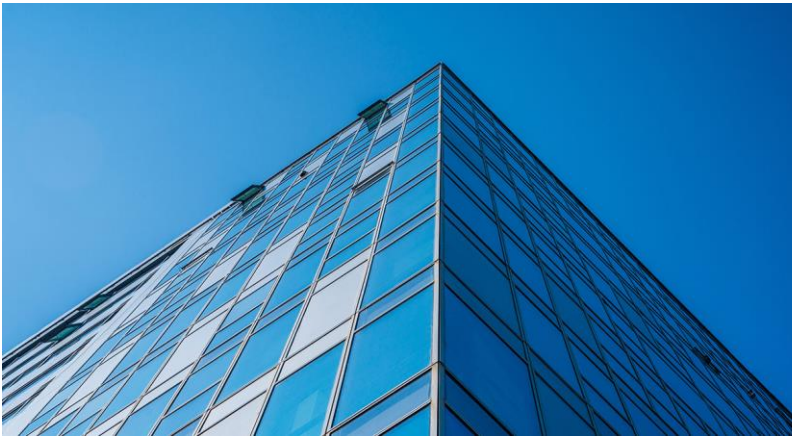
Audits of critical suppliers and sampling of non-critical suppliers to build a resilient, sustainable value chain

Launch of a supplier portal to ensure harmonized purchasing management at global level.

Promote compliance with ESG standards in the supply chain through the Global Compact training program.

The management of a sustainable supply chain is a priority for Acerinox, and one of the five pillars of the Positive Impact 360° sustainability plan. The Group works continuously to optimize monitoring in the face of increasing customer demands and in order to generate a positive impact on society.

The acquisition of raw materials, products and services is pivotal for Group activity and for the compliance with the required market standards on quality, pricing, logistics, and sustainability. Due to the very nature of Acerinox, supply activities are divided into two large groups: general purchases, which encompasses both productive and non-productive services and goods, and the acquisition of raw materials.



Regulatory framework of the purchasing management model

The Group's procurement activities are guided by the rules and principles that must govern the actions of all its companies.

Firstly, Acerinox has general contracting conditions for the provision of services and the procurement of goods.

Since 2021, the Group has also had a responsible purchasing policy aimed at consolidating suppliers, maintaining stable and lasting relationships, sharing ethical criteria, and promoting sustainable value creation. This policy, accessible on the company website, includes the general principles of purchasing goods and services related to economic, competitive, social, and environmental matters. It also sets out the Group's objectives and basic principles of action for all its companies.

In 2023 the code of conduct for business partners was approved, which defines Acerinox's principles and requirements with respect to its suppliers of goods and services, and vis-à-vis intermediaries, advisors and other business partners. This code is a fundamental requirement for any of the Group's contractual relationships. The principles and requirements included in it are based on the Acerinox code of conduct and good practices, the Group's general contracting conditions, the general purchasing policy, and other corporate policies. At the same time, they are aligned with the 10 principles of the United Nations Global Compact, the International Bill of Human Rights, and the principles and guarantees included in the eight Conventions of the International Labor Organization, as well as the Organization for Economic Cooperation and Development's Due Diligence Guidance for responsible supply chains of minerals from conflict-affected and high-risk areas.

The Group's procurement activities are also guided by the principles set out in the internal instruction on the prevention of money laundering, which establishes the minimum requirements that must be met by any process for the purchase of goods and services at Group companies.

Purchasing strategy 2023-2027

The Group has defined a purchasing strategy for the next five years based on three pillars:

1. ESG as the core of supply chain risk management

Compliance with the latest regulatory standards relating to ESG standards, as well as the management of other risks inherent in the supply chain, is key; it is also complex, as it involves a large number of activities and criteria. As a result, the process has been updated and digitalized, while at the same time deepening a more exhaustive evaluation of suppliers, making them end-to-end and with an established frequency, verifying various risk areas and establishing action and training plans. The process also includes the creation of a third-party risk committee to review the status of the risk and any associated measures.

Based on this robust process, a digital tool has been deployed which, with the help of artificial intelligence, is capable of managing, processing and evaluating all data related to performance, management, compliance with ESG criteria, and impact on business continuity of each supplier that forms part of the supply chain. In this way, Acerinox can regularly monitor the status of its risks, design and set out action plans that it shares with the supplier, and, finally, report this information according to regulatory standards.

In 2023, other digitalization projects were launched to improve cost control processes and projects. Both are aimed at increasing the efficiency of the procurement process. These projects range from a supplier portal and the deployment of electronic catalogs and purchases by marketplace to the redefinition of the category strategy through the development of tools that facilitate decision-making using massive data processing.



2. Talent development

Talent development is a key lever for the Company's competitiveness and future. The changing needs of the environment mean that procurement professionals' skills must be identified, captured, and developed. It builds digital skills as a driver of innovation and places people at the center of value creation. To this end, the skills map has been redrawn, and individualized development and training plans have been designed to boost motivation, build potential, and promote multidisciplinary teamwork as a gateway to creativity, commitment, and optimal solutions at the corporate level.

3. Fostering supplier relationships and focusing on value creation

Trust is a critical factor in establishing solid relationships with suppliers, which is very necessary in a highly volatile context. The closer, more robust, and more transparent this relationship is, the easier it will be to work towards common goals and, therefore, to achieve them.

To this end, Acerinox is building its partnerships with key suppliers, not only in the interests of operational efficiency, but also to foster innovation and value creation for customers and the Company.

Supplier relationship management

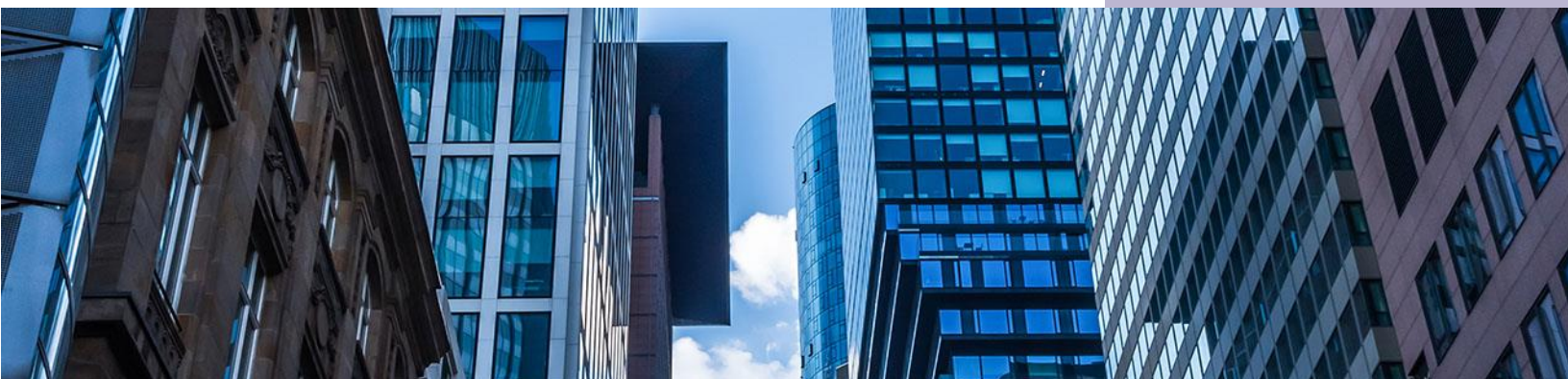
The supplier approval process includes global and local regulations in areas such as the environment, health and safety, labor practices, compliance with international declarations on human rights, and quality standards, as well as a supplier risk assessment. Specifically, the group's suppliers must sign the Acerinox code of conduct; as of 2023, 1,061 suppliers had signed it. Of them, 773 were new suppliers.

20% of the Group's strategic suppliers have already been evaluated according to ESG criteria, and 5% have been evaluated on the basis of capacity criteria.

Moreover, minimum requirements have been defined, and those suppliers that do not meet the specified thresholds must devise improvement plans if they are to continue working with the Group. In this regard, 20 suppliers have been audited under ESG criteria (comparative information is not provided since this is the first year that non-critical suppliers evaluated are reported), 14 of these audits were on-site and of critical suppliers (2 audits in 2022), improvement plans were agreed for 3 of them. It should be noted that 100% of the audits carried out in 2023 obtained a favorable result and that no critical supplier has been terminated for non-compliance with ESG criteria.

The supply chain in figures

Acerinox collaborates with over 7,000 suppliers worldwide, 773 of which are new. Almost 80% of suppliers are local, from the same country as the production unit (in the case of NAS, this refers to the states of Ohio, Indiana, and Kentucky) with revenue amounting to approximately EUR 3,000 million in 2023, thus facilitating and fostering the economic and social development of the communities in which the Group operates.



_No. of suppliers and expenditure

GRI 204-1

	2023		2022	
	Total	% Local	Total	% Local
No. of suppliers	7,702	78.59%	8,019	70.69%
Expenditure (EUR)	4,966,502,847	59.12%	5,046,443,530	70.04%

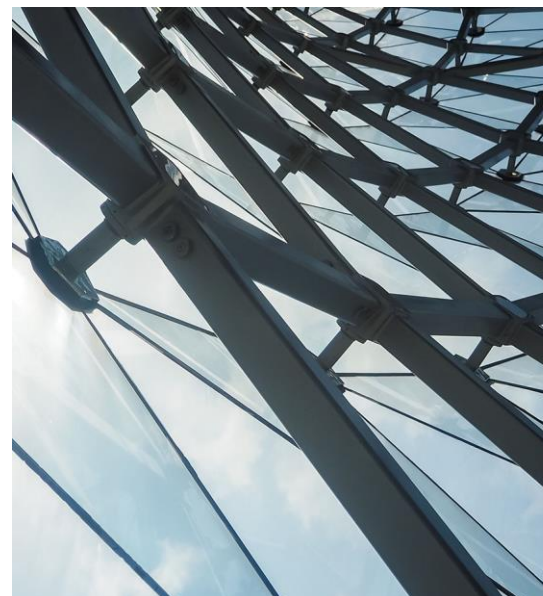
_No. of suppliers evaluated with ESG criteria

GRI 308-1 / 414-1

	2023		2022	
	Total	%	Total	%
No. of critical suppliers* (category A)	267	3.47%	73	0.91%
No. of ESG evaluated critical suppliers	54	20.22%	23	31.50%
No. of ESG evaluated critical suppliers**	292	38%		

*Critical suppliers are defined as companies that supply products considered critical to Acerinox operations, safety, and ESG compliance.

**Comparative information is not provided since this is the first year that non-critical suppliers evaluated are reported.



FEATURED CASE

Sustainable supplier training program

Sustainable supplier management requires a commitment to responsible performance that ensures sustainability throughout the value chain. Standing with and supporting the companies that form part of our supply chain is a key aspect of ensuring the company's sustainability. For this reason, Acerinox is participating in the second iteration of the "Training Program: sustainable suppliers". This global program is led by the Spanish Global Compact Network, whose goal is to provide sustainability training to SMEs that supply large companies such as Acerinox, one of the initiative's partners. At the end of the program, companies will be able to identify the risks and opportunities of corporate sustainability, the environmental and societal impacts generated by their activities, analyze priority sustainability issues for their activity and sector, and develop and implement sustainability actions and/or strategies that will enable them to improve their performance in this area.

_Recognitions

A commitment to sustainable purchases, helping to ensure sustainability principles are present throughout the life cycle of its products, was highlighted as a strength by EcoVadis. The measures and improvements implemented increased our "responsible purchasing" score by 10%, reaching 70 points. Progress in the management of this area has contributed to our maintaining the EcoVadis Platinum medal.

_Participation in forums

The Acerinox Purchasing Department is actively participating in leading forums and congresses to share experiences and best practices in this area. The aim is to place us at the forefront and promote sustainability based on the sustainable management of the supply chain.

_Purchases from suppliers

EUR 4,967

million

79%

of suppliers are local

Encouraging local development of the communities in which the Group operates.



Contribution to the community

GRI 3-3 / 2-28

Acerinox is committed to creating value and helping build a more prosperous and sustainable environment in the local communities and countries where it is present in order to increase its positive social impact.

To achieve this goal, in 2023, the company established its social action framework to harmonize activities along five priority lines for economic growth, social sustainability and environmental protection:

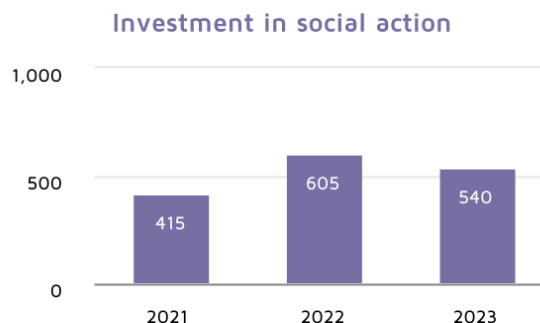
- Socio-economic development. Initiatives that support the progress of the communities where the Group operates and that generate opportunities to create value.
- Social well-being of people. Social initiatives focused on well-being and improving the quality of life of communities, particularly the most vulnerable people.
- Environmental protection and recovery. Projects that actively help to improve the environment, mitigate climate change and preserve local biodiversity.
- Commitment to quality education. Collaboration on initiatives that promote lifelong learning, talent development among future professionals, and their incorporation to the labor market.
- Inclusive development. Initiatives that encourage social and labor integration among disadvantaged groups to promote a more inclusive world and ensure that nobody is left behind. In this regard, special attention is paid to groups such as women, the unemployed elderly, and disabled people, to help close the inequality gap.

Social action management is based on dialogue with stakeholders to respond to their needs and priorities. To identify actions, priority is given to local initiatives with tangible benefits at the municipal or regional level where the facilities are located.

_Key indicators

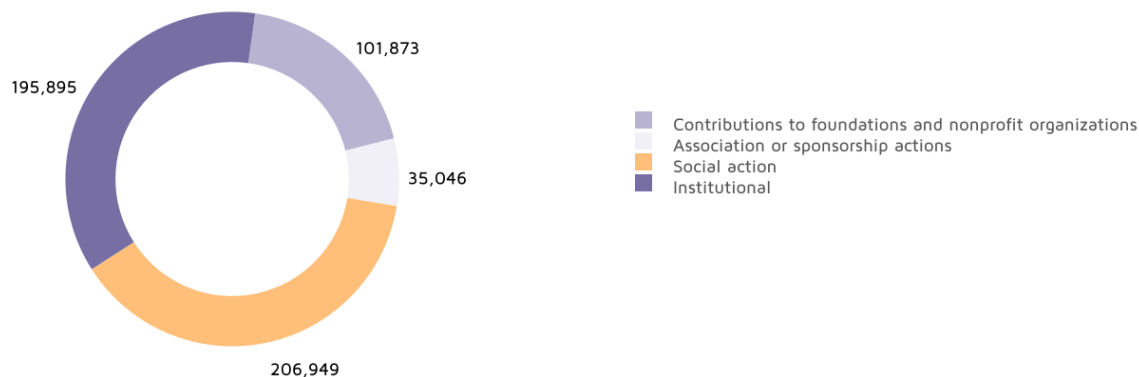
EUR 539,763.00

Invested in social actions





Contribution to the community



For us, investing in the community is a strategic instrument for the development of society and the local environment where we carry out our activity.



Milestones 2023

Roll-out of the Social Action Plan to all of the Group’s business units.

Identification of new lines of collaboration to maximize the positive impact.



Challenges 2024

Modification of action implementation to fit the new context of the Group’s various business units.

Development of strategic alliances with other organizations to maximize impact in different areas.

Corporate volunteering

As part of our culture and social calling, we encourage collaboration and solidarity among our employees, promoting participation in projects aimed at improving the environment and the lives of disadvantaged groups to contribute to a more egalitarian society, as well as caring for nature.



FEATURED CASES

Socio-economic development

The Columbus Stainless Techno Girls program offers selected girls the opportunity to experience the working world first-hand, receive an allowance and have on-site mentoring sessions for three years. After completing the program, the beneficiaries become part of the alumni association, where they are provided support and guidance to pursue higher education,



els for

Social well-being

VDM Metals supports the Balthasar Children's and Youth Hospice. For the first time since the pandemic, the traditional charity run around the Altena plant was held. The participants covered a total distance of about 400 km. The proceeds were donated to the hospice to strengthen its services.



Biodiversity preservation

Acerinox Europa employees and their families participated in a reforestation day in the Los Alcornocales National Park, Europe's only subtropical forest, which is threatened by serious problems such as drought. The "Sowing the Future" solidarity initiative promotes environmental awareness among our employees and children.



Commitment to education

Collaboration with the A LA PAR Foundation

Acerinox continues to collaborate with the A LA PAR Foundation to jointly carry out activities that improve the quality of life of people with intellectual disabilities. Such initiatives notably include Funda Market, a solidarity market where products made by members from the Foundation combine with more than 50 brands to produce a weekend agenda for the whole family. In addition, we also held Family Day, where employees and their families participated in various activities at the foundation.

For the first time, Acerinox participated in the CAMPVS program, which aims to facilitate access to the workforce for students with intellectual disabilities. Company volunteers mentored the students in one-on-one meetings to help bring the working world closer.

With this initiative, Acerinox wants to play a leading role in the project and contribute to closing the inequality gap.



Collaboration with associations

GRI 2-28

The Acerinox Group partners with many national and international associations and organizations in order to publicize key aspects of its work, promote knowledge and positioning and share best practices in the sector. Particularly notable are its participation in the Worldsteel Association, UNESID, EUROFER, Responsible Steel, AEGE, AGI, the SERES Foundation, and others.

6. Appendices

6.1 Scope of the report

Standards and principles used

The information included in this report relates to both financial and non-financial information and was prepared by the board of directors on February 28, 2024. The non-financial information statement has been favorably evaluated by the Sustainability Committee of the board of directors.

This 2023 Integrated Annual Report has been prepared taking into account the following reporting standards and principles:

- In accordance with GRI Standards 2021, tailored to specific GRIs in compliance with Spanish Law 11/2018 and voluntarily to other GRI standards on material issues. See GRI table of contents appendix.
- The Sustainability Accounting Standards Board (SASB) reporting standard for the SASB Iron & Steel Producers indicators. See SASB table of contents appendix.
- The recommendations of the Task Force on Climate-Related Disclosures (TCFD). See TCFD table of contents appendix.
- The Sustainable Development Goals (SDGs) approved by the United Nations General Assembly, which Acerinox includes in its strategy and which are detailed in the Contribution to the 2030 Agenda section.
- The Ten Principles of the United Nations Global Compact, which are mentioned in chapter 5 Sustainable management model.
- The recommendations in the Spanish Securities Market Commission's Guide for the Preparation of Management Reports of Listed Companies.

Also including:

- a) Directive 2014/95/EU as regards disclosure of non-financial and diversity information, as well as related Spanish legislation (Law 11/2018).
- b) In its first delegated act, Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment lays down the obligation to disclose information on how and to what extent the undertaking's investments are associated with economic activities deemed to be environmentally sustainable in relation to the objectives of climate change mitigation and climate change adaptation. See chapter 4.6 European taxonomy on sustainable finance.

Scope of information in this report

Timescale: 2-3

2023. The report is published annually.

Organizational scope: 2-1 / 2-2

Acerinox, S.A. and subsidiaries

In order to check and guarantee the reliability of the information provided to the various stakeholders, the Acerinox Group has submitted this report to external verification, through the professional services firm PwC, with a **limited level of assurance**. As a result of the verification process, an independent review report is produced, which includes the objectives and scope of the process, as well as the verification procedures used and the related conclusions. This report is included in chapter Appendices (6.8) to this report.



6.2 Supplementary information (indicators)

Sustainable use of resources

_Main raw materials (metric tons)

GRI 301-1 / 301-2

t	2023	2022	2021
Alloys	536,758	697,324	714,075
Gases	276,823	316,862	355,466
Acids	33,969	39,968	43,726
Recycled material*	2,033,855	2,259,217	2,500,852
Recycled acid**	14,092	16,264	16,104

*Recycled material is defined as purchased scrap, process and internal scrap, metal recovered from slag and other recycled waste.

**Recycled acid: total amount of nitric and hydrofluoric acid recovered from the process itself.

***In 2023, 70.59% of the materials used in the steel manufacturing process were recycled, while in 2022 it was 68.18% and in 2023 69.20%, which is 3.52% more than in 2022 and 2.01% more than in 2021.

_Waste management (metric tons)

GRI 306-3 / 306-4 / 306-5

t	2023		2022		2021	
Total waste	1,298,793	%	1,572,090	%	1,669,375	%
Landfill*	262,827	20.2%	333,534	21.2%	471,076	28.2%
Recycled/Recovered	1,035,966	79.8%	1,238,556	78.8%	1,198,299	71.8%
Total non-hazardous waste	1,182,735	91.1%	1,432,963	91.2%	1,521,645	91.15%
Landfill	203,578	17.2%	252,595	17.6%	385,541	25.3%
Recycled/Recovered	979,157	82.8%	1,180,368	82.4%	1,136,104	74.7%
Total hazardous waste	116,058	8.9%	139,127	8.8%	147,730	8.85%
Landfill	59,250	51.1%	80,939	58.2%	85,535	57.9%
Recycled/Recovered	56,809	48.9%	58,188	41.8%	62,195	42.1%

*Waste is disposed of by an authorized off-site waste manager.

Data for 2021 and 2022 have been recalculated, grouping together the Other (R&D&I) and Recycled/Recovered categories.

_CO2 emissions (CO2e metric tons)

GRI 305-1 / 305-2

Acerinox, in its report, uses the operational approach. The Group reports the operating emissions at its production companies over which it exercises operational control.

tCO2e	2023			2022			2021		
	Total	Stainless	HPAs	Total	Stainless	HPAs	Total	Stainless	HPAs
Scope 1	778,994	671,545	107,449	872,253	768,600	103,653	974,048	867,639	106,409
Scope 2 - market-driven	1,483,902	1,454,623	29,279	1,879,167	1,792,901	86,266	2,206,722	2,124,209	82,513
Total (scope 1 + 2*)	2,262,896	2,126,168	136,728	2,751,420	2,561,501	189,919	3,180,770	2,991,848	188,922

*2021 data were corrected pursuant to the GHG Protocol.

The GWPs published in the IPCC Fifth Assessment Report have been used in this report. It should be noted that the DEFRA conversion factors incorporate the GWP of the IPCC Fifth Assessment Report.

The sources of information on the conversion factors for the calculation of GHG emissions, prioritizing the most specific ones for each facility, will be as follows:

- Carbon footprint calculator from the Ministry organization. Scope 1+2 (Spain). Version 28.
- DEFRA: Department for Environment, Food & Rural Affairs. (United Kingdom). Greenhouse gas reporting: conversion factors 2023.
- Ecoinvent database. Version: 3.9.1.
- Life Cycle Assessment: WorldSteel. (International). 2020.
- EPA: United States Environmental Protection Agency. GHG (US). April 2023
- Calculation and emission factors developed by the Intergovernmental Panel on Climate Change (IPCC). 2006 IPCC Guidelines for National Greenhouse Gas Inventories and IPCC Quito report.
- Supplier-specific emission factors.

_CO₂e emissions intensity (metric tons CO₂e/metric ton)

GRI 305-4

tCO ₂ e/t	2023			2022			2021		
	Total	Stainless	HPAs	Total	Stainless	HPAs	Total	Stainless	HPAs
Intensity (Scope 1+2)	1.09	1.07	1.79	1.14	1.10	2.31	1.11	1.08	2.42

The Group's emissions intensity has decreased due to the increased use of renewable energy and the optimization of plant operations. This decrease is in line with the objectives established for the stainless steel division in the Positive Impact 360° Sustainability Master Plan.

The greenhouse gas reduction commitment extends to all other atmospheric emissions. Acerinox is working to reduce its emission figures for nitrogen oxides, volatile organic compounds and particulate matter.

_Other emissions (metric tons)

GRI 305-7

t	2023			2022			2021		
	Total	Stainless	HPAs	Total	Stainless	HPAs	Total	Stainless	HPAs
NO _x	663	618	45	648	620	28	615	589	26
VOCs	15	15	0	32	32	0	27	27	0
Particulate matter	191	191	0	280	280	0	424	424	0
SOx*	16	13	2						

*SOx emissions were reported in 2023 due to data availability.

_Energy consumption (GJ)

GRI 302-1

GJ	2023			2022*			2021**		
	Total	Stainless	HPAs	Total	Stainless	HPAs	Total	Stainless	HPAs
Natural gas	10,689,464	9,919,946	769,518	12,134,458	11,008,895	1,125,563	11,559,423	12,416,327	1,124,160
Diesel	172,124	159,676	12,447	204,111	190,814	13,297	167,291	182,558	12,649
Electricity	9,356,461	8,704,437	652,025	10,375,319	9,695,075	680,244	10,000,382	10,797,582	653,092
Total consumptio	20,218,049	18,784,059	1,433,990	22,713,888	20,894,784	1,819,104	21,727,096	23,396,467	1,789,901

*In addition to natural gas, the natural gas data of the high-performance alloys division includes mixed gas.

**2021 data were corrected pursuant to the GHG Protocol.

***Consumption data are from primary data (invoices) reported by the managers of each of the facilities. Only in the absence of primary data, will secondary data (internal information control records) will be considered.

****The net calorific value will be established based on validated and updated sources according to the location of the facilities. Additionally, if necessary, conversion factor(s) can be applied for the change of units.

_Energy intensity (GJ/metric ton)

GRI 302-3

GJ/t	2023			2022			2021		
	Total	Stainless	HPAs	Total	Stainless	HPAs	Total	Stainless	HPAs
Intensity	9.44	9.41	23.80	9.39	8.94	22.09	8.83	8.43	22.91

_Electricity consumption (GJ)

GJ	2023			2022			2021		
	Total	Stainless	HPAs	Total	Stainless	HPAs	Total	Stainless	HPAs
Renewable	3,454,840	2,979,276	475,564	2,604,379	2,296,229	308,150	2,028,873	2,632,566	295,851
Non-renewable	5,901,621	5,725,160	176,461	7,770,938	7,398,845	372,093	7,971,508	8,165,016	357,241
Total	9,356,461	8,704,436	652,025	10,375,317	9,695,074	680,243	10,000,381	10,797,582	653,092

Water

Shortage areas: permanent deficit situation in relation to water demand in a regional water resource system, characterized by either an arid climate or a rapidly growing demand in consumption.

Non-shortage areas: relates to the other facilities.

_Water withdrawal (ML)

GRI 303-3

ML	Total	Stainless		HPAs	
		Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
2023	Total				
Surface water	6,364	3,877	2,487	3,557	2,487
Groundwater	0	0	0	0	0
Seawater	0	0	0	0	0
Process water	5	5	0	5	0
Third-party water	782	596	186	367	186
Rainwater	271	0	271	0	271
Total	7,422	4,478	2,944	3,929	2,944

*39.08% of the water withdrawn in 2023 comes from regions with high or extremely high water stress.

ML	Total	Stainless		HPAs	
		Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
2022	Total				
Surface water	7,859	4,721	3,138	4,313	3,138
Groundwater	0	0	0	0	0
Seawater	0	0	0	0	0
Process water	7	7	0	7	0
Third-party water	786	492	294	287	294
Rainwater	288	0	288	0	288
Total	8,940	5,220	3,720	4,607	3,720

ML	Total	Stainless		HPAs	
	Total	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
2021					
Surface water	8,391	4,827	3,564	4,419	3,564
Groundwater	0	0	0	0	0
Seawater	0	0	0	0	0
Process water	4	4	0	4	0
Third-party water	903	493	410	289	410
Rainwater	220	0	220	0	220
Total	9,518	5,324	4,194	4,712	4,194

_Water discharge (ML)

GRI 303-4

ML	Total	Stainless		HPAs	
	Total	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
2023					
Surface water	3,440	3,440	0	3,439	0
Groundwater	0	0	0	0	0
Seawater	1,121	0	1,121	0	1,121
Third-party water	315	315	0	26	0
Total	4,876	3,755	1,121	3,465	1,121

ML	Total	Stainless		HPAs	
	Total	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
2022					
Surface water	4,105	4,105	0	4,044	0
Groundwater	0	0	0	0	0
Seawater	1,123	1	1,122	0	1,122
Third-party water	264	264	0	34	0
Total	5,492	4,370	1,122	4,078	1,122

ML	Total	Stainless		HPAs			
		Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
2021	Total						
Surface water	4,283	3,831	452	3,770	452	61	0
Groundwater	0	0	0	0	0	0	0
Seawater	1,397	0	1,397	0	1,397	0	0
Third-party water	273	230	43	0	43	230	0
Total	5,953	4,061	1,892	3,770	1,892	291	0

_Water consumption (ML)

GRI 303-5

ML	Total	Stainless		HPAs			
	Total	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas	Non-shortage areas	Shortage areas
2023	2,547	724	1,823	465	1,823	259	0
2022	3,450	1,268	2,182	946	2,182	322	0
2021	3,566	1,264	2,302	942	2,302	322	0

Health & safety

_Own personnel accident rate

GRI 403-9 and 403-10

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hours worked	12,594,688	1,871,953	14,466,641	12,921,980	1,801,490	14,723,470	12,566,201	1,713,313	14,279,514
Total accidents*	120	10	130	125	3	128	195	4	199
Fatal accidents	0	0	0	0	0	0	1	0	1
Fatalities rate	0	0	0	0	0	0	0.08	0	0.07
Accidents with leave	55	5	60	61	0	61	83	1	84
TRIR x 1,000,000**	9.53	5.34	8.99	9.67	1.67	8.69	15.52	2.33	13.94
LTIFR x 1,000,000**	4.37	2.67	4.15	4.72	0	4.14	6.61	0.58	5.88
Absenteeism hours***	790,770	123,681	914,451	668,476	104,554	773,030	646,021	58,415	704,436
Severity rate = (no. of days lost / no. of hours worked)*1,000	7.85	8.26	7.90	6.47	7.25	6.56	6.43	4.26	6.17
Absenteeism rate (%)	6.28%	6.61%	6.32%	5.17%	5.80%	5.25%	5.14%	3.41%	4.93%
Work-related illnesses	7	0	7	0	0	0	0	0	0
Fatalities due to work-related illnesses	0	0	0	0	0	0	0	0	0

*There are no excluded workers.

** Data collected at BU level and consolidated at corporate level.

Accident rate of contractors**

GRI 403-9 and 403-10

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hours worked	4,617,429	497,842	5,115,271	3,488,687	408,913	3,897,600	2,450,470	325,813	2,776,283
Total accidents*	22	3	25	50	7	57	117	4	121
Fatal accidents	0	0	0	0	0	0	1	0	1
Fatality rate	0	0	0	0	0	0	0.41	0	0.38
Accidents with leave	7	1	8	19	3	22	54	2	56
TRIR x 1,000,000**	4.76	6.03	4.89	14.33	17.12	14.62	47.75	12.28	43.58
LTIFR x 1,000,000**	1.52	2.01	1.56	5.45	7.34	5.64	22.04	6.14	20.17
Fatalities due to work-related illnesses	0	0	0	0	0	0	0	0	0

*Total accident data include fatalities, accidents with leave, restricted work cases and minor injuries. The severity index is not included.

** Data on contractor absenteeism and contractor occupational diseases are not recorded.

Health and safety management systems**

GRI 403-8

	2023	2022*	2021
Number of employees covered by a health and safety management system	7,485	7,863	7,877
Percentage of employees covered by a health and safety management system	90.96%	95.55%	95.72%

*Corrected data

**Data is only available for employees, not for contractors.

Workforce*

_Total employees at year-end

GRI 2-7

Acerinox Europa (Spain)	Acerinox S.A. (Spain)	Bahru (Malaysia)	Columbus (South Africa)	Inoxfil (Spain)	NAS (US)	Roldán (Spain)	VDM (Germany / US)	Subsidiaries and Service	Total
1,746	114	427	1,248	96	1,606	361	2,047	584	8,229

*The staff figure in this Appendix does not include 10 members of senior management.

_Average number of employees during 2023

GRI 2-7

Acerinox Europa (Spain)	Acerinox S.A.	Bahru	Columbus	Inoxfil	NAS	Roldán	VDM	Subsidiaries and Service centers
1,765	108	418	1,260	98	1,614	365	2,028	571

_Number of employees by contract type and gender

GRI 2-7

		2023	2022	2021
Permanent contract	Men	6,910	6,874	6,890
	Women	1,065	1,007	998
	Total	7,975	7,881	7,888
Temporary contract	Men	226	209	199
	Women	28	34	41
	Total	254	243	240
Total		8,229	8,124	8,128

_Number of employees by type of workday and gender

GRI 2-7

		2023	2022	2021
Full time	Men	7,119	7,062	7,069
	Women	1,029	986	982
	Total	8,148	8,048	8,051
Part-time	Men	17	21	20
	Women	64	55	57
	Total	81	76	77
Total		8,229	8,124	8,128

_Number of employees by age range and gender

GRI 2-7

		2023	2022	2021
<30	Men	816	835	852
	Women	167	159	171
	Total	983	994	1,023
30-50	Men	4,006	4,061	4,167
	Women	639	607	625
	Total	4,645	4,668	4,792
>50	Men	2,314	2,187	2,070
	Women	287	275	243
	Total	2,601	2,462	2,313
Total		8,229	8,124	8,128

_Number of employees by professional category and gender

GRI 2-7 / 405-1

		2023	2022	2021
Director	Men	25	19	15
	Women	7	5	4
	Total	32	24	19
Manager	Men	243	220	220
	Women	49	49	45
	Total	292	269	265
Analyst	Men	624	570	572
	Women	226	176	173
	Total	850	746	745
Specialist	Men	332	321	312
	Women	118	138	129
	Total	450	459	441
Administrative staff	Men	599	598	596
	Women	476	458	471
	Total	1,075	1,056	1,067
Operator	Men	5,313	5,356	5,374
	Women	217	214	217
	Total	5,530	5,570	5,591
Total		8,229	8,124	8,128

_Number of employees by type of contract and age range

GRI 2-7

		2023	2022	2021
Permanent contract	<30	859	872	902
	30-50	4,528	4,555	4,685
	>50	2,587	2,454	2,301
	Total	7,974	7,881	7,888
Temporary contract	<30	124	122	121
	30-50	116	113	107
	>50	15	8	12
	Total	255	243	240
Total		8,229	8,124	8,128

_Number of employees by type of workday and age range

GRI 2-7

		2023	2022	2021
Full time	<30	975	992	1,020
	30-50	4,586	4,611	4,736
	>50	2,587	2,445	2,295
	Total	8,148	8,048	8,051
Part-time	<30	8	2	3
	30-50	58	57	56
	>50	15	17	18
	Total	81	76	77
Total		8,229	8,124	8,128

_Number of employees by type of contract and professional category

GRI 2-7

		2023	2022	2021
Permanent contract	Director	32	24	19
	Manager	286	267	265
	Analyst	852	744	744
	Specialist	438	443	429
	Administrative staff	1,035	1,027	1,042
	Operator	5,336	5,376	5,389
	Total	7,979	7,881	7,888
Temporary contract	Director			
	Manager	7	2	
	Analyst		2	1
	Specialist	7	16	12
	Administrative staff	40	29	25
	Operator	196	194	202
Total		250	243	240
Total		8,229	8,124	8,128

_Number of employees by type of workday and professional category

GRI 2-7

		2023	2022	2021
Full time	Director	31	24	19
	Manager	293	269	265
	Analyst	852	744	744
	Specialist	444	450	433
	Administrative staff	1,022	1,011	1,019
	Operator	5,507	5,550	5,571
	Total	8,149	8,048	8,051
Part-time	Director	1		
	Manager			
	Analyst	4	2	1
	Specialist	4	9	8
	Administrative staff	52	45	48
	Operator	19	20	20
	Total	80	76	77
Total		8,229	8,124	8,128

Employment

_New hires by age group and gender

		2023	2022	2021
<30	Men	646	808	437
	Women	138	218	136
	Total	784	1,026	573
30-50	Men	688	692	519
	Women	115	98	73
	Total	803	790	592
>50	Men	49	42	33
	Women	7	11	8
	Total	56	53	41
Total		1,643	1,869	1,206

_Hiring rate

GRI 401-1

		2023	2022	2021
<30	Men	79.36%	96.77%	51.29%
	Women	84.66%	137.11%	79.53%
	Total	80.25%	103.22%	56.01%
30-50	Men	17.25%	17.04%	12.46%
	Women	18.37%	16.14%	11.68%
	Total	17.40%	16.92%	12.35%
>50	Men	2.14%	1.92%	1.59%
	Women	2.55%	4.00%	3.29%
	Total	2.18%	2.15%	1.77%
Total		20.00%	23.01%	14.84%

_Voluntary resignations

		2023	2022	2021
<30	Men	136	139	100
	Women	19	27	12
	Total	155	166	112
30-50	Men	200	195	137
	Women	36	45	25
	Total	236	240	162
>50	Men	30	57	42
	Women	6	12	11
	Total	36	69	53
Total		427	475	327

_Staff turnover rate

GRI 401-1

		2023	2022	2021
<30	Men	21.50%	20.72%	15.73%
	Women	14.11%	18.87%	7.02%
	Total	20.27%	20.42%	14.27%
30-50	Men	6.39%	6.28%	4.25%
	Women	6.87%	7.91%	4.32%
	Total	6.46%	6.49%	4.26%
>50	Men	1.96%	6.22%	7.44%
	Women	3.64%	7.64%	9.47%
	Total	2.14%	6.38%	7.65%
Total		6.75%	8.16%	6.49%

Layoffs

_Number of layoffs by age range and gender

		2023	2022	2021
<30	Men	39	34	34
	Women	4	3	
	Total	43	37	34
30-50	Men	55	60	40
	Women	7	3	2
	Total	62	63	42
>50	Men	15	15	67
	Women	4	3	2
	Total	19	18	69
Total		124	118	145

_Number of layoffs by professional category and gender

		2023	2022	2021
Director	Men			
	Women			
	Total	0	0	0
Manager	Men		3	
	Women	1	1	2
	Total	1	4	2
Analyst	Men	4	4	2
	Women			
	Total	4	4	2
Specialist	Men	6	2	3
	Women	2	1	
	Total	8	3	3
Administrative staff	Men	2	1	6
	Women	5	1	1
	Total	7	2	7
Operator	Men	96	99	130
	Women	8	6	1
	Total	104	105	131
Total		124	118	145

_Number of layoffs by age range and gender

		2023	2022	2021
<30	Men	39	34	34
	Women	4	3	
	Total	43	37	34
30-50	Men	55	60	40
	Women	7	3	2
	Total	62	63	42
>50	Men	15	15	67
	Women	4	3	2
	Total	19	18	69
Total		124	118	145

Training and performance

_Number of employees trained

		2023	2022	2021
Director	Men	15	13	6
	Women	7	5	5
	Total	22	18	11
Manager	Men	147	205	159
	Women	36	46	42
	Total	183	251	201
Analyst	Men	439	487	427
	Women	166	167	134
	Total	605	654	561
Specialist	Men	203	248	188
	Women	85	99	64
	Total	288	347	252
Administrative staff	Men	277	428	382
	Women	190	274	289
	Total	467	702	671
Operator	Men	4,016	4,098	3,517
	Women	197	233	190
	Total	4,213	4,331	3,707
Total		5,778	6,303	5,403

_Training hours

		2023	2022	2021
Director	Men	119	92	95
	Women	132	71	73
	Total	251	163	168
Manager	Men	3,381	5,150	4,469
	Women	1,340	1,031	1,260
	Total	4,721	6,181	5,729
Analyst	Men	14,109	13,990	8,811
	Women	4,043	5,292	2,459
	Total	18,152	19,282	11,270
Specialist	Men	6,116	6,378	3,207
	Women	2,229	2,528	903
	Total	8,345	8,906	4,110
Administrative staff	Men	6,892	10,244	7,851
	Women	7,430	7,399	6,858
	Total	14,322	17,643	14,709
Operator	Men	522,069	395,500	372,473
	Women	32,006	23,074	23,083
	Total	554,075	418,574	395,556
Total		599,866	470,749	431,542

Average hours of training per employee

GRI 404-1

		2023	2022	2021
Director	Men	7.9	4.8	6.3
	Women	18.9	14.2	18.3
	Total	11.4	6.8	8.8
Manager	Men	23.0	23.4	20.3
	Women	37.2	21.0	28.0
	Total	25.8	23.0	21.6
Analyst	Men	32.1	24.5	15.4
	Women	24.4	30.1	14.2
	Total	30.0	25.9	15.1
Specialist	Men	30.1	19.9	10.3
	Women	1.0	18.3	7.0
	Total	29.0	19.4	9.3
Administrative staff	Men	24.9	17.1	13.2
	Women	39.1	16.2	14.6
	Total	31.0	16.7	13.8
Operator	Men	130.0	73.8	69.3
	Women	162.5	107.8	106.4
	Total	131.5	75.2	70.8
Total		73.5	58.0	53.1

Number of employees who have received performance evaluations

		2023	2022	2021
Director	Men	17	14	8
	Women	5	5	4
	Total	22	19	12
Manager	Men	136	157	100
	Women	34	40	33
	Total	170	197	133
Analyst	Men	413	297	253
	Women	135	110	117
	Total	548	407	370
Specialist	Men	91	105	104
	Women	55	43	44
	Total	146	148	148
Administrative staff	Men	218	275	268
	Women	139	164	173
	Total	357	439	441
Operator	Men	1,654	1,171	1,185
	Women	84	80	69
	Total	1,738	1,251	1,254
Total		2,981	2,461	2,358

% staff subject to performance evaluation

GRI 404-3

		2023	2022	2021
Director	Men	85.00%	77.78%	53.33%
	Women	100.00%	100.00%	100.00%
	Total	88.00%	79.17%	63.16%
Manager	Men	65.00%	75.48%	47.62%
	Women	74.00%	85.11%	76.74%
	Total	67.00%	73.23%	50.19%
Analyst	Men	70.00%	54.90%	47.29%
	Women	69.00%	67.90%	73.13%
	Total	70.00%	54.56%	49.66%
Specialist	Men	33.00%	38.32%	40.63%
	Women	57.00%	41.75%	46.32%
	Total	39.00%	32.24%	33.56%
Administrative staff	Men	38.00%	47.58%	46.21%
	Women	36.00%	42.82%	42.61%
	Total	37.00%	41.57%	41.33%
Operator	Men	32.00%	22.33%	22.47%
	Women	39.00%	37.56%	33.33%
	Total	32.00%	22.46%	22.43%
Total		40.00%	30.29%	29.01%

Employee benefits

Parental leave

GRI 401-3

		2023	2022	2021
Employees who have been eligible for parental leave	Men	5,802	6,267	6,214
	Women	875	823	818
	Total	6,677	7,090	7,032
Employees who have taken parental leave	Men	265	282	251
	Women	40	53	47
	Total	305	335	298
Employees who have returned to work after parental leave has ended	Men	263	280	242
	Women	38	37	35
	Total	301	317	277
Employees who have returned to work after completing parental leave and who were still employed 12 months after returning to work	Men	249	241	237
	Women	35	32	33
	Total	284	273	270

_Number of employees covered by collective bargaining agreements

GRI 2-30

	2023	
	Employees subject to agreement	Percentage of employees subject to agreement
Argentina	9	100%
Australia	0	— %
Austria	4	100%
Belgium	4	50%
Brazil	2	100%
Canada	0	— %
Chile	16	100%
China	0	— %
Colombia	2	100%
France	17	100%
Germany	1,777	97%
India	0	— %
Indonesia	0	— %
Italy	60	100%
Japan	0	— %
Malaysia	180	45%
Mexico	3	100%
Peru	2	100%
Poland	24	100%
Portugal	26	100%
Singapore	1	100%
South Africa	643	53%
South Korea	0	— %
Spain	2,637	99%
Sweden	24	92%
Switzerland	3	100%
Taiwan	0	— %
Thailand	0	— %
Turkey	0	— %
UK	34	100%
United Arab Emirates	0	— %
United States	0	— %
Vietnam	0	— %

_Reinstatement and retention rate

		2023	2022	2021
Return to work rate	Men	99.00%	99.29%	96.41%
	Women	95.00%	69.81%	74.47%
	Total	99.00%	92.95%	95.99%
Employee retention rate	Men	87.00%	85.46%	94.42%
	Women	90.00%	60.38%	70.21%
	Total	88.00%	92.95%	95.99%

Contractors

_Number of contractors

		2023	2022	2021
Total workforce	Men	1,305	1,200	1,225
	Women	236	216	211
	Total	1,541	1,416	1,436

Remuneration and gap

_Average compensation by professional category (EUR)

	2023	2022	2021
Director	EUR 269,300	EUR 308,121	EUR 293,104
Manager	EUR 144,188	EUR 131,036	EUR 119,063
Analyst	EUR 73,836	EUR 72,698	EUR 68,035
Specialist	EUR 58,221	EUR 56,414	EUR 49,143
Administrative staff	EUR 53,935	EUR 51,493	EUR 49,574
Operator	EUR 50,615	EUR 50,628	EUR 47,865

_Average compensation by age range (EUR)

	2023	2022	2021
<30	EUR 49,192	EUR 44,791	EUR 40,471
30-50	EUR 55,570	EUR 53,589	EUR 50,592
>50	EUR 69,544	EUR 66,050	EUR 63,324

_Average remuneration by gender (EUR)

	2023	2022	2021
Men	EUR 58,699	EUR 56,784	EUR 53,476
Women	EUR 53,317	EUR 51,762	EUR 48,133

_Wage gap by professional category (%)

	2023	2022	2021
Director	22.00%	-13.10%	-4.36%
Manager	24.00%	11.75%	5.31%
Analyst	25.00%	12.89%	12.95%
Specialist	22.00%	5.99%	10.29%
Administrative staff	19.00%	16.60%	17.21%
Operator	12.00%	15.39%	17.14%

_Average base salary (EUR)

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Director	EUR 187,638	EUR 160,164	EUR 215,013	EUR 156,961	EUR 207,477	EUR 148,538
Manager	EUR 109,318	EUR 87,818	EUR 106,057	EUR 88,026	EUR 104,094	EUR 84,637
Analyst	EUR 68,709	EUR 51,117	EUR 67,320	EUR 48,274	EUR 65,055	EUR 49,385
Specialist	EUR 55,264	EUR 44,124	EUR 53,659	EUR 41,713	EUR 49,263	EUR 38,058
Administrative staff	EUR 51,016	EUR 41,610	EUR 49,938	EUR 40,632	EUR 47,301	EUR 39,134
Operator	EUR 30,364	EUR 26,608	EUR 29,467	EUR 25,984	EUR 29,209	EUR 23,929

_Ratio of base female/male salary by professional category **

GRI 405-2

	2023	2022	2021
Director	0.85	1.08	1.00
Manager	0.80	0.92	0.96
Analyst	0.74	0.87	0.87
Specialist	0.79	0.95	0.90
Administrative staff	0.82	0.87	0.87
Operator	0.88	0.88	0.85

* Only those categories in which both genders are represented are included in the calculation of the gap

6.3 Information regarding the European taxonomy

Calculation of financial indicators

Acerinox has defined a procedure to facilitate the identification of the financial information to be reported associated with eligible activities and/or aligned with the EU Taxonomy. Specifically, the procedure assists in the reporting of:

- **Quantitative information:** information on (1) revenue, (2) Capex and (3) Opex of sustainable and non-sustainable activities. (See table with breakdown of quantitative information.)
- **Qualitative information:** qualitative information consists of three blocks: (1) accounting policies, which include the form and basis on which KPIs were determined, referring to the affected items in the NFIS; (2) compliance assessment, which involves an analysis of how the eligibility of activities has been identified, indicating the nature of the economic activities and explaining the conduct of the assessment of the criteria for eligibility. In addition, an explanation of how any double counting of the three key indicators has been avoided is included; and (3) contextual information, which involves a breakdown of each of the KPIs, identifying the items included in the calculation of each KPI.

The procedure for obtaining quantitative data follows the following sequence:

1. Identification of data to calculate indicators. Firstly, the necessary information is collected from the Acerinox Group's IT systems. This information is taken from the consolidated data closed in the corresponding year. It is extracted from the information in the consolidation program with the highest level of account detail, considering the consolidated financial statements.
2. Reconciliation with the annual accounts at heading level.
3. Selection of the accounts to be included in the calculation of the ratios. The sum of the income and expense accounts is taken from the consolidation application. The amounts relating to investments are taken from the table showing movement in property, plant and equipment in the notes to the annual accounts. For the preparation of the notes to the Group's annual accounts, consolidation packages are received from all companies with the disclosures required by the notes, including movements in property, plant and equipment. All packages are automatically uploaded into the spreadsheets for the notes and reconciled with the account balances.
4. Contribution per company to each of these accounts in order to exclude amounts corresponding to companies whose activities are not aligned. From the consolidation application, the contribution per company to the balances of the accounts selected in the previous section is extracted.
5. Calculation of the ratios.

- i. Revenue: total revenue is the sum of the Group's consolidated revenue, as shown in the consolidated income statement of the financial statements. Revenue mainly reflects the Group's sales of stainless steel and special alloys,

In order to calculate revenue from eligible activities, the contribution to the consolidated figure by each of the companies in the consolidation perimeter is extracted from the Group's consolidation systems. Revenue from eligible activities is the aggregate sum of the contribution to consolidated revenue of the companies considered eligible, in accordance with the definition provided in Note 4.6

To calculate revenue from aligned activities, the consolidated sales figure corresponding to the products of each factory is extracted from the Group's management systems and reconciled with the consolidated revenue figure. Once reconciled, only the total sales of products manufactured by Acerinox Europa, North American Stainless, and Columbus would be included as revenue from aligned activities.



- ii. Capex: the Group's total Capex corresponds to its total investments in both tangible and intangible fixed assets. It is reported in the Group's consolidated financial statements and is disclosed in the Investments section of the Property, plant, and equipment note in these financial statements.

To calculate Capex pertaining to eligible activities, the contribution of each of the companies in the consolidation perimeter to the consolidated figure is extracted from the Group's consolidation systems, and the amounts of the investments corresponding to eligible entities are aggregated.

The Capex pertaining to aligned activities is calculated by multiplying the investment made by each of the companies considered eligible by the percentage contribution to the alignment. To calculate the contribution to the alignment of each entity, the sales of products manufactured by Acerinox Europa, North American Stainless, and Columbus are divided by the entity's total sales. This contribution percentage, calculated for each of the eligible entities, is used as the alignment contribution percentage.

- iii. Opex: to calculate total Opex, only the following items are taken into account from the total operating expenses in the consolidated financial statements: R&D expenses, maintenance, and operating leases. Total Opex is calculated as the sum of these three expense accounts, which are part of the consolidated Group's accounting plan and are identified in the consolidation program. In the memo note that includes the breakdown of operating expenses (Note 17.3), both the maintenance and lease totals are broken down; these are the two most significant categories, as the R&D expenses recorded as Opex are relatively insignificant.

Opex pertaining to eligible activities corresponds to the aggregate sum of maintenance expenses, leasing expenses, and R&D expenses at the eligible companies. To calculate this figure, the contribution of each Group company to these three items is extracted from the consolidation systems and only those corresponding to the three aligned entities are added.

To determine the Opex pertaining to aligned activities, the total expenses of each company considered eligible are multiplied by the percentage contribution to the alignment. The percentage contribution to the alignment is calculated as explained above.

By calculating the ratios based on data obtained from the consolidated financial statements, any possible double counting is avoided, since all intra-group transactions that could have an impact on two companies are eliminated beforehand in the consolidation process.

The variations in the ratios with respect to previous years are a consequence of the volume of activity at the Group's different plants to meet market demand.

2023	Year	Substantial contribution criteria								Do no significant harm criteria									
Economic activities (1)	Code (2)	Revenue (3)	Proportion of revenue, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversit y (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversit y (16)	Minimum safeguards (17)	Proportion of revenue conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2022 (18)	Facilitating activity category (19)	Transitory activity category (20)
Text		Currency	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	F	t
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	4,662,750	70.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	74.0%	F	t
Revenue from environmentally sustainable activities (conforming to the taxonomy) (A.1)		4,662,750	70.6%	70.6%	— %	— %	— %	— %	— %	Y	Y	Y	Y	Y	Y	Y	74.0%		
Of which: facilitating	0	— %	— %	— %	— %	— %	— %	— %	— %	Y	Y	Y	Y	Y	Y	Y	— %	F	
Of which: transitional	4,662,750	71%	71%	— %	— %	— %	— %	— %	— %	Y	Y	Y	Y	Y	Y	Y	74%		t
A.2 Activities eligible under the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	489,688	7.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11.2%		
Revenue from taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		489,688	7.4%	7.4%	— %	— %	— %	— %	— %								11.2%		
A. Revenue from taxonomy-eligible activities (A.1+A.2)		5,152,439	78.0%	78.0%	— %	— %	— %	— %	— %								85.2%		
B. NON-ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
Revenue from non-eligible activities under the taxonomy		1,455,539	22.0%																
Total		6,607,978	100%																

	Proportion of revenue/Total revenue	
	Taxonomic alignment by target	Eligible taxonomy by target
Climate change mitigation	70.6%	78.0%
Climate change adaptation	0%	0%
Sustainable use and protection of water and marine resources	0%	0%
Transition to a circular economy	0%	0%
Pollution prevention and control	0%	0%
Protection and restoration of biodiversity and ecosystems	0%	0%

Capex

2023	Year		Substantial contribution criteria										Do no significant harm criteria						
Economic activities (1)	Code (2)	Capex (3)	Proportion of Capex, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of revenue conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year 2022 (18)	Facilitating activity category (19)	Transitory activity category (20)
Text	Currency	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	F	t
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	134,110	76.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	76%	F	t
Capex of environmentally sustainable activities (conforming to the taxonomy) (A.1)		134,110	76.7%	76.7%	— %	— %	— %	— %	— %	Y	Y	Y	Y	Y	Y	Y	76%		
Of which: facilitating	0	— %	— %	— %	— %	— %	— %	— %	— %	Y	Y	Y	Y	Y	Y	Y	— %	F	
Of which: transitional	134,110	76.7%	76.7%	— %	— %	— %	— %	— %	— %	Y	Y	Y	Y	Y	Y	Y	76%		t
A.2 Activities eligible under the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	1,156	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									4.9%	
Capex of taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		1,156	0.7%	0.7%	— %	— %	— %	— %	— %									4.9%	
A.Capex of taxonomy-eligible activities (A.1+A.2)		135,266	77.4%	77.4%	— %	— %	— %	— %	— %									80.9%	
B. NON-ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
Capex of non-eligible activities according to taxonomy		39,519	22.6%																
Total		174,785	100%																

	Ratio of Capex / Total Capex	
	Taxonomic alignment by target	Eligible taxonomy by target
Climate change mitigation	76.7%	77.4%
Climate change adaptation	0%	0%
Sustainable use and protection of water and marine resources	0%	0%
Transition to a circular economy	0%	0%
Pollution prevention and control	0%	0%
Protection and restoration of biodiversity and ecosystems	0%	0%

_Opex

2023		Year		Substantial contribution criteria										Do no significant harm criteria					
Economic activities (1)	Code (2)	Opex (3)	Proportion of Opex, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Opex conforming to taxonomy (A.1) or taxonomy-eligible (A.2), year 2022 (18)	Facilitating activity category (19)	Transitory activity category (20)
Text	Currency	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	F	t
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	76,582	87.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	75.0%	F	t
Opex of environmentally sustainable activities (conforming to the taxonomy) (A.1)		76,582	87.4%	87.4%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	75.0%		
Of which: facilitation	0	— %	— %	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	— %	F	
Of which: transitional	76,582	87%	87%	— %	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	75%		t
A.2 Activities eligible under the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of iron and steel (CNAE 12.24)	CCM 3.9	8,756	10.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5.2%		
Opex of eligible activities according to the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy) (A.2)	8,756	10.0%	10.0%	— %	— %	— %	— %	— %	— %								5.2%		
A. Opex of taxonomy-eligible activities (A.1+A.2)	85,338	97.4%	97.4%	— %	— %	— %	— %	— %	— %								80.4%		
B. NON-ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
Opex of non-eligible activities according to taxonomy (B)	2,315	2.6%																	
Total		87,653	100%																

Ratio of Opex / Total Opex

	Taxonomic alignment by target	Eligible taxonomy by target
Climate change mitigation	87.4%	97.4%
Climate change adaptation	0%	0%
Sustainable use and protection of water and marine resources	0%	0%
Transition to a circular economy	0%	0%
Pollution prevention and control	0%	0%
Protection and restoration of biodiversity and ecosystems	0%	0%

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

6.4 GRI table of contents

Statement of use		Acerinox has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023.
GRI 1 used		GRI 1: Foundation 2021
Applicable GRI sector standards		n/a
GRI standard	Content	Page / Reference
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Name of the organization: Acerinox S.A. Registered office: Calle Santiago de Compostela 100, 28035 Madrid, Spain 10-16
	2-2 Entities included in the organization's sustainability reporting	10-16
	2-3 Reporting period, frequency and contact point	2023 calendar year (January 1 to December 31, 2023) The reporting cycle is annual. sustainability@acerinox.com
	2-4 Restatements of information	Data modified from previous years includes an explanatory note.
	2-5 External assurance	The Acerinox Group engages an independent third party to undertake the external assurance of the report, pursuant to International Standard on Assurance Engagements (ISAE) 3000: PricewaterhouseCoopers Auditores, S.L.
	2-6 Activities, value chain and other business relationships	9-10; 14-16; 116-120
	2-7 Employees	106-111, Appendix 6.2
	2-9 Governance structure and composition	5; 32-37
	2-10 Nomination and selection of the highest governance body	32-37; 70
	2-11 Chair of the highest governance body	32-37
	2-12 Role of the highest governance body in overseeing the management of impacts	32-37
	2-13 Delegation of responsibility for managing impacts	32-37
	2-14 Role of the highest governance body in sustainability reporting	32-37; 63; 70
	2-15 Conflicts of interest	72-75
	2-16 Communication of critical concerns	72-75
	2-17 Collective knowledge of the highest governance body	32-37
	2-18 Evaluation of the performance of the highest governance body	32; 70; Appendix 6.2
	2-19 Remuneration policies	32-37

GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	32-37
	2-22 Statement on sustainable development strategy	7-8; 63
	2-23 Policy commitments	Report-various sections
	2-24 Embedding policy commitments	Report-various sections
	2-25 Processes to remediate negative impacts	71-75
	2-26 Mechanisms for seeking advice and raising concerns	71-75
	2-27 Compliance with laws and regulations	71-75
	2-28 Membership associations	120-122
	2-29 Approach to stakeholder engagement	63-66
	2-30 Collective bargaining agreements	106-109; Appendix 6.2
Material topics		
GRI 3: Material topics 2021	3-1 Process to determine material topics	63-65
	3-2 List of material topics	63
Economic performance		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	76-80
	201-2 Financial implications and other risks and opportunities due to climate change	82
	201-4 Financial assistance received from government	76-80
Indirect economic impacts		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	103-104
	203-2 Significant indirect economic impacts	103-104
Procurement practices		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	118-120
Anti-corruption		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65

GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	100% of the Group is obliged to comply with the anti-corruption guidelines. Moreover, Acerinox is an adherent to the principles of the United Nations Global Compact.
	205-2 Communication and training about anti-corruption policies and procedures	71-75
	205-3 Confirmed incidents of corruption and actions taken	No incidences of corruption were registered in 2023.

Anti-competitive behavior

GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No significant legal actions for anti-competitive behavior, anti-trust or monopoly practices were registered in 2023.

Taxation

GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 207: Tax 2019	207-1 Approach to tax	76-80
	207-2 Tax governance, control, and risk management	76-80
	207-3 Stakeholder engagement and management of concerns related to tax	76-80
	207-4 Country-by-country reporting	76-80

Materials

GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 301: Materials 2016	301-1 Materials used by weight or volume	97-102, Appendix 6.2
	301-2 Recycled input materials used	97-102, Appendix 6.2

Energy

GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 302: Energy 2016	302-1 Energy consumption within the organization	89-90, Appendix 6.2
	302-3 Energy intensity	89-90, Appendix 6.2
	302-4 Reduction of energy consumption	89-90, Appendix 6.2

Water and effluents

GRI 3: Material topics 2021	3-3 Management of material topics	63-65
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GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	91-95
	303-2 Management of water discharge-related impacts	91-95
	303-3 Water withdrawal	91-95, Appendix 6.2
	303-4 Water discharge	91-95, Appendix 6.2
	303-5 Water consumption	91-95, Appendix 6.2
Biodiversity		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65, 96
Emissions		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	81-88, Appendix 6.2
	305-2 Energy indirect (Scope 2) GHG emissions	81-88, Appendix 6.2
	305-3 Other indirect (Scope 3) GHG emissions	81-88, Appendix 6.2
	305-4 GHG emissions intensity	81-88, Appendix 6.2
	305-5 Reduction of GHG emissions	81-88
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	81-88, 95, Appendix 6.2
Waste		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	97-100
	306-2 Management of significant waste-related impacts	97-100
	306-3 Waste generated	97-100, Appendix 6.2
	306-4 Waste diverted from disposal	97-100, Appendix 6.2
	306-5 Waste directed to disposal	97-100, Appendix 6.2
Supplier environmental assessment		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	116-120
	308-2 Negative environmental impacts in the supply chain and actions taken	No suppliers with significant negative environmental impacts were identified in the assessments carried out.
Employment		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65

GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix 6.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	106-109
	401-3 Parental leave	106-109, Appendix 6.2
Labor/management relations		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 402: Labor/management relations 2016	402-1 Minimum notice periods regarding operational changes	The minimum notice periods are in line with prevailing legislation and the collective agreement for the steel industry.
Occupational health and safety		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
	403-1 Occupational health and safety management system	112-115
	403-2 Hazard identification, risk assessment, and incident investigation	112-115
GRI 403: Occupational health and safety 2018	403-3 Occupational health services	112-115
	403-4 Worker participation, consultation, and communication on occupational health and safety	112-115
	403-5 Worker training on occupational health and safety	112-115
	403-6 Promotion of worker health	112-115
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	112-115
	403-8 Workers covered by an occupational health and safety management system	112-115, Appendix 6.2
	403-9 Work-related injuries	112-115, Appendix 6.2
	403-10 Work-related ill health	112-115, Appendix 6.2
Training and education		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65

GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	106-109, Appendix 6.2
	404-2 Programs for upgrading employee skills and transition assistance programs	106-109
	404-3 Percentage of employees receiving regular performance and career development reviews	106-109, Appendix 6.2
Diversity and equal opportunity		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	5.110-111, Appendix 6.2
	405-2 Ratio of basic salary and remuneration of women to men	110-111, Appendix 6.2
Non-discrimination		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination were registered in 2023.
Freedom of association and collective bargaining		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
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	No operations or suppliers in which the right to freedom of association and collective bargaining may be at risk have been registered.
Child labor		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	The Group has not registered any operations or suppliers at risk for incidents of child labor. All Acerinox Group companies support the effective abolition of child labor. Acerinox is a signatory of the United Nations Global Compact.
Forced or compulsory labor		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65

GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	The Group has not recognized any operations or suppliers at significant risk for incidents of forced or compulsory labor. All Acerinox Group companies support the elimination of all forms of forced and compulsory labor. Acerinox is a signatory of the United Nations Global Compact.
Local communities		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
Supplier social assessment		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	116-120
	414-2 Negative social impacts in the supply chain and actions taken	No suppliers with significant negative social impacts were identified in the assessments carried out.
Customer health and safety		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	All factories face quality and environmental controls, assessing all possible health and safety impacts of the products.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No significant incidents of non-compliance concerning the health and safety impacts of product and service categories have been registered.
Customer privacy		
GRI 3: Material topics 2021	3-3 Management of material topics	63-65
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No significant grievances related to respect for customer privacy and losses of customer personal data have been recorded in the mechanisms in place.

6.5 SASB table of contents

Contents and key metrics

Topic	Contents and key metrics	Category	Unit of measurement	Code	Page / Reference
Greenhouse gas emissions	Gross global Scope 1 emissions, methane percentage, percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO ₂ e, percentage (%)	EM-IS-110a.1	(1) 86-88, Appendix 6.2 (2) 0.006% (3) 24.66% of Scope 1 emissions are covered under emissions-limiting regulations
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	n/a	EM-IS-110a.2	81-88
Atmospheric emissions	Air emissions of the following pollutants: (1) CO, (2) NO _x (excluding N ₂ O), (3) SO _x , (4) particulate matter (PM ₁₀), (5) manganese (MnO), (6) lead (Pb), (7) volatile organic compounds (VOCs), and (8) polycyclic aromatic hydrocarbons (PAHs)	Quantitative	Metric tons (t)	EM-IS-120a.1	95
Energy management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Quantitative	Gigajoules (GJ), percentage (%)	EM-IS-130a.1	(1 and 3) 89-90, Appendix 6.2 (2) 100% grid electricity
	(1) Total fuel consumed (2) Percentage coal (3) Percentage natural gas (4) Percentage renewable	Quantitative	Gigajoules (GJ), percentage (%)	EM-IS-130a.2	(1.3 and 4) 89-90, Appendix 6.2 The Group does not consume coal
Water management	(1) Total fresh water withdrawn (2) Percentage recycled (3) Percentage in regions with high or extremely high baseline water stress	Quantitative	Percentage (%)	EM-IS-140a.1	(1) The entire water withdrawal is fresh water (total dissolved solids ≤ 1,000 mg/l) (2) The group is working to report the percentage of water that is recycled. (3) 39.08% 91-95, Appendix 6.2

Waste management	Amount of waste generated, percentage hazardous, percentage recycled	Quantitative	Metric tons (t), percentage (%)	EM-IS-150a.1	98-100, Appendix 6.2
Employee health and safety	(1) Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Quantitative	Ratio	EM-IS-320a.1	112-116, Appendix 6.2
Supply chain management	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	Discussion and analysis	n/a	EM-IS-430a.1	Not applicable

Activity metrics

Activity metrics	Category	Unit of measurement	Code	Page / Reference
Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	Quantitative	Metric tons (t), percentage (%)	EM-IS-000.A	(1) Not applicable (2) 39 1,869,417 t. The facilities with electric arc are Acerinox Europa, NAS and Columbus, accounting for 96.08% of melting shop production.
Total iron ore production	Quantitative	Metric tons (t)	EM-IS-000.B	0
Total coking coal production	Quantitative	Metric tons (t)	EM-IS-000.C	0

6.6 TCFD table of contents

Area	Recommended TCFD disclosures	Page / Reference
Governance	a) Describe the board's oversight of climate-related risks and opportunities	81-85
	b) Describe management's role in assessing and managing climate-related risks and opportunities	81-85
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	82-84
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	82-84
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	81-86
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks	81-86
	b) Describe the organization's processes for managing climate-related risks	81-86
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	81-86
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	81-86
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	86-88, 95
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	66, 81-95

6.7 NFIS table of contents

Information required by the Non-financial Information Law	Associated reporting criteria (GRI Standard)	Page / Reference
Finance model		
Taxonomy	Regulation (EU) 2020/852	56-62, Appendix 6.3
Business model		
Brief description of the Group's business model (business environment and organization)	2-1 Organizational details	13-18
Geographical presence	2-2 Entities included in the organization's sustainability reporting	10-16
Organization's objectives and strategies	3-3 Management of material topics	5-16, 24-27
Key factors and trends that could affect future performance	3-3 Management of material topics	19-23
Environmental topics		
General disclosures		
A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	3-3 Management of material topics	63-65, 81-82, 85, 97
The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.	3-3 Management of material topics	66-67

The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	201-2 Financial implications and other risks and opportunities due to climate change	85-87
Actual and foreseeable effects of the Company's activities on the environment and, as the case may be, health and safety	201-2 Financial implications and other risks and opportunities due to climate change	85-87
Environmental assessment or certification procedures	3-3 Management of material topics	81-95
Resources allocated to preventing environmental risks	3-3 Management of material topics	81-95
Application of the precautionary principle	3-3 Management of material topics	82
Amount of provisions and guarantees for environmental risks	3-3 Management of material topics	82
Pollution		
Measures to prevent, reduce or remedy emissions seriously affecting the environment, factoring in any specific form of atmospheric pollution of an activity, including noise and light pollution	3-3 Management of material topics. 305-5 Reduction of GHG emissions	86-88
Circular economy and waste prevention and management		
Measures for the prevention, recycling, reuse and other recovery and disposal of waste. Actions to combat food waste	3-3 Management of material topics 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	97-100, Appendix 6.2 Given the nature of the Group's business, food waste is not a material issue.

Sustainable use of resources

Water consumption and supply in accordance with local limitations	303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	91-95, Appendix 6.2
Consumption of raw materials and measures implemented to improve the efficiency of their use	301-1 Materials used by weight or volume	97-102, Appendix 6.2
Direct and indirect energy consumption	3-3 Management of material topics 302-1 Energy consumption within the organization	89-90, Appendix 6.2
Measures taken to improve energy efficiency	3-3 Management of material topics 302-4 Reduction of energy consumption	89-90
Use of renewable energies	302-1 Energy consumption within the organization	89-90

Climate change

The key elements of the greenhouse gas emissions generated as a result of the Company's activities, including the use of the goods and services it produces.	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	81, 86-88, 95
Measures taken to adapt to the consequences of climate change.	3-3 Management of material topics	81-96
Voluntary medium- and long-term greenhouse gas reduction targets and the measures in place to achieve them.	305-5 Reduction of GHG emissions	86-88

Biodiversity protection

Measures taken to preserve or restore biodiversity.	3-3 Management of material topics	96
Impacts caused by activities or operations in protected areas.	3-3 Management of material topics	96

Social and employee-related topics

General disclosures

A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.

3-3 Management of material topics 106-115

The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.

3-3 Management of material topics 106-115

The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.

3-3 Management of material topics 106-115

Employment

Total number and distribution of employees based on diversity criteria (gender, age, country, etc.)

2-7 Employees
405-1 Diversity of governance bodies and employees 106-111, Appendix 6.2

Total number and distribution of types of employment contract, average annual number of permanent, temporary and part-time contracts by gender, age and professional category

2-7 Employees 106-111, Appendix 6.2

Number of layoffs by gender, age and professional category

3-3 Management of material topics 106-111, Appendix 6.2

Average remuneration and trends therein, broken down by gender, age and professional category or similar

405-2 Ratio of basic salary and remuneration of women to men
3-3 Management of material topics 106-111, Appendix 6.2

Wage gap, remuneration of like positions or average remuneration in the Company	405-2 Ratio of basic salary and remuneration of women to men	Appendix 6.2
Average remuneration of board members and management, including variable remuneration, allowances, indemnities, payments into long-term savings schemes and any other amounts received, disaggregated by gender	2-19 Remuneration policies	32-37
Implementation of policies on disconnecting from work	3-3 Management of material topics	106-111
Employees with disabilities	405-1 Diversity of governance bodies and employees	106-111
Organization of work		
Organization of working time	3-3 Management of material topics	112-115, Appendix 6.2
Absenteeism hours	403-9 Work-related injuries	112-115, Appendix 6.2
Measures aimed at facilitating a work-life balance and encouraging the sharing of responsibilities between both parents	401-3 Parental leave	106-111
Health and safety		
Occupational health and safety conditions	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system	112-115

Occupational accidents, in particular with regard to their frequency and severity, and occupational illnesses, disaggregated by gender.	403-9 Work-related injuries 403-10 Work-related ill health	112-115, Appendix 6.2
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Labor relations

Organization of social dialogue, including procedures for notifying, consulting and negotiating with staff	3-3 Management of material topics	110-116
Percentage of employees covered by collective bargaining agreements, by country	2-30 Collective bargaining agreements	Appendix 6.2
Balance of collective bargaining agreements, particularly in the field of occupational health and safety	2-30 Collective bargaining agreements	Appendix 6.2
Mechanisms and procedures that the company has in place to promote the involvement of workers in its management, in terms of information, consultation and participation	3-3 Management of material topics	106-109, 112-115

Training

Training policies in place	3-3 Management of material topics. 404-2 Programs for upgrading employee skills and transition assistance programs	106-111
Total hours of training by employee category	404-1 Average hours of training per year per employee	106-111, Appendix 6.2

Universal accessibility for people with disabilities

Universal accessibility for people with disabilities	3-3 Management of material topics	106-111
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Equality

Measures taken to promote equal treatment and opportunities for men and women	3-3 Management of material topics	110-111
Equality plans (Chapter III of Organic Law 3/2007 of March 22 for effective gender equality), measures taken to promote employment, protocols to combat sexual and gender-based harassment, inclusion and universal accessibility for people with disabilities	3-3 Management of material topics	110-111
Policy on non-discrimination and, as the case may be, diversity management	3-3 Management of material topics	110-111

Respect for human rights

General disclosures

<p>A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.</p>	<p>3-3 Management of material topics 408-1 Operations and suppliers at significant risk for incidents of child labor 72-73, 75 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor</p>
<p>The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated, and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic</p>	<p>3-3 Management of material topics 408-1 Operations and suppliers at significant risk for incidents of child labor 72-73, 75 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor</p>
<p>The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.</p>	<p>3-3 Management of material topics 408-1 Operations and suppliers at significant risk for incidents of child labor 72-73, 75 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor</p>

Detailed information

<p>Implementation of due diligence procedures in relation to human rights, prevention of risks of abuse of human rights and, as the case may be, measures to mitigate, manage and redress any potential abuses committed</p>	<p>2-26 Mechanisms for seeking advice and raising concerns 72-73, 75</p>
<p>Reported human rights violations</p>	<p>3-3 Management of material topics 72-73, 75</p>

Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization as regards 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 labor; and the effective abolition of child labor	3-3 Management of material topics. 408-1 Operations and suppliers at significant risk for incidents of child labor. 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	72-73, 75, 117
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Action to combat corruption and bribery

General disclosures

A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	3-3 Management of material topics 205-2 Communication and training about anti-corruption policies and procedures	71-75
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The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.	3-3 Management of material topics 205-2 Communication and training about anti-corruption policies and procedures	71-75
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The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	3-3 Management of material topics	71-75
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Detailed information

Measures taken to prevent corruption and bribery	3-3 Management of material topics. 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures	71-75
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Anti-money laundering measures	3-3 Management of material topics	71-75
Contributions to foundations and not-for-profit organizations	201-1 Direct economic value generated and distributed	76-, 120-123
Information about the Company		
General disclosures		
A description of the policies applied by the Group with regard to these topics, which shall include the due diligence procedures implemented to identify, assess, prevent and mitigate significant risks and impacts, and assurance and control procedures, including the measures taken.	3-3 Management of material topics 2-23 Policy commitments	Several chapters
The results of such policies, including the pertinent non-financial key performance indicators, enabling progress to be monitored and evaluated and allowing for comparisons to be drawn between companies and industries, in line with the benchmark national, European or international frameworks used for each topic.	3-3 Management of material topics 2-23 Policy commitments	Several chapters
The main risks in relation to such topics as regards the Group's activities, including, where pertinent and appropriate, its commercial relations, products or services that may have an adverse impact on such areas, and how the Group manages such risks, explaining the procedures used to detect and assess them in line with the benchmark national, European or international frameworks used for each topic. Information on any impacts detected must be included, providing a breakdown thereof, particularly as regards the main short-, medium- and long-term risks.	2-3 Risk management 3-3 Management of material topics	28-31 71-75
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Impact of the Company's activity on local employment and development	3-3 Management of material topics. 204-1 Proportion of spending on local suppliers	116-122
Impact of the Company's activity on the local populations and area	204-1 Proportion of spending on local suppliers 413-1 Operations with local community engagement, impact assessments, and development programs	116-122

Relations with local community stakeholders and the nature of engagement therewith.	2-29 Approach to stakeholder engagement 413-1 Operations with local community engagement, impact assessments, and development programs	65, 116-122
Association and sponsorship actions	2-28 Membership associations 3-3 Management of material topics	116-122
Subcontractors and suppliers		
Inclusion in the procurement policy of social, gender-equality and environmental issues	414-1 New suppliers that were screened using social criteria. 3-3 Management of material topics	116-120
Attention given to social and environmental responsibility in relations with suppliers and subcontractors	2-6 Activities, value chain and other business relationships 308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	116-120
Oversight and audit systems and results thereof	2-6 Activities, value chain and other business relationships. 308-2 Negative environmental impacts in the supply chain and actions taken 414-2 Negative social impacts in the supply chain and actions taken	116-120

Consumers

Consumer health and safety measures	3-3 Management of material topics. 416-1 Assessment of the health and safety impacts of product and service categories	102, 112-115
Grievance mechanisms, complaints received and resolution thereof	3-3 Management of material topics 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Throughout 2023, 4,850 claims were received, of which 3,967 were resolved and 883 were still in the process of being finalized at year-end. No claims have been received regarding breaches of customer privacy or loss of data. Additionally, this is the first year in which this indicator is reported, so no comparative information is provided.

Tax-related information

Profits obtained by country	207-4 Country-by-country reporting	76-80
Corporate income tax paid	207-4 Country-by-country reporting	76-80
Government subsidies received	201-4 Financial assistance received from government	76-80



6.8 External assurance report



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Acerinox, S.A. and its subsidiaries

Independent verification report
Consolidated Non-Financial Information Statement
31 December 2023



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Acerinox, S.A.:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the Consolidated Non-Financial Information Statement ('NFIS') for the year ended 31 December 2023 of Acerinox, S.A. (Parent company) and subsidiaries (hereinafter Acerinox Group or the Group) which forms part of the accompanying Integrated Annual Report (hereinafter Annual Report), included in the Acerinox Group's consolidated management report.

The content of the Annual Report includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in 'GRI Table of Contents', 'SASB Table of contents' and the 'NFIS Table of contents' included in the accompanying Annual Report.

Responsibility of the administrators and directors of the Parent company

The preparation of the NFIS included in Acerinox Group's consolidated management report and the content thereof, are the responsibility of the administrators and directors of Acerinox, S.A. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and in accordance with the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative ('GRI Standards') as well as the Sustainability and Accounting Standards Board (SASB) 'Iron & Steel Producers' industry Standard version 2018-10 selected, described as per the details provided for each matter in the tables 'GRI table of Contents', 'SASB table of contents' and the 'NFIS table of contents' of the Annual Report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of material misstatement due to fraud or error.

The administrators and directors of Acerinox, S.A. is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ('Instituto de Censores Jurados de Cuentas de España').

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Acerinox Group that were involved in the preparation of the NFIS, of the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Acerinox, S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the NFIS for the year 2023, based on the materiality analysis carried out by Acerinox Group and described in section 'Materiality Analysis', taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for the year 2023.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the NFIS for the year 2023.
- Verification, by means of sample testing, of the information relating to the content of the NFIS for the year 2023 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFIS of Acerinox, S.A. and its subsidiaries, for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and in accordance with the criteria of GRI as well as the Sustainability and Accounting Standards Board (SASB) 'Iron & Steel Producers' industry Standard version 2018-10 selected, described as per the details provided for each matter in the 'GRI Table of Contents', 'SASB Table of contents' and the 'NFIS Table of contents' of the aforementioned Annual Report.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts promulgated in accordance with the provisions of the aforementioned Regulation, establish the obligation to disclose information on the manner and extent to which the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems (the rest of the environmental objectives), and with respect to certain new activities included in the objectives of mitigation and adaptation to climate change, for the first time for the 2023 financial year, in addition to the information referring to eligible and aligned activities already required in the 2022 financial year in relation to the objectives of climate change mitigation and climate change adaptation. Consequently, comparative information on eligibility in relation to the rest of the environmental objectives indicated above or on new activities included in the objectives of climate change mitigation and climate change adaptation, has not been included in the accompanying NFIS. Furthermore, to the extent that the information relating to the 2022 financial year was not required with the same level of detail as in the 2023 financial year, the information disclosed in the accompanying NFIS is not strictly comparable either. In addition, it should be noted that Acerinox, S.A.'s administrators and directors have incorporated information on the criteria that, in their opinion, allow for improved compliance with the aforementioned obligations and which have been defined in the sections '4.6 European taxonomy on sustainable finance' and '6.3 Information regarding the European taxonomy' of the accompanying NFIS. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Margarita de Rosselló Carril

29 February 2024