



**REPORT OF THE BOARD OF DIRECTORS OF ACERINOX, S.A. ON THE PROPOSED RESOLUTION TO APPROVE THE THIRD MULTI-YEAR PLAN OR LONG-TERM INCENTIVE (LTIP) (2024-2028) AND AUTHORISE THE BOARD TO ACQUIRE TREASURY SHARES TO BE USED FOR THE PAYMENT OF THE FIRST CYCLE THEREOF INCLUDED IN ITEM FOURTEEN OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 22 MAY 2023 AT FIRST NOTICE AND ON 23 MAY 2023 AT SECOND NOTICE**

**Madrid, 12 April 2023**

***REPORT OF THE BOARD OF DIRECTORS OF ACERINOX, S.A. ON THE PROPOSED RESOLUTION TO APPROVE THE THIRD MULTI-YEAR PLAN OR LONG-TERM INCENTIVE (LTIP) (2024-2028) AND AUTHORISE THE BOARD TO ACQUIRE TREASURY SHARES TO BE USED FOR THE PAYMENT OF THE FIRST CYCLE THEREOF INCLUDED IN ITEM FOURTEEN OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 22 MAY 2023 AT FIRST NOTICE AND ON 23 MAY 2023 AT SECOND NOTICE.***

Wording of Item Fourteen on the Agenda:

“Approval, if applicable, of the Third Multi-year Remuneration Plan or Long-Term Incentive Plan (LTIP) for the period 2024-2028 addressed to Executive Directors and the rest of the Senior Management of the ACERINOX Group, consisting of the payment of a part of the variable remuneration through the delivery of shares, and authorisation to the Board of Directors of the Company for the acquisition of up to 208,790 shares of ACERINOX, S.A. to be used to pay the First Cycle (2024-2026) of the Third Multi-Year Remuneration Plan or Long-Term Incentive Plan (LTIP).”

RATIONALE FOR THE PROPOSAL:

The General Shareholders' Meetings of ACERINOX, S.A. in 2018 and 2020 respectively approved a First and Second Multi-year Remuneration Plan or Long-Term Incentive Plan (LTIP) for the Executive Directors and Senior Management of the Group in order to bring their remuneration system closer to the best corporate governance standards, align the interests of the management directly with those of the shareholders and link them more closely to the process of creating value for the shareholders of the Company. Along these lines, the Board of Directors proposes to the General Shareholders' Meeting the approval of a Third Plan as a continuation of the two previous multi-year remuneration plans already approved.

PROPOSED AGREEMENT SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING:

“Approval of the Third Multi-year Remuneration Plan or Long-Term Incentive Plan (LTIP) for the period 2024-2028 addressed to Executive Directors and the rest of the Senior Management of the ACERINOX Group, consisting of the payment of a part of the variable remuneration through the delivery of shares, and authorisation to the Board of Directors of the Company for the acquisition of up to 208,790 shares of ACERINOX, S.A. to be used to pay the First Cycle (2024-

2026) of the Third Multi-Year Remuneration Plan or Long-Term Incentive Plan (LTIP).”

The basic characteristics of the Third Multi-Year Plan (LTIP) are the following:

### **A) Third Multi-Year Remuneration Plan**

#### 1) Duration:

The LTIP has three cycles lasting three years each. The First Cycle of the Plan extends from 1 January 2024 to 31 December 2026. The Second Cycle will start on 1 January 2025 and will end on 31 December 2027, and the Third Cycle will start on 1 January 2026 and end on 31 December 2028.

#### 2) Purpose:

The Long-Term Incentive Plan (LTIP) will allow Senior Managers, and among them the Executive Director, hereinafter referred to as “the Beneficiaries”, to receive an incentive payable in shares of ACERINOX, S.A. for a target figure of between 30% and 50% of the basic salary and with a total personal maximum of 200% of the respective target.

#### 3) Implementation:

The LTIP is implemented through the allocation to each Beneficiary of a certain theoretical number of “Performance Shares”. To calculate this theoretical number of shares, the ACERINOX S.A. shares will be valued by considering the average market price of the share in the 30 trading days prior to the beginning of the Plan. That number of Performance Shares shall serve as the basis to determine the actual number of shares of ACERINOX, S.A. to distribute, where applicable, to the Beneficiary at the end of each temporal cycle, depending on the degree of fulfilment of the objectives and subject to compliance with the requirements set out in the Regulations that govern each Plan.

#### 4) Calculation. Metrics

Determination of the LTIP to be received. The total number of shares to be distributed on the Settlement Date for each cycle, should the established requirements be met, will be determined on the Date of Calculation according to the following formula:

Final Incentive = Target Incentive x Weighted Achievement Coefficient

Where:

- Final Incentive = number of shares of the Company, rounded by default to the nearest whole number, to distribute to each Beneficiary on the Plan Termination Date, according to the procedure stipulated in the Regulations.
- Target Incentive = number of Performance Shares assigned to the Beneficiary.
- Weighted Achievement Coefficient = coefficient dependent on the level of fulfilment of the objectives to which the Plan is linked and which will be determined in accordance with the Regulations approved by the Board.

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

These metrics are:

(i) The Total Shareholder Return (TSR):

This Metric makes up 75% of the Weighted Achievement Coefficient. At the end of each cycle, the TSR will be calculated, corresponding to ACERINOX and each of the companies in the Reference Group, which will be composed of companies listed on the IBEX-35 Index, excluding credit institutions (banks). The companies of this Reference Group, including ACERINOX, will be ordered from the largest to the smallest according to the corresponding TSR for each company.

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

- For a lower-than-average position in the Reference Group, the payment coefficient is 0% of the Target Incentive.
- For an average position in the Reference Group (15th position in the ranking) (“minimum compliance level”), the payment coefficient will be 50% of the Target Incentive.
- For a position in 75th percentile of the Reference Group (8th position in the ranking) (“maximum compliance level”), the payment coefficient will be 200% of the Target Incentive.

- For intermediate positions between the average and the 75th percentile of the Reference Group, the payment coefficient will be calculated by linear interpolation.
- For the calculation of the Initial Value and the Final Value of the share price concerned, the trading references in the main stock market will be used.

Companies to be benchmarked in this metric: Acciona, Acciona Energía, ACS, Aena, Amadeus IT Group, ArcelorMittal, Cellnex Telecom, Enagas, Endesa, Ferrovial, Fluidra, Grifols, IAG, Iberdrola, Inditex, Indra, Inmobiliaria Colonial, Logista, Mapfre, Meliá Hotels, Merlin Properties, Naturgy, Red Eléctrica, Repsol, Rovi, Sacyr, Solaria and Telefónica.

(ii) “Return on Equity” (hereinafter, “ROE”):

This Metric makes up 25% of the Weighted Achievement Coefficient. For these purposes, ROE is understood to be the ratio: “(Net Profit - minority shareholders) divided by shareholders’ equity”. At the end of each cycle, the ROE will be calculated for ACERINOX and each of the companies in the Reference Group, which will be made up of the following companies: Aperam, Arcelormittal, Outokumpu, Salzgitter, SSAB, AK Steel and Voestalpine. The companies of this Reference Group, including ACERINOX, will be ordered from the largest to the smallest according to their corresponding ROE.

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

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

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

Where:

- “Share Incentive” = Shares to be distributed after applying Personal Income Tax.
- “Final Incentive” = Gross number of shares resulting from applying the weighted achievement coefficient to the Target Incentive.
- “Withholding Tax Rate” = Rate of tax withheld as Personal Income Tax corresponding to the Beneficiary in accordance with the applicable legislation.

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

The Beneficiaries will be subject to the limitation that includes the obligation to retain the received shares (net of any corresponding payment of Personal Income

Tax) during a period of one year from the date of receipt. After that period has passed, the shares will be freely available.

### **B) First Cycle of the Third Multi-Year Plan**

Authorisation to the Board of Directors of the Company for the acquisition of shares of ACERINOX S.A. to be used to pay the First Cycle of the Third Multi-Year Remuneration Plan (2024-2026), or Long-Term Incentive Plan (LTIP) in the period 2024-2028 established in favour of the Executive Directors and the rest of the Senior Management of the ACERINOX Group.

As this First Cycle of the Third Plan starts in 2024, the Board of Directors must be empowered to acquire the necessary shares to proceed, if necessary, with the payment.

The regulation of this First Cycle of the Third Plan (LTIP) is that indicated in points 1 to 4 above included in letter A) of this Item Fourteen on the Agenda, Third Multi-Year Remuneration Plan.

### **5) Maximum number of shares on which this First Cycle of the Plan is based (2024-2026)**

The maximum number of actions to be delivered in implementation of this First Cycle of the Third Plan shall be **208,790** shares. The shares not allocated in this First Cycle (2024-2026) shall be set aside for following cycles and in the last instance any left-over shares shall be allocated as the Board of Management sees fit, within the legally established limits.

The acquisition of shares by the Company shall be performed taking into account the Treasury Stock Policy established in Title III of the Internal Code of Conduct in the Stock Markets of ACERINOX, S.A. and of the companies integrated in its Business Group, approved by the Board of Directors in its meeting on 16 December 2021.

The maximum number of treasury shares which the Company may acquire under this resolution, in addition to any shares already held by the Company and its subsidiaries on the day of the adoption, and any shares which the Company may acquire pursuant to any other authorisation, may not exceed 10% of the subscribed capital.

Greater detail regarding the regulating of this incentive - and in implementing the clawback clause with which it applies - can be obtained in the relevant item of the agenda (Report of the Board of Directors on the Amendment of the Policy for the Remuneration of Acerinox Directors) with regard to the Executive Director, whose regime is the same as that of the other members of the Senior Management.

### **C) Authorisation of the Board of Directors**

To empower the Board of Directors in the broadest terms required by law and in accordance with the provisions of the Regulations that govern the remuneration scheme of Senior Management to apply, develop, interpret and execute this agreement.

12 April 2023

Translation of the original in Spanish. In case of any discrepancy, the Spanish version prevails.