



**SUSTAINABILITY COMMITTEE
ACTIVITY REPORT 2022**

Madrid, 12 April 2023



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1. INTRODUCTION

Pursuant to the provisions of Article 2 of Annex IV of the Board of Directors Regulations of Acerinox, S.A. (“**Acerinox**” or the “**Company**”), the Acerinox Sustainability Committee (hereinafter, also the “**Committee**”) is attributed the following functions:

- To promote and coordinate the Company’s actions in sustainability matters in accordance with the guidelines approved by the Board of Directors.
- To propose to the Board of Directors the adoption of any measures related to the above matters.
- To ensure the implementation and monitoring of the Sustainability Plan of the Company and its Group.
- To determine the guidelines, criteria and general principles that shall govern the content of the Non-Financial Information Statement, or any other reporting system required by the legislation of other countries, in accordance with the sustainable development strategy of the Company and its Group.
- To periodically evaluate the adequacy of the Corporate Responsibility and Sustainability Policy of the Company with the purpose of it complying with its mission of promoting the corporate interest and that it considers, as appropriate, the legitimate interests of the remaining stakeholders.
- To verify that the Company’s sustainability practices are in line with its established strategy and policies.

In order to enable the Board of Directors can carry out its annual evaluation of the Board and its Committees, the Acerinox Sustainability Committee (hereinafter, also the “**Committee**”) has prepared this report on its activities in the 2022 financial year.

This report will be available to shareholders, investors and other interested parties on the Company’s website (www.acerinox.com) from the date of publication of the notice of the Ordinary General Shareholders’ Meeting, in accordance with the recommendations of the Good Governance Code for Listed Companies.

2. COMPOSITION AND QUALIFICATIONS OF ITS MEMBERS

The Sustainability Committee as at 31 December 2022 comprised the following members:



Chairman:

(Independent)

Ms. Rosa García Piñeiro

Independent

Directors:

Ms. Marta Martínez
Mr. Ignacio Martín

Executive

Director:

Mr. Bernardo Velázquez

Proprietary

Director:

Mr. Tomás Hevia

The Secretary of the Committee is the Secretary of the Board of Directors and Secretary General of the Company.



ROSA MARÍA GARCÍA PIÑEIRO

Chairman

Independent External Director

Ms. Rosa María García Piñeiro, a Spanish national, has been an independent director since 2017, has chaired the Sustainability Committee since 2020 and member of the Executive Committee since March 2018.

She holds an Industrial Engineering degree with a Master's degree in Industrial Organisation and Management from the University of Vigo and the National University of Ireland, as well as a Master's degree in Environmental Engineering from the Escuela de Organización Industrial in Madrid and an Executive MBA from the Haute École de Commerce, among other qualifications.

She was Vice-Chair of Global Sustainability at Alcoa and Chairman of the Alcoa Foundation. She also served as Chair of Alcoa Spain. She is currently a member of the Board of Directors of ENCE Energía y Celulosa S.A. and PowerCo (Volkswagen Group).



TOMÁS HEVIA ARMENGOL

Member

External Proprietary,
representing Corporación Financiera Alba

Mr. Tomás Hevia Armengol, a Spanish national, was appointed as a proprietary director representing Corporación Financiera Alba S.A. in December 2016 and has been a member of the Audit and Sustainability Committees from 2022. Previously he was a member of the Executive Committee from 2017 to 2022.

He holds a degree in Business Administration and Management and Law from the Comillas Pontifical University in Madrid. Tomás Hevia also holds an MBA from the IESE Business School of the University of Navarre. He is currently a member of the Investments Department of Corporación Financiera Alba. He is a member of the Boards of Directors of: Piolín Bidco, S.A. (Parques Reunidos) and ERM International Group Limited.

He previously held positions in the Mergers and Acquisitions and Equity Capital Markets Departments of Royal Bank of Scotland and ABN AMRO in Madrid and London. He has been a member of the Board of Directors of Ebro Foods, S.A., Clínica Baviera S.A., ACS Servicios y Concesiones S.L., Dragados S.A. and Antevenio S.A.



MARTA MARTÍNEZ ALONSO
Member
Independent External Director

Ms. Marta Martínez Alonso, a Spanish national, has been an independent director since 2017, a member of the Sustainability Committee since 2020 and a member of the Audit Committee between 2018 and 2020.

Marta Martínez Alonso received her Bachelor's degree in Mathematical Sciences from the Universidad Complutense de Madrid, and completed a PADE (Programme for Senior Company Management) at IESE.

Mr. Martínez Alonso has been General Manager of Europe, Middle East and Africa for IBM. In this same company, she previously served as the Chairman of IBM Spain, Portugal, Greece and Israel from 2013 and was an executive in the communications sector for Spain and Portugal after joining the company in 2003. He currently sits on the Advisory Board at Mapfre, Workday and AT Kearney.



IGNACIO MARTÍN SAN VICENTE
Member
Independent External Director

Mr. Ignacio Martín San Vicente, a Spanish national, has been an independent director since October 2018, a member of the Executive Committee and of the Sustainability Committee. He holds a degree in Industrial Engineering from the Higher Technical School of Industrial Engineering in San Sebastián.

His career has been in the industrial sector, where he has worked in positions of responsibility as Executive Chairman of Gamesa and CEO of CIE Automotive. He previously held management positions at companies such as GSB Grupo and GKN Driveline and Alcatel. He is currently a Director of Repsol S.A.



BERNARDO VELÁZQUEZ HERREROS
Member
Executive Director

Mr. Bernardo Velázquez Herrerros, with a degree in Industrial Engineering from ICAI, is the Chief Executive Officer of Acerinox and member of the Executive Committee and the Sustainability Committee.

Since joining the Marketing Department of Acerinox in 1990, Bernardo Velázquez has taken on positions of added responsibility within the company, accumulating a great experience in the international stainless steel business. Between 2011 and 2020 he was also Chairman of Acerinox Europa, S.A.U. On his return to Spain, after his experience in Mexico and Australia, he held the positions of Assistant Managing Director, Systems Manager and Strategy Manager in 2005. In 2007, he was appointed Managing Director, a position he held until his appointment as Chief Executive Officer in July 2010.

He is currently Chairman of North American Stainless. He also combines these positions with those of Chairman of UNESID (Unión Nacional de Empresas Siderúrgicas), President of the International Stainless Steel Forum (ISSF) and Director of World Steel (World Steel Manufacturers Association). He has also been Chairman of the Stainless Steel Group of Eurofer (European Steel Association) and of Acerinox Europa S.A.U. from 2011 to 2020.

All the members of the Committee have the necessary knowledge, skills, experience and dedication to perform their duties.

Detailed information on the members of the Committee and their professional careers is available to shareholders, investors and others interested in Acerinox on the Company's website.

Mr. Pablo Gómez Garzón stepped down as a member of the Sustainability Committee on 9 May 2022 and was replaced by Mr. Tomás Hevia Armengol.

It is also worth mentioning the replacement of the Sustainability Director Mr. Oswald Wolfe Gómez by Mr. Carlos Ruiz Alonso on 2 November 2022.

3. MEETINGS HELD IN THE YEAR

During the year 2022, six meetings were held, all of them in-person and with the possibility of holding them simultaneously telematically:

| <i>Date</i> | <i>Location</i> | <i>Attendance</i> |
|------------------|---------------------|-------------------|
| 24 January 2022 | In-person/Telematic | All (5) |
| 22 February 2022 | In-person/Telematic | All (5) |
| 26 April 2022 | In-person/Telematic | All (5) |
| 21 July 2022 | In-person/Telematic | All (5) |
| 20 October 2022 | In-person/Telematic | All (5) |
| 25 November 2022 | In-person/Telematic | Four (4) |

In addition to its members and the Secretary, the following persons have appeared at its meetings, always at the invitation of the Chair of the Committee and limited to those items on the agenda in relation to which they have been convened, and whose attendance has been recorded in the minutes:

- Director of International Relations, Sustainability and Communication, Mr. Oswald Wolfe Gómez
- Deputy to the Director of Sustainability and subsequently Director of Sustainability, Mr. Carlos Ruiz Alonso
- Director of Human Resources, Ms. María Luisa Dafauce Bueno
- Chief Operating Officer, Mr. Hans Helmrich
- Director of Safety, Health and Environment Director, José Campuzano Talavera.

Exceptionally, external advisors have appeared before the Committee to deal with particularly complex matters within their competence. In particular, partners from KPMG and ERM.

4. FUNCTIONS AND TASKS PERFORMED IN 2022

The following groups of tasks that have occupied the agendas of the Committee during the 2022 financial year should be highlighted:

a. **Objectives of the sustainability plan and monitoring of these objectives**

In 2022, the objectives defined as essential indicators or KPIs in the 2021 financial year were monitored, and some of them are in the process of being revised. The current key indicators or KPIs are as follows:

- A 20% reduction in greenhouse gas (GHG) emissions intensity, Scopes 1 and 2.
- The reduction of energy intensity. The target set is very ambitious: to reduce energy intensity by 7.5% by 2030 against a baseline of 2015.
- The reduction of specific water withdrawal by reducing water consumption by 20% by 2030.
- Waste should be 90% recycled by the 2030 financial year.
- The reduction of the LTIFR or lost time injury frequency rate, which must be reduced by 10% compared to the previous year.
- A commitment to increase the percentage of minority representatives in new recruitments by 10% each year.

The level of achievement of these objectives are revised periodically at the Committee meetings and can be seen in the Integrated Report for 2022.

It should be noted that in the 2022 financial year, a new tool has been implemented for monitoring the established indicators, as well as for the proper management and monitoring of non-financial information.

b. **Verification and follow-up of the EINF (Annual Sustainability Report)**

During the year, the Sustainability Committee received the 2021 EINF verification report, with an unqualified opinion, prepared by *KPMG*, and which was reviewed by the Sustainability Committee.

In addition, the Committee, together with the Audit Committee, proposed the approval of the 2021 EINF to the Board of Directors.

In addition, *KPMG* has been asked to verify the 2022 EINF.

c. **ESG-ERM Risk Assessment**

In cooperation with the consultancy firm *ERM*, a study was carried out specifically on ESG risks.

The study had three main purposes: first, to identify risks and opportunities arising from both contingent situations and emerging issues; second, to conduct an internal and external analysis to ensure granular and comprehensive identification of these issues in the multiple areas covered by

ESG issues; and third, to prioritise ESG risks and opportunities and establish a roadmap to ensure proper management of the most relevant issues.

In the taxonomy section, a study has also been carried out to establish the methodology to determine the degree of alignment of the Acerinox Group with the criteria established in this area.

Following the aforementioned analysis, Acerinox's ESG model has documented criteria and procedures that determine how to respond to the commitments and objectives set.

d. Developing an Equity Story

The Committee analysed and supervised the development of the Equity Story which highlights the Acerinox Group's corporate attributes. The main focus of the Equity Story is the consideration of stainless steel as a necessary material in modern life and in particular in the transition to a low-carbon economy, as it is a sustainable and fully recyclable material.

e. Review of ESG indicators for calculating variable compensation of senior management in 2022

The variable compensation of the Acerinox Group Senior Management is affected by a sustainability index with a weight of 10%, which is formulated with the following metrics:

- a) A 10% reduction in the Lost Time Frequency Rate (LTIFR) with a relative weight in the sustainability index of 50%.
- b) A 2% reduction in CO₂ emissions intensity, with a weight of 16.6%.
- c) A 1.5% reduction in relative energy intensity, with a weight of 16.6%.
- d) A 10% increase in the minority rate of new recruits, with a weight of 16.6%.

It is also established that in the event of a fatal accident among the Group's employees, the level of compliance with the objective in letter a) will be 0%.

For the Chief Executive Officers of the different business units, the sustainability index will be defined in the prescribed manner, but will refer to the parameters of the respective companies. In addition, Chief Executive Officers and Chief Operating Officers will have safety index referenced to the Lost Time Frequency Rate (LTIFR) of their own factories to drive accident reduction in their area of responsibility.

5. FORECASTS FOR 2023

The Commission has adopted a Work Plan for 2023, which envisages six meetings, with the possibility of increasing this number if necessary. The agenda for these meetings has been set on a tentative basis.

The Committee will monitor the evolution of ESG risks and the established objectives, as well as the regulatory developments that may bring new obligations to the Acerinox Group.

6. REGULATION

The Sustainability Committee is governed by the Board of Directors Regulations in Annex IV, which can be consulted on the company's website: www.acerinox.com, in the "Regulations" subsection of the "Corporate Governance" section.

7. CONCLUSIONS

Based on the above, the Company's Sustainability Committee has assessed its composition and functioning during the 2022 financial year, considering that:

- The composition of the Committee has been adjusted to the legal provisions and the recommendations of the Good Governance Code, with members having the relevant knowledge in relation to the competences of the Committee and the industry of activity to which Acerinox belongs, with the majority of its members being Independent Directors.
- The Committee has met as often as required by its Chair or at the request of the majority of its members and whenever necessary in view of the issues to be discussed.
- The members of the Committee have had at their disposal, prior to the meetings, the necessary information in relation to the different items on the agenda in order to be able to deliberate and take informed decisions.
- Finally, the Committee deliberated and adopted agreements on matters within its competence.

In accordance with the foregoing, it can be concluded that the Sustainability Committee has complied with the standards set forth in the Law and in its internal regulations in terms of composition, frequency of meetings, attendance and informed participation of its members, having also dealt with the matters within its competence planned for the upcoming 2023 financial year.



12 April 2023

Rosa María García Piñeiro
Chairman
Sustainability Committee

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