



ANNUAL REPORT 2022



annual integrated

REPORT 2022

Index

Letter from the Chairman	4	5. Sustainable management model	94
Letter from the Chief Executive Officer	8	Materiality analysis.....	95
Annual Integrated Report of Acerinox Group 2022		Acerinox Positive Impact 360°.....	96
1. Acerinox at a glance		Sustainability objectives.....	98
1.1 Key indicators.....	16	Contribution to the 2030 Agenda.....	100
Economic performance.....	16	Acknowledgements.....	101
Performance in figures.....	18	Memberships.....	101
Business model and value chain.....	20	5.1 Ethical, responsible and transparent	
Board of Directors.....	20	corporate governance.....	102
Production volume.....	21	Corporate Governance.....	102
Products for all areas.....	21	Ethics and compliance.....	111
Eco-efficient products.....	22	Responsible taxation.....	115
Purchases from suppliers.....	22	5.2 Eco-efficiency and the fight	
Digitalisation and innovation.....	22	against climate change.....	122
Commitment to sustainability.....	23	The fight against climate change.....	122
1.2 About us.....	28	Water stewardship.....	132
Parent.....	29	Other environmental aspects.....	137
Production companies.....	30	5.3 Circular economy and	
Sales subsidiaries.....	32	sustainable products.....	140
1.3 Relevant events.....	34	Circular economy.....	140
2. Impact of Acerinox on the environment	38	Sustainable solutions.....	146
3. Global context		Innovation.....	148
3.1 Global context.....	42	5.4 Committed team, culture,	
3.2 Strategy.....	52	diversity and safety.....	153
3.3 Risk management.....	54	Attracting and retaining talent.....	153
4. Economic performance	60	Equality, diversity and inclusion.....	159
4.1 Acerinox Group production.....	60	Health and safety.....	162
4.2 Economic performance.....	62	5.5 Supply chain and social impact	167
4.3 Acerinox, S.A. shares.....	74	Supply chain management.....	167
4.4 Shareholder remuneration.....	78	Contribution to the community.....	171
4.5 Excellence 360°.....	80	Verification report	178
Digital Transformation Plan.....	82	Financial Statements of the Consolidated Group	
4.6 Taxonomy on sustainable finance.....	84	Auditor's Report	182
		Governing Bodies	198

Letter from the Chairman



Dear investors,

It is with honor, pride, satisfaction, and a sense of immense responsibility that I write to you for the first time as Chairman of Acerinox. As chairman, I will serve with humility and enthusiasm, using the experience gained throughout my professional career and with the intention to give the best of myself to continue making Acerinox a leading example in the stainless steel and high-performance alloys market.

With this commitment, and using Acerinox's values as fundamental pillars, I will make every effort to continue improving the company's efficiency and profitability to place it among the most attractive companies.

The bar is undoubtedly very high as I inherit this position from a superb professional who exemplifies values: Mr. Rafael Miranda. Following the sentiment he himself expressed in his farewell letter, we all share the responsibility to build a "stronger, more modern, more agile company, with a wider range of products, more efficient production systems and processes, with a Digital Transformation project already underway; as well as a much more sustainable company, a model of the circular economy, with an ambitious sustainability agenda." Acerinox is a Spanish, American, and worldwide company that has established itself as a global leader in the stainless steel and high-performance alloys market, upholding its indisputable leadership in a market as important as that of stainless steel in the United States.

Financial year 2022 was full of challenges, marked by the Russian invasion of Ukraine and increased inflation in the world's major economies, which led to significant changes in their monetary policies.

The conflict in Ukraine is the first large-scale war in Europe since World War II. The geopolitical complications arising from the invasion of Ukraine included heavy Western sanctions on Russian products, as well as logistical and supply problems in international supply chains. All of this had a major impact on energy prices, especially in Europe, where the costs of gas and electricity reached record highs last year.

Despite having decreased recently, inflation and energy prices (especially in Spain) remain high. This represents a challenge that we will have to face yet again, and I am certain that we will once again do so successfully.

Nevertheless, we can feel satisfied after having presented results for fiscal year 2022, which were the best in Company history. As we said during the presentation of those results, Acerinox is in its best moment, and its activity in the coming years should benefit not only from a foreseeable increase in demand, but also from the process of regionalization and industry development that we are seeing, especially in Europe and the United States. This process will entail a progressive phenomenon between the industry that consumes stainless

steel and high-performance alloys and the distributors of these materials, whereby supplies will be sourced from closer to plants in order to avoid disruptions in the supply chain. This will result in a redistribution of consumption that will benefit our companies that have a presence in Western markets.

In this market context, Acerinox is prepared to demonstrate its strength yet again thanks to the hard work of recent years. In fact, we have a distinguishing value: the competitive advantage of having factories on several continents, the largest commercial network in the market, the diversification of our wide range of products, and the exhaustive know-how of our employees, all of which give us an edge. Even so, we will not settle; we will continue to invest in a permanent process of modernization of the company's systems, processes, structures, and channels.

Share performance and shareholder remuneration

I believe it is essential to point to the changes in our share prices over the year, as well as to fluctuations in the different stock markets.

The performance of the main stock market indexes was negative in 2022, with widespread declines due to geopolitical uncertainties, the substantial increase in inflation in the United States and Europe and in energy costs in the latter, lower growth prospects in Western economies, and much tighter monetary policies than in previous years. In the United States, the Fed raised rates seven different times, and European central banks also raised interest rates for the first time in years to combat rising prices.

All of this caused the main stock markets to drop. After reaching record highs in 2021, in the United States the S&P 500 and the Nasdaq 100 recorded drops of 19% and 33%, respectively. Both indexes were affected by their exposure to technology companies that suffered significant reductions in their valuations with the sharp rise in interest rates. European indexes also suffered significant drops, such as the 12% drop in the German DAX and the 10% drop in the French CAC. In Spain, the IBEX 35 performed more moderately than other European indexes, with a 6% drop over the year, due to its significant exposure to the financial sector, one of the few sectors that should theoretically benefit from the rise in interest rates.

Acerinox was no exception. Our company's share reached its highest valuation at the beginning of the year (January 13), when it stood at 12.80 euros, and its lowest ten months later, on October 12, at 7.90 euros. Despite having achieved the best results of our history in 2021 (largely surpassed in 2022); permanently increasing our product prices, which we managed to do in all of our factories; having a good outlook based on 2022 results, after reaching record half-year results for the year; and the best annual results in 52 years, the company closed the year at 9.20 euros per share, representing a 19% decrease in share price.

We are working to ensure that the share price reflects the intrinsic value of the company, as we believe we are trading at multiples significantly below what Acerinox deserves. The market does not reflect the company's true potential, despite it being the most international company in the stainless steel market and the standout leader in stainless steel in the United States, a market that continues to maintain performance and profitability far superior to those of other regions, and where Acerinox has a large market share. In addition, the company continues to be the leader in the high-performance alloys sector.

For all of these reasons, I am personally convinced that this valuation, which I consider a market anomaly, will eventually correct itself. We continue to show our gratitude for the trust of those who maintain their commitment to Acerinox through solid shareholder remuneration. During the 2022 financial year, the company allocated a total of 336 million euros to shareholder remuneration (between dividends and share buybacks), a figure 132% higher than that of the previous year, representing a payout of 60%.

Along these same lines, a cash payment of 0.50 euros per share was made and two share buyback programs were carried out. In addition, a new Shareholder Remuneration Policy was approved. To that end, last December, the Board of Directors, which I chair, approved a proposal to the 2023 General Meeting of Shareholders to increase the annual ordinary dividend to 0.60 euros gross per share. This dividend will be stable in its total amount and will increase per share as shares acquired through buyback programs are redeemed.

Acerinox has already shown its commitment to a growing dividend per share over the past few years supported by solid cash generation. If the General Meeting of Shareholders ultimately approves the increase in the annual ordinary dividend to 0.60 euros gross per share, the gross annual ordinary dividend will have increased by 33% from the 0.45 euros gross per share paid in 2018.

As a general rule, the dividend will be paid in two installments: an interim payment in January and a final payment in July. To this end, Acerinox paid an interim dividend for the 2022 financial year of 0.30 euros/share on January 27, 2023.

In addition, provided that market conditions and changes in the Company's results permit, and that net debt does not exceed 1.2 times the average EBITDA for the cycle, the Board may resolve to pay extraordinary remuneration to shareholders through share buyback plans or the payment of extraordinary dividends within the authorizations granted by the General Meeting of Shareholders.

I would also like to point to the hard work of the Board of Directors and its Committees during fiscal year 2022. The different governing bodies held 50 meetings, between the 15 meetings held by the Board of Directors and the 35 meetings held by the Committees. I take this opportunity to thank all of our Board Members for their efforts.

Among the most significant governance decisions, I would like to highlight the creation of the position of Coordinating Director. Mr. Donald Johnston was appointed to this position, with the responsibilities it brings, when he was elected after the succession of the Chairmanship. Although the Chairmanship is not executive, the decision was made to create this new position based on the advantages it offers.

It would be remiss of me to end this letter, my first as Chairman of Acerinox, without mentioning Acerinox's commitment to sustainability.

In our Company, sustainability has become a driving force that supports the Group's strategy. We see sustainability as an element that generates competitive advantages, and as an opportunity for business growth. In this sense, the company has reinforced its commitment to people, society, and the planet by promoting a wide variety of initiatives in this area that generate long-term value. The Positive Impact 360° Plan covers the main initiatives carried out by the Group in the environmental, social, and corporate governance

framework, focusing on the most relevant issues based on the impact our activity has on people, society, and the environment.

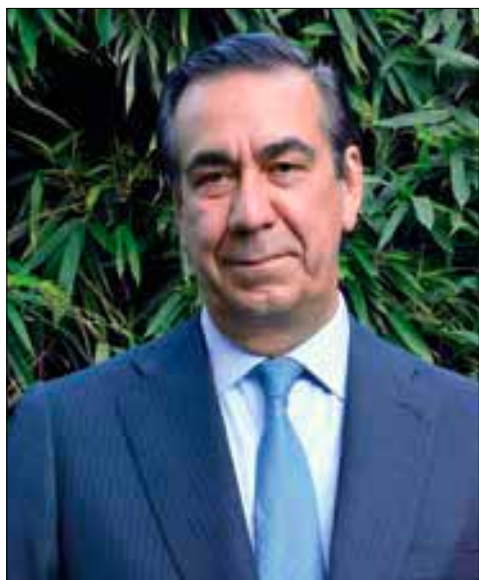
The Company is also committed to diversity, equality, and equity among our employees and collaborators, including diversity of gender, race, and religious beliefs. The best proof of diversity is the fact that we operate in 64 countries with very different cultures and religions on five continents and make sales in close to 80 countries. We are increasing opportunities for growth and training for those who work at the company and we are promoting our company's collaborations with universities, technology centers, and training schools, committed to the need to attract and develop talent.

To conclude this letter, I would like to thank all of you, shareholders, investors, suppliers, customers, and friends, for placing your trust in Acerinox. Finally, I would like to express, on behalf of the entire Board of Directors, our gratitude to all of our Company's employees and collaborators for their effort, professionalism, and dedication.

As I mentioned in this letter, we face significant challenges that we will overcome to make this company grow, thanks to our collective commitment and our eagerness to continue making Acerinox the global leader in the sector of stainless steel and high-performance alloys.

*Regards,
Carlos Ortega
Chairman of the Board of Directors*

Letter from the Chief Executive Officer



Dear shareholders,

Once again I have the honour of addressing you to report on the results obtained by the company in the 2022 financial year and to thank you for the trust you have placed in the Acerinox management team.

In a complex context, we achieved the highest turnover in our history, 8,688 million euros, as did the generation of EBITDA of 1,276 million euros. These achievements have enabled us to allocate 336 million to shareholder remuneration, including dividends and share buybacks for subsequent redemption, which is the highest amount since our creation. In addition, improved expectations and confidence in our business model and strategy have

encouraged us to propose to the 2023 AGM an increase in the ordinary dividend to EUR 0.60 per share, an increase of 20%.

To explain the circumstances in which these magnificent results have been achieved, let me recall the starting situation, which we detailed in this same report a year ago. After two years of decline in the apparent consumption of stainless steel in the main markets and the recovery that was cut short by the pandemic caused by covid in 2020, stainless steel inventories were at a minimum, as were those of industrial equipment and consumer goods incorporating our materials.

The subsequent strong recovery from the end of 2020 and especially during the financial year 2021 boosted consumption at all levels of the supply chain, enabling Acerinox to achieve its best results that year since its foundation, which have been surpassed again in 2022.

The tailwind continued to drive our activity during the first two quarters, despite the unfortunate invasion of Ukraine which, while creating multiple uncertainties in the economy, did not manage to stop, at first, the inertia of the expansionary phase we were in. Only the sharp rise in inflation, largely due to higher energy prices, and the reaction of central banks in raising interest rates a few months later, led to a change in sentiment, with the shadow of recession spreading across the markets.

We are confident that the good decisions of central banks and the experience of recent years will allow the economy to move into a new, more moderate phase without drastic changes and that, little by little, normality will return with a return to less pronounced and more predictable economic cycles.

The consequences of this macroeconomic framework on a cyclical business such as the stainless steel business can be clearly explained if we distinguish between the real consumption and the apparent

consumption of our products. The sales of stainless steel manufacturers are divided almost equally between two large groups, that of final consumption and that of distribution.

We include in the first category industrial companies that use our materials as raw materials and that, due to their higher consumption, buy directly from manufacturers. These include manufacturers of household appliances, car exhaust systems, industrial refrigeration equipment, furniture and kitchen equipment, chemical or food storage tanks, among others. Of course, their purchases vary with the economic cycles, but more or less in line with the ups and downs of these cycles in a more moderate way.

This is not the case in the stainless steel distribution sector, which is driven not so much by real consumption as by consumption expectations, as they must anticipate purchases by trying to forecast the evolution of real demand in order to be able to meet it with their inventories. This is what we understand as apparent consumption, which includes both actual consumption and stock variations in warehouses. As in many other markets, this management of expectations tends to amplify cycles, as purchases and inventories are reduced at times of uncertainty, just as more is purchased than necessary when higher consumption is expected in order to increase inventories and thus respond to the best sales forecasts.

The latter is precisely what happened throughout 2021 and the first part of 2022. The overflowing optimism in the good performance of consumption boosted purchases and made all factories in Europe and the United States work at full speed, even creating a sense of lack of supply that attracted a significant increase in Asian imports.

While this tailwind lasted, we were able to leverage the strength of the market to deliver our best ever results in the first half of 2022.

Although the inertia of business allowed us to enjoy this bonanza until the middle of the year, the change of cycle was already being announced in March and April. The difficulty of curbing inflation, both in Europe and in the United States, led central banks to decide to raise interest rates, even, if necessary, to force an orderly recession in the economies of the main countries.

This situation, translated into the stainless steel business, especially the stainless steel distribution business, caused an abrupt change of trend in the purchasing policy. Inventories, which had been low a few months earlier, were now excessive for the new cycle that was approaching. In addition, imported materials were still to arrive with a delivery period of up to five months, which made it difficult to correct inventories quickly, and there was an overreaction which paralysed the activity of the factories.

On the other side of the world, this process was compounded by the consequence of China's zero covid policy, which curbed consumption but not steelmaking, accumulating large quantities of stocks in warehouses and resulting in the availability of large volumes of materials at low prices and with rapid delivery, at a time when the markets could not absorb them. The reduction in international trade and the increased availability of low-priced shipping also facilitated the arrival of these imports into our markets.

This is how we faced the second half of the year, reducing activity in our factories to keep our inventories and working capital at moderate levels and with tremendous pressure to lower prices, which reached historic lows in Europe deteriorated by the sharp increase in imports. Again, the need for trade defence

measures in Europe to prevent unfair trade was highlighted, as the system of safeguard measures only works adequately in times of market growth.

While the situation in the United States was very similar, the 25% protection of Section 232 made it possible to deal with the change less dramatically, adapting production to the new reality in order to accompany the normalisation of inventories.

To illustrate the situation, apparent consumption remained flat in Europe in 2022 and decreased by 5% in the US, while imports grew by 34% and 29% respectively.

The situation in the high-performance alloys market, where VDM is active, was very different, as projects that had been delayed in start-up began to materialise, especially in the oil and gas, power generation and chemicals sectors. Strong demand led to a solid order book month after month and improved margins.

We are convinced that the experience accumulated by the Acerinox Management team throughout the numerous crises suffered over the last fifteen years contributed decisively to minimising the damage by taking sensible and timely decisions that prevented a much greater deterioration and allowed us to achieve a memorable result in the 2022 financial year, with record turnover figures (8,688 million euros), EBITDA (1,276 million) and shareholder remuneration (336 million), among others.

If this was not the case for the net profit, it was because the principles of accounting prudence led us to reduce the value of the investment in Malaysia by 204 million euros due to strong competition in the region. The same principles also led us to make an inventory adjustment of EUR 98 million. These and other measures are helping us to face 2023 with greater peace of mind.

In a cyclical business with increasing volatility, it is important to keep working capital and debt under control, which was reduced during the year by 138 million euro, presenting at 31 December a net financial debt of 440 million euro, only 0.35 times our EBITDA, after making payments for investments of 126 million euro and allocating the aforementioned amount of 336 million euro to shareholder remuneration.

Unfortunately, Acerinox's good health is not being reflected in the value of our share, which ended the year with a price of 9.242 euros per share and a market capitalisation of 2.4 billion euros, only 1.88 times the EBITDA generated.

We expect the markets to recognise the increased value of our company and its ability to generate cash, once the doubts about the economy are dispelled and the appetite for the European industrial sector, which has been somewhat neglected over the last decade by the investment community, increases.

We are convinced that the events of recent times, from pandemics to a war on Europe's doorstep, and the disruptions suffered in supply chains, highlight the strategic need for closer and more diversified sources of supply that guarantee the continuity of industrial activity, crucial to allow us a certain degree of autonomy and Independence from other economic powers.

This new reality, which we have been pointing out for years, should give industry back the weight it deserves in the strategy of Western countries to provide independence, growth and quality employment. This has

been clearly seen in the United States and Europe seems to be waking up to the new situation. We do not believe that this is the end of globalisation, but it is a process of diversification and regionalisation that will undoubtedly benefit our business and that of our customers.

This is how it should be if, in addition, we seek sustainable development in which responsible industry and the circular economy must play an essential role and be recognised by society. This is how we understand it at Acerinox, where we are clearly committed to this vision on several fronts.

On the one hand, by improving our efficiency to optimise the use of resources in the manufacture of our products, which we have been promoting through our Excellence 360 plans for more than a decade, and also by adding the advances of digital transformation.

On the other hand, maximising the use of scrap and other recycled materials as raw materials (we have reached more than 90%), which has placed us among the largest recyclers in our country, to produce a material, stainless steel, which is durable, totally and infinitely recyclable without losing any of its defining characteristics of corrosion resistance, durability, mechanical strength, ease of cleaning, low maintenance and many others.

These principles are reflected in our sustainability objectives with a 2030 vision and are specified in our Positive Impact 360 plan, which responds to one of the main axes of the Group's strategy. In addition to the use of recycled materials for the manufacture of stainless steel, we can highlight the reduction of CO2 emissions, the reduction of water consumption, the increase of diversity in the Group and the eradication of accidents in our facilities. In this last area, the 28% reduction in the accident rate compared to the figures for 2021 is very noteworthy. Another very important milestone during the year was the achievement of the Platinum distinction, the highest distinction awarded by the independent Ecovadis platform which evaluates sustainability in global supply chains. With this rating, Acerinox is among the top 1% of the best rated companies out of more than 100,000 companies evaluated from more than 200 countries. You can find detailed information on all these milestones and the Group's performance in sustainability in our Integrated Annual Report 2022.

The matching of our mills' activity to demand, especially during the second half of the year, meant that our production figures did not match the good economic performance. Total steel production, at 2.19 million tonnes, was 16% lower than in 2021.

Our activity was particularly affected at our factory in Campo de Gibraltar, which was severely affected by the excessive electricity and gas prices, above those of our European competitors but, above all, much higher than those of our competitors in other regions, which forced us to shut down our steelworks on several occasions and to apply a temporary lay-off plan (ERTE) due to the impossibility of competing on equal terms.

I must remind you that the problem of energy prices for intensive industry is a European problem, but, above all, it is a Spanish problem that hampers the competitiveness of our country's industry despite the great efforts we are making. We have been denouncing this disadvantage for many years, but in recent years it has become unsustainable. Without a firm commitment to large-scale industry, which is intensive in electricity and gas consumption, as in other neighbouring countries, the strategic autonomy so often mentioned by our leaders will be unfeasible.

It is worth highlighting in this section the versatility achieved in our South African factory to manufacture stainless steel and carbon steel in the same facility, which makes us more stable and less dependent on export markets.

Undoubtedly, the good result obtained would not have been possible without the contribution of our factory in the state of Kentucky, North American Stainless, consolidated as market leader, not only in the United States but in all North America.

I must thank the good work done by the people who make this success possible, as well as the trust placed in us by all our customers who see in our American company their commercial partner of reference.

Confidence in this market and in our good position encouraged us to study a new investment, already approved at the beginning of 2023, of 244 million dollars that will allow us to increase our production in the American Factory by up to 20% in three years, with the purchase of equipment to process the higher headboard productions obtained thanks to the increase in productivity and efficiency that will be achieved and to the application of digital solutions instead of the traditional techniques. A major technological achievement that will be reflected in the high profitability of this investment.

Finally, it is worth highlighting the success of the purchase of the German company VDM Metals, a world leader in the manufacture of high performance alloys. After only three years since the acquisition, we can affirm that VDM and its people are fully integrated into the Group's organisation, collaborating in an extraordinary way to the achievement of Acerinox's results. In the financial year 2022 it has reached a new historical record in both production and results, bringing stability to them by taking advantage of the good situation of the alloy market, with a cycle out of step with that of stainless steels, and improving the objectives set in the purchase.

We have intensified collaboration between the stainless steel and alloy factories, improving productivity and increasing the range of products, which has probably made us the manufacturer with the widest range of products and solutions in the world. The synergies achieved in 2022 of 25.4 million euros exceeded targets by 52% and the collaboration between the commercial teams has allowed us to expand our customer base by more than 100 customers. We continue to explore this sector in search of further growth opportunities both organically and inorganically.

However, despite the excellent results, we cannot say that 2022 was an easy year to manage. We suffered the effects of the uncertainty created by the invasion of Ukraine, especially the inflation of energy costs. We had to deal with the collapse of the manipulation of the London Metal Exchange, which prevented the normal pricing of both raw materials and finished goods during March and April. We suffered frequent power outages in South Africa and saw how flooding in the country made it difficult to ship out our goods. We have suffered cuts in essential supplies due to transport strikes in Spain, in addition to the very high energy costs mentioned above. In short, we have been able to overcome a large number of unforeseen situations successfully, thanks to good risk management perfected over the last few turbulent years, incorporating uncertainty, flexibility and responsiveness into our management.

Of course, overcoming all these difficulties has been possible mainly thanks to the effort, professionalism and commitment of all those who form part of Acerinox, of the 8,200 people who feel and live this Group. This year, once again, I must express my admiration and gratitude for their capacity for commitment and dedication, which made it possible to achieve exceptional results. I can only feel privileged to continue working for this great company, which continues to improve year after year thanks to the good work and involvement of all the people who make it up.

I am especially grateful to the management and all my closest collaborators around the world for the great support they have given me, and continue to give me unconditionally, to overcome all the challenges. The good understanding between everyone, the experience and the professionalism of the team greatly facilitate my performance. I must congratulate them on their success.

I am convinced that we are heading towards a new economic order that will give industry back an essential role in Europe and the United States that will favour our activity. We will not miss this opportunity for which we have been preparing for years, having provided our organisation with a better and more agile governance structure, focused on satisfying all our stakeholders. We are committed to continue working to improve and achieve greater successes that will repay our shareholders for the trust they have placed in this team and bring them new joys.

I conclude my message by reiterating my thanks to all those who make our work possible, customers, suppliers and, above all, our shareholders for their support and trust, which motivates and encourages us. All of them will continue to find in Acerinox a responsible ally to count on. The Company is ready and maintains the strength and capacity to move forward with the same spirit and ambition that has always characterised it.

*Bernardo Velázquez
Chief Executive Officer
May 2023*



Acerinox Europa Factory, Campo de Gibraltar (Spain).

An aerial photograph of a coastal city and harbor. In the foreground, there are industrial buildings and parking lots. The middle ground shows a large body of water with several ships and a long pier. In the background, a city is built along the coast, with a large mountain or headland in the distance under a clear blue sky.

Annual Integrated Report of Acerinox Group 2022

1.1 Key indicators

Economic performance

€ **8,688** million
Turnover

€ **1,276** million
EBITDA

€ **556** million
Net profit

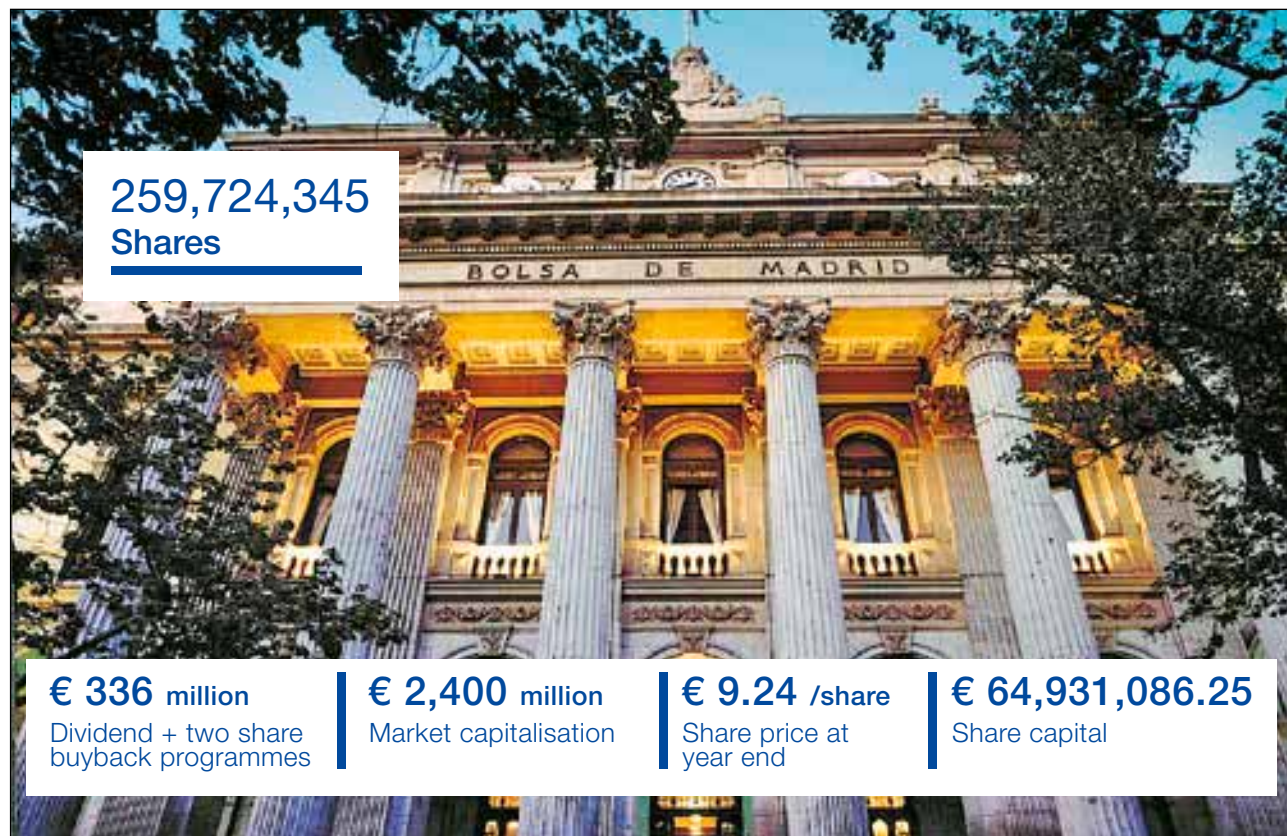
— Net financial
debt

— € **440** million —

— Operating
cash flow

— € **544** million —

Our shares



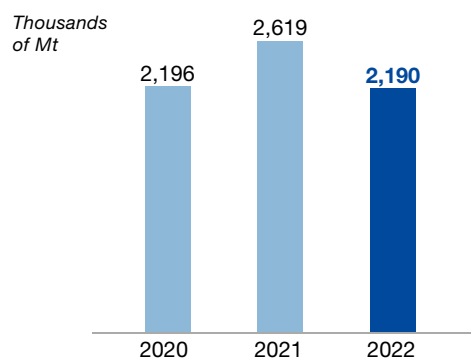
Acerinox Shares have been listed on the Madrid Stock Exchange since 1986.



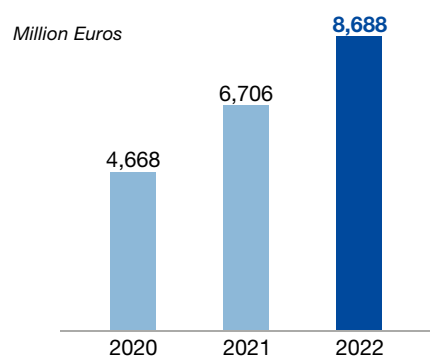
Acerinox, S.A. Head Office in Madrid

Performance in figures

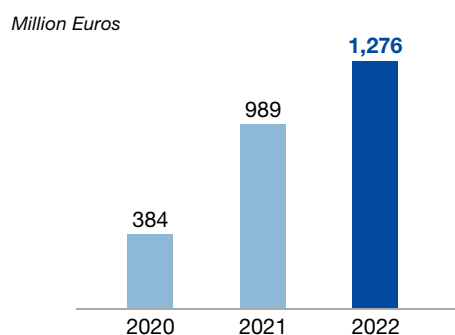
Melting shop production



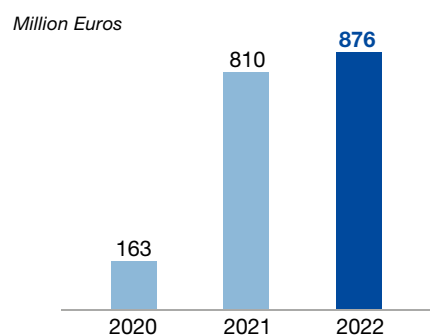
Turnover



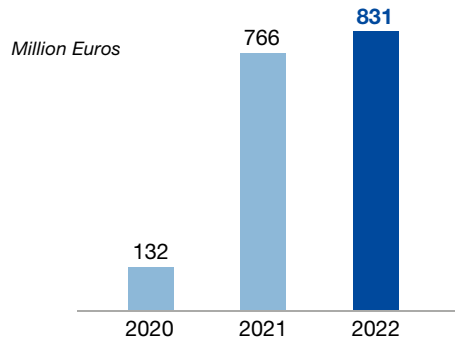
Operating income E.B.I.T.D.A.



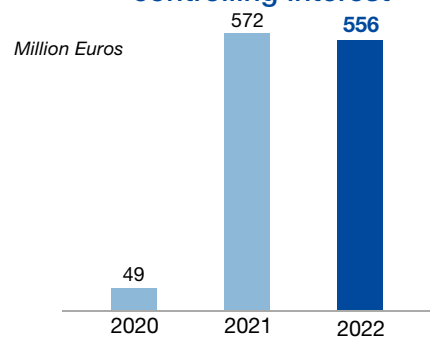
Net operating profit E.B.I.T.



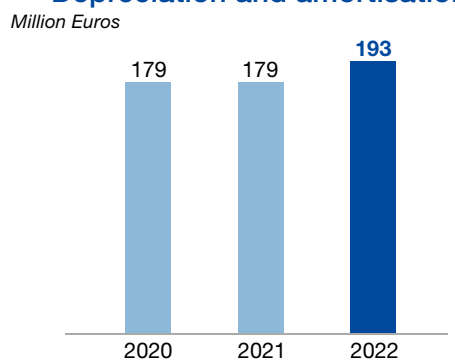
Profit before tax



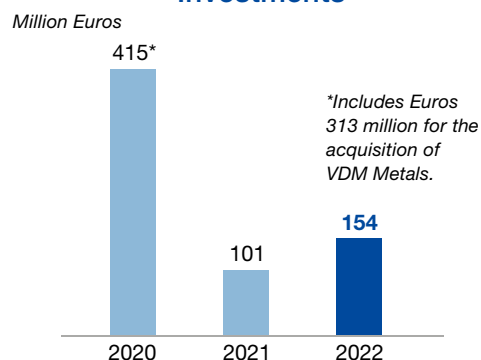
Profit after tax and non-controlling interest



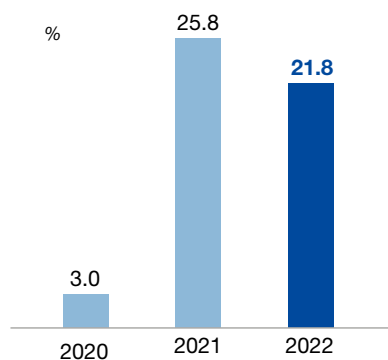
Depreciation and amortisation



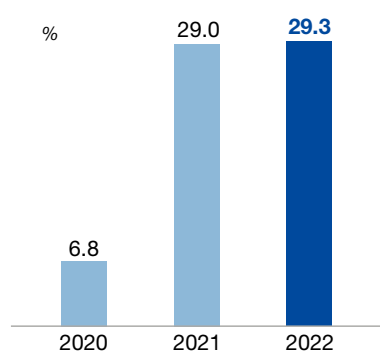
Investments



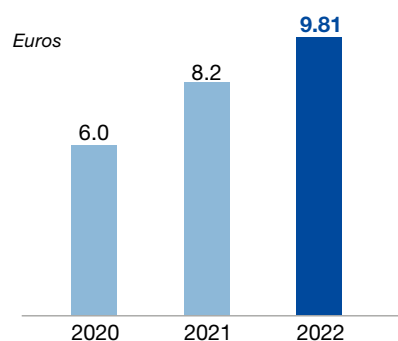
R.O.E.



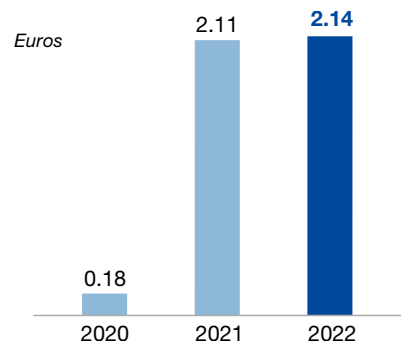
R.O.C.E.



Carrying amount per share



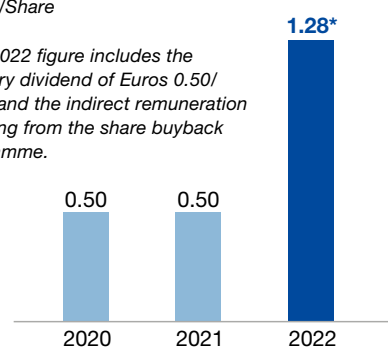
Earnings per share



Shareholder remuneration

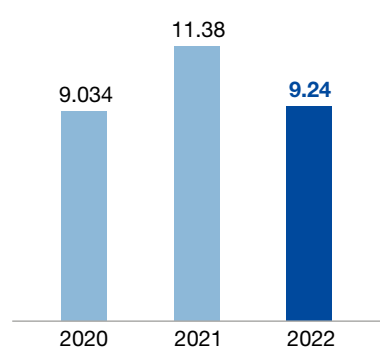
Euros/Share

*The 2022 figure includes the ordinary dividend of Euros 0.50/ share and the indirect remuneration resulting from the share buyback programme.



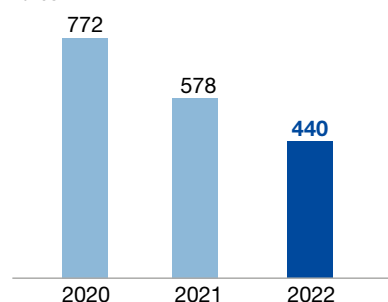
Share price at year end

Euros



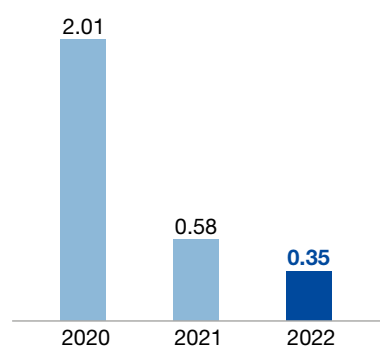
Net financial debt

Million Euros



Net financial debt / E.B.I.T.D.A

No. of times



1. Acerinox at a glance

Business model and value chain



Global presence



Sales in
77 countries

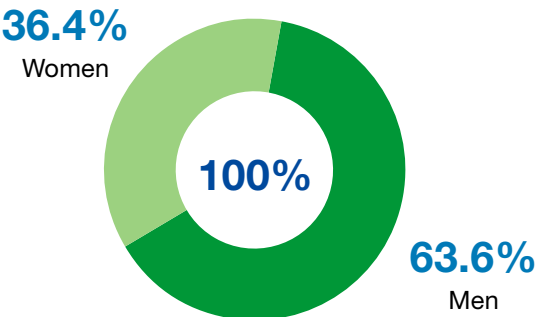
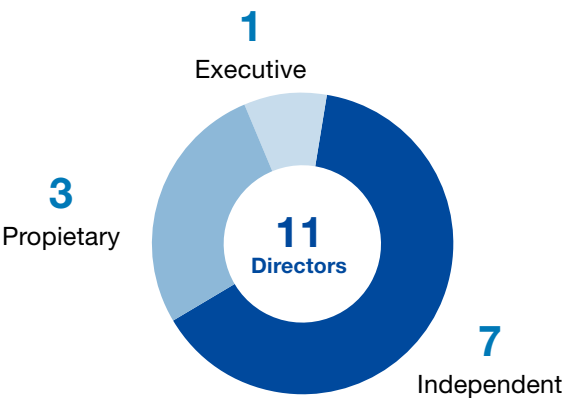
Employees
8,201

Customer

12,821
customers

Acerinox's factories have
more than 120
quality certifications.

Board of Directors



63.6%
Independent directors

35
Board committee meetings

15
Meetings held by the Board of Directorss

Production volume

2,107,543

Metric tonnes of stainless steel

82,341

Metric tonnes of high performance alloys

**More than 18,000
combinations.**

The widest range of products and solutions.

Products for all areas



Transport



Food sector



Industrial & engineering equipment



Electrical appliances and hardware



ABC & Infrastructure



Energy and environmental technology

1. Acerinox at a glance

Eco-efficient products

Our products contribute to:



Circular Economy



100 % recyclable alternatives



Systems to reduce emissions



Offering durable materials



Improving quality of life with a lower environmental impact

Purchases from suppliers

5,046 Euros million

71 % of suppliers are local (same country as the production centre)

Thus, promoting local development of the communities in which the Group operates.

Digitalisation and innovation

Euros 170 million

earmarked for **investments in digitalisation and innovation**

Main R&D&i lines

- Research to improve quality
- Technological development
- Development of new types of steel and finishes
- Investments to optimise the circular economy
- Production line improvements
- Digitalisation, automation and control of the production process
- Investments to fight against climate change

Excellence 360° strategic plan

Comprehensive view of the business

- Raw material purchases: optimise the mix. Predictability of consumption, raw materials and consumables.
- Production: increase reliability and competitiveness.
- Supply chain: optimisation of inventories and delivery processes.
- Sales: improve 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, responsible and transparent governance



Committed team, culture, diversity and safety



Eco-efficiency and the fight against climate change



Supply chain and impact on society



Circular economy and sustainable products



Vertical Gardening in stainless Steel produced by Acerinox Europa

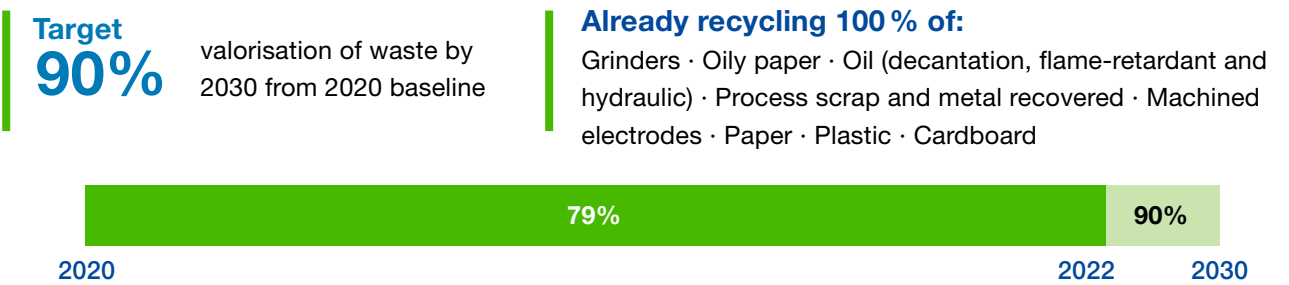
1. Acerinox at a glance

The Positive Impact 360° Plan responds to the ESG materiality and risk analysis carried out based on the Group’s strategy. It also identifies the drivers for generating value and establishes the long-term objectives for their materialisation. Acerinox has established 6 sustainability objectives with a view to 2030 associated with the pillars of the Positive Impact 360° Plan. The Group seeks to reduce, reuse and recycle as many of the resources used as possible to establish a more sustainable production model.

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 2022. This drop in production had a significant impact on the factories’ efficiency, worsening the indicators regarding CO2 emissions intensity and energy intensity per tonne of steel produced, although the total volume of emissions decreased.

Circular economy and sustainable product

Waste reduction



Scrap metal to be recycled in the Acerinox Europa Factory

Eco-efficiency and fight against climate change

GHG emissions

Target
20%

reduction in GHG emissions intensity (Scope 1 & 2) by 2030 from 2015 baseline.



Water reduction

Target
20%

reduction in water withdrawal intensity by 2030 from 2015 baseline.



Energy efficiency

Target
7.5%

reduction in energy intensity by 2030 from 2015 baseline.



Dam for rain water in Columbus Factory

1. Acerinox at a glance

Engaged team, culture diversity and safety

Safety performance

Target 10 % year on year reduction in Lost Time injury Frequency Rate.

28% reducción vs 2021

Women diversity

Updated target:

increase the total number of women up to 15 % by 2030.

12.81% Women in 2022.

Regardless of the production adjustments, that affected our efficiency in Q4, we maintain our long term commitment to our targets.

Committed to the United Nations 2030 Agenda

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



Recognition

Acerinox received the EcoVadis Platinum award for its sustainability performance, and a CDP B rating for its sustainable climate and water management.





Safety training for Acerinox Europa Staff

1.2. About us

The Acerinox Group is the most global manufacturer and distributor of stainless steels and high performance alloys.

Acerinox is leader in its sector in the United States and in Africa, and is among the most renowned companies in Europe. It is also the world's leading company in high performance alloys in terms of turnover.

The Group's stainless steel factories are located in Campo de Gibraltar, Ponferrada and Igualada (Spain), Ghent (Kentucky, the 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 (the United States).

The Acerinox Group places its customers at the heart of the business, offering them the widest possible range of solutions and products, which are available on all five continents thanks to a global sales network comprising 21 service centres, 28 warehouses, 54 offices and 25 sales agents. This network allows Acerinox to distribute to 77 countries.

Stainless steel and high performance alloys are benchmarks of circular economy, given that they can be reused as many times as necessary without losing any of their properties. For this reason, along with their resistance to corrosion, durability, versatility, mechanical properties, aesthetic beauty and low maintenance, the materials manufactured by Acerinox are used in a wide variety of sectors.

Acerinox is listed on the continuous market of the Spanish stock exchange, is part of the IBEX 35, and has approximately 45,000 shareholders, consisting of both natural persons and legal entities.



**At 31 December 2022,
the majority shareholder of Acerinox was
Corporación Financiera Alba (18.52 %).**

Parent

Acerinox S.A.

Acerinox, S.A. is the holding company of the Acerinox Group. It approves and monitors the strategic lines of the business. It also provides various corporate services (including legal, accounting and advisory services) and manages the financing activities of the Group.

The Acerinox Group's head office is located in Madrid (Spain), where the Parent, Acerinox S.A., is based and where the main decision-making and management bodies convene.

The shares of Acerinox, S.A. are admitted to trading on the continuous market of the Spanish stock exchange, and the Company is part of Spain's selective IBEX 35 index.

At 31 December 2022, the share capital of Acerinox comprised 259,724,345 ordinary shares, each with a nominal value of Euros 0.25. The Annual General Meeting of Acerinox, held on 16 June 2022, approved the distribution of a dividend of Euros 0.50 per share, which gave rise to shareholder remuneration amounting to Euros 130 million. The dividend was paid on 5 July 2022.



Acerinox Board of Directors in the 2022 Annual General Meeting

Production companies



1970



Acerinox Europa

Campo de Gibraltar (Spain)

1,900 employees

Fully integrated flat-product factory. In 2022 its melting shop production totalled

577,062 tonnes



1990



North American Stainless

Kentucky (the United States)

1,560 employees

Fully integrated flat- and long-product factory. In 2022 its melting shop production totalled

1,007,536 tonnes



2002



Columbus Stainless

Middelburg (South Africa)

1,223 employees

Fully integrated flat-product factory. In 2022 its melting shop production totalled

522,945 tonnes



2009



Bahru Stainless

Johor Bahru (Malaysia)

387 employees

Bahru has cold rolling lines, which processed

128,890 tonnes in 2022



Long products



Roldán S.A.

Ponferrada (Spain)

381 employees

Its product portfolio includes bars, wire rods, angles, hexagonal bars and reinforcement bars.



92,608

tonnes of hot-rolled products.



Inoxfil S.A.

Igualada (Spain)

99 employees

Manufactures stainless steel wire.

7,650

tonnes



High performance alloys

2020

VDM Metals

VDM Metals

Unna, Duisberg, Siegen, Altena y Werdohl (Germany). Nueva Jersey y Nevada (the Unnited States)

1,972 employees

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



82,341






tonnes





























Sales subsidiaries

Stainless steel division










High Performance Alloys Division

- Factories 
- Service centers 
- Warehouses 
- Commercial offices 
- Commercial agents 































America

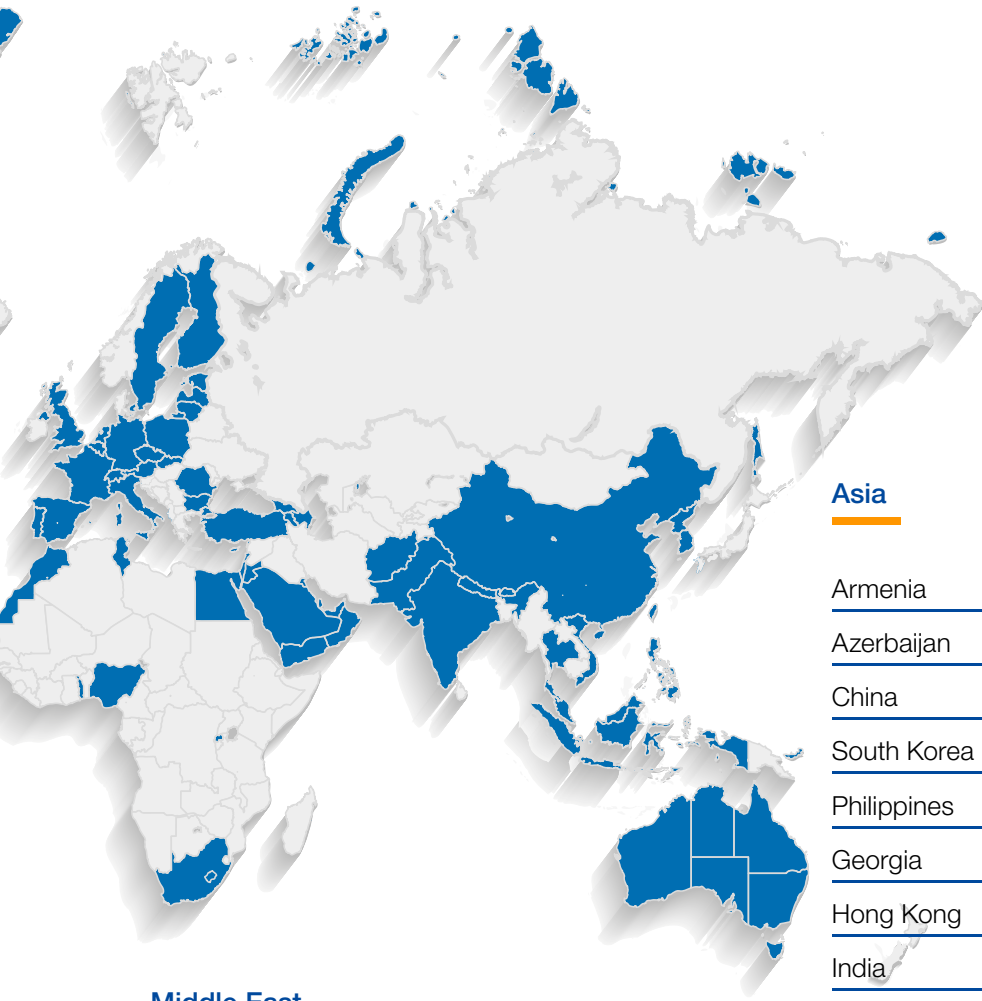
Argentina	  
Brazil	 
Canada	   
Chili	  
Colombia	
USA	     
Mexico	  
Panama	 
Peru	
Venezuela	

Europe


















Germany	    
Austria	
Belgium	
Bulgaria	
Slovakia	



Spain	  
Estonia	
Finland	
France	 
Italy	  
Latvia	
Lithuania	
Netherlands	
Poland	 
Portugal	   
United Kingdom	  
Czech Republic	 
Romania	
Sweden	 
Swiss	  

































Middle East

Saudi Arabia	 
Bahrain	 
UAE	  
Israel	
Jordan	
Kuwait	 
Lebanon	
Oman	 
Qatar	
Türkiye	 









Oceania

Australia	
-----------	---

Asia

Armenia	
Azerbaijan	
China	    
South Korea	  
Philippines	
Georgia	
Hong Kong	
India	  
Indonesia	 
Japan	
Malaysia	    
Pakistan	
Singapore	 
Taiwan	  
Thailand	 
Turkeministan	
Vietnam	

Africa

Egypt	
Morocco	
Nigeria	
South Africa	   
Tunisia	

1.3. Relevant events

A. Acerinox, at its best moment in its history

The Company's 2022 results were the best since its incorporation in 1970 and reflect its successful strategy in recent years.

Acerinox is at its best moment in its history thanks to market conditions, its ability to adapt, geographic and strategic diversification through high performance alloys with VDM, and operational excellence. This is aided by a sound financial position.

The supply chain disruptions arising during the pandemic, coupled with the difficulties brought about by the invasion of Ukraine and the trade defence measures in place in the Company's major sales areas, have made imports less attractive, and thus reducing this importation of material into the key markets where the Company has production sites and an established business. This will benefit our business in the coming years.

Acerinox is better prepared to take advantage of this scenario thanks to the work of previous years to improve processes and to the integration of the High Performance Alloys Division, which have led to a transformation based on efficiency and focused on competitiveness, while offering the widest range of materials in the sector.

The Company has a strong balance sheet and the potential to generate solid cash flow, which attests to its good financial health and enabled it to increase shareholder remuneration, earmarking Euros 336 million for this purpose in 2022. We ended the year with a net financial debt/EBITDA ratio of 0.35 times.

The products manufactured by the Group are benchmarks of circular economy and are essential in the energy transition. Moreover, they will lead to changes in demand drivers, which improve our long-term outlook for both stainless steel and high performance alloy products.



2022 Business Year Results Presentation

B. Acerinox, a benchmark in **circular economy**

The Group's activities contribute to sustainable development by minimising the impact on the environment through the manufacturing of durable and endlessly recyclable products, with scrap metal being the main raw material.

The Acerinox Group has a competitive advantage that constitutes a strategic asset: its product range. The stainless steel and high performance alloy products manufactured by Acerinox are examples of reduce, reuse and recycle, as the Company uses a large percentage of waste and scrap (more than 90 %) as its main raw material, while the reuse rate of waste generated is more than 70 %.

Therefore, its products are a paradigm in circular economy due to their long life cycle, for being entirely and endlessly recyclable, and because they do not lose any of their properties during the conversion and transformation process.

Stainless steel and high performance alloys are present in practically all areas of life, including transport, construction and infrastructures, engineering, the food sector, and energy and environmental technology.

At the end of their useful lives, the materials manufactured by Acerinox become a raw material once again, thus every customer who chooses to use and buy Acerinox products, as opposed to other materials, contributes to the circular economy.

Furthermore, with the firm intention of achieving a 360° circular economy, the Company is making a considerable effort in the recovery of slag, a by-product of the stainless steel production process, to use it as aggregates in the manufacture of concrete and other applications.

Since 2017, Acerinox has been part of the Spanish Circular Economy Pact, a commitment that involves maintaining the value of products, materials and resources for as long as possible, as well as minimising the generation of waste and promoting the correct treatment and recycling thereof.



Scrap metal to be recycled in the Acerinox Europa Factory

C. Acerinox receives the most prestigious sustainability accolade, **the EcoVadis platinum award**

Acerinox has obtained the EcoVadis platinum accolade, the highest award granted by this rating platform, which rates the corporate social responsibility of global supply chains. This accolade places Acerinox among the most sustainable companies in the world, per EcoVadis.

EcoVadis rates the performance of companies in four main areas: environmental protection, labour practices and human rights, ethics, and responsible procurement. The rating methodology is in line with international rules, which are founded on the main benchmark standards.

Companies are rated on material issues as they pertain to their company's size, location and industry. To date, EcoVadis has rated more than 100,000 business partners globally, thus reducing the risks of the world's largest organisations, positively impacting environments, fostering transparency and driving innovation.



The score received by Acerinox places it among the top 1 % of the best rated companies out of more than 100,000 in 200 countries. The advances made in the supply chain include the recent approval of a Supplier Code of Ethics, which is shared with the business partners working with the Company, and the definition of its own system for rating ESG matters, with special attention being paid to risks. The Acerinox Group is committed to continually improving its performance in this area, reducing risks and identifying opportunities that enable the Group to prioritise initiatives for more sustainable management.

The improvement in the Group's rating with respect to the previous year, when it received the gold award, recognises the significant effort and progress made by Acerinox in the roll-out of its commitment to sustainability. This great achievement shows the positive impact of Acerinox's activities and ratifies the Group's firm commitment to achieving sustainable economic, social and environmental development.

D. Carlos Ortega Arias-Paz, new Chairman of Acerinox

On 16 June, following the Annual General Meeting, the Board of Directors appointed Mr Carlos Ortega Arias-Paz as Non-executive Chairman of Acerinox, replacing Mr Rafael Miranda, who had chaired the Company since 2014.



Mr. Ortega, currently Managing Director of Corporación Financiera Alba and member of the Acerinox Board as a Proprietary Director, assumed the position in June for a period of four years.

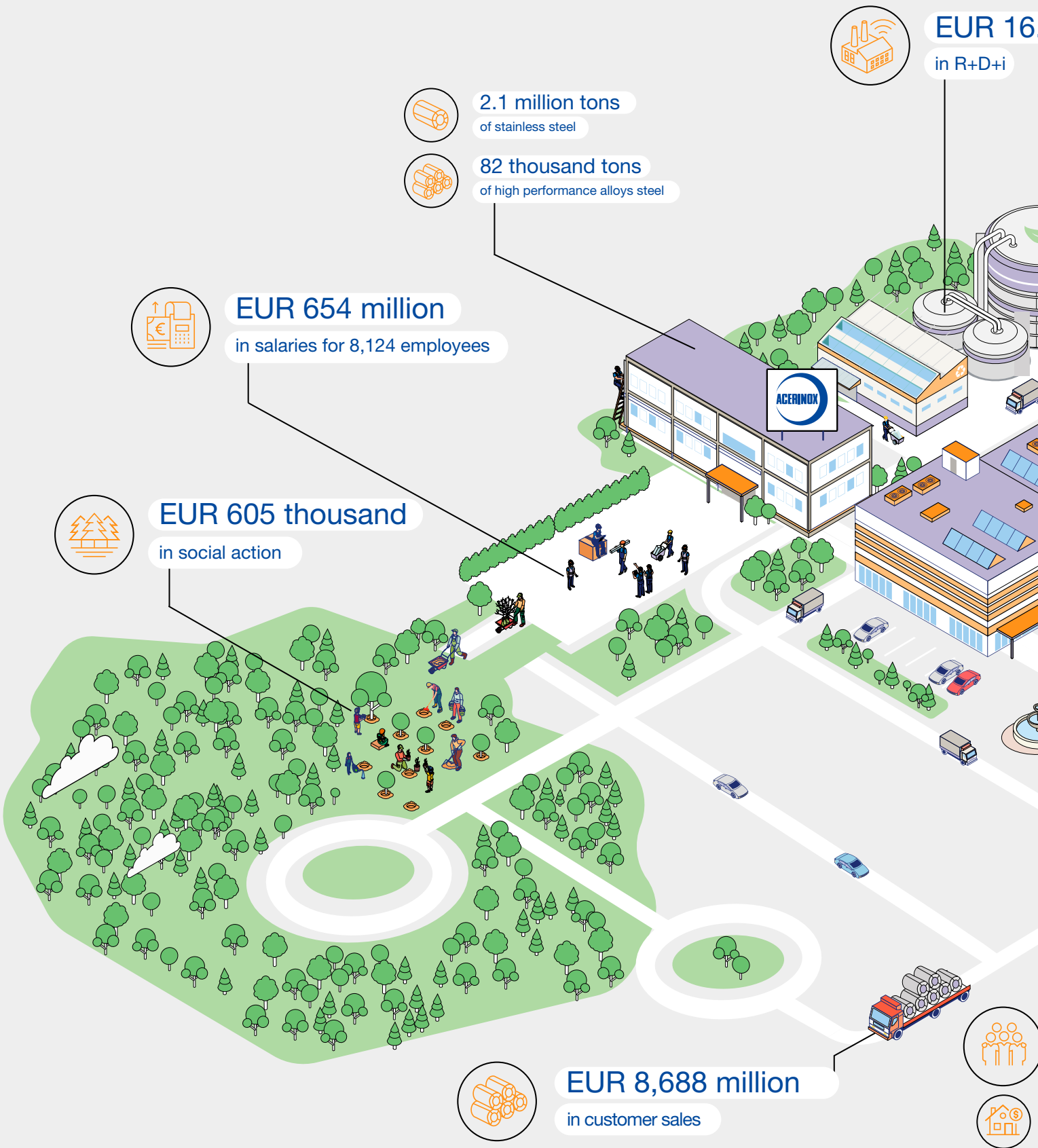
Mr Arias-Paz has a Cum Laude Undergraduate degree in Economics from the Harvard University and a Master's degree in Business Administration from the Harvard Business School. In 2017 he joined Corporación Financiera Alba, S.A. as Strategy Director, leading the company's international strategy and collaborating in the investments made in Spain.

In addition to chairing the highest governing body of Acerinox, he is also a Board Member of Verisure, Piolin Bidco (Parques Reunidos), Rioja (Naturgy) and Atlantic Aviation.

The new Chairman of Acerinox replaces Mr Rafael Miranda, who held the position for eight years. The Acerinox Board of Directors and Senior Management, together with its employees, would like to thank Mr Miranda for his extraordinary

contribution and dedication to Acerinox since his incorporation in 2014, as well as his contribution to the Group's progress and strategy.

2. Impact of Acerinox on the environment





12,821 customer

to those we sell

5 million



EUR 154 million

in investment in fixed assets



EUR 336 million

in dividends



EUR 236 million

in taxes

EUR 5,046 million

of spending in suppliers

71% are local suppliers



NAS Factory in Kentucky (The US)



3.1. Global context

The uncertainties arising from the invasion of Ukraine, including high energy costs, impacted the European industrial sector and stymied the recovery that began in the second half of 2020. An increase in production was reported in the first six months of 2022, which then fell in subsequent months as inventories were adjusted.

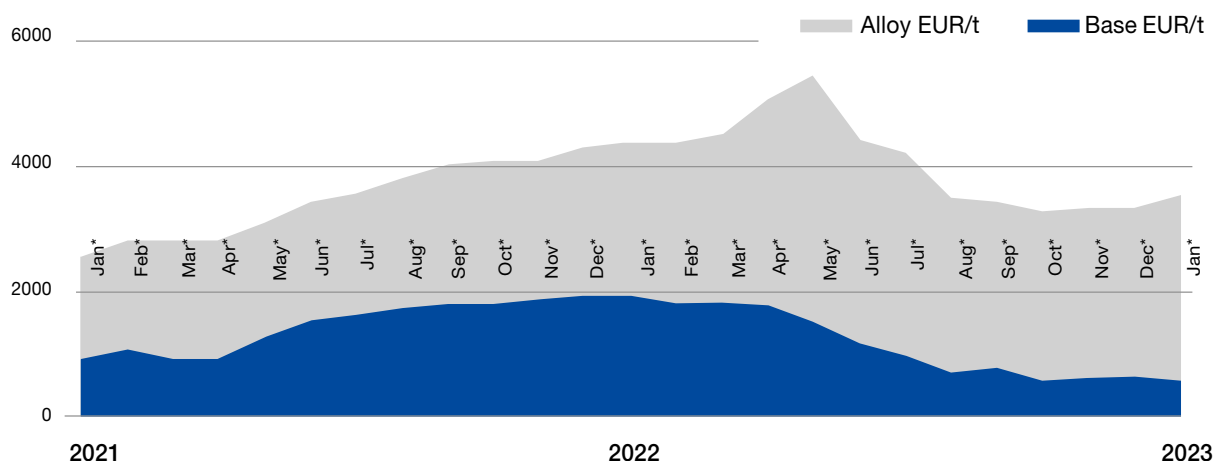
The stainless steel sector

The Stainless Division saw two very different six-month periods. The first was propelled by the highly positive market climate, in line with the trend seen the previous year. However, the second half of the year was impacted by distributors' high inventory volumes in the wake of strong imports. The arrival of these imports, driven by the "unreal" situation of scarcity, in many cases coincided with the change of cycle brought about by doubts over a possible recession.

Europe

Apparent consumption in Europe was similar to 2021. Actual demand declined due to uncertainties stemming from the invasion of Ukraine. This caused levels of inventories to close the period at higher-than-average levels versus previous years. Price inflation, especially energy, caused considerable damage and eroded the competitiveness of the European industry, especially in Spain.

Imports levels remained high (31 % at year end), largely due to the price differential compared to Asia. In June the European Commission agreed to review the safeguard measure with a view to its fifth year of application (July 2022 – June 2023). On 16 March the European Union approved anti-subsidy duties against India and Indonesia. In July an anti-circumvention investigation was launched in respect of hot-rolled flat products from Indonesia via Turkey. A decision in this regard is expected in the first quarter of 2023.



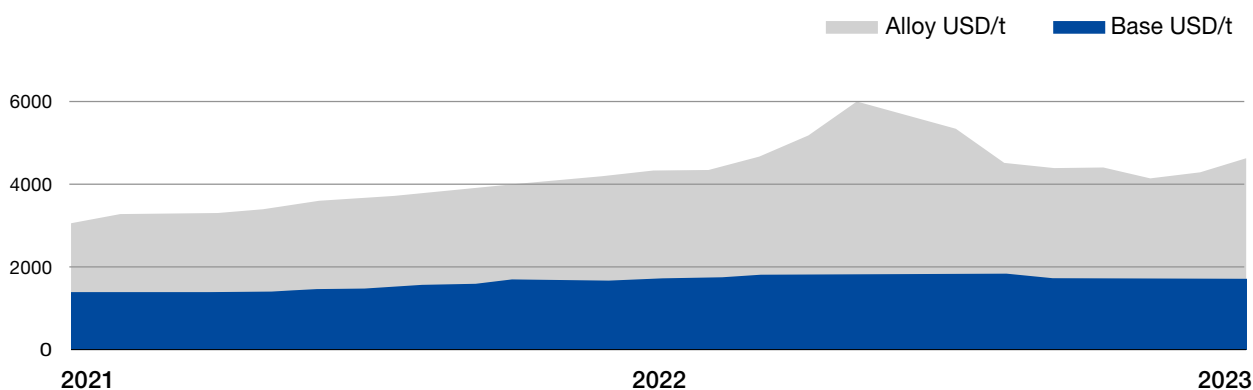
United States

Based on the latest available data, apparent consumption fell by 1 % in 2022.

Activity in the piping, heavy goods vehicles, sinks and food sectors remained strong up until the third quarter.

Production problems associated with shortages of components and labour continued to hinder end users in many industries, which limited overall production. Inventories at steel stockholders closed the year at higher-than-average levels.

Turning to imports of flat products, these increased sharply during the first six months of the year, only to taper off during the second half of the year to stand at 26 % of the US market.

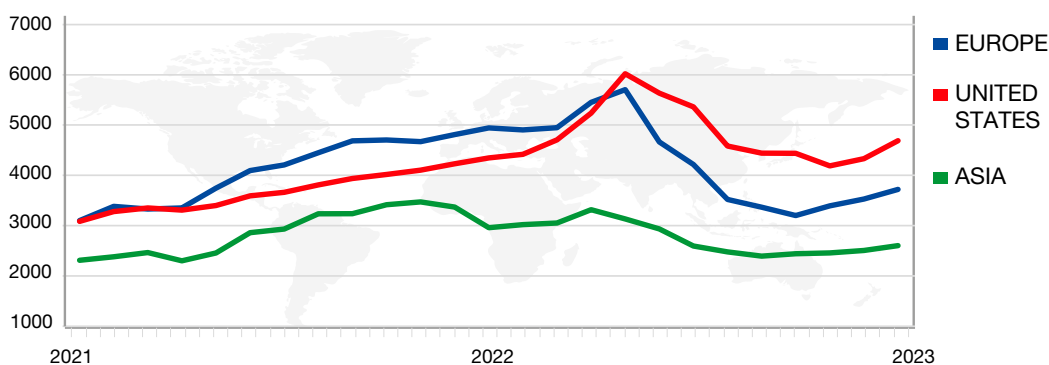


Asia

During the first half of the year, the Asian market was significantly affected by the volatility in raw material prices, which trended upwards until the suspension of nickel trading on the London Metals Exchange (LME) in March.

This, coupled with the aggressive pricing strategy of Asian producers, mainly in Indonesia, accelerated the reduction in prices.

The strict lockdowns in China led to a sharp drop in domestic Chinese demand, the recovery of which was tempered by the Chinese government's zero COVID policy and the profound crisis in the construction sector. Chinese and Indonesian producers continued to prioritise cash generation at the expense of prices.



3. Global context



Bright annealing line at the VDM Metals Factory in Werdohl (Germany)

The high-performance alloys sector

The high performance alloys market behaved exceptionally well in 2022, primarily due to the positive demand in the oil and gas sector, the performance of which was very positive.

Demand from the chemicals process industry was strong in the first nine months of the year, although this declined slightly in the last quarter.

The aerospace sector continued to recover and the manufacture of gas turbines for the energy sector also improved. Demand for high performance alloys for the nuclear sector also increased over the past year.

Consumption in the electronics sector held steady, although came in at slightly lower than expected.

The automotive industry started the year somewhat weak due to the semiconductor shortage, although gradually recovered over the course of the second half of the year.

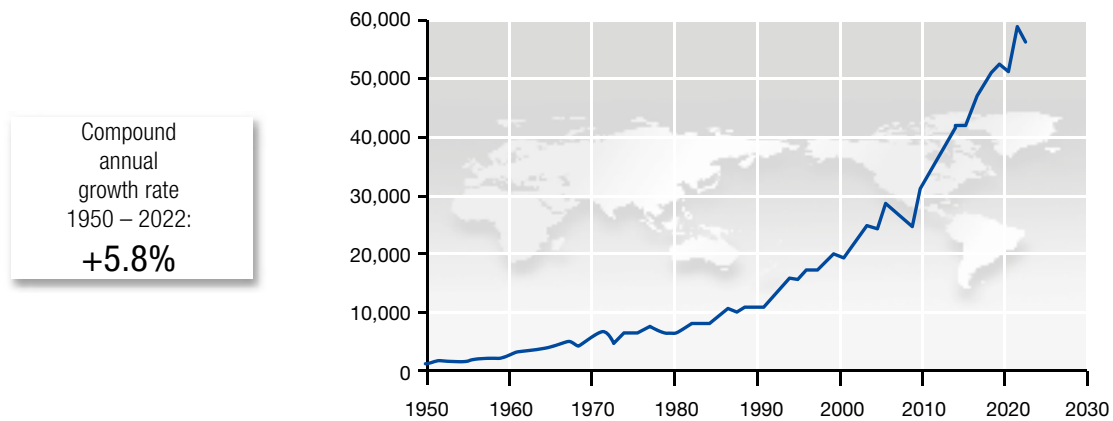
GDP growth (IMF - World Economic Outlook)

	2021	2022	2023
China	8.4	3	5.2
Germany	2.6	1.9	0.1
India	8.7	6.8	6.1
South Africa	4.9	2.6	1.2
Spain	5.5	5.2	1.1
US	5.9	2	1.4
ASEAN-5	3.8	5.2	4.3
Eurozone	5.3	3.5	0.7
Rest of world	6	3.1	2.4

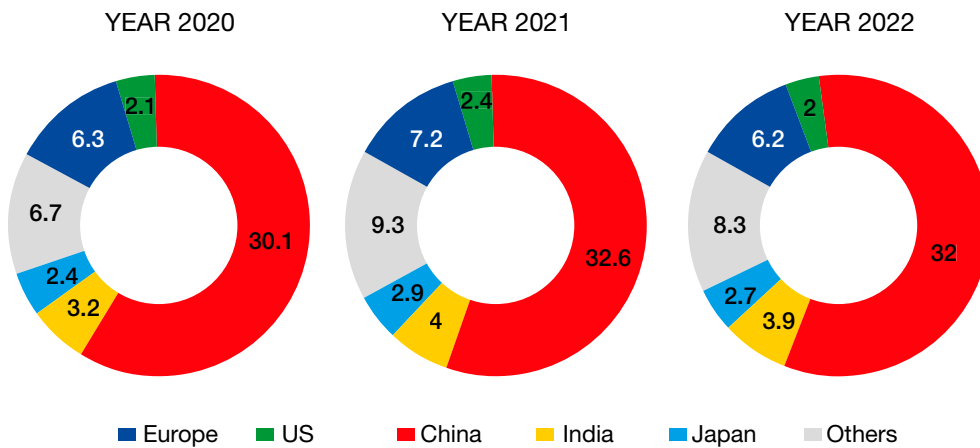
3. Global context

Global production

Global production of stainless steel 1950 - 2022 (Thousand of Mt)



Global production of stainless steel (Millions of Mt)



Global melting shop production by region/country (Thousands of Mt)

	2021	2022	Variación
Europe	7,181	6,294	-12.4%
US	2,368	2,017	-14.8%
China	32,632	31,975	-2.0%
India	3,965	3,943	-0.6%
Japan	2,865	2,686	-6.3%
Other	9,278	8,340	-10.1%
TOTAL	58,289	55,255	-5.2%

Global melting shop production (Thousands of Mt)

	T1	T2	T3	T4	Total
2021	15,022	15,023	14,040	14,203	58,289
2022	14,386	14,545	12,618	13,706	55,255



Melting Shop in NAS

Raw materials

Nickel

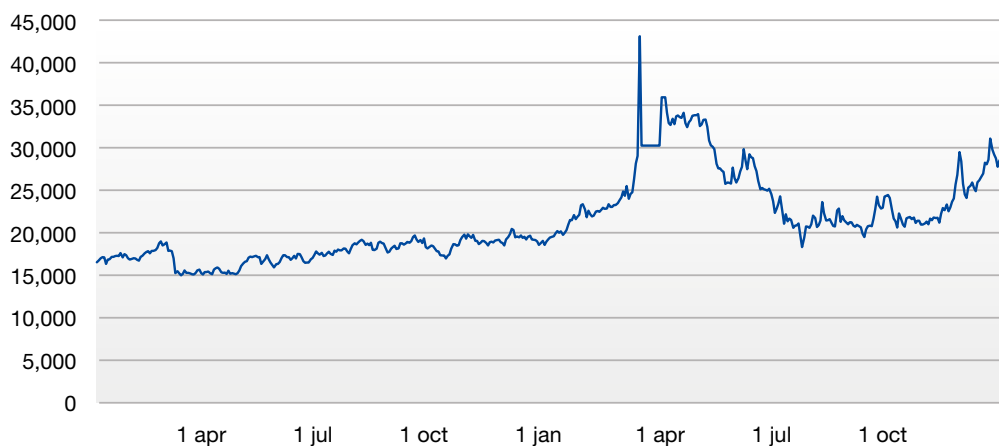
Nickel price trends in 2022 were influenced by the following considerations:

- Pronounced increase in prices during the first few months of the year due to an ongoing decline in stocks at the London Metal Exchange (LME), concerns over new duties on Indonesian exports and uncertainty surrounding possible sanctions against Russia.
- The turning point came on 7 March when nickel prices hit their year highs at over US Dollars 42,000. It rapidly became clear that aggressive speculation was distorting nickel prices, which led the LME to implement preventative measures to stabilise prices. Following these measures, on 22 March nickel prices closed for the first time in excess of US Dollars 30,000, where they remained until the start of May.
- For the rest of the year, prices were extremely volatile, mainly due to a slump in liquidity in the trading of nickel contracts, the continued reduction in stocks on both the London and Shanghai markets, concerns over a possible global recession and the various news stories coming out of China on their handling of the pandemic restrictions.



Nickel briquettes

Official price of nickel on the LME – 2021 – 2022
Average spot price / three months in USD/Mt.

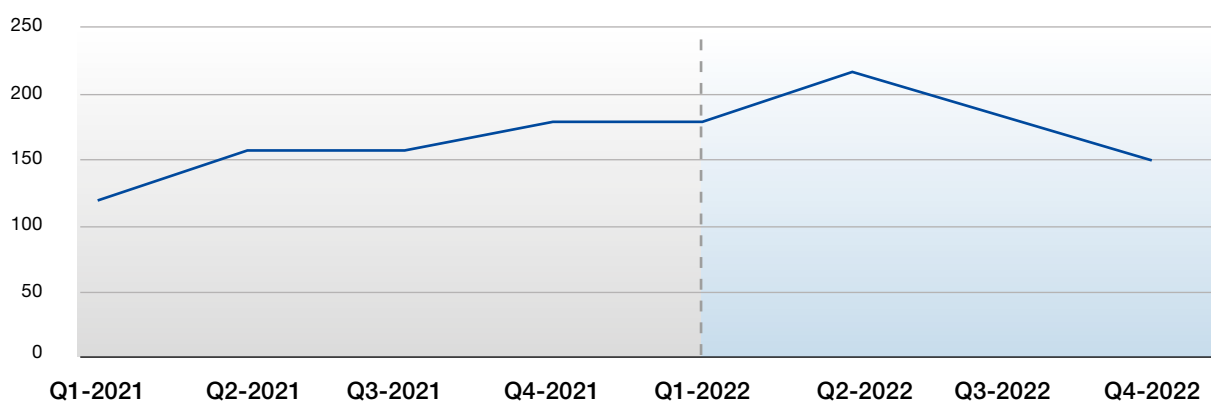


Ferrochrome

Of note is the price, which reached an all-time high of US\$ 216 / Lb. Cr. during the second quarter, prompted by the recovery of demand in Europe, the uptick in production costs and concerns surrounding supplies following the invasion of Ukraine.

The fall in demand for ferrochrome due to cuts in stainless steel production globally led to a sharp price correction in the second half of the year.

Average quarterly ferrochrome prices
US\$ / Lb. Cr.



3. Global context

Molybdenum

Molybdenum prices remained at high levels during the first part of the year. Since November, supply problems owing to strikes in South Korea, a higher-than-expected shortfall in concentrate production and higher demand for special steel types, as well as social tensions in Peru at the end of December, caused prices to climb to over US Dollars 31/lb Mo, hitting a new record not seen since 2008.

Price of molybdenum
US\$/ Lb. Mo.

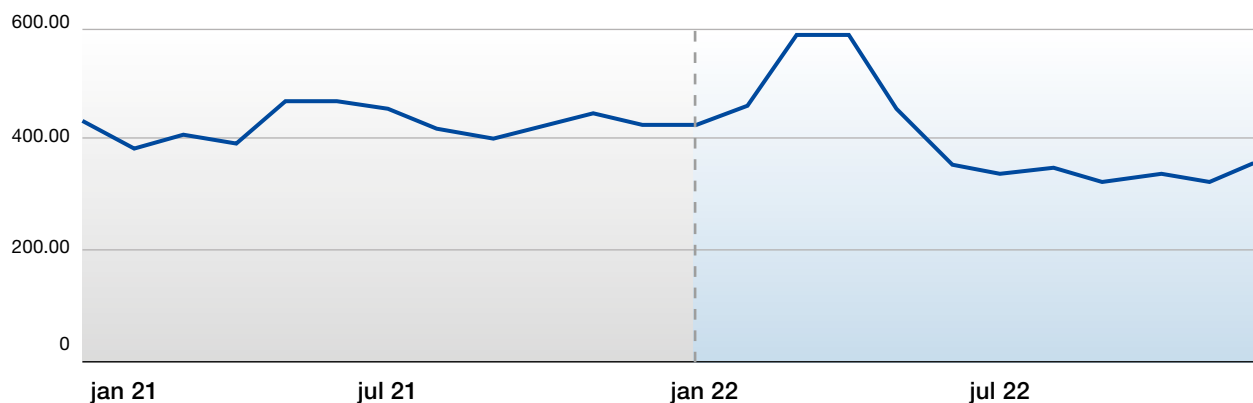


Ferrous scrap

Uncertainty due to a possible lack of materials in the wake of the Ukraine invasion forced prices to an all-time high in March.

Since May, in view of the economic climate globally and falling demand, prices fell drastically to reach US Dollars 350 and remaining at similar levels until year end.

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





Stainless Steel coating used on walls of an Office Building

3.2. Strategy

The Acerinox Group is now in the second year of implementation of its 2021-2025 Strategic Plan, the mission of which is to become a global supplier; one that meets present and future demand by offering a wide selection of materials, solutions and services. And at the same time, to distinguish itself as part of the transition towards a circular economy through the efficient production of stainless steels and high-performance alloys that respect the environment.

2021-2025 Strategic Plan

The Acerinox 2021-2025 Strategic Plan is based on four basic pillars: Sustainability, Excellence, Added Value and Financial Soundness.



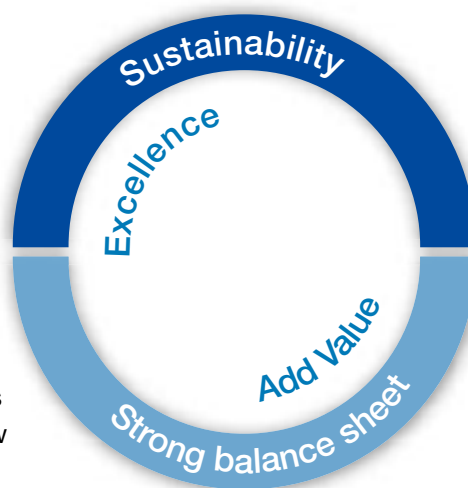
SUSTAINABILITY

- Core of our business model
- Acerinox is committed to the Circular Economy



ADDED VALUE

- Enhanced by VDM Metals (HPA) and constant review of all the Group's assets



EXCELLENCE

- Improving due to digitalisation and 360° planning, cost reduction programmes and optimising the commercial network.



STRONG BALANCE SHEET

- Efficient capital allocation.

Strategic pillars

- **Sustainability.** Envisaged as a lever to create shared value in a sustainable manner over the short, medium and long term for all stakeholders.
- **Financial soundness.** Sustainable cash generation over time in order to make efficient use of capital and to create shareholder value.
- **Excellence.** Offering the best products and services with fewer resources through efficient operations, both in the production process and across the supply chain. The concepts of competitiveness and sustainability are therefore intertwined into our business vision.
- **Added value.** The acquisition of VDM Metals and the creation of the High Performance Alloy Division are testament to the Group's commitment to offer customers the widest possible product range. Its combination with the Stainless Division, as well as the focus on R&D&i strengthen the Group's position in strategic high-performance sectors, thus ensuring long-term growth.



Canopy and Poles made of Stainless Steel at the European Comission (Brussels).

3.3. Risk management

The purpose of the Acerinox Group's risk control and management model is to identify, categorise and assess potential events that may affect all of the organisation's relevant units and functions. Ultimately it aims to preserve its financial soundness for the benefit of all its stakeholders and to safeguard its ability to continue as a business with a commitment to sustainable development, efficiency and respect for the environment and human rights.



Risk
Control and
Management
Policy

The Acerinox Group has a **Risk Control and Management Policy** which is available on its corporate website. This policy establishes the basic principles and general framework for the control and management of all types of risk faced by the companies making up the overall Group.

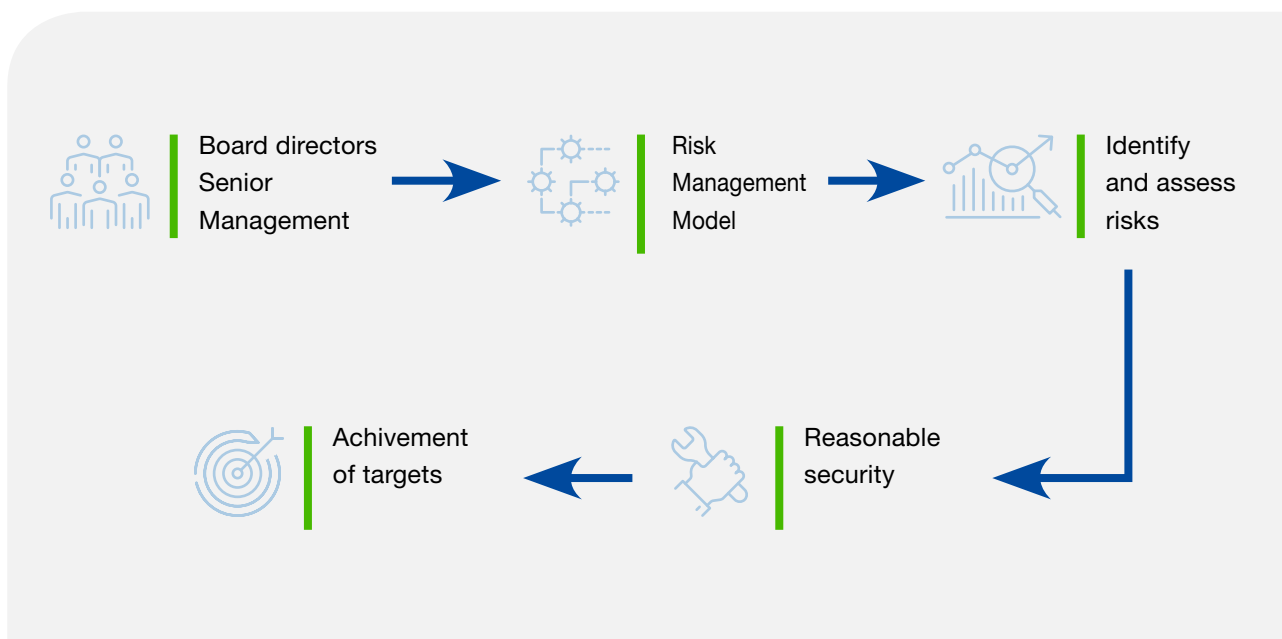
The risk-focused culture involves the Board of Directors which, with the support of the various committees and the Corporate Risk Officer, assesses the risks and approves the mitigation plans and their monitoring.

The Group regularly reviews the risk assessment process in order to obtain the best analysis as to their likelihood of occurring and potential impact, as well as monitoring the effectiveness of the mitigation plans.

Acerinox is exposed to various risks that are inherent to the various countries, sectors and markets in which it operates, as well as to the activities it performs. Such risks could prevent the Group from successfully achieving its objectives and from executing its strategies.



Bahru Stainless Factory in Johor Bahru (Malaysia)



Impact of Russia's invasion of Ukraine

The geopolitical situation caused by Russia's invasion of Ukraine has not had a significant direct impact on the Acerinox Group this year. However, the Group was affected indirectly due to the rise in energy and raw material prices.

As regards the Group's activity, from the moment the war broke out, the Group's exposure to Russia was reduced to a minimum and sales were halted. The Group has closed its sales office in Russia.

As regards procurement, the Group has a diverse array of suppliers to source raw materials and pursues a responsible procurement strategy. A major effort was made during the year to source alternative supplies, thereby eliminating the need to purchase raw materials from Russia.

Main risks

In 2022 special emphasis was placed on reviewing cybersecurity and ESG (environmental, social and corporate governance) risks. Additionally, physical risks and transition risks related to climate change were identified as emerging or long-term risks (see detailed information in **5.2.1 Climate change management model**).

The main risks include:

- Economic cycles

Currently, in view of integrated markets and economies, the impact of economic cycles acquires even greater relevance. As a global Company, Acerinox is not immune from fluctuations in supply and demand, which can impact a cyclical sector such as stainless steel.

3. Global context

- Volatility of raw materials and energy prices

Stainless steel production requires raw materials, mainly nickel, ferrochrome, molybdenum and ferrous scrap, as well as energy. For the main part, raw materials and energy prices are subject to significant volatility. Moreover, 2022 was particularly complex due to the invasion of Ukraine, which led to even starker volatility in both raw materials and energy markets.

- Cybersecurity

In an increasingly more technical world, cyber and other security threats are increasingly important given the repercussions for the organisation, which can include the loss of sensitive data, damage to physical assets, compromised product or service quality and business continuity.

- Strategic risks

Strategic risks are those associated with business decisions or events that could stand in the way of the organisation achieving its objectives. Their impact on the Company's structure, production process and/or reputation could be irreversible.

- Overcapacity

The global overcapacity of stainless steel production is placing added tension on the industry's economy. The rate of Asian exports, particularly from China and Indonesia, is leading to major market imbalances. In view of its major global presence, Acerinox is exposed to this risk.

- Loss of competitiveness

Like in any other sector, steel is a competitive industry in which efforts are ongoing to improve the product. A sector in which we face increasing costs, price competition, product quality and product mix issues, among others.

- Responsibility for the product

The commitment undertaken by the Acerinox Group to produce a reliable, responsible and quality product, obliges the Company to adopt measures and assume responsibilities across its entire production process.

- Reputational risks

The potential loss or erosion of the Company's reputation -one which could adversely affect the stakeholders' perception of the Acerinox Group- is one of the primary risks facing the business. This possible reputational damage could lead, either directly or indirectly, to a reverse in the Group's value.

- Regulatory risks

Acerinox is a global player: its activities encompass multiple countries and regulatory frameworks, in which fields such as environmental matters, data protection and competition laws, among others, are advanced. Failing to comply with applicable laws and other standards could lead to sanctions, loss of business, contractual breaches and reputational damage.

The mitigating measures (assurance plans, cybersecurity audits, supplier diversification, strategic plans and Excellence 360°, among others) are not only aimed at reducing risks, but also at establishing an opportunity framework.

- Climate change

The Group also considers that there are climate-related risks and opportunities (see further details in 5.2.1 The fight against climate change).



AP-5 line in Acerinox Europa Factory.



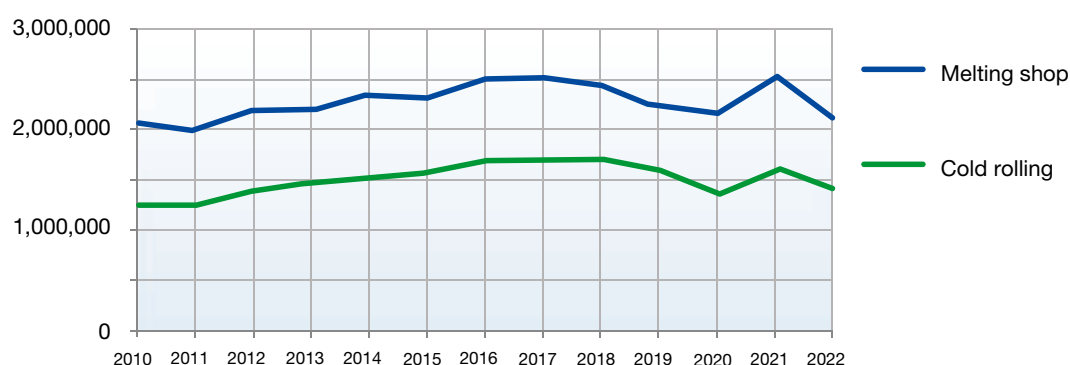
VDM Metals Factory in Werdohl (Germany).



4.1. Acerinox Group production

The Acerinox Group produced 2.1 million tonnes in 2022, 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 Division's factories (Mt)



Quarterly evolution of the Stainless Division's production
(Thousands of Mt)

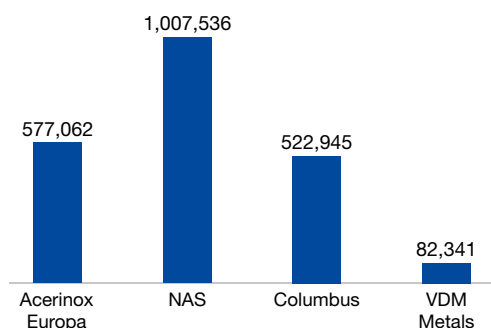
	2022					2021	Variation 2022 2021
	Q1	Q2	Q3	Q4	Cumulative	Jan-Dec	
Melting shop	646	601	482	379	2,108	2,541	-17.1%
Cold rolling	433	416	345	247	1,441	1,625	-11.3%
Long products (hot rolling)	65	61	59	48	232	245	-5.3%

Quarterly evolution of the High-Performance Alloys
Division's production (thousands of Mt)

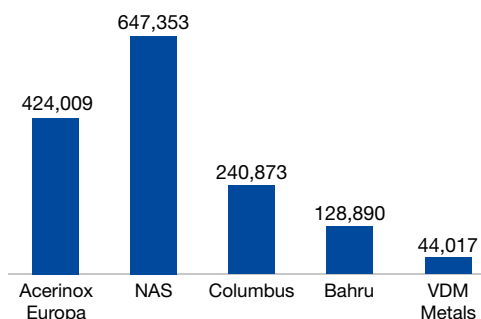
	2022					2021	Variation 2022 2021
	Q1	Q2	Q3	Q4	Cumulative	Jan-Dec	
Melting shop	22	21	20	19	82	78	5.4%
Finishing shop	11	11	11	11	44	40	9.1%

Group production

Melting shop production (Tm)



Cold rolling production (Tm)



In the first half of the year, the **Stainless Division** remained highly active on the heels of strong demand, although various incidents at the factories prevented an improvement on the previous year's figures.

From the third quarter onwards, production matched market needs. The following maintenance stoppages were carried out at the Stainless Division's plants: in Acerinox Europa the melting shop and hot rolling lines; in Columbus the melting shop; and in NAS the hot rolling lines.

Due to the unprecedented high prices of electricity and gas in Europe and especially in Spain, the Acerinox Europa factory furloughed employees as agreed with the workers' representatives in March 2022. This furlough plan was applied to all workshops in the third and fourth quarters, although the activity necessary to meet the commitments made to our customers was maintained.

The sound situation in the **high-performance alloy market** translated into a 5 % increase in melting shop production and a 9 % increase in the production of finished products on 2021, both of which are new records.



Stainless Steel Truck with Trailer for hydrogen transport

4.2. Economic performance

Key indicators (Millions of Euros)

€ 1,276 million

EBITDA

€ 8,688 million

TURNOVER

€ 556 million

NET PROFIT

€ 440 million

**NET FINANCIAL
DEBT**

Consolidated Group results

The improved activity in 2021 carried into the first half of 2022, with significant increases in margins and solid cash generation. In the second half of the year, activity was affected by the process to decrease inventories, which led to a decline in apparent consumption.

EBITDA of Euros 1,276 million was secured in the midst of a highly adverse environment, marked by the geopolitical situation following the invasion of Ukraine, cost inflation (especially energy prices in Europe), supply chain problems and the collapse in March in the price of nickel on the London Metal Exchange (LME).

Multiple factors contributed to these record figures: on the one hand, strong demand in the first half of the year and sound management of raw material purchases in a volatile environment, and, on the other hand, cost control and efficiency improvements in recent years. This optimised margins despite the complexity of the situation.

The High-Performance Alloys Division performed notably well; in its third year within Acerinox—two of them in the midst of the pandemic— it secured a new record in production and results.

Note should also be made of the reduction in net financial debt by Euros 138 million in the year and the cash generated in spite of the increase in working capital. This cash generation also paved the way for a cash dividend, two share buyback programmes of 4 % each and the continuation of the investment strategy.

The most significant figures this year and the variation compared with the prior year are summarised in the following table:

Millones EUR	12M 2022	12M 2021	% 12M 22 / 12M 21
Melting shop production (Thousands of Mt)	2,190	2,619	-16%
Net sales	8,688	6,706	30%
EBITDA	1,276	989	29%
EBITDA Margin	15%	15%	
Adjusted EBIT	1,080 ⁽¹⁾	810	33%
Adjusted EBIT margin	12%	12%	
EBIT	876	810	8%
EBIT margin	10%	12%	
Profit before tax	831	766	9%
Profit after tax and non-controlling interests	556	572	-3%
Operating cash flow	544	388	40%
Net financial debt	440	578	-24%

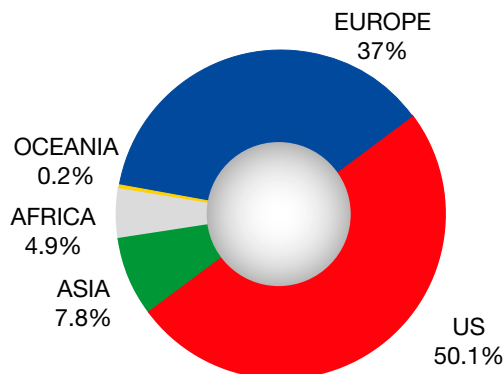
⁽¹⁾ Not including an impairment of the assets of Bahru Stainless for an amount of 204 million euros.



Hot Rolling Mill at the Columbus Factory

4. Economic performance

Geographical distribution of sales



Annual revenue, which totalled

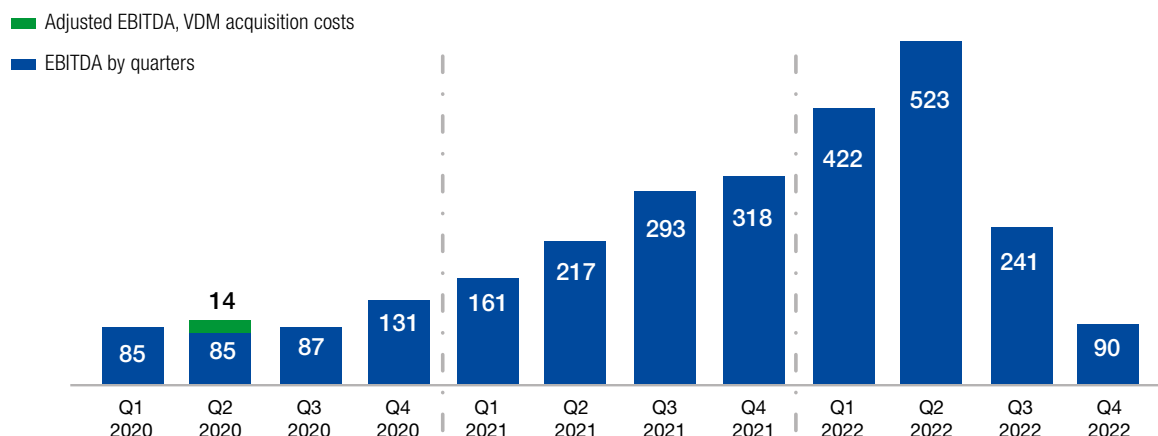
Euros
8,688 Million

reached an all-time high, thanks to high sales price levels.

Operating expenses increased significantly due to global inflation. Special mention should be made of the energy (including electricity and gas consumption, among others), which rose 91 % for the Group's activity in Spain.

Despite higher costs, the Group's EBITDA hit an all-time high of Euros 1,276 million, up 29 % on 2021, with a 15 % margin. This figure includes an inventory adjustment to net realisable value of Euros 98 million.

Quarterly EBITDA evolution 2020, 2021 and 2022 Millions of Euros



After eight consecutive quarters of EBITDA improvements, the second half of the year was affected by the circumstances described throughout this report (high volumes of imported material, which increased inventories in the steel stockholders' sector and led to the decline in apparent consumption), in addition to inventory adjustments to net realisable value.

At Euros 193 million, depreciation and amortisation were 8 % higher than in the previous year, due to appreciation of the US dollar.

Operating profit (EBIT) stood at Euros 876 million, which includes Euros 204 million for the impairment of assets at Bahru Stainless.

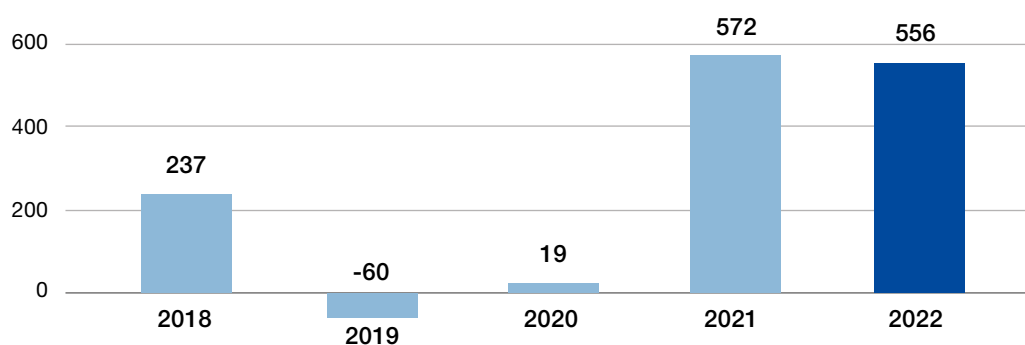
Profit after tax and non-controlling interests for 2022 amounted to Euros 556 million and was also affected by the impairment of Bahru Stainless.

Bahru Stainless impairment

Oversupply and the aggressive pricing strategy of leading producers led to a downward revision of the reroller projections of the Acerinox Group in Malaysia, Bahru Stainless.

As a result, at year-end, the corresponding test was conducted, which led to an impairment of assets of Euros 204 million. This did not entail a cash outflow.

Profit after tax and non-controlling interests Millions of Euros



Bicycle Frame manufactured in Stainless Steel

4. Economic performance

Cash generation

Cash generation, established as one of the priorities of the Group's Strategic Plan, also performed well.

The sound results enabled the Group to secure an operating cash flow in 2022 of Euros 544 million. In a highly active year, with rising raw material and industry prices, a total of Euros 479 million was invested in working capital.

CASH FLOW

Millions of Euros

	12M 2022	12M 2021
EBITDA	1,276	989
Changes in working capital	-479	-467
Income tax	-238	-137
Borrowing costs	-25	-40
Other adjustments	10	43
OPERATING CASH FLOW	544	388
Payments for investments	-126	-90
FREE CASH FLOW	419	297
Dividends and own shares	-336	-145
CASH FLOW AFTER DIVIDENDS	83	153
Translation differences	55	41
Grants and others	0	0
Variation net financial debt	138	194

Income tax payments amounted to Euros 238 million, due to the Company's profit.

After investment payments of Euros 126 million, the free cash flow generated amounted to Euros 419 million.

Shareholder remuneration for the year stood at Euros 336 million, including Euros 130 million in ordinary dividends and Euro 206 million from share buyback programmes.

The appreciation of the US dollar led to positive translation differences of Euros 55 million.



NAS Melting Shop

4. Economic performance

Balance sheet and financing

Millions of Euros

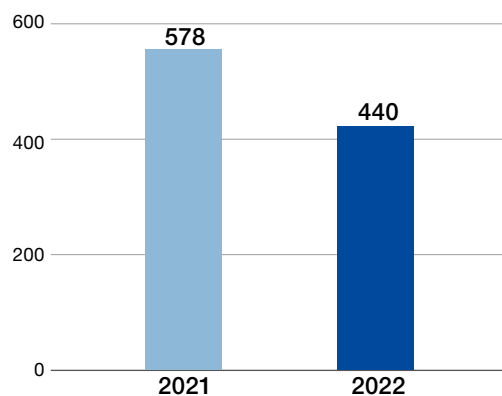
ASSETS	2022	2021	Variation
Non-current assets	1,902	2,067	-8%
Current assets	4,416	3,917	13%
Inventories	2,156	1,777	21%
Receivables	646	837	-23%
Trade receivables	575	773	-26%
Other receivables	71	64	10%
Cash and cash equivalents	1,548	1,275	21%
Other current financial assets	67	28	135%
TOTAL ASSETS	6,318	5,984	6%

Millions of Euros

LIABILITIES	2022	2021	Variation
Equity	2,548	2,215	15%
Non-current liabilities	1,823	1,802	1%
Loans and borrowings	1,394	1,368	2%
Other non-current liabilities	429	434	-1%
Current liabilities	1,947	1,968	-1%
Loans and borrowings	594	485	23%
Trade payables	1,017	1,315	-23%
Other current liabilities	335	168	100%
TOTAL EQUITY AND LIABILITIES	6,318	5,984	6%

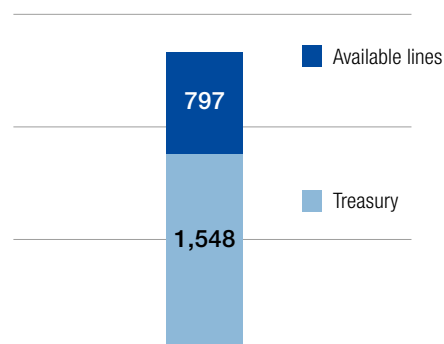
Net financial debt

Millions of Euros



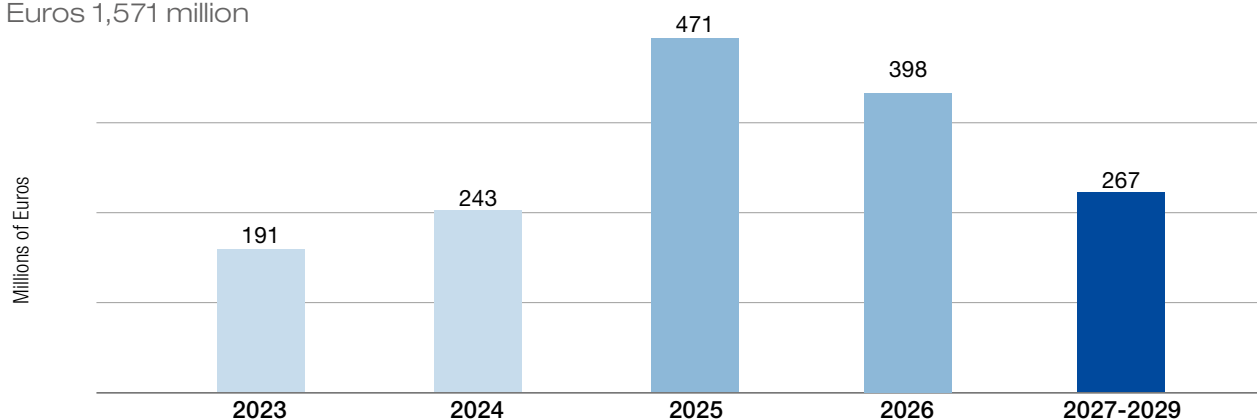
Liquidity

Millions of Euros



Maturities of term debt

Euros 1,571 million



The net financial debt on 31 December 2022 of Euros 440 million had fallen by EUR 138 million (Euros 578 million at 31 December 2021).

In 2022, as in 2021, the Group continued to arrange and novate its financing facilities by renegotiating the fixed interest rate or spread, increasing the nominal amount and extending the maturity.

At year-end, the Group had sustainable financing of Euros 659 million, linking the cost of borrowings to changes in the two established indicators that are reviewed annually. On 31 December 2022, the majority of the Group's financing corresponded to term loans, of which 70 % were due to mature in over a year. Overall, 77 % of the Group's 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).

On 31 December 2022, the Acerinox Group had liquidity of Euros 2,345 million, of which Euros 1,548 million related to cash and short-term deposits and Euros 797 million to financing available at various Group subsidiaries.



AOVE Olive dough refrigerator made in Stainless Steel produced in Acerinox Europa Mill.

4. Economic performance

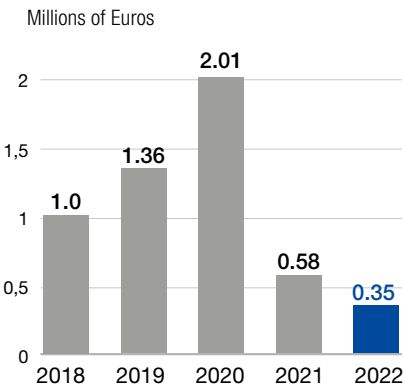
Financial ratios

The net financial debt to EBITDA ratio stood at

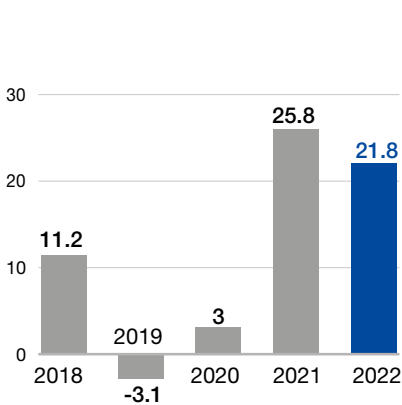
0.35x The second lowest in history, second only to 1995.

ROE in 2022 stood at **21.8%**
while ROCE remained at **29.3%**

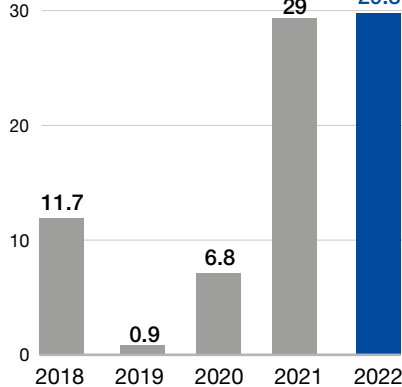
Net financial debt to EBITDA no. of times



ROE %



ROCE %



Folded Rebar manufactured by Roldan

Average supplier payment period

In relation to the average payment period, Law 18/2022 of 29 September 2022 on the creation and growth of companies amended the law related to this matter, specifically Additional Provision 3, which provides for the reporting requirement, requiring all listed companies to expressly disclose in their annual accounts their average supplier payment period, the monetary volume and number of invoices paid in a period lower than the maximum period set out in the legislation on late payment and the percentage that they represent of the total number of invoices and of the total monetary payments to their suppliers. The Group has taken this amendment into account.

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

	2022	2021
	Days	Days
Average supplier payment period	63	63
Transactions paid ratio	62	64
Transactions payable ratio	80	58

	Amount	Amount
Total payments made	2,384,319	1,501,556
Total payments outstanding	189,759	303,307

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

The new obligatory disclosures for Spanish Group companies are as follows:

A

1,129,490

The monetary volume of invoices paid within a period of time equal to or less than the maximum period provided in the legislation on late payment

47%

Percentage of the total number of invoices of payments to suppliers

B

22,172

Number of invoices paid within a period of time equal to or less than the maximum period provided in the legislation on late payment

40%

Percentage of the monetary total of payments to suppliers

4. Economic performance

Stainless Division results

Millions of Euros	12M 2022	12M 2021	% 12M 22 / 12M 21
Melting shop production (Thousands of Mt)	2,108	2,541	-17%
Net sales	7,426	5,900	26%
EBITDA	1,151	929	24%
EBITDA margin	16%	16%	–
Depreciation and amortisation	-161	-149	8%
Adjusted EBIT*	987⁽¹⁾	779	1%
Adjusted EBIT margin	13%	13%	–
EBIT	783	779	1%
EBIT margin	11%	13%	–
Operating cash flow (Before investments)	648	400	62%

⁽¹⁾ It includes an impairment of the assets of Bahru Stainless for an amount of 204 million euros.

Cash flow

Millions of Euros	12M 2022	12M 2021
EBITDA	1,151	929
Changes in working capital	-247	-386
Income tax	-233	-133
Borrowing costs	-14	-33
Other adjustments	-8	24
OPERATING CASH FLOW	648	400

Turnover rose 26 % on 2021 as a result of price increases.

Despite the cost inflation experienced (33 % increase in operating expenses), EBITDA for the year totalled Euros 1,151 million, up 24 % on 2021. This figure includes an inventory adjustment to net realisable value of Euros 67 million.

Operating cash flow totalling Euros 648 million was generated, despite the increase in working capital, which amounted to Euros 247 million.

High Performance Alloys Division results

Millions of Euros	12M 2022	12M 2021	% 12M 22 / 12M 21
Melting shop production (Thousands of Mt)	82	78	5%
Net sales	1,262	806	57%
EBITDA	125	61	105%
EBITDA margin	10%	8%	-
Depreciation and amortisation	-24	-23	3%
EBIT	102	38	164%
EBIT margin	8%	5%	-
Operating cash flow (Before investments)	-104	-12	-755%

The Alloys Division exploited the favourable 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.

High Performance Alloys turnover in the year reflected the favourable market momentum with 57 % growth compared to 2021.

EBITDA generated—Euros 125 million—was 105 % higher than in the previous year, setting a new record. At year-end, an adjustment of Euros 31 million was made.

Operating cash flow was Euros -104 million, due to an increase in working capital of Euros -232 million because of solid activity, the increase in nickel prices and the policy of diversifying raw material suppliers.

Cash flow

Millions of Euros	12M 2022	12M 2021
EBITDA	125	61
Changes in working capital	-232	-81
Income tax	-5	-4
Borrowing costs	-11	-7
Other adjustments	18	19
OPERATING CASH FLOW	-104	-12

4.3. Acerinox, S.A. shares

On 31 December 2022, Acerinox's share capital totalled Euros 64,931,086.25, and was represented by 259,724,345 shares of Euros 0.25 par value each.

All the shares are listed on the official stock markets in Madrid and Barcelona and are traded on the Continuous Market.

On 31 December 2022, Acerinox had a total of 45,000 shareholders:

	No. of shares	% share capital
Corporación Financiera Alba SA	48,101,807	18.52%
Danimar 1990 SL	14,224,988	5.48%
Acciones propias	10,392,904	4.00%*
Industrial Development Corporation of South Africa LTDA	8,809,294	3.39%
Resto inversores	178,195,352	68.61%

Spanish investors represented 64 % of the share capital and foreign investors represented 36 %.

^(*) The 4 % of the shares held by Acerinox have been acquired for the proposed redemption at order the next Annual General Meeting.

Analyst and Investor Relations

Maintaining seamless and efficient communication with the financial markets, shareholders and investors is a priority for the Acerinox Group. The Investor Relations team serves the financial community intensively and proactively.

In 2022 Acerinox attended 30 events organised by brokers (conferences and roadshows), and with the direct contacts maintained by Acerinox, more than 280 entities were assisted. The most significant matters addressed were the following:

- Evolution of the markets by region.
- Protectionist measures: current and potential developments and the impact.
- Impact of the Russia-Ukraine conflict and rising energy costs.
- Evolution of VDM integration.
- Possible corporate transactions: other mergers and acquisitions.
- Sustainability master plan. Decarbonisation plan.
- Economic sustainability. Margins achieved.
- Capital allocation.
- Shareholder remuneration: share buyback programmes.

Performance of the share

In 2022 the various stock markets performed worse than might have been expected at the beginning of the year, perhaps affected by the uncertainty arising from Russia's invasion of Ukraine in February.

The year was affected by the aforementioned geopolitical conflict, escalating energy and raw material costs, as well as shortages of spare parts and critical components for many industries.

The high inflation caused the various competent bodies to take measures that impacted all exchanges: in the United States, the Fed raised rates seven times and, globally, central banks also raised interest rates for the first time in years to combat rising prices. These measures impacted investors' decisions.



VDM High performance Alloys are used for the construction of Oil Plants.

4. Economic performance

Performance of the world's main indexes in 2022:

	2022 %
IBEX 35	-5.5%
DJ Industrial	-8.7%
Nikkei	-9.3%
France CAC 40	-9.5%
Euro STOXX 50	-11.7%
Germany DAX	-12.3%
Ftse MIB	-13.3%
CSI 300	-21.6%
S&P 100	-22.4%
NASDAQ-100 Index	-32.9%

Source: Bloomberg

Major indexes in all regions closed in the red after a year of volatility caused by the aforementioned geopolitical and energy conflicts.

In Europe, the Euro Stoxx 600 closed down 12.9 %, with the Spanish selective index experiencing the smallest fall (-5.5 %).

Acerinox shares peaked at Euros 12.8/share on 13 January and bottomed at Euros 7.9/share on 12 October. Acerinox ended 2022 with a 19 % fall.

Stock market evolution of Acerinox and the IBEX 35



Daily percentage data, 2022. Source: Bloomberg

Analysts' recommendations changed throughout the year, decreasing from 95 % Buy recommendations to 86 % at year-end (with an average target price of Euros 12.6/share). 10 % of the analysts covering the Company recommended **Hold** and 5 % recommended **Sell**.

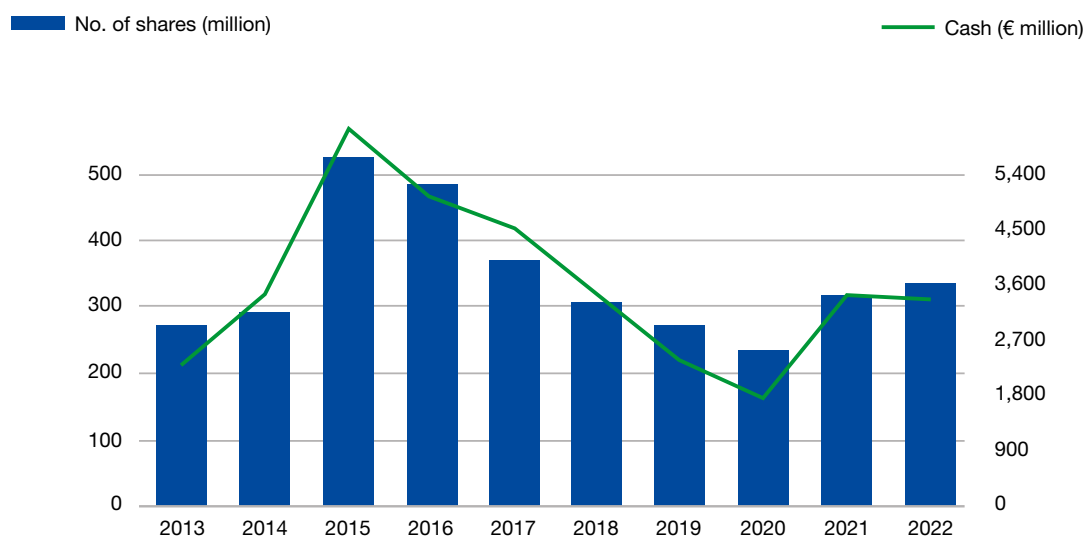
In 2022, Acerinox shares were traded on the 257 days that the Continuous Market was open. The total number of shares traded amounted to 337,538,706, equivalent to 1.30 times the number of shares that make up the share capital, with an average daily trading of 1,313,380 shares.

In 2022, trading totalled Euros 3,386,699,801.69, entailing a daily average of Euros 13,177,820.

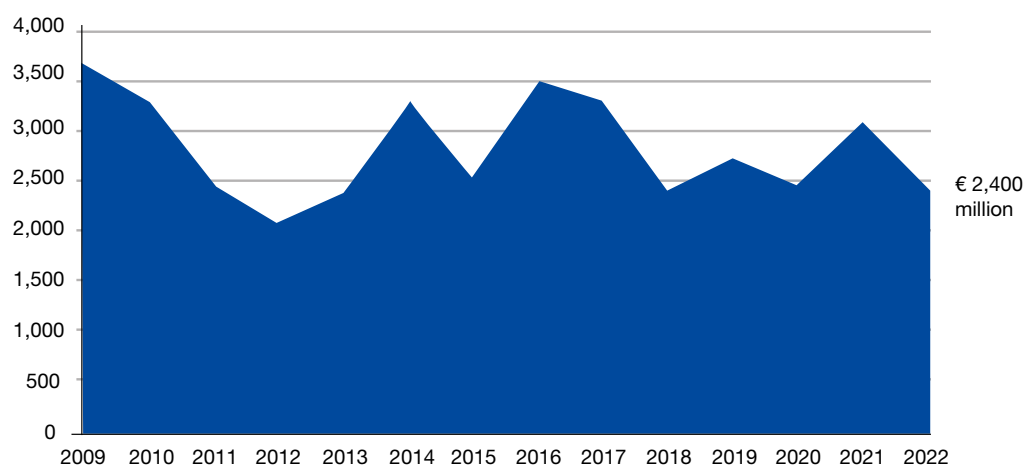
Analysts' recommendations



Share trading



Market capitalisation of Acerinox, S.A.



At 31 December 2022, Acerinox's market capitalisation totalled Euros 2,400 million (Euros 3,080 million at 31 December 2021).

4.4. Shareholder remuneration

In 2022, the Company invested a total of Euros 336 million in shareholder remuneration, up 132 % on the previous year, representing a payout of 60 % and 14 % of market capitalisation at 31 December 2022.

In addition, a cash payment of Euros 0.50 per share was made, and two share buyback programmes were carried out. In addition, the Board of Directors approved a new shareholder remuneration policy.

Dividend payment

On 5 July 2022 the dividend of Euros 0.50 gross per share was paid, as resolved at the Annual General Meeting of Acerinox, S.A., held on 16 June 2022.

Share buyback programme

The Board of Directors met its commitment to improve earnings per share by redeeming the shares issued in the four years (2013-2016) in which the dividend was paid through a flexible or scrip dividend.

Effective 30 August 2022, 10,821,848 shares of Acerinox, S.A. were delisted from the Madrid and Barcelona stock exchanges. This completed the execution of the share buyback programme for 4 % of the share capital, which was published as inside information on 20 December 2021.

At its meeting on 27 July 2022, the Board of Directors of Acerinox S.A. approved a new share buyback plan to redeem shares. On 26 October 2022, the Company completed the acquisition of 10,388,974 shares, or 4 % of the Company's share capital. The redemption of the 10,388,974 shares acquired in this buyback programme will be proposed to the shareholders at the Annual General Meeting in 2023.

New shareholder remuneration policy

The Board of Directors resolved to propose at the Annual General Meeting in 2023 an increase of the annual ordinary dividend to Euros 0.60 gross per share considering the current number of Company shares. This dividend will be stable in its total amount and will increase per share as shares acquired through buyback programmes are redeemed.

As a general rule, the dividend will be paid in two instalments: an interim payment in January and a final payment in July. In this connection, Acerinox paid an interim dividend of Euros 0.30/share for 2022 on 27 January 2023.

In addition, and depending on market conditions, the Company's earnings performance and that net debt does not exceed 1.2x the average EBITDA for the cycle, the Board may resolve to provide extraordinary shareholder remuneration through share buyback plans or the payment of extraordinary dividends pursuant to the authorisations granted by the shareholders at the Annual General Meeting.



Stainless Steel and Glass Staircase at the University of Cartagena (Spain)

4.5. Excellence 360°

Acerinox made progress in launching the Excellence 360° programme, which includes projects and initiatives to improve operational efficiency using continuous improvement and the digital transformation of processes.

Excellence 360° is focused on strengthening the business comprehensively: production (increasing process quality and productivity), supply chain (optimising stock and increasing accuracy in deliveries), sales (improving margins and the customer mix) and procurement of raw materials (always optimising the mix). The business is strengthened by considering the Group's sustainability objectives, with special emphasis on the continuous improvement of efficiency, reduced energy consumption, improved metal yields and machine running time, as well as reduced environmental costs by reducing and recovering process waste. This is all made possible thanks to the use of the new enabling technologies of Industry 4.0 and lean manufacturing.

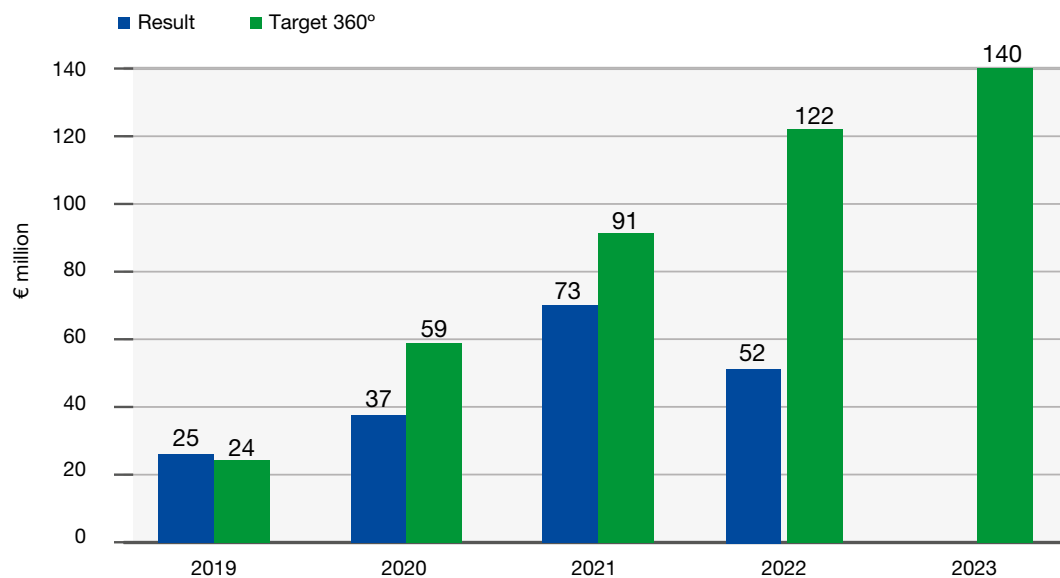


In 2022, the results of the Excellence 360° plan were affected by a multitude of incidents. In addition, the Group planned maintenance stoppages for critical assets during the summer months. The low activity in the last quarter triggered unplanned stoppages due to lack of production. These events reduced the factories' efficiency.

The Group continued to deploy all the programmes it has in place to improve operational efficiency, which have helped to mitigate adverse effects:

- Continuous improvement projects in all factory workshops.
- Digital transformation programmes.
- The optimisation of the purchase of raw materials that fill the charging bucket.

This resulted in estimated savings of Euros 32 million in 2022, representing a 26 % achievement of the target set for the year (Euros 122 million).

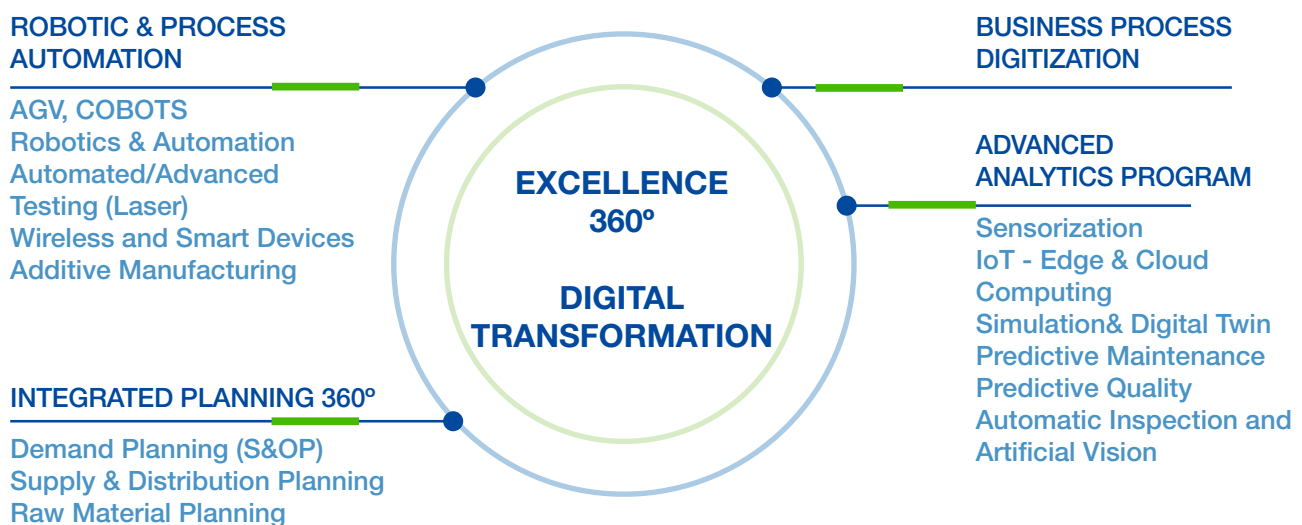


Elevator interior cladded with Stainless Steel

Digital Transformation Plan

The Excellence 360° programme includes the Digital Transformation Plan, focused on Industry 4.0, and its path towards the “smart factory”.

The Digital Transformation Plan is made up of three large programmes: process automation and robotisation, the Advanced Analytics Program and 360° Planning.



In 2022, the Group continued to undertake projects in each of these areas:

1. 360° Planning:

Launch of the last phase of the design of the campaign-planning optimisation tool in the melting shop and hot rolling mill.

Deployment of the model and tools developed at Acerinox Europa and at the flat product production units of North American Stainless and Columbus Stainless.

2. Advanced Analytics Programme:

Based on the use of algorithms to make data-based business decisions, this programme enables predictive modelling, process simulation and cyber-physical systems through the use of IoT platforms.

The most representative projects carried out in 2022 were as follows:

- Development of a predictive maintenance model on critical equipment, i.e. use of real-time IoT sensor data and AI techniques to determine when to perform maintenance on specific equipment.
- System for predicting the minimum energy required for melting in electric arc furnaces using machine learning.

- Progress with a predictive quality model in the hot rolling mill to detect, through a simulation of the process, any anomaly in the process parameters in real time before a failure or defect is generated.
- Systems for the early detection of surface defects through the use of computer vision.
- Implementation of a flat product and plate traceability system.

3. Robotisation and process automation:

Execution of the Group's second autonomous guided vehicle (AGV) project at the NAS plant in the United States. AGVs are 100 % electric autonomous vehicles with a capacity to transport 60Mt of billets from the melting shop to the long product workshop, replacing the use of lorries.

The automation of internal logistics was reengineered to optimise the routes of the AGVs in operation from 2021 at Acerinox Europa, as well as the extension of routes to increase the use of autonomous mobility equipment.

Digitalisation improved processes by developing applications, such as the management of mobile maintenance work orders, and the performance, monitoring and management of 6S audits.



Autonomous guided viche (AGVs), for the transport of Billets at the NAS Factory

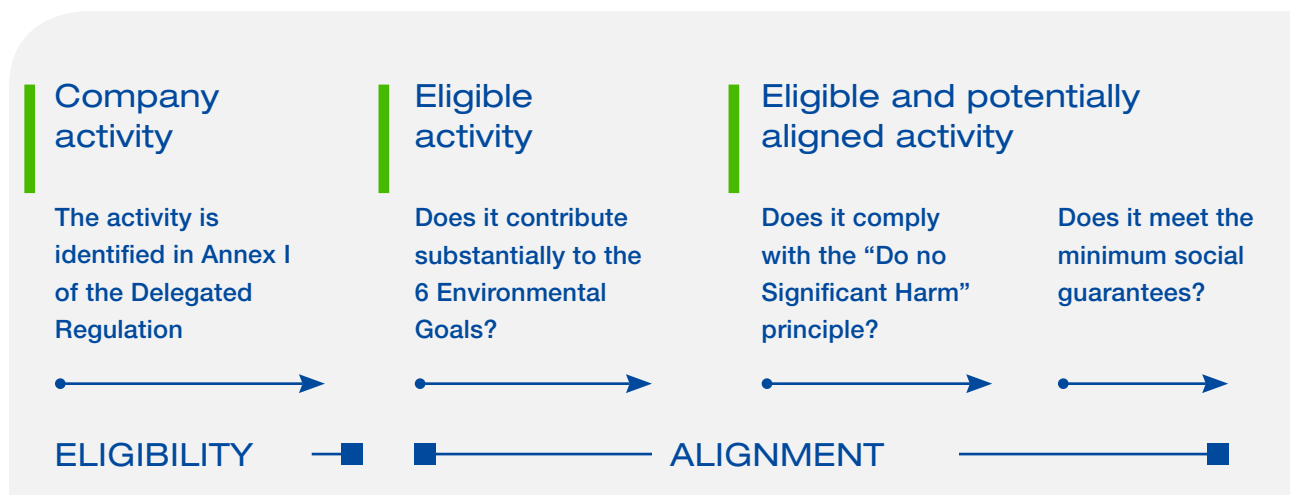
4.6. Taxonomy on sustainable finance

Regulation (EU) 2020/852 for the classification of sustainable activities, adopted by the plenary of the European Parliament in June 2020, is a key part of the EU's Sustainable Finance Action Plan for the transition to a carbon-neutral economy. The Taxonomy provides a universal definition of the environmental sustainability of economic activities at European level and contributes to the dissemination of consistent and transparent information on how companies are progressing in line with EU-wide transition plans and contributing to the EU's environmental objectives.

Accordingly, under the Regulation, companies required to present their non-financial information statements (NFIS) pursuant to Directive 2014/95/EU (NFRD) must also include in their directors' reports information related to the degree of sustainability of their activities. Non-financial companies must report the proportion of their turnover, CapEx and OpEx in compliance with the Taxonomy Regulation.

Application is being implemented progressively. The first exercise carried out in 2022 consisted of identifying the potential set of activities that could be classified as sustainable (eligibility) based on the criteria. From 2023 onwards, compliance with the technical criteria set out in the Regulation that will determine the alignment of activities with the Taxonomy should be assessed.

Acerinox has set up a sequential method to apply the Taxonomy at Group level. The following sequence of actions identifies the stages followed in the process to determine eligibility and assess the contribution of its activities to the alignment.



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

Eligibility

The first step in determining eligibility entails a precise definition of the activities carried out and 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, subgroups:

- 24. Metallurgy: manufacture of iron and steel and of ferroalloys.
- 25. Manufacture of metal products, except machinery and equipment of other products.

Both subgroups include activities that are potentially eligible.

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 of the Acerinox Group companies, the applicable NACE code has been identified and compared with the previous codes.

* The NACE (or CNAE, in their Spanish version) codes are the statistical nomenclature of economic activities in the European Community. The statistics on economic activities collected in the EU Member States must use the NACE codes or the national classifications derived from these codes. The NACE codes consist of a letter which identifies the section of economic activity and four digits that determine the division, group and class of this activity.



Bicycle Parking in Santander (Spain)

4. Economic performance

Alignment

The activity, in addition to being eligible, must demonstrate that it meets the requirements in article 3 of the Regulation, summarised as follows:

- Substantially contributes to one or more of the six EU environmental objectives.
- Does not cause significant harm to the other environmental objectives (Do No Significant Harm (DNSH)).
- Complies with minimum social guarantees.

At the time of writing, the technical criteria have been adopted that relate to substantial contribution for objectives 1 and 2 (mitigation of climate change and adaptation to climate change), included in Annex I and II of the Delegated Climate Regulation. For stainless steel, these technical criteria are only applicable to those facilities that use electric arc, setting specific thresholds for the indicator of carbon intensity per tonne of product and percentage of scrap used.

Some of the Acerinox Group companies were excluded from this analysis, as they form part of the production chain but do not have an electric arc in their facilities.

Once the compliance by the various eligible activities with the substantial contribution requirements had been analysed, the activities aligned with the climate change mitigation and/or adaptation objective were identified.

Compliance with the conditions set out to do no significant harm to the other environmental objectives and to comply with social safeguards was then verified.

Calculation of financial indicators

Acerinox has also 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) turnover, (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. If a company is aligned, all the balances of the detailed accounts will be included in the numerator, since both the departments directly linked to manufacturing and all the supporting activities of the company are a necessary part of the activity. Accordingly, the balances of all companies that have been excluded from the scope in relation to the eligibility and alignment analysis are not considered in the numerator.



Stainless Steel Building Roof in Chicago (The US).

4. Economic performance

Taxonomy table

Turnover

Economic activities	Code	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees	Proportion of turnover that complies with the Taxonomy, year N	Proportion of turnover that complies with the Taxonomy, year N-1	Category (enabling activity)	Category (transitional activity)
A. ELIGIBLE ACTIVITIES UNDER THE TAXONOMY														
A.1. Environmentally sustainable activities (complying with the Taxonomy)														
3.9. Manufacture of iron and steel (CNAE 12.24)	3.9	6,430,967,992	74 %	100 %	100 %	YES	YES	YES	YES	YES	YES	YES	74 %	
Turnover from environmentally sustainable activities (complying with the Taxonomy) (A.1)		6,430,967,992	74 %	100 %	100 %								74 %	
A.2 Eligible activities under the Taxonomy but not environmentally sustainable (activities not complying with the Taxonomy)														
3.9. Manufacture of iron and steel (CNAE 12.24)	3.9	972,130,527	11.2 %											
Turnover from eligible activities under the Taxonomy but not environmentally sustainable (activities not complying with the Taxonomy) (A.2)		972,130,527	11.2 %											
Total (A.1+A.2)		7,403,098,519	85.2 %											
B. INELIGIBLE ACTIVITIES UNDER THE TAXONOMY														
A.1. Turnover from ineligible activities (B)		1,285,395,457	14.8 %											
Total A+B		8,688,493,976	100 %											

CapEx

Economic activities	Code	Absolute CapEx	Proportion of turnover	Substantial contribution criteria		Do no significant harm criteria								Proportion of CapEx that complies with the Taxonomy, year N	Proportion of CapEx that complies with the Taxonomy, year N-1	Category (enabling activity)
				Climate change mitigation	Climate change adaptation	Mitigation	Adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees				

A. ELIGIBLE ACTIVITIES UNDER THE TAXONOMY

A.1. Environmentally sustainable activities (complying with the Taxonomy)															
3.9. Manufacture of iron and steel (CNAE 12.24)	3.9	117,055,515	76 %	100 %	100 %	YES	YES	YES	YES	YES	YES	YES	YES	74 %	
Turnover from environmentally sustainable activities (complying with the Taxonomy) (A.1)		117,055,515	76 %	100 %	100 %										76 %
A.2 Eligible activities under the Taxonomy but not environmentally sustainable (activities not complying with the Taxonomy)															
3.9. Manufacture of iron and steel (CNAE 12.24)	3.9	7,548,753	4.9 %												
Turnover from eligible activities under the Taxonomy but not environmentally sustainable (activities not complying with the Taxonomy) (A.2)		7,548,753	4.9 %												
Total (A.1+A.2)		124,604,267	812 %												

B. INELIGIBLE ACTIVITIES UNDER THE TAXONOMY

A.1. Turnover from ineligible activities (B)	29,287,588	19 %
Total A+B	153,891,856	100 %

4. Economic performance

OpEx

Economic activities	Code	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria		Do no significant harm criteria										Proportion of OpEx that complies with the Taxonomy, year N	Proportion of OpEx that complies with the Taxonomy, year N-1	Category (enabling activity)
				Climate change mitigation	Climate change adaptation	Mitigation	Adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees						
A. ELIGIBLE ACTIVITIES UNDER THE TAXONOMY																		
A.1. Environmentally sustainable activities (complying with the Taxonomy)																		
3.9. Manufacture of iron and steel (CNAE 12.24)	3.9	86,815,727	75.2 %	100 %	100 %	YES	YES	YES	YES	YES	YES	YES	YES	75 %				
Turnover from environmentally sustainable activities (complying with the Taxonomy) (A.1)		86,815,727	75.2 %	100 %	100 %									76 %				
A.2 Eligible activities under the Taxonomy but not environmentally sustainable (activities not complying with the Taxonomy)																		
3.9. Manufacture of iron and steel (CNAE 12.24)	3.9	5,981,470	5.2 %															
Turnover from eligible activities under the Taxonomy but not environmentally sustainable (activities not complying with the Taxonomy) (A.2)		5,981,470	5.2 %															
Total (A.1+A.2)		92,797,197	80.4 %															
B. INELIGIBLE ACTIVITIES UNDER THE TAXONOMY																		
A.1. Turnover from ineligible activities (B)		22,700,676	19.6 %															
Total A+B		115,497,873	100 %															



Stainless Steel Telescope in the Biarritz Coast (France).



Columbus Factory in Middelburg (South Africa).



5. Sustainable management model

In recent years Acerinox has reaffirmed its commitment to making the world more sustainable, creating its own responsible management model to structure, coordinate and reinforce the necessary activities to realise this goal.



Railing made from Stainless Steel Flat Bars and Stranded Wire at the "King's Path" in Malaga (Spain)

To this end, the Board of Directors' Sustainability Committee was set up in 2020 and meets at least quarterly to address these matters. The Head of Sustainability reports to this Committee, directly to the CEO.

The Group 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, the fight against climate change, defence of human rights, equality, diversity, inclusion, and responsible procurement. These are all available on the company website.

Positive Impact 360°, the Company's Sustainability Master Plan responds to the ESG materiality and risk analysis carried out based on the Group's strategy. It also identifies the drivers for generating value and establishes the long-term objectives for their materialisation.

Positive Impact 360° sets out the Group's main environmental, social and corporate governance initiatives. This multi-year plan is implemented through annual sustainability programmes that are defined and agreed

with the Group's different areas and factories. These programmes are a legitimate tool for achieving continuous improvement in the execution of the plan.

In 2022 Acerinox endeavoured to make progress in the systematisation 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. Software was also installed to improve the traceability and reliability of the Group's non-financial information. The sections below expound upon the most relevant activities in each area.

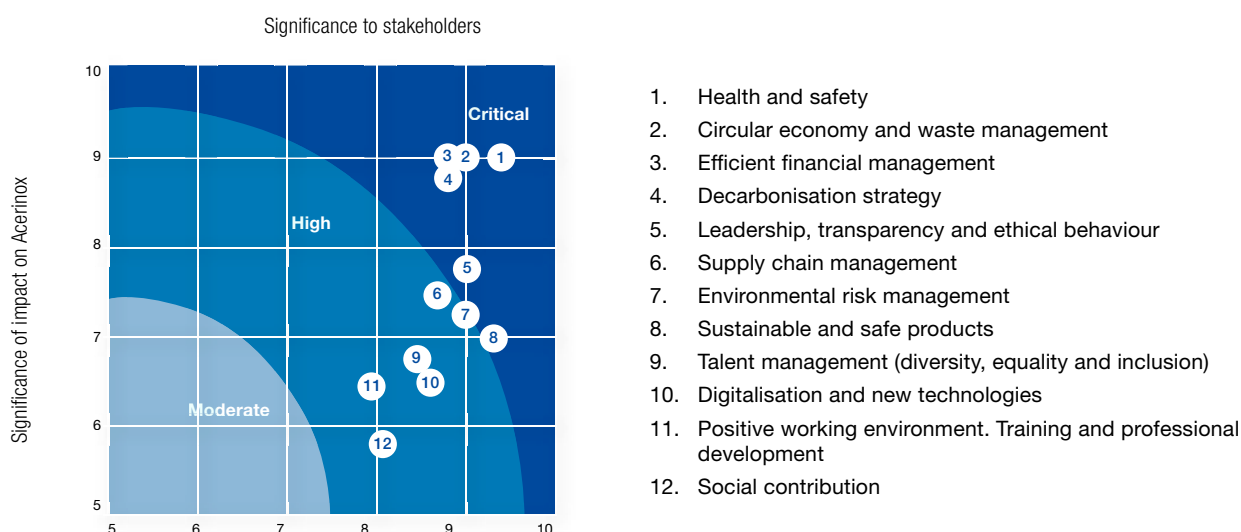
5.0.1 Materiality analysis

In 2022 the Acerinox Group reviewed and updated the material issues. This analysis process allowed the Company to identify risks and opportunities, and better understand the needs and expectations of stakeholders. To this end, Acerinox consulted its main stakeholder groups: customers, shareholders, employees, financiers, suppliers, etc. in order to rank the most relevant aspects to them and to gauge their level of satisfaction with the performance of Acerinox. The consultation process included online questionnaires and one-on-one interviews with over 500 people, with a response rate of 50%.

The most relevant issues for stakeholders were health and safety, product safety and sustainability, supply chain, ethics, 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, 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 decarbonisation. Additionally, physical risks and transition risks related to

Materiality Matrix



5. Sustainable management model

climate change were identified as emerging or long-term risks (see detailed information in 5.2.1 Climate change management model).

Based on this information and other external sources, the material issues were ranked from a double materiality perspective, i.e. taking into account the material, human, social and environmental resources the Company needs to carry out its activity and the impact its business has on such resources. The double materiality approach makes it possible to rank the material issues from the perspective of the impact on people and the environment, and of the value created in the Group.

Shown below is the materiality matrix approved by the Board of Directors' Sustainability Committee / 3-2.

5.0.2 Acerinox Positive Impact 360°

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

The Sustainability Plan is built around five strategic pillars:



Ethical, responsible and transparent governance

Champion a responsible and transparent management model, and solid corporate governance with a sustainable, long-term vision that identifies and proposes responses to new ESG challenges and opportunities.



Eco-efficiency and the fight against climate change

Establish commitments and objectives in the fight against climate change and develop an action plan to achieve them that includes energy efficiency measures, which are the bedrock of the climate change model.



Circular economy and sustainable products

Build circular economy processes into all operations, fostering the development of sustainable, low-emission products.



Committed team, culture, diversity and safety

Further align people with Acerinox's values, encouraging their commitment to sustainability and promoting equality, talent development and climate improvement, while ensuring health, safety and well-being.



Supply chain and impact on society

Be known in our areas of operation for our commitment to society and our positive impact on the local community.

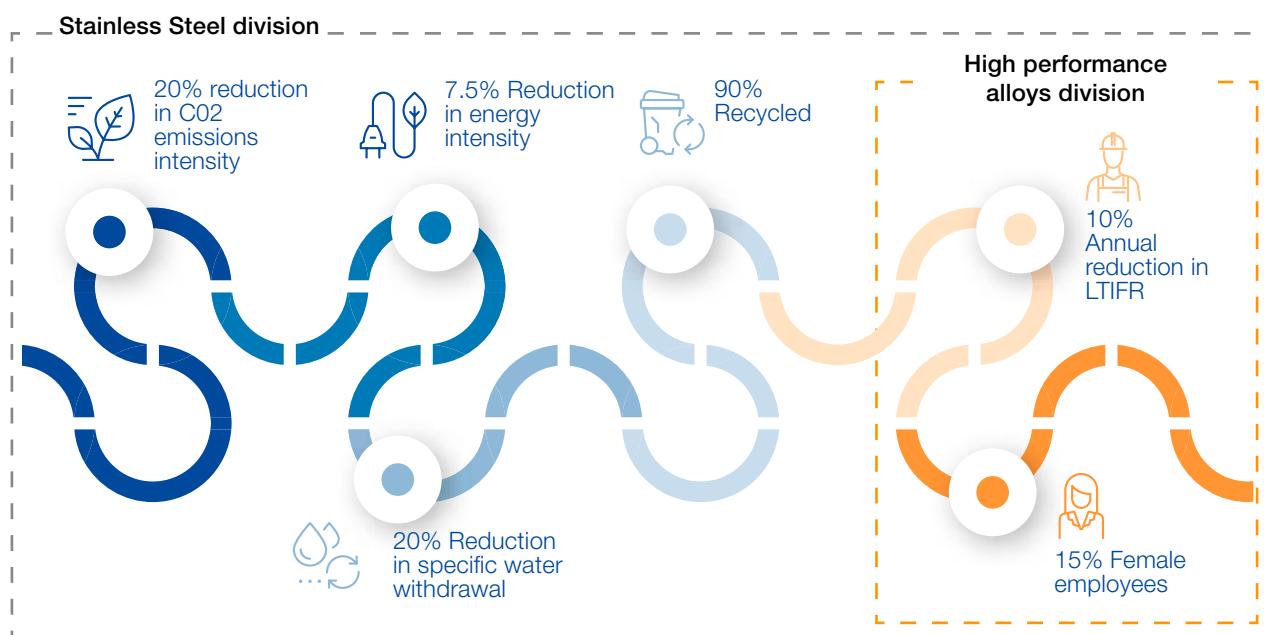


Façade in Stainless Steel at the Tarragona Service Centre from Acerinox Group

5. Sustainable management model

5.0.3 Sustainability objectives

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 Objectives	Progress	2022 vs 2021
	20% reduction in CO2 emissions intensity (scopes 1 and 2) compared to 2015	-8% vs 2015	+2%
	7.5% reduction in energy intensity compared to 2015	+3 vs 2015	6%
	20% reduction in specific water withdrawal compared to 2015	-15% vs 2015	11%
	90% of waste recycled	79%	+10%
	10% annual reduction in LTIFR	–	-28%
	15% of employees are women*	–	–

*The diversity objective was revised to reflect a greater commitment to the presence of women employees in the Group, setting a 2030 target of 15%

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 organisation's different areas.

The specific objectives linked to variable remuneration for 2023, in line with the 2030 roadmap, are as follows:

Pillar	2023 Objectives	2023 vs 2022
	Reduction in CO2 emissions intensity (scopes 1 and 2)	-6%
	Increase in recycled waste	+3%
	Reduction in LTIFR	-10%
	Increase in presence of women employees	+2%



Worker at the Columbus Factory

5. Sustainable management model




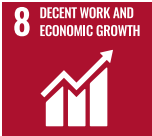

5.0.4 Contribution to the 2030 Agenda

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 crucial 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 where it can make the biggest contribution.

Contribution to the SDGs

SDG	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. (See 5.4.3 Health and safety for further information).
	The stainless steel industry has a low representation of women employees but is working hard to reduce this gender gap.	Objective of having 15% women employees by 2030, setting out specific initiatives to achieve this goal. (See 5.4.2 Equality, diversity and inclusion for further information).
	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. (See 5.2 Eco-efficiency and the fight against climate change for further information).
	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 Euros 8,755 million in the form of salaries, taxes, payments to suppliers, etc. (See. 2 Impact of Acerinox on the environment).
	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 3.2 Strategy for further information).

SDG	CONTRIBUTION OF STAINLESS STEEL	ACERINOX'S 2030 OBJECTIVES
	<p>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.</p>	<p>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 recovery objective. (See 5.2 Eco-efficiency and the fight against climate change and 5.3 Circular economy and sustainable products for further information).</p>
	<p>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.</p>	<p>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 analysed the physical and transition risks related to climate change. (See 5.2 Eco-efficiency and the fight against climate change for further information).</p>

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 fulfils 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.

5.0.5 Acknowledgements



5.0.6 Memberships



5.1 Ethical, responsible and transparent corporate governance

5.1.1 Corporate Governance

In light of the entry into force of Law 5/2021 of 12 April, which amended, inter alia, the Spanish Companies Act, at their General Meeting on 16 June 2022 the shareholders approved changes to the articles of association and the regulations of AGMs. The Board of Directors regulations were also changed in December 2021 and the shareholders were informed of this in said General Meeting. The related documents were filed at the Madrid Mercantile Registry.

At the same meeting, the shareholders approved the Directors' Remuneration Policy applicable to the remaining part of 2022 and from 2023 to 2025, while in December 2022 the Board of Directors approved the Company's Dividend Policy.

All the above changes and policies can be consulted on the Acerinox website (www.acerinox.com).

In 2022 the Board of Directors of Acerinox, S.A. performed an annual assessment of the board's functioning and that of its committees, as required by the Spanish Companies Act.

Acerinox, S.A.'s Annual Corporate Governance Report, Directors' Remuneration Report and Directors' Report for 2022 have been available on the Spanish National Securities Market Commission's website and on the Acerinox, S.A. website since the 2022 annual accounts were published.

5.1.1.1 The Board of Directors and its Committees

In 2022 the Board of Directors of Acerinox, S.A. comprised 12 members until the Annual General Meeting on 16 June 2022, when the Chairman of the Board, Mr Rafael Miranda Robredo, stepped down after having reached the age limit established in the articles of association for reappointment as a Director. On the same day, 16 June 2022, in a Board of Directors meeting after the AGM, Mr Carlos Ortega Arias-Paz was named Chairman of the Board. He had been a director of Acerinox since 9 May 2022, when he replaced Mr Pablo Gómez Garzón who had stepped down that same day. Since the AGM, the Board of Directors of Acerinox has had 11 members.

Skills matrix

At the behest of the Appointments, Remuneration and Corporate Governance Committee, the Board drew up and approved its own skills matrix, which has since served 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, whilst specialising in areas such as audit, sustainability, energy and new technologies. Directors are usually required to have prior experience on other boards of major international companies. Similar criteria, extensive experience and expertise in various fields are taken into account when deciding to assign individuals to each committee.



Billets continuous casting in NAS Factory

5. Sustainable management model

Board of Directors



Chairman

Carlos Ortega Arias-Paz

- Member of the Board of Directors since May 2022.
- Chairs the Executive Committee.
- Proprietary Outside Director, representing Corporación Financiera Alba.
- Voted in by 91.99% of the subscribed capital with voting rights at the 2022 General Meeting of Shareholders.
- Holder of 11,111 shares at 31 December 2022.



CEO

Bernardo Velázquez Herreros

- Member of the Board of Directors since 2010, re-elected in 2014, 2018 and 2022.
- Chief Executive Officer since July 2010. Sits on the Executive and Sustainability Committees.
- Executive.
- Voted in by 92.55% of the subscribed capital with voting rights at the 2022 General Meeting of Shareholders.
- Holder of 59,192 shares at 31 December 2022.



Independent Director

Rosa María García Piñeiro

- Member of the Board of Directors since 2017, re-elected in 2021.
- Chairs the Sustainability Committee and sits on the Executive Committee.
- Independent Outside Director.
- Voted in by 97.32% of the subscribed capital with voting rights at the 2021 General Meeting of Shareholders.



Independent Director

Laura González Molero

- Member of the Board of Directors since 2017, re-elected in 2021.
- Chairs the Appointments, Remuneration and Corporate Governance Committee and sits on the Audit Committee.
- Independent Outside Director.
- Voted in by 97.94% of the subscribed capital with voting rights at the 2021 General Meeting of Shareholders.

Independent Director

Francisco Javier García Sanz



- Member of the Board of Directors since 2020.
- Sits on the Executive and Appointments, Remuneration and Corporate Governance Committees.
- Independent Outside Director.
- Voted in by 92.78% of the subscribed capital with voting rights at the 2020 General Meeting of Shareholders.

Independent Director

Donald Johnston



- Member of the Board of Directors since 2014, re-elected in 2019.
- Sits on the Audit and Executive Committees.
- Lead Independent Director.
- Holder of 6 shares at 31 December 2022.
- Voted in by 98.62% of the subscribed capital with voting rights at the 2019 General Meeting of Shareholders.

Proprietary Director

Tomás Hevia Armengol



- Member of the Board of Directors since 2016, re-elected in 2021.
- Sits on the Audit and Sustainability Committees.
- Proprietary Outside Director, representing Corporación Financiera Alba, S.A.
- Voted in by 99.13% of the subscribed capital with voting rights at the 2021 General Meeting of Shareholders.

Independent Director

Leticia Iglesias Herraiz



- Member of the Board of Directors since 2020.
- Chairs the Audit Committee.
- Independent Outside Director.
- Voted in by 92.59% of the subscribed capital with voting rights at the 2020 General Meeting of Shareholders.



Independent Director

Ignacio Martín San Vicente

- Member of the Board of Directors since 2018.
- Sits on the Executive and Sustainability Committees.
- Independent Outside Director.
- Voted in by 98.96% of the subscribed capital with voting rights at the 2019 General Meeting of Shareholders.



Independent Director

Marta Martínez Alonso

- Member of the Board of Directors since 2017, re-elected in 2021.
- Sits on the Sustainability Committee.
- Independent Outside Director.
- Voted in by 98.05% of the subscribed capital with voting rights at the 2021 General Meeting of Shareholders.



Proprietary Director

Santos Martínez-Conde Gutiérrez-Barquín

- Member of the Board of Directors since 2002, re-elected in 2006, 2010, 2014, 2018 and 2022.
- Proprietary Outside Director, representing Corporación Financiera Alba, S.A.
- Voted in by 91.57% of the subscribed capital with voting rights at the 2022 General Meeting of Shareholders.
- Holder of 9,997 shares at 31 December 2022.



Secretary

Luis Gimeno Valledor

- Secretary of the Board and Secretary-General of the Acerinox Group.
- Holder of 14,953 shares at 31 December 2022.

Website of
Board Members ►►



The articles of association establish that the board may have between 5 and 15 members. Although the maximum number has been reached in the past, there are currently 11 members after the former chairman stepped down. 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 deem it necessary.

At the end of 2022, 36% of Board Members are women, with a target of reaching 40%.

Name	Charge	Director			Committees					Other
		Executive	Proprietary	Independent	Executive	Audit	Appointments Remuneration and Corporate Governance	Sustainability	First appointment	
Carlos Ortega Arias-Paz	Chairman		✓		✓				2022	
Bernardo Velázquez Herreros	CEO	✓			✓			✓	2010	
Laura G. Molero	Director			✓		✓	✓*C		2017	
Rosa María García Piñeiro	Director			✓	✓			✓*C	2017	
Donald Johnston	Director			✓	✓	✓			2014	
Francisco Javier García Sanz	Director			✓	✓		✓		2020	
Tomás Hevia Armengol	Director		✓			✓		✓	2016	
Leticia Iglesias Herraiz	Director			✓		✓*C			2020	
Ignacio Martín San Vicente	Director			✓	✓			✓	2018	
Marta Martínez Alonso	Director			✓				✓	2017	
Santos Martínez-Conde	Director		✓		✓		✓		2002	
Luis Gimeno Valledor	Secretary				SEC	SEC	SEC	SEC	-	

*C: Chairwoman

Changes in the Board of Directors

Mr Carlos Ortega Arias-Paz was appointed as a Director of Acerinox on 9 May 2022 and as Chairman of the Acerinox Group, replacing Mr Rafael Miranda Robredo, on 16 June 2022. Pablo Gómez Garzón, Proprietary Outside Director, stepped down from the Acerinox Board of Directors on 9 May 2022, having been a member since 2019.

5. Sustainable management model

Committees

Executive Committee

Eight members and eight meetings in 2022.

Audit Committee

Four members and 10 meetings in 2022.

Appointments, Remuneration and Corporate Governance Committee

Four members and 11 meetings in 2022.

Sustainability Committee

Created in 2020, five members and six meetings in 2022.



▲ See the powers
of the committees

Senior Management Committee

At 31 December 2022, the Acerinox Senior Management Committee was composed of the following people:

Bernardo Velázquez.	CEO
Hans Helmrich.	COO
Mark Davis.	CEO of Bahru Stainless
Cristóbal Fuentes.	CEO of NAS
Fernando Gutiérrez.	CEO of Acerinox Europa
Niclas Müller.	CEO of VDM Metals
Johan Strydom.	CEO of Columbus Stainless
Daniel Azpitarte.	Integration Director
Miguel Ferrandis.	CFO
Luis Gimeno.	Secretary-General

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 of metrics are 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 was 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' Remuneration Report, which is published at the same time as this report and is available on the website of the Company and the Spanish Securities Market Commission. The total remuneration of Senior Management can also be consulted in the Annual Corporate Governance Report in the same places.

A portion of Senior Management remuneration, like the CEO 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 three-year cycles. This component of remuneration is paid in Company shares.

For 2023, the effects of the claw back clauses included in the contracts of the CEO and Senior Management have been extended to all variable remuneration, i.e. annual variable remuneration and long-term incentives, as per the recommendations of the Good Governance Code.



Stainless Steel Coil in BA finish at the NAS Factory

5. Sustainable management model

5.1.1.2 Good governance practices

Acerinox carries out best corporate practices before they are reflected in international standards.

Creation and appointment of Lead Independent Director: Donald Johnston was selected for this role following the departure of the former Chairman, for reasons of age, and the appointment of Carlos Ortega Arias-Paz. Although the position of Chairperson is not executive, it was decided that this position be created on account of the advantages it brings.

When the Company decided to increase the dividend per share to Euros 0.60, compared to Euros 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 performs an annual assessment that includes an evaluation of its different committees. This brings to light areas for improvement and approves the necessary measures to enhance performance. The resulting improvement plans are periodically monitored and analysed halfway through and at the end of the year in question. The fact that the appraisals get better and better each year is a good sign that this process is useful. The 2022 evaluation was performed by the Company's in-house services, whereas in 2023 it will be performed by an outside party in accordance with the Good Governance Code.

At the behest of the Board of Directors, the Company has strengthened the area of Sustainability in recent years. First of all, a Department was created (which has dispensed with other non-sustainability functions) and then a specialised Committee was set up to report to the Board.

5.1.1.3 General Meeting of Shareholders

Acerinox held its AGM on 16 June 2022 in Madrid, with the Company's shareholders attending in person.

Including those present and those represented, a total of 1,887 shareholders attended the general meeting, accounting for 55.94% of subscribed capital with voting rights.

5.1.1.4 Significant events after the reporting period

At its meeting on 20 December 2022, the Board of Directors of Acerinox, S.A. resolved to propose to the shareholders at the Company's Annual General Meeting a dividend of Euros 0.60 per share out of 2022 profit, of which Euros 0.30 was paid as an interim dividend on 27 January 2023. This dividend will be submitted for approval at the Annual General Meeting to be held in 2023.

5.1.2 Ethics and compliance

The Acerinox Group's Code of Conduct and Best Practices is available on the company website and contains the rules and guidelines for professional behaviour that are mandatory for all employees and directors of the Group in all activities. In 2022 a Code of Conduct for Business Partners was approved, setting out the obligatory duties and commitments for maintaining commercial relations with Acerinox.

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 Programme, aimed at averting the risk of crimes being perpetrated, particularly those entailing criminal liability for the legal entity.

Key indicators

9

QUERIES MADE
VIA THE ETHICS
HOTLINE

89%

QUERIES
RESOLVED

4,175

EMPLOYEES
TRAINED IN
COMPLIANCE



▲ Code of
Conduct and Best
Practices



Bus Shelter in the Spanish Province of Vizcaya made with Stainless Steel produced by Acerinox Europa.

5. Sustainable management model

Relevant activities

MILESTONES 2022



Review of the offences included in the Crime Prevention Programme and update of the compliance officers.



Specific training on new offences, corruption, bribery and competition.



Approval and distribution to employees of instructions regarding bribery and corruption, conflicts of interest, gifts and invitations.



Distribution to non-Spanish subsidiaries of instructions regarding good financial practices, powers and authorisations, travel and expenses, and confidentiality.

CHALLENGES 2023

- UNE 19601 certification for Criminal Compliance Management Systems.
- Review of the Code of Conduct and Best Practices.
- Approval of compliance instructions.
- Adaptation of the whistleblowing channel to the Whistleblowing Guidelines.
- Approval of internal and external due diligence instructions.
- Progress in the implementation of the Human Rights due diligence model.
- Extension to all non-Spanish subsidiaries of measures to prevent cybercrime, against the tax authorities and against industrial and intellectual property.
- Training for employees affected by crimes of fraud, money laundering, asset concealment, criminal insolvency, terrorism and organised crime.



Playground in Madrid with stainless Steel facilities

Code of Conduct and Best Practices

The objectives of the Acerinox Group's Code of Conduct and Best Practices are:

1. Regulate the conduct permitted and prohibited.
2. Establish the ethical principles and general rules that must guide the actions of the Group, the employees and the directors among themselves and in their relations with stakeholders, with whom the Group directly or indirectly interacts.

All employees adhere to these objectives, undertaking to fulfil them and to ensure that external collaborators honour the commitments set out. This code is implemented through internal policies and procedures so it can be enacted in all Group companies.

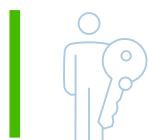
The functions of the Code of Conduct Monitoring Committee, which reports to the Board of Directors through the Audit Committee, include supervising compliance with and internal dissemination of the Code among all employees, interpreting it, providing a whistleblowing channel to gather information on compliance, and controlling and supervising the processing of cases and their resolution, in accordance with the Protocol for Complaints and Internal Investigation.

Violation of the Code of Conduct could result in disciplinary action, without prejudice to other consequences.

Whistleblowing channel

The whistleblowing channel is a communication tool accessible to all Acerinox employees and stakeholders to report behaviour that breaches the Code of Conduct and Best Practices.

The whistleblowing channel guarantees:



Confidentiality of the whistleblower's personal information.



No reprisals against employees who report suspected breaches in good faith.



Respect for the rights of those allegedly involved in a possible breach.



Exhaustive analysis of the information in question.

Acerinox provides the following whistleblowing channels:

- A whistleblowing channel on its company website. Complaints and Reports Channel.
- An email address (comitededenuncias@acerinox.com).
- A postal address (Comité de Denuncias, Acerinox S.A., Calle Santiago de Compostela 100, 28035 Madrid, Spain).

Local whistleblowing channels may be established in Group companies, where appropriate or necessary, and shall be governed by the same principles.

In 2022 nine complaints were received and managed in accordance with the Protocol for Complaints and Internal Investigation. Eight were resolved and one, received in December, is being processed.

5. Sustainable management model

Crime prevention model

The crime prevention model is installed in the main Acerinox Group companies and is planned to be implemented in the remaining companies over the coming two years.

In 2022 the Company reviewed the offences included in the Crime Prevention Programme, including, for instance, harassment, and updating the related compliance officers. Moreover, the instructions regarding bribery and corruption, conflicts of interest, gifts and invitations were approved and distributed to employees.

Data protection

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

Commitment to human rights

Respect for human rights is a priority for the Acerinox Group. The Human Rights Policy is available on the company website and 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. Meanwhile, Acerinox 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.

The 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 a human rights due diligence model that follows the methodology defined by the United Nations Guiding Principles on Business and Human Rights. The goal is to be equipped with the necessary tools to ensure such rights are protected and respected.



Ethics and compliance training

Acerinox fosters a culture of business ethics within the organisation and within its decision-making at all times. To this end, it promotes communication and training initiatives that strengthen the culture of compliance among its employees, management and directors, as well as the stakeholders with which they interact.

All new employees must undergo specific training on ethics and compliance when joining the Group, including special training on the Code of Conduct and Best Practices, data protection, the Crime Prevention Programme, bribery, etc.

In 2022 there were training courses in person and online regarding corruption and bribery for all Acerinox Group employees, as well as training in competition matters for a group of professionals who are more affected by such practices.

5.1.3 Responsible taxation

Acerinox's commitment to fostering ethical, responsible and transparent corporate governance encompasses tax responsibility. 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.



Atomium in Brussels

5. Sustainable management model

Acerinox believes in cooperating with the tax authorities and in tax transparency. 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. Moreover, 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.

In 2019 the Group voluntarily took part in the ICAP 2.0 programme (International Compliance Assurance Programme), which is a multi-lateral assessment that provides significant security and certainty as regards the main tax risks to which the Group is exposed. Participants in this programme include the Spanish, British, Canadian and US tax agencies. Having reviewed various tax-related aspects, they rated Acerinox's tax risk in these jurisdictions as low. This process ended in March 2022.

Acerinox has taken an active role in various cooperative procedures, including the request for a bilateral advance pricing arrangement (APA) between the tax authorities in Spain and in Germany, which was signed in 2017 and is currently being renewed. It also participated in the new ICAP programme launched by the OECD, which commenced in mid-2019 and ended in March 2022 following a major delay caused by the pandemic.

In 2022, as yet another sign of its commitment to collaborating with the tax authorities, Acerinox voluntarily submitted the 2021 Tax Transparency Report to the Spanish Tax Agency. It is weighing up whether to present this on a recurring basis.

Key indicators

€336 M

SHAREHOLDER
REMUNERATION

€236 M

TAX PAID

€654 M

PERSONNEL
REMUNERATION

€8,755 M

DIRECT ECONOMIC
VALUE GENERATED

€8,653 M

ECONOMIC VALUE
DISTRIBUTED



▲ The Acerinox
Group's General
Tax Policy

Internal control and supervision framework

The Acerinox Group's General Tax Policy forms part of the Group's corporate governance system. The text which 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 BEPS (Base Erosion and Profit Shifting) principles within its activity. 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 risks 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 Best 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.

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

The Acerinox Group endeavours to maximise its financial and corporate profits without affecting the fulfilment 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.

To demonstrate the Group's commitment to fulfilling its tax obligations in each territory where it operates, disclosed below are the country-by-country earnings and the income tax paid. All the taxes paid and received by the Acerinox Group in 2022 are also disclosed.



Stainless Steel tanks for the food industry

5. Sustainable management model

Pre-tax profit and taxes paid by country (Thousands of Euros)

Country	Pre-tax profit by country	Taxes paid
Spain	266,697	9,699
US	926,104	185,570
South Africa	98,502	28,203
Malaysia	-221,585	47
Canada	9,132	2,252
Mexico	6,893	1,537
Portugal	710	373
France	1,911	859
Germany	61,367	3,064
Italy	3,013	896
UK	1,934	174
Sweden	1,056	0
Switzerland	100	0
Austria	1,434	232
Poland	1,790	257
Chile	944	45
Argentina	758	234
Belgium	1,452	237
Russia	-214	15
Turkey	582	225
Brazil	-13	0
Colombia	-210	1
Peru	-54	0
Australia	397	150
China	5,454	1,188
Hong Kong	-47	2
Japan	2,536	560
South Korea	2,327	106
Singapore	22	10
India	176	0
United Arab Emirates	-96	0
Luxembourg	2	-251
Total	1,073,073	235,684

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.

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 prove to be higher than those that would be payable according to the calculation of taxable income.

Except in the cases of Spain and Germany, there are no significant deviations between the current tax charge and the tax paid.

In Spain's case, the profit 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. Per the regulation on minimum instalment payments in Spain, payments on account must be made based on accounting profit and not based on taxable income. This sometimes causes a difference between current taxes and taxes paid, as is the case this year.

In Germany's case, 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. The profit/loss shown in the table reflects the amounts recognised under IFRS.

There are differences between the effective rate (current tax divided by profit before tax) and the nominal rate in each country for various reasons:

- Tax legislation establishes adjustments to profit/loss to obtain the taxable income/tax loss.
- Moreover, in many cases there are deductions that reduce the tax payable.
- In cases where there are tax loss carryforwards from previous years yet to be applied, the legislation allows them to be offset against the profit for the year. Each country has its own rules on offsetting, and in many countries there are limitations on their use.



Sculpture Cloud Gate in Chicago, made with stainless Steel manufactured in NAS

5. Sustainable management model

As regards the income tax contribution, the table shows that the Company pays the most tax in the country where its profit is highest (USA).

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 (PIT), other withholdings on dividends or interest, and VAT.

Taxes paid	Amount (Thousands of Euros)	%
Income tax	235,684	76%
Social security	54,373	18%
Other indirect taxes (*)	8,091	3%
Local taxes	10,701	3%
Total tax paid	308,850	

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

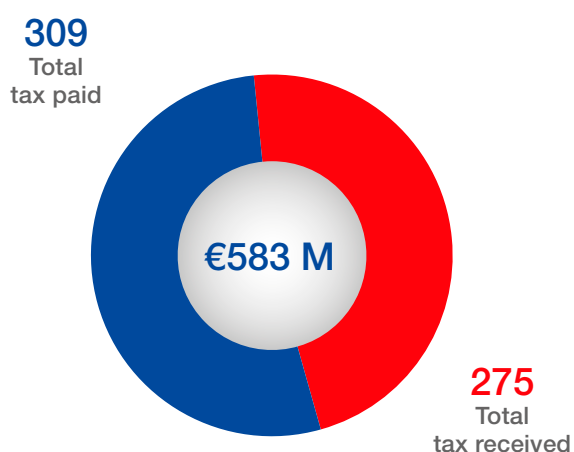
In keeping with the OECD's thinking, the analysis of the tax burden took into account the contributions made to social security or similar bodies in other jurisdictions, given that they are mandatory payments that generally account for a significant portion of a state's income and, in light of them being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

Taxes received	Amount (Thousands of Euros)	%
PIT and social security	125,604	46%
VAT	132,113	48%
Withholdings	16,856	6%
Total tax received	274,573	

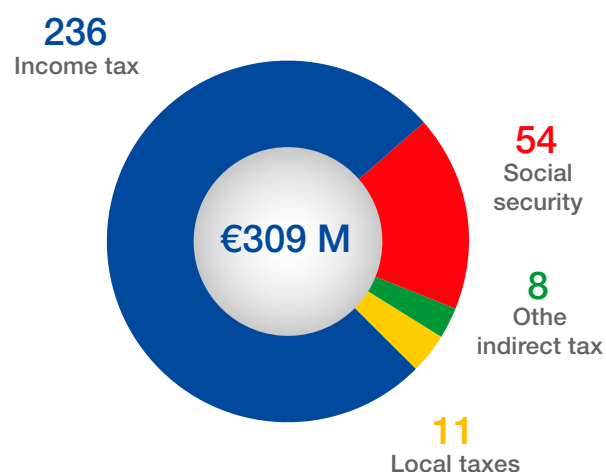
(*) The VAT shown is the net amount of taxes received and paid.

The amount of taxes paid represents 53% of the Group's total tax contribution, as shown in the chart below.

TOTAL TAX CONTRIBUTION



TAXES PAID



The Group's pre-tax consolidated profit amounted to Euros 831 million in 2022. Total taxes paid and received amounted to Euros 583 million. This means that the Acerinox Group's global tax contribution was 70% of its total pre-tax profit.

Government grants received (Thousands of Euros)	2022
R&D	14
Environment	9,879
Allocation of CO ₂ allowances	18,692
Aid related to COVID-19	198
Training	306
Other	67
Total	29,156

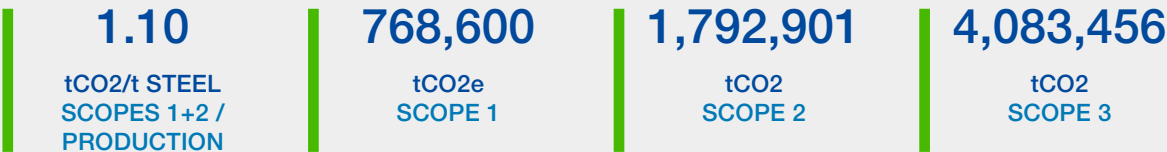
5.2 Eco-efficiency and the fight against climate change

5.2.1 The fight against climate change

Stainless steel is a durable and 100% recyclable material. It is a prime example of the circular economy and its use across multiple sectors contributes greatly to the fight against climate change. Nevertheless, like any industrial product, both its manufacture and subsequent use give rise to greenhouse gas emissions, which the Group endeavours to minimise through its climate change management model.

The Acerinox climate change management model is being brought into line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Its aim is to provide information on governance, strategy, risk and opportunity management, and metrics and targets to fight against climate change.

Main indicators



*Stainless Division



Hong Kong-Zhuhai-Macao Bridge made with Stainless Steel Rebar supplied by Roldan, S.A.

Relevant activities

MILESTONES 2022



Carbon footprint verification based on ISO 14064 / GHG protocol, including Scopes 1, 2 and 3



Analysis of physical and transition climate change risks, in line with the TCFD recommendations



Completion of the CDP Climate questionnaire, obtaining a B score



Pilot project involving the use of H2 in the natural gas furnaces at the Algeciras plant



Project analysing the capture, storage and utilisation of CO2 at the Algeciras plant

CHALLENGES 2023



Review to ensure decarbonisation targets are in line with SBTi



Plan to install photovoltaic renewable energy panels at the various plants



Heat recovery unit at the Algeciras plant.



5. Sustainable management model

Climate change governance

The Board of Directors is the highest governance body in terms of climate change management at the Acerinox Group. The Sustainability Committee and the Audit Committee report to this body on a regular basis as regards their respective spheres of influence.

The Head of Sustainability reports to the Sustainability Committee on at least a quarterly basis regarding the primary climate change initiatives put into motion, as well as the metrics and monitoring of the associated goals. The Group has a team of professionals devoted solely to managing sustainability-related themes at each plant. These teams are charged with coordinating the geographical roll-out of this management model.

The Head of Risk reports to the Audit Committee on at least a quarterly basis regarding the main risks facing the Group, which include climate change risks.

Climate change strategy

Acerinox defined its climate change commitment by taking into account four pillars or specific areas of action:

- **Improving energy efficiency:** through initiatives such as heat recovery boilers and the use of autonomous guided vehicles (AGVs), etc.
- **Increase 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.
- **Use of sustainable fuels:** by analysing the feasibility of replacing natural gas consumption with other carbon-neutral fuels, such as biomethane and green hydrogen.
- **Carbon capture, utilisation and storage:** through 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

The Group integrated climate risk management into its corporate risk management system.

To strengthen this area, in 2022 the Group also analysed the physical and transition climate change risks using TCFD methodology. This analysis considered the impact climate change could have on the Group based on two time horizons, namely 2030 and 2050, and taking into consideration two climate scenarios: for the physical risks, the IPCC, RCP 2.6 (aligned with the Paris Agreement) and RCP 8.5 scenarios were taken into account; as regards the transition risks, the International Energy Agency Scenario, Stated Policies Scenario (STEPS) and Sustainable Development Scenario (SDS) were considered (aligned with the Paris Agreement).

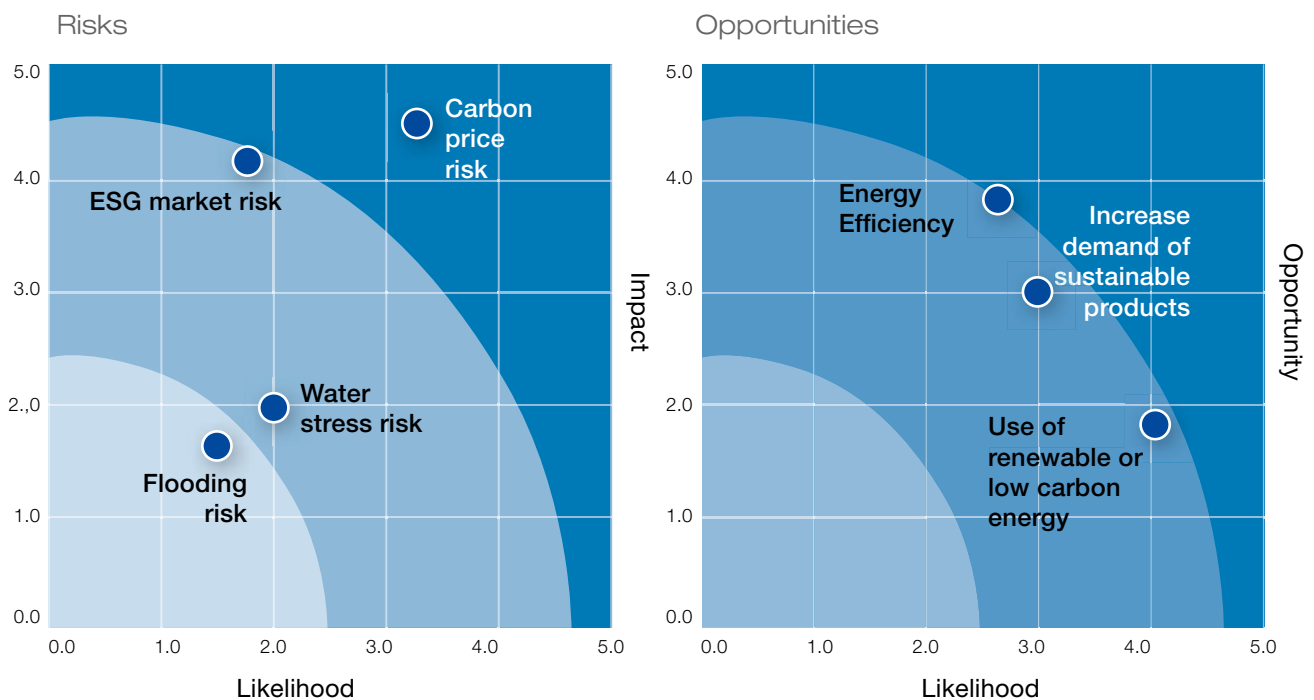
The analysis results enabled the Group to identify the following most salient risks and opportunities:

Risks and opportunities

Risk	Type of risk	Mitigation and control measures
Risk of flooding due to very heavy rain and/or rivers bursting their banks	Physical - acute	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Setting objectives to reduce water consumption. 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	<ul style="list-style-type: none"> Setting targets aimed at improving carbon intensity. 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). Analysing carbon capture, utilisation and storage projects.
Changes in customer preferences	Transition - market	<ul style="list-style-type: none"> Setting of 2030 sustainability targets. Sustainability Master Plan - Positive Impact 360°. Developing premium products that meet more stringent sustainability criteria.

Opportunity	Type of opportunity	Stimulus measures
Increasing demand for more sustainable products	Products and services	<ul style="list-style-type: none"> Setting 2030 sustainability targets. Sustainability Master Plan - Positive Impact 360°. Developing premium products that meet more stringent sustainability criteria.
Improving energy efficiency	Resource efficiency	<ul style="list-style-type: none"> Setting targets aimed at improving carbon and energy intensity. Adopting energy efficiency and emissions reduction measures.
Use of renewable or low-carbon energy	Energy sources	<ul style="list-style-type: none"> Setting targets aimed at increasing the consumption of renewable energy. Increasing the consumption of renewable electricity. Looking into replacing natural gas with low-carbon fuels (hydrogen and biomethane).

5. Sustainable management model



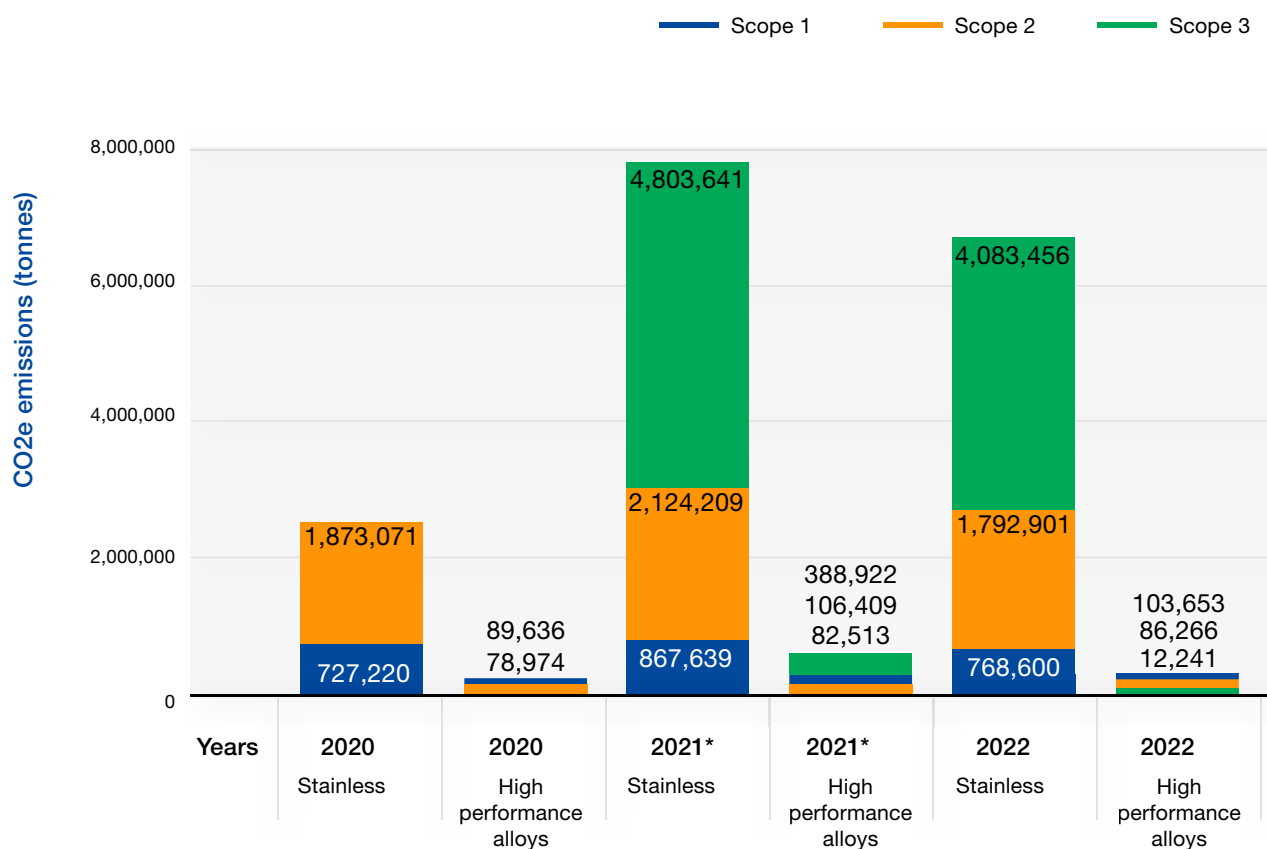
Energy efficiency plan - initiatives 2022

Measure	Type of saving	Scope
Replacing natural gas with green H2: pilot study underway to replace up to 15% of natural gas consumption with H2 in boilers.	CO2 emissions	Scope 1
Improving furnaces and burners, sensorisation and recovery boilers.	Natural gas consumption	Scope 1
Increasing the scrap metal use rates and reducing the consumption of electrodes	CO2 emissions	Scope 2
Using automatic learning algorithms to optimise the use of electricity by electric arc furnaces.	Electricity consumption	Scope 2
Increasing the purchase of energy with renewable guarantee of origin (PPAs and GOs).	CO2 emissions	Scope 2
Switching to LED lighting	Electricity consumption	Scope 2
Launching the freight train service between Algeciras and Roldan, replacing the use of lorries for a more sustainable transport mode.	Consumption of diesel	Scope 3

Metrics and targets in fight against climate change

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.

Group CO₂e emissions (Scopes 1, 2 and 3)

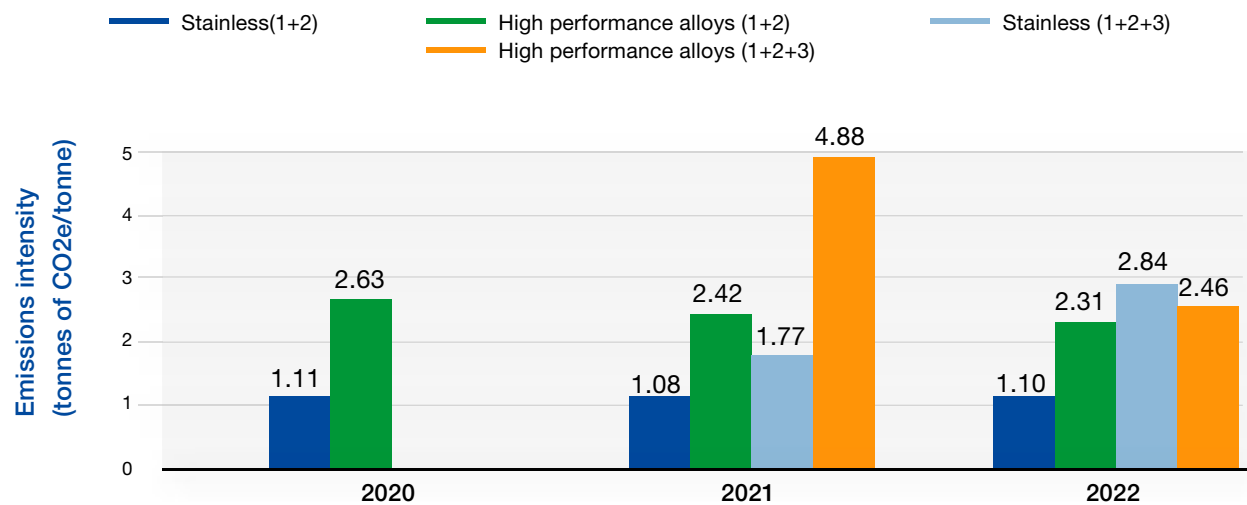


*Updated with GHG report data

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 2022. This drop in production had a significant impact on the factories' efficiency, worsening the indicators regarding CO₂ emissions intensity and energy intensity per tonne of steel produced, although the total volume of emissions decreased.

5. Sustainable management model

Group emissions intensity (Scopes 1, 2 and 3)



Solar Clock made in Stainless Steel at the Mahon Port (Spain)

Emissions table Scopes 1, 2 and 3)

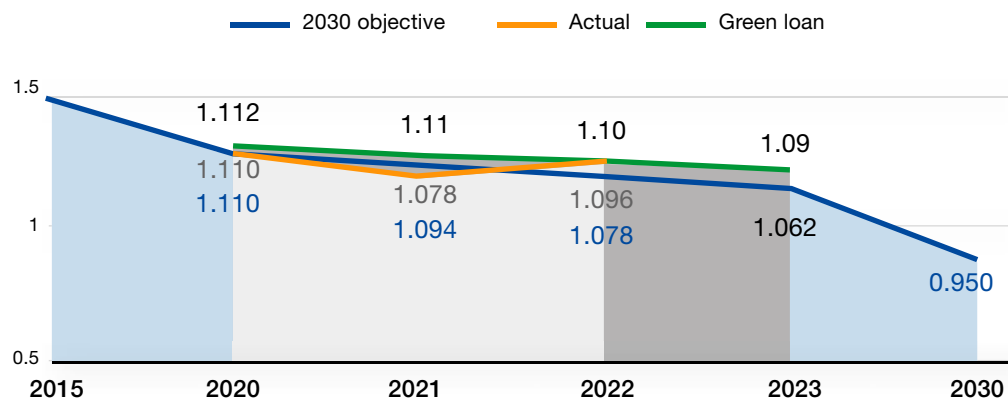
Emissions	GHG categories	Stainless	High Performance Alloys
Direct	1. 1. Fixed	596,826	101,645
	1. 2. Mobile	7,347	0
	1. 3. Process	158,860	1,880
	1. 4. Fugitive	5,567	128
Total direct		768,600	103,653
Indirect	2. 1. Energy	1,792,901	86,266
	3. 1. Goods and services purchased	3,051,193	901
	3. 2. Capital goods	0	0
	3. 3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	235,845	11,311
	3. 4. Upstream transportation and distribution	72,428	0
	3. 5. Waste generated in operations	233,789	0
	3. 6. Business travel	598	0
	3. 7. Transport used in itinere	6,138	0
	3. 8. Upstream leased assets	0	0
	3. 9. Downstream transportation and distribution	482,267	0
	3.10. Processing of sold products	0	0
	3.11. Use of sold products	0	0
	3.12. End-of-life treatment of sold products	1,198	29
	3.13. Downstream leased assets	0	0
	3.15. Investments	0	0
Total indirect		5,876,357	98,508
Total		6,644,956	202,161

Among its goals, the Acerinox Group set a target for its Stainless 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. As discussed earlier, the drop in steel production in the latter part of the year had a major bearing on this indicator.

Moreover, the Stainless Division has sustainable loans associated with the reduction of its carbon footprint. These are tied to emissions intensity (Scopes 1+2) and consist of an annual reduction of 1%. The compliance target for this year is 1.10 tCO₂e/ tonne of production.

5. Sustainable management model

Target CO2 emissions intensity and sustainable loan - Stainless Division (Scopes 1+2)

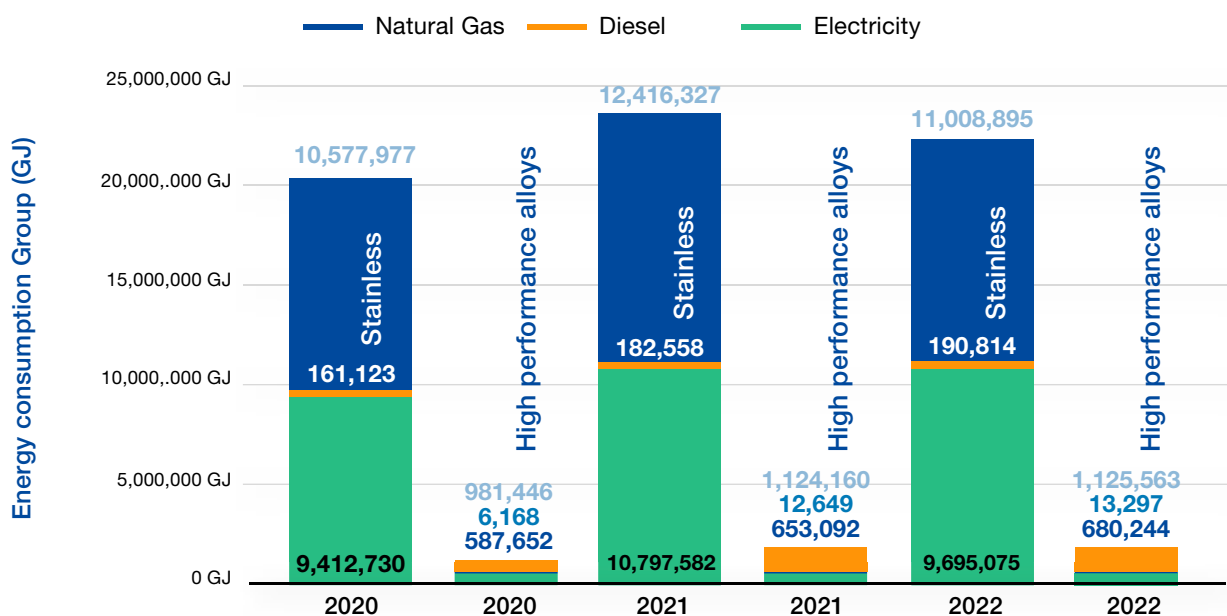


In 2022 Acerinox joined the Science Based Target initiative (SBTi) to set science-based goals for the coming two years. The Group is currently contributing to this project on sector guidelines for the steel industry, which are expected to be published over the course of 2023.

Responsible energy consumption is an essential feature of the Group's business activity. The Group is therefore aiming to reduce its energy consumption and improve energy efficiency, strategic issues in view of the Group's nature as an intensive user of electricity.

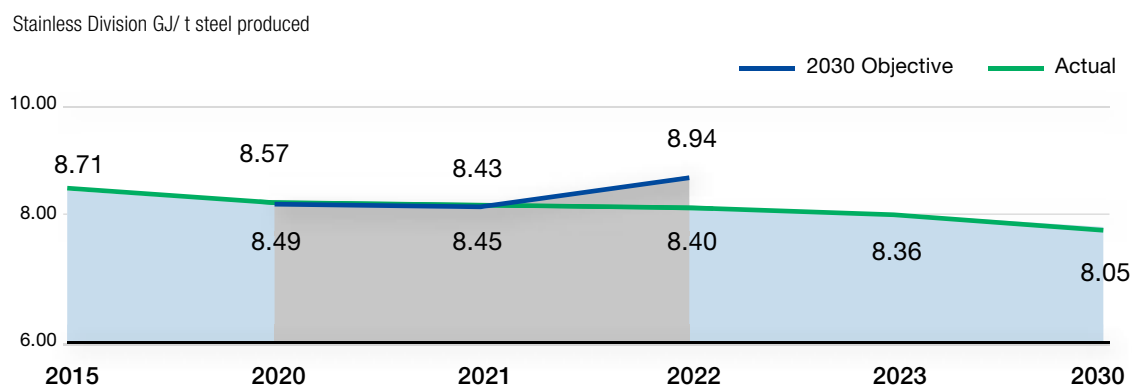
The Group is ramping up its use of renewable electricity by arranging renewable PPAs for the various plants, while bearing in mind the specific traits and possibilities of the various countries in which the Group operates.

The Group's energy consumption



A further target was set to reduce the energy intensity of the Stainless Division by 7.5% by 2030 with respect to 2015 levels. However, this target is being impacted by the drop in production.

Target energy intensity of the Stainless Division



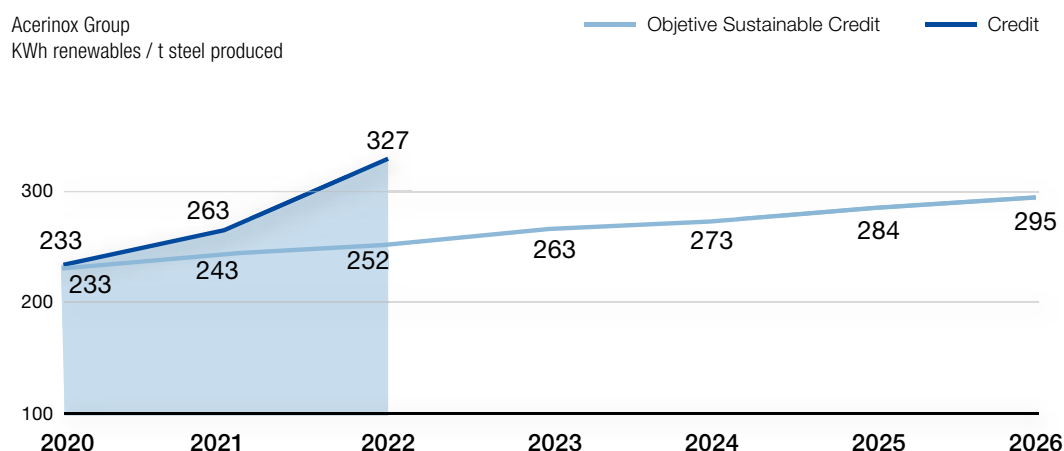
Both concepts are broken down into annual targets that are linked to the variable remuneration of the CEO and Senior Management. These targets are cascaded down through the various organisational levels.

Renewable energy certificates

284,750 MWh + 170% INCREASE ON THE PREVIOUS YEAR

One of the targets tied to the sustainable financing has been the 4% annual improvement in the renewable energy intensity ratio for the entire Acerinox Group (Stainless and High Performance Alloy Divisions) since 2020.

The Group's renewable energy intensity



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

5.2.2 Water stewardship

The production of stainless steel and high performance alloys requires a considerable volume of water, making its availability a key factor for Acerinox. Water stewardship is a crucial element for the Group. Water quality is assured by means of analyses performed by in-house and third party laboratories which provide information and analytical data. The analysis parameters include: suspended solids, pH and other water treatments, alkalinity and the water's iron, calcium, phosphorus and aluminium content, among others.

Acerinox is keenly aware that access to clean water and sanitation is a human right. In this regard the Group is an adherent to Sustainable Development Goal 6, Clean Water and Sanitation. As part of its sustainability commitment, the Company ensures all employees are provided WASH facilities (Water, Sanitation and Hygiene). These are provided safely and are fully operational at all plants, based on their specific needs. Acerinox guarantees that employees have appropriate access to clean water for drinking and washing purposes, as well as sanitation systems, thereby ensuring a healthy and safe working environment.

Main indicators

8,940,757
COLLECTION M3

5,490,924
DISCHARGE M3

3,449,832
CONSUMPTION M3

Relevant activities

MILESTONES 2022



Water footprint calculated



Completion of CDP Water questionnaire, obtaining a B score



Specific water withdrawal objective met

CHALLENGES 2023



Water strategy

Water footprint

Acerinox has calculated its water footprint, an explicit indicator of how freshwater is consumed, such as when and where, and measured at each facility. The footprint takes into consideration both freshwater consumption and pollution. The Group is currently studying the water consumed by its processes, looking specifically at the consumptive use of freshwater, that is freshwater lost through evaporation or its return to a different body of water than the one it was taken from, or returned at a different time. This is known by the Water Footprint Network (WFN) as the blue water footprint. It also analyses the impact of its effluents, estimating the degree of pollution of freshwater resources by means of a grey water footprint.

In order to identify which production plants are located in areas of water stress, the Group uses the baseline water stress conditions as a reference, which are indicated in the World Resources Institute's Aqueduct Water Risk Atlas. Based on the classifications provided by this tool, Acerinox considers areas with water stress 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 water availability in the country or catchment area. This determines the relevance of the water risks posed in order to adopt appropriate measures and facilitate dialogue with stakeholders. Each plant is assessed using the most geographically specific data available. Based on data from the Aqueduct Water Risk Atlas, currently four out of the 13 municipalities in which the Acerinox plants are located are in regions with high or very high water stress (Spain, South Africa and the United States).

The impact and risk of each facility are unique, based on the local context. The water footprint project will help facilities gain an understanding of their vulnerability to water scarcity and/or declines in water quality.

The influence of Acerinox on water catchment areas will enable it to devise on site water sustainability strategies as a local player, launch projects involving water replenishment in natural ecosystems, improvements to water quality, the reuse of waste water within catchment areas and the regeneration of water through efficient treatment processes.

Improving the Group's water footprint will be addressed from various angles: reducing water used in manufacturing processes; optimising 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.

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 5.2.1 The fight against climate change).

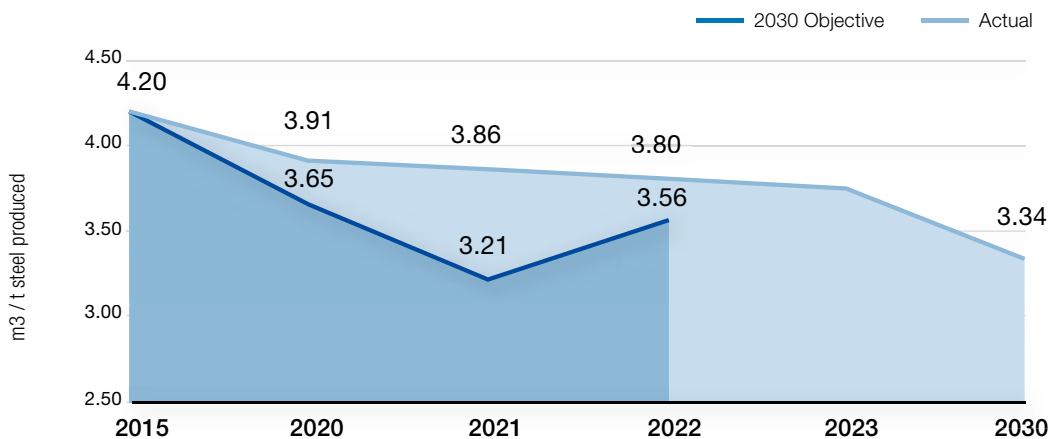
5. Sustainable management model

Water collection

Water volumes withdrawn are measured on a daily basis using flow meters. This monitoring is not only performed for production processes, but also to ensure compliance with water permit requirements. Water volumes withdrawn are verified annually by a third party. The Acerinox Group is keenly aware of the importance of reducing water consumption, including a specific KPI in this regard in its Strategic Sustainability Plan.

In order to remain faithful to its principle of ongoing improvement, the Group continued to work towards its goal of reducing by 20% the specific water withdrawal of the Stainless Division by 2030, using the 2015 data as the baseline. The Group has met the annual targets thus far.

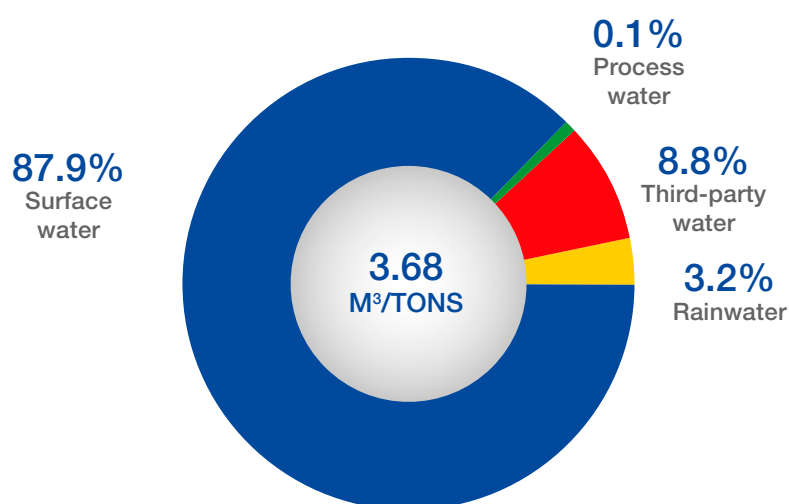
STAINLESS DIVISION



Vertical Gardening in stainless Steel produced by Acerinox Europa

Acerinox also 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 THE TOTAL WATER WITHDRAWN BY SOURCE IN 2022



m³	Total			Stainless		HPA	
2022	Total	Non-water scarce areas	Water-scarce areas	Non-water scarce areas	Water-scarce areas	Non-water scarce areas	Water-scarce areas
Surface water	7,859,120	4,720,887	3,138,233	4,312,930	3,138,233	407,956	-
Groundwater	0	0	0	0	0	0	-
Seawater	0	0	0	0	0	0	-
Produced water	7,475	7,475	0	7,475	0	0	-
Third-party water	785,902	492,219	293,683	287,230	293,683	204,989	-
Rainwater	288,260	0	288,260	0	288,260	0	-
Total	8,940,757	5,220,581	3,720,176	4,607,635	3,720,176	612,945	-

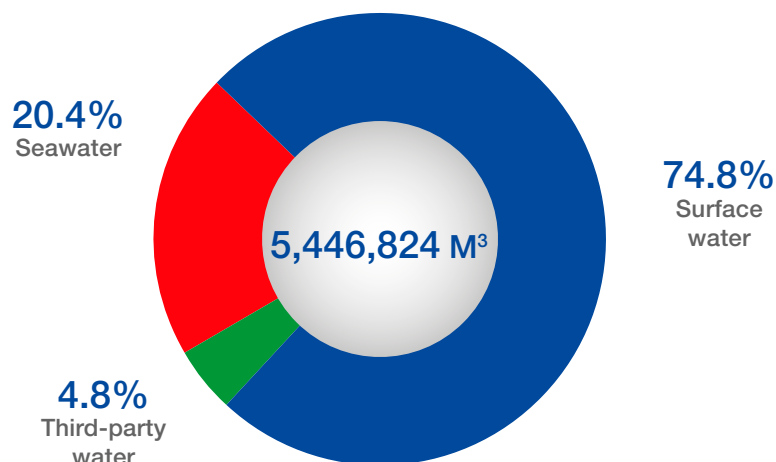
5. Sustainable management model

Water discharge

Water discharge levels are a key environmental indicator for the Group and volumes are controlled in line with official requirements. Acerinox monitors discharges on an hourly basis by means of flow meters, which record the quantity and quality per destination: surface water, seawater or third-party water. Acerinox treats water prior to its discharge and has technology in place to measure and monitor major flows ahead of time. The plants carry out primary, secondary and tertiary treatments.

The factories have acid recovery and neutralisation plants for the efficient management of pickling acids and the correct treatment of acid and basic water. There are also emergency secondary containers to avoid spills and to recirculate flows. As regards the Acerinox Europa plant in particular, local authorities are connected to this monitoring system. Water discharges are tightly controlled in order to meet and ensure compliance with legislation and Emission Limit Values (ELVs). The plants adhere to applicable standards to verify their quality. For example, certain plants are certified under ISO 17025 to manage this quality system.

DISTRIBUTION OF THE TOTAL WATER DISCHARGED BY SOURCE IN 2022:



m³	Total			Stainless		HPA	
2022	Total	Non-water scarce areas	Water-scarce areas	Non-water scarce areas	Water-scarce areas	Non-water scarce areas	Water-scarce areas
Surface water	4,105,172	3,722,827	382,345	3,661,956	382,345	60,871	-
Groundwater	0	0	0	0	0	0	-
Seawater	1,122,091	0	1,122,091	0	1,122,091	0	-
Third-party water	263,662	229,929	33,733	0	33,733	229,929	-
Total	5,490,924	3,952,755	1,538,169	3,661,956	1,538,169	290,799	-

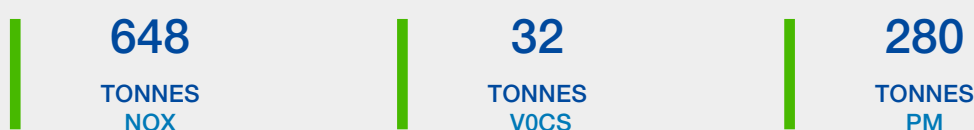
Responsible use

Acerinox considers water recycling an essential element within its commitment to sustainability and the circular economy. The manufacture of its products requires a continuous and intensive water-based refrigeration process. To that end the Group has various waste water treatment facilities (WWTF). The Group performs pickling processes in which the quality of the water is paramount. Acerinox implemented Best Available Techniques to optimise the use of recycled water with a view to attaining Zero Waste Status at all its plants (100% reuse of water). Various Group facilities have already implemented Zero Waste initiatives, while others are lining up investments to achieve said status.

5.2.3 Other environmental aspects

In line with its fight against climate change, Acerinox channels its efforts into minimising the impact of its operations on the environment, including the reduction of atmospheric emissions, such as dust and particulates. In this regard, the Group's plants monitor and control their emissions of nitrogen oxides, volatile organic compounds and particulate matter (PM).

Main indicators



Other emissions (Tonnes)	Total		
	Total	Stainless	HPA
NOx	648	620	28
VOCs	32	32	
Particulate matter	280	280	

The plants are fitted with catalytic towers that reconvert nitrogen oxides into molecular nitrogen, which helps to minimise these emissions, alongside other filtration systems. The Group is also committed to initiatives that avoid the emission of atmospheric pollutants and other environmental damage, such as the use of canopies and noise barriers. Acerinox is also driving the implementation of work methodologies and technologies that mitigate the emission of dust and suspended particulate matter, such as the success story at the NAS plant.

5. Sustainable management model

Reuse of AOD dust

Acerinox identified the opportunity to reduce CO₂ emissions by avoiding the elimination of waste and reducing raw material consumption thanks to the reuse of the AOD dust (Argon Oxygen Decarburization) that is emitted by the filtration chambers at the NAS melting shop. AOD dust is renowned for its high concentration of dolomitic lime (>50%) and low metal content. Researchers concluded that although it was not possible to recover the metal, the considerable percentage of dolomitic lime could be reused in the process. After receiving the green light from the authorities, NAS commenced use of AOD dust as an ingredient in the electric arc furnace. AOD dust is now therefore acting as a replacement for freshly sourced dolomitic lime. The practice of using AOD dust as a substitute for dolomitic lime in the furnace gives rise to cost savings and waste recovery, as well as a reduction in the CO₂ emissions associated with both.

Biodiversity

The Acerinox Group is committed to preserving biodiversity. Conscious of the urgent need to put the brakes on the rapid loss of species, the Group performs its activities in harmony with nature and pays special attention to its impact on ecosystems.

In order to place biodiversity at the forefront of its commitment to sustainability, Acerinox is carrying out a thorough review of its commitment to biodiversity protection, which enables it to strengthen the preservation of ecological diversity throughout the life cycle and minimise its impact on flora and fauna.

Case study

Project FIUS Research study into the exotic *Rugulopteryx Okamurae* species of algae.

The problems associated with the spread of the invasive *Rugulopteryx Okamurae* algae, native to warmer tropical waters, are unprecedented in both the Strait and Bay of Gibraltar in view of its environmental, social and economic impact, as well as its effect on the natural landscape. In terms of diversity, the impact generated by the algae is profound. In addition to its environmental impact, which has become all the more apparent in recent years, its interference with fishing activities and its appearance on beaches has also had a major socio-economic impact.

Scientific knowledge regarding the physiology and biology of this species, as well as the associated ecological work, was extremely thin on the ground. Acerinox Europa's support for the research is aimed at developing effective surveillance and early detection measures to mitigate potentially invasive exotic species in port infrastructure and surrounding ship anchoring sites that are the origin of the invasion.



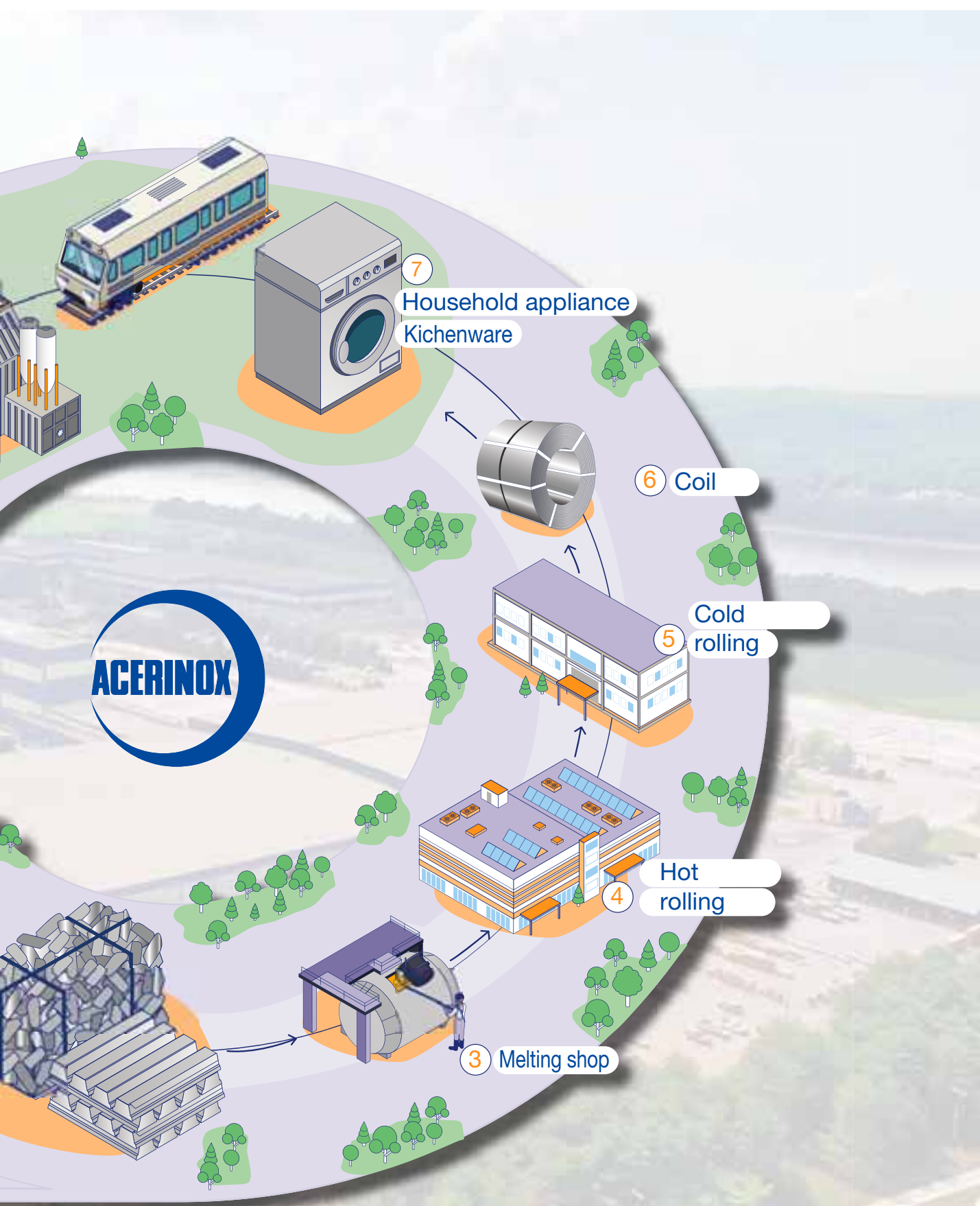
Tank for vertical Agriculture made of Stainless Steel produced by Acerinox Europa.

5.3 Circular economy and sustainable products

5.3.1 Circular economy

Acerinox is a leader in circular economy, which is demonstrated by its products. Stainless steel is a material with a long useful life that can be recycled infinitely. To produce it, Acerinox uses scrap as its main raw material, attaining values of over 90% of recycled material at the start of the process.





5. Sustainable management model

During manufacture and at the end of the process, Acerinox seeks to recycle and reuse as many of the resources used as possible. Such is its commitment that Acerinox has a long-term target linked to recycling 90% of all waste generated by 2030.

To promote sustainable growth and the responsible use of resources, Acerinox has a general Sustainable Production and Marketing Policy, accessible on the corporate website, which sets the Group’s general principles of sustainable action in the acquisition of goods and services, production and distribution and ensures that all its production activities are carried out in a way that respects people, the environment and the community in general, all within the possibilities offered by science, the best available techniques and competitiveness.

Main indicators



Relevant activities

MILESTONES 2022



Performance of various initiatives to recover slag from the Algeciras plants



Awarding of the most prestigious sustainability accolade, the EcoVadis platinum award



Awarding of the Responsible Chromium recognition associated with the EcoVadis platinum award

CHALLENGES 2022



Obtaining CE certification for slag from the Algeciras plant





General Sustainable Production and Marketing Policy

Raw materials

Recycled material*	Alloys	Gases	Acids	Recycled acid**
2,259,217	697,324	316,862	39,968	16,264

*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.

Waste management

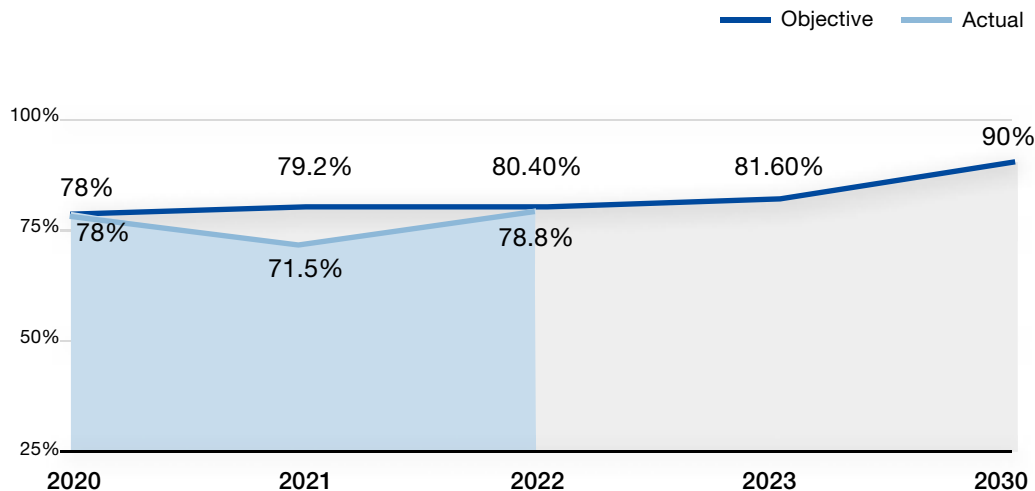
Waste generated, sorted by type of management and composition

Tons	2022		2021		2020	
Total waste	1,572,089	%	1,669,804	%	1,382,841	%
Landfill	333,533	21.2%	471,113	28.2%	302,191	21.9%
Recycled/Recovered	1,238,477	78.8%	1,193,399	71.5%	1,079,247	78.0%
Other (R&D&i)	79	0.0%	5,292	0.3%	1,403	0.1%
Total non-hazardous waste	1,432,962	91.2%	1,521,645	91.1%	1,253,389	90.64%
Landfill	252,295	17.6%	385,541	25.3%	232,600	18.6%
Recycled/Recovered	1,180,298	82.4%	1,135,377	74.6%	1,019,386	81.3%
Other (R&D&i)	70	0.0%	727	0.0%	1,403	0.1%
Total hazardous waste	139,127	8.8%	147,730	8.8%	129,452	9.36%
Landfill	80,939	58.4%	85,535	57.9%	69,591	53.8%
Recycled/Recovered	58,179	41.6%	57,630	39.0%	59,861	46.2%
Other (R&D&i)	9	0.0%	4,565	3.1%	0	0.0%

5. Sustainable management model

The Group worked towards the 2030 waste reduction target, using its best practices in the various factories, achieving recycling of almost 80% of the total waste generated.

Stainless División



Acerinox operates by minimising the generation of waste, seeking to make the most of all the resources used throughout the production process. The Group's factories therefore have management systems in place that include actions such as those mentioned below:

- Procedure for the correct labelling, storage, handling and transport of hazardous substances.
- Employee training in the safe handling and management of hazardous substances.
- Mapping of waste streams to sort waste and facilitate disposal through appropriate waste handling methods such as reuse and recycling.
- Effluent treatment plants.
- Heat recovery boilers: this is a system that simultaneously generates at least two different forms of energy from one single fuel source. The generator recovers and reuses its own waste heat from the combustion of natural gas or processed petroleum gas to generate steam that drives auxiliary turbines to produce additional power.
- Procedures relating to the correct storage and handling of hazardous substances, such as processes to prevent accidental spills or instructions on the use of appropriate personal protective equipment (PPE) when handling hazardous substances.



Scale Model of the Santiago Bernabeu Stadium that incorporates Stainless Steel cladding

From neutralisation sludge to bricks

In 2022 Bahru shipped 1,749 tonnes of acid neutralisation sludge for the waste recovery project to turn the sludge into unfired bricks. The waste was converted into 1.4 million units of bricks and supplied to the local market for the construction of buildings and urban developments.

The Sludge-to-Brick project is currently in its final phase to obtain the MyHIJAU Mark, Malaysia's official green recognition for environmentally-friendly products and services, initiated and supported by the Malaysian government.

Bahru environmental awareness programme

The Environment Department organised the "From Waste to Pot" competition for World Environment Day.

The programme aims to encourage factory employees to make handmade pots from waste materials, to raise environmental awareness among workers and to promote waste recycling and reuse.

The handmade pots embody the efforts of our employees to support waste recycling to protect the environment and also boost employee engagement.

5.3.2 Sustainable solutions

integrated Annual Report

Applications



Energy and Environmental technology

Power plants

Food Industry

Storage
Barrels
Food industry
Agri-food

Industrial Equipment & engineering

Water
Energy and Petrochemical
Bateries
Pharmaceutical and Medical
Trash and Cement



5. Sustainable management model

5.3.2.1 Process and product certifications and controls

In addition to all the legal requirements that apply to each country, all Acerinox Group factories comply with quality and environmental controls, as well as having Environmental Management Systems in line with the ISO 14001:2015 standard. In addition, all of the subsidiaries have implemented standards that exceed the legislative requirements in various fields such as quality, safety and the environment.

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



5.3.3 Innovation

Investment in fixed assets

Investments in property, plant and equipment and intangible assets amounted to Euros 154 million. These investments include both the acquisition and installation of new equipment and recurring 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.

At Acerinox Europa, the investments (including maintenance) totalled Euros 53 million, up 37% on 2021, including the slag storage facility and the new CS-6 cutting line.

The investments made by North American Stainless amounted to Euros 44 million, up 56% on 2021, earmarked for the maintenance of existing equipment, upgrading of the AP1, the new SL-5 longitudinal slitting line and replacement of equipment damaged by the melting shop incident and replacement of wiring.

At Columbus Stainless, investments in the year amounted to Euros 20 million, up 92% on the previous year, including notably the installation of tanks for oxygen and nitrogen storage as well as investments in equipment maintenance.

VDM invested Euros 28 million in the year, up 39% on last year, earmarked for production growth, product quality improvement, safety, environment and the maintenance of existing equipment.

For the Group's factory in Malaysia—Bahru Stainless—in 2022 Acerinox allocated Euros 2 million, compared to Euros 1 million in 2021.

Roldán and Acerinox, S.A. received an investment of Euros 5 million in 2022, compared to Euros 2 million in 2021.



Chairman and Acerinox Directors at the Bahru Stainless Steel Factory.

5. Sustainable management model

R&D&i

Innovation is one of Acerinox's corporate values, as well as a strategic necessity in order to continue leading a market as globalised and competitive as the stainless steel market.

To this end, in 2021, an Innovation and Technology Committee was established. Led by the Group's CEO and comprising the heads of various business areas, the aim of this Committee is to review the Group's capabilities, define the R&D&i strategy, provide sufficient funding, identify the risks that could significantly 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 the projects launched in 2022 are related to the use of stainless steel for renewable hydrogen storage and the use of hydrogen as a fuel in the heating furnaces of factories.

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 centres of this nature.

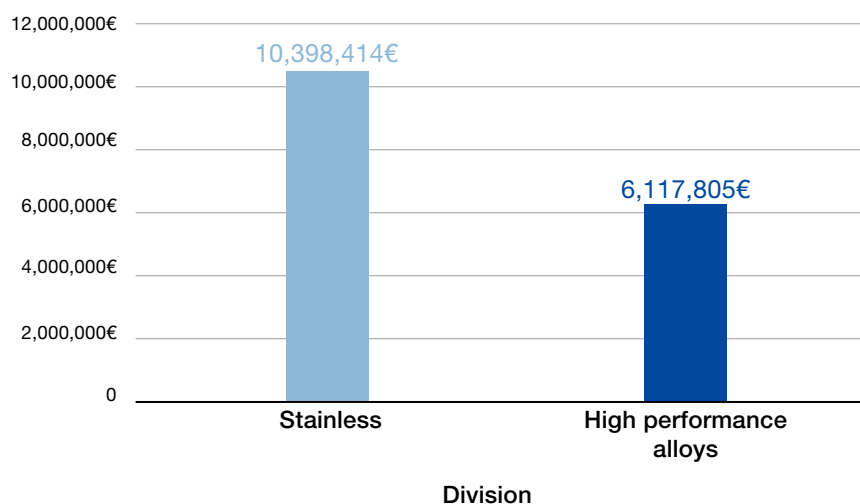
More than 40 people in the Group, located in various production plants, dedicate their knowledge and efforts to research and development tasks. In addition to these 40 people, there are also personnel who work in the laboratories of each of the Group's plants to find new alloys and improve the properties of the current alloys.

Acerinox also promotes the participation of all employees in this field with the annual Rafael Naranjo Awards, aimed at recognising workers who have stood out for their innovative projects in the areas of Safety, the Environment and Quality.

Active projects in 2022 include the AUSTRONG project, a European project performed alongside Italian, Spanish and Finnish institutions, which aims to develop a new, more sustainable steel for the hydrogen economy. This material is designed to withstand the most demanding working conditions, even when the hydrogen is in a liquid state. Also noteworthy in Spain is the CERES project. Led by Acerinox Europa, this project aims to evaluate the development of a circular economy based on mineral waste from steel plants. The project analyses the main challenges of these materials and their recovery in a safe legal environment that is sustainable in the long term.

2022 R&D&i investments and expenditure

Group total: €16,516,219



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 and different as industry, energy, architecture and transport, to name a few.

CEDINOX advises companies and different 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 received through its online queries channel. It 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. Lastly, Cedinox also participates and collaborates in the preparation of different regulations on stainless steels, such as the recent Spanish Structural Code, defending, in different forums, the advantages of the material.

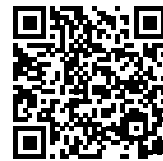
The preparation of numerous technical documents on stainless steels, together with its magazine "Acero Inoxidable", is an excellent way of making the material known among professionals and users. Similarly, Cedinox translates specific documentation into Spanish, making it a reference for information on stainless steels in the Spanish-speaking world. 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 to know the market

5. Sustainable management model

and the sector in depth, and to take part in lectures and forums. It also collaborates in the World Stainless (International Stainless Steel Forum) activities 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 actions are not limited to Spain, as it is also active in other international territories through International Advisory Centres (IACs).

But undoubtedly, one of the activities that Cedinox carries out that has the greatest impact on our society is the training activities it offers in universities and in companies. In 2022, Cedinox carried out a total of 37 courses in different Spanish universities, managing to bring stainless steel closer to nearly 1,500 engineering and architecture students. It also gave courses at different companies. Cedinox has a very close relationship with universities and the main research centres, and as a result of this link, the Acerinox Award was created for the best university engineering or architecture project related to stainless steels, which is now in its 7th year.

In short, the work of the Association is a real support to the stainless steel sector, connecting professionals and looking for and promoting the synergies that may arise.



 ABOUT
CEDINOX



Course on Stainless Steel taught by Cedinox at the Granada University (Spain).

5.4 Committed team, culture, diversity and safety

The Acerinox Group culture is shaped by its mission, vision and values, which include specific references to human capital management and, specifically, to Acerinox's commitment to being a benchmark employer in its sector.

The Group is focused on attracting and retaining the best talent, to which end it implements initiatives that facilitate equal opportunities, foster diversity and the inclusion of all its professionals, and that promote a healthy and safe working environment.

5.4.1 Attracting and retaining talent

The Recruitment and Promotion Policy, accessible on the website, sets out the Group's basic principles in this area, which are implemented across all Group companies.

Acerinox is present on all five continents, providing skilled employment and professional growth opportunities in a trust-based environment that ensures stable, quality, safe and healthy employment.

Key indicators

8,124*
EMPLOYEES

*The headcount figures in this section do not include nine members of Senior Management and 68 employees from VDM Metals' sales subsidiaries.

57.9 h
TRAINING /
EMPLOYEE

Relevant activities

MILESTONES 2022



Launch of the second edition of Ignite Next Generation, the programme to develop future leaders.



Roll-out of the Management by Objectives (MBO) programme to 1,300 employees.



Participation of women executives or women with high potential in the Progress-Promotion programmes rolled out by the Spanish Confederation of Employers' Organisations (CEOE).

5. Sustainable management model

MILESTONES 2022



The entire HR team being certified as Experts in Equality and Diversity.



The Excellence Talent programme to foster development based on external assessments of an employee's skills.



Presence at job fairs at various universities.

CHALLENGES 2023

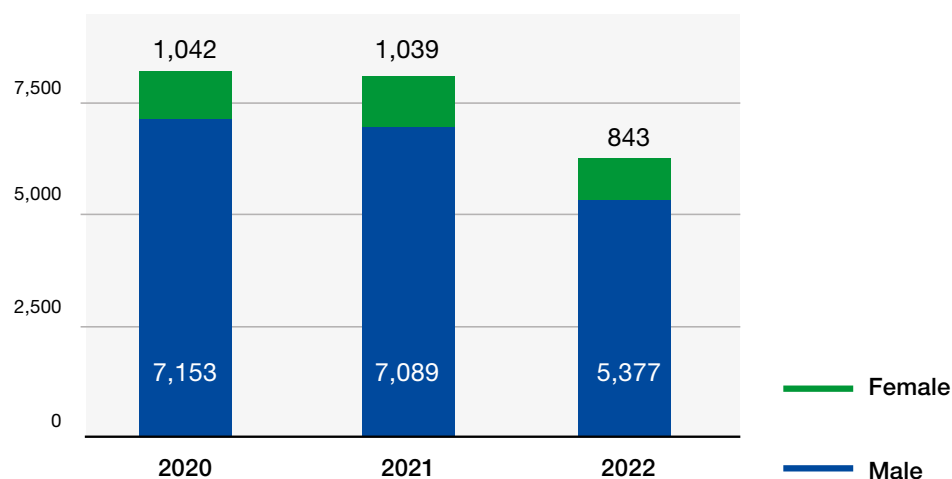
- Completion of the Management by Objectives (MBO) programme roll-out for the entire workforce and its inclusion in the target-based variable remuneration policy.
- Consolidation of the Group's position as a benchmark employer.
- Development of the Acerinox Global Insights communications programme.

The Acerinox Group had a total headcount of 8,124 people at 31 December 2022. Of this figure, 33.27% (2,703) perform their activity in Spain.

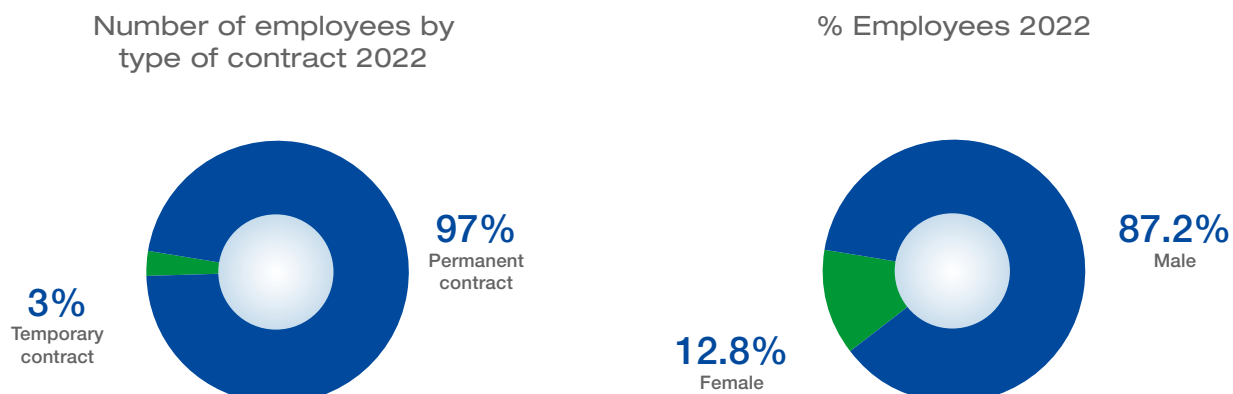
Acerinox Europa	Acerinox S.A.	Bahru	Columbus	Inoxfil	NAS	Roldán	VDM	Subsidiaries and service centres	Total
1,775	102	387	1,223	99	1,560	377	1,904	697	8,124

Against the current uncertain backdrop, the Acerinox 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%).

Variations in the workforce



Distribution of workforce by gender and contract type



The Group is implementing initiatives designed specifically to foster the hiring of highly-skilled professionals and young university graduates (e.g. “Commercial Graduate Program”) with the aim of rejuvenating the workforce and increasing the presence of women (12.8%), in order to remain highly competitive.

Of particular note in this regard are the collaboration agreements the Group has reached with some 30 universities and training centres to bring new talent on board that will ensure fresh and up-to-date expertise.

Acerinox is also upping its presence at universities by participating in job fairs in Europe, South Africa, the United States and Asia.



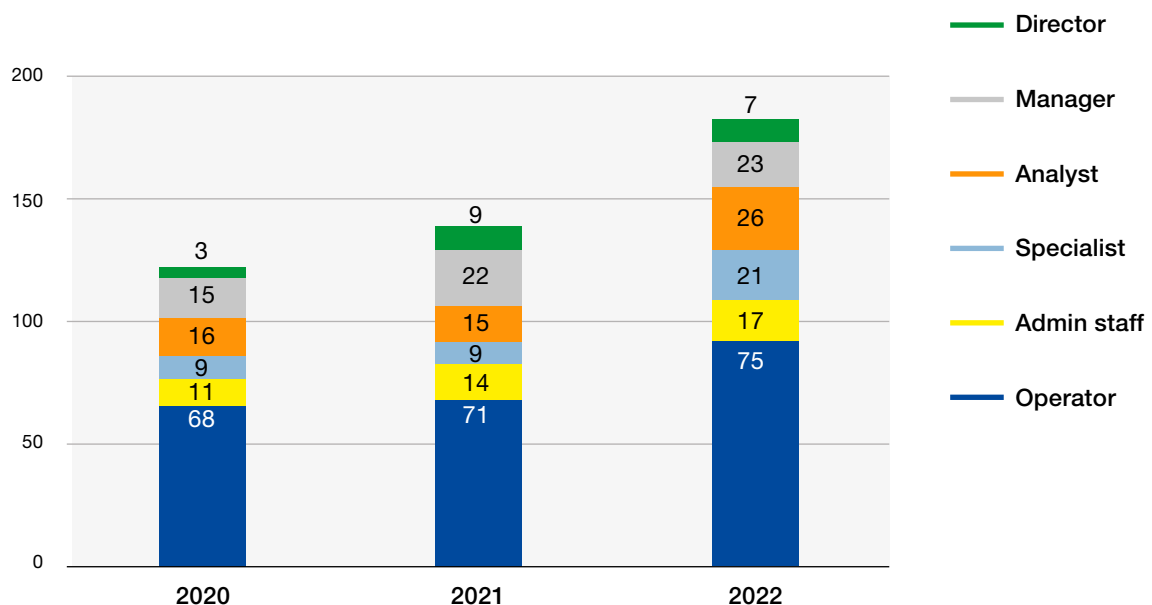
VDM Metals Worker in Laboratory

5. Sustainable management model

Acerinox 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 (9%).

The current environment is complex, dynamic, changeable and digital, which requires rapid and agile adaptation and the adoption of new ways of thinking, working and relating to others. The industry is constantly evolving, which requires learning to work in a new digitalised world, implementing flexible methods to upskill professionals, as well as changing the corporate culture and business mentality. To that end, Acerinox is focused on promoting technical skills.

Hours of training per year per employee



Maintaining its position as a global leader in the sector is only possible thanks to a robust talent attraction and retention model, as the commitment and involvement of employees is what helps the Group create the Acerinox of the future.

To that end, in addition to the individual development plans, the Group also launched the Excellence Talent Programme, an internal talent management scheme that helps professionals to forward their careers within the Company.

This programme enables participants to identify their strengths and development opportunities based on a personalised report drawn up by external consultants, based on Acerinox's skills assessment model. This report also recommends concrete steps to take in order to enhance the individual's performance.

Dialogue is also fostered between the collaborator and the talent management area in order to best address the challenges that lie ahead.

The individual development programmes at every level of the organisation are aligned with the Management by Objectives (MBO) scheme and, consequently, with the Company's short and medium-term strategy, thereby ensuring a successful outcome for both employees and the business.

Extension of the management by objectives (MBO) programme

The Group rolled out the Management by Objectives programme to a total of 1,300 employees in 2022, helping to improve individual and overall performance and bringing personal goals into line with the Company's strategic objectives. This programme forms the backbone of the annual variable remuneration policy as it sets objectives at a Group, department and individual level, thereby facilitating employee cohesion with the achievement of common goals. There are plans to extend this programme to the entire workforce in 2023 and to include it in the target-based variable remuneration policy.

Collective agreements

The Group has entered into collective agreements at practically all its production centres. This ensures open, fluid and cooperative dialogue with workers' representatives on matters related to working conditions and health and safety, among other issues. Meetings with workers' representatives are held regularly or whenever required to address a specific issue.



Worker training course in the Bahru Stainless Factory

5. Sustainable management model

Case studies

Ignite Next Generation 2022

This is an executive development programme that is run in conjunction with an internationally renowned business school. The first edition saw the participation of 60 professionals in leadership positions from every Group company. The 2022 edition saw the involvement of 90 individuals holding positions of responsibility in the various countries, business units and departments.

To design this programme the individual development plans were taken into account, as were current trends globally, and the future challenges and hurdles facing Acerinox.

The Ignite Next Generation programme is six months in length. It is a hybrid of online and classroom-based modules that aims to foster networking among the various business units and divisions across all geographical locations. In addition to the academic modules, there is a section given over to the execution of innovation projects and interaction with members of Senior Management.

The programme focuses on the performance of various leadership duties: innovation, business leadership through results and team leadership. The purpose is to prepare professionals to be agents of change and to be aware of the external environment and future trends in order to have a broader perspective of the global challenges.



Ignite Next Generation Programme, given to Acerinox Group Staff in Toledo (Spain)

Employee satisfaction

Feedback from employees in 2022 revealed a high level of commitment within the organisation globally. Group employees recognised having a great deal of trust in the future of Acerinox and held in high regard the quality of its products and the Company's reputation in the industry. They also positively rated workplace safety and the working environment, as well as cooperation among employees. These are all fundamental aspects to build a better future for all Acerinox personnel.

This information was collated over the course of 2022 through all internal communication channels available to employees (suggestion boxes, fora, training, internal channels, meetings of various commissions and committees, feedback from performance evaluations, etc.). This initiative will be developed further in 2023 as an element of continuous improvement.

Acerinox Global Insights

In order to improve dialogue with employees and align professionals with the business strategy, a new initiative, Acerinox Global Insights, was launched. These are regular conferences for all Group employees delivered by various business leaders. Thanks to these presentations, employees are given a more in-depth picture of the challenges that lie ahead and Acerinox's strategic aspects; a place to share and debate different matters of interest for the organisation.

5.4.2 Equality, diversity and inclusion

The Equality, Diversity and Inclusion Policy, accessible via the website, sets out the Group's basic principles in this area, which are implemented across all Group companies.

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

Main indicators

12.81%

WOMEN

75%

OF EQUALITY
PLAN
TASKS COMPLETE

256

EMPLOYEES WITH
A DISABILITY



▲ Equality,
Diversity and
Inclusion Policy

5. Sustainable management model

Relevant activities

MILESTONES 2022



Monitoring and Assessment Committee meetings regarding the equality plans in force.



Equality and diversity training with 100% participation rate.



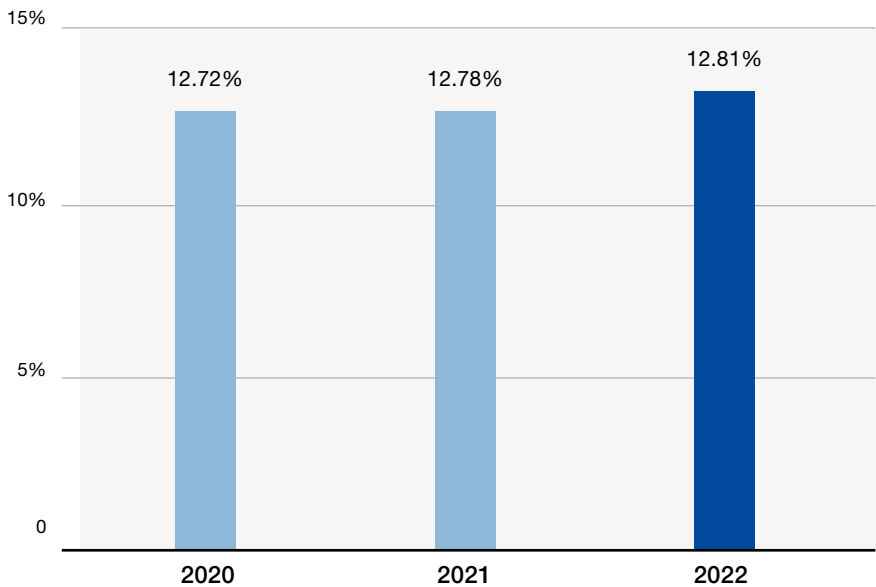
Female leadership initiative with involvement in specific development tasks.

CHALLENGES 2023

- Complete the initiatives agreed in the equality plans (75% complete).
- Press ahead and increase female leadership initiatives (Progress, Promotion and Women of Steel programmes).
- Promote an awareness campaign around comprehensive protection against sexual violence for all personnel.

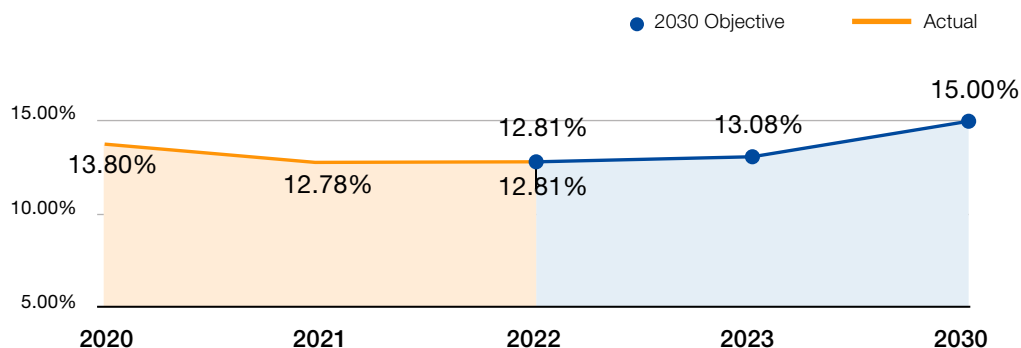
Acerinox updated its goal to add, albeit up slightly on the previous year to represent 12.81% of the entire Acerinox headcount. Excluding the category of operator, women represent 32.34% of the workforce.

Women in the workforce (%)



Women in the workforce (%)

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



Acerinox has equality plans at all Group companies in Spain and drives specific initiatives that are adapted to the reality in each country. The equality plans are structured around eight pillars:

- Communication and awareness-raising.
- Selection and recruitment.
- Remuneration and the gender pay gap.
- Equal distribution of responsibilities and work-life balance.
- Classification, promotion and under-representation of women.
- Training and professional development.
- Occupational health and safety and the prevention of all forms of harassment.
- Attention paid to gender-based violence.

In 2022 75% of the tasks set out in the equality plans were accomplished, which notably included those related to communication and awareness-raising, specific training on this issue for both senior and middle management, as well as those sitting on the committees charged with monitoring the equality plans; improvements to recruitment and



Workers at the Columbus Stainless Factory

5. Sustainable management model

selection procedures to ensure they do not contain discriminatory or biased components of any kind; a regrading of positions based on their contribution to the business; measures to ensure the equal distribution of responsibilities; and the inclusion of a gender perspective in health and safety reports, etc. The initiatives included in these plans promote the hiring of women and their equal treatment, resulting in women representing 12.81% of the workforce.

To manage diversity and non-discrimination due to any kind of personal or social circumstances, the Group considers the specific conditions at the locations where it operates, which, in view of their geographical dispersion, present major cultural differences. Specifically, Acerinox fosters the workplace inclusion of people with different abilities. In this regard, the Group has 256 employees with some form of disability recognised by pertinent local institutions.

Moreover, the Group's remuneration model promotes fair and transparent pay that is not skewed by any discriminatory or gender-based bias. The pay gap between women and men stood at 14.66% in 2022, which is down 1.31% 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, specialisation or shift work.

In 2022, total remuneration paid to members of the Board of Directors was Euros 4,250 thousand. The four female members of the Board were paid Euros 514 thousand. Remuneration to the Senior Management team, excluding the CEO, totalled Euros 8,124 thousand. At the General Shareholders' Meeting held on 16 June 2022, the Policy for the Remuneration of Directors was endorsed by 83% 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 and intensive working days, among other aspects.

Over the course of 2022, 335 employees took maternity and paternity leave, after which return-to-work and retention rates remained high (95%).

5.4.3 Health and safety

Safety is a cornerstone of working at Acerinox and one of its corporate values. The commitment to the health and safety of the people working at our facilities 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 objective of which is to reach Zero Accidents involving employees or contractors. This policy, accessible via the website, sets out the Group's basic principles in this area, which are implemented across all Group companies.

In 2022 the Group drew up a 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

4.14

LTIFR* X
1,000K

*LTIFR: Lost time
injury frequency rate

8.69

TRIFR** X
1,000K

**TRIFR: Total
recordable injury
frequency rate

MILESTONES 2022

Global Lean Manufacturing based on a 6S management system (5S + Safety), the touchstones of which include 6S audits, and Gemba Walks

A significant reduction in accident rates.

Implementation of a leading indicator panel on HSE performance

Variable remuneration tied to health and safety targets.

Sustainable financing linked to a reduction in the accident rate.

CHALLENGES 2023

ISO 45001 certification for all facilities.

Variable remuneration tied to a reduction in the TIR rate.

Development and implementation of corporate HSE management procedures.

Development of a safety programme for corporate processes.



Industrial Cleaner made in Stainless Steel manufactured by NAS

Photograph courtesy of Alliance Manufacturing

5. Sustainable management model

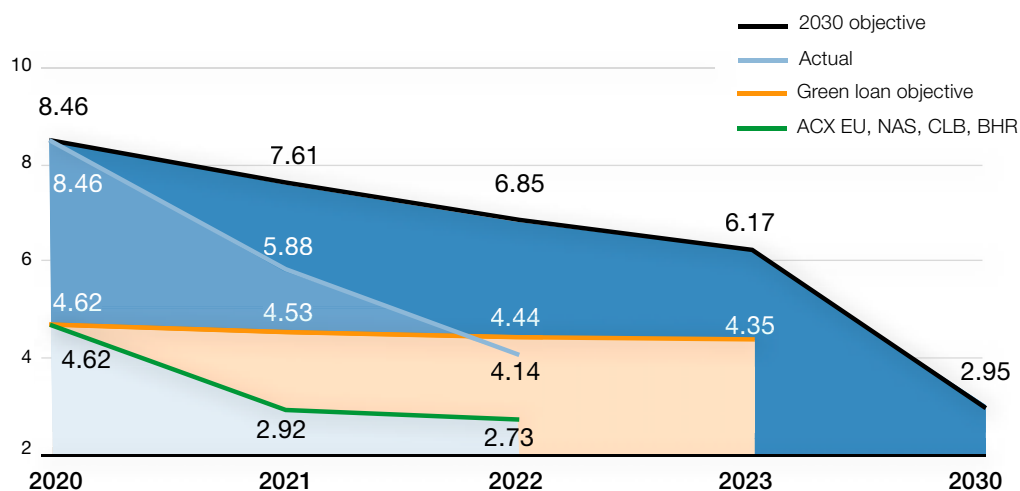
All Acerinox Group companies have a health and safety management system. The goal for 2023 is to have all these system certified under ISO 45001.

The management system sets down the procedures, committees and participation mechanisms required to implement an appropriate safety culture at the Group and among contractors.

Since 2021 the Group has implemented various initiatives following Global Lean Manufacturing methodology, which are based on a 6S management system (5S + Safety), the touchstones of which include 6S audits, Gemba Walks, prevention observations, LOTO audits and problem-solving techniques.

Work was also performed in 2022 to identify and monitor the new leading indicators, thanks to the use of new tools such as ALMA. The roll-out of these initiatives at the Group's plants has strengthened the corporate safety culture and propelled the organisation forwards as regards improving the accident rates with respect to previous years.

LTIFR x 1,000K



LTIFR, decline of 29.6% on 2021, and TRIR, reduction of 36% with respect to 2021.

Another of the targets tied to sustainable financing is the

2% improvement in the LTIFR x 1,000k indicator with respect to 2021

at the Acerinox Europa, North American Stainless, Columbus Stainless and Bahru Stainless. This year, the combined LTIFR x 1,000k of the aforementioned factories was 2.73



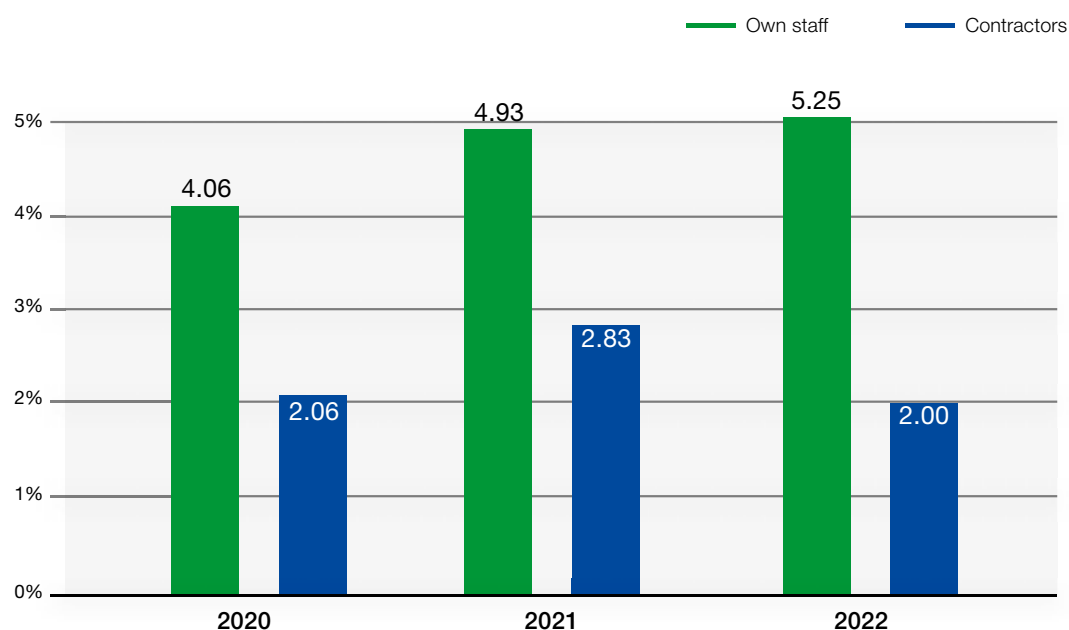
Sculpture made of Stainless Steel

LTIFR

The Group is continually working to fuse safety culture into all operations by tying the variable remuneration of Senior Management and Plant Managers to an improvement in these rates.

The decline in absenteeism is another focal point to which the Group dedicated sizeable efforts over the past year. Cases of absenteeism were followed up and consultations were undertaken with occupational health mutual societies in order to improve management of this area.

ABSENTEEISM RATE (%)



5. Sustainable management model

Study Cases

Roldan, Prevention Excellence

The Ponferrada plant was awarded Prevention Excellence certification in recognition of its ongoing efforts to improve occupational health and safety and the work undertaken to reduce accident rates. This certification recognises the continual efforts made by the Group in terms of health and safety, an ineludible duty for Acerinox that lies at the heart of its decisions.

L6 Philosophy

As part of the Group's continuous improvement culture, the 6S system, also known as 5S + Safety, seeks to maintain a high level of productivity and safety throughout the working environment. There is, therefore, a positive impact on quality and productivity, and an environment is fostered in which employees can feel safe. The recognition of potential hazards is also supported through safety controls and additional awareness-raising.

6S audits: Lean manufacturing 6S methodology audits: the Japanese words Seiri ("sort"), Seiton ("straighten"), Seiso ("shine"), Seiketsu ("standardise"), and Shitsuke ("sustain" + SAFETY).

Gemba walks: Management walking around and talking in the working areas.

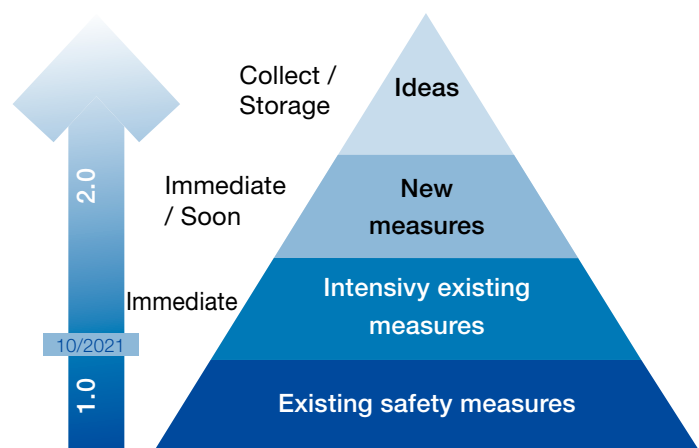
LOTO: Lock Out, Tag Out, Try Out.

Safety minute: Safety Minute before starting work, where the employee performs an introspective analysis of their mental state before starting a task.

Safety 2.0 Programme, VDM Metals

VDM Metals is committed to continuous improvement within its health and safety management systems, which is why it is transitioning from an external reactive control system to a proactive model. To that end, VDM Metals launched a Safety 2.0 programme with objectives, actions and training, all based on observation methodology that revolves around safety-related behaviour. Its strategic approach can also be summarised as follows: Attention, Awareness, Prevention and Communication, which is materialised through:

- Five-minute safety chats
- Application of TRGS 561 (technical rules for hazardous substances)
- Measures to increase communication, information and transparency
- Changes in behaviour by increasing awareness around and attention paid to unsafe conditions and near-misses.



Safety World Steel Bronze Award

Acerinox Europa successfully improved the safety conditions of the AOD converter damper system thanks to the automation of the process to eliminate the lubricating grease. This prevention measure, aimed at avoiding the risks stemming from this task, which was hitherto performed manually by a maintenance officer, was awarded the World Steel Bronze Award.

5.5. Supply chain and social impact

5.5.1 Supply chain management

The acquisition of raw materials, products and services is pivotal for the Acerinox Group to conduct its activities and meet the required market standards on quality, pricing, logistics and sustainability.

The Group has a Responsible Procurement Policy through which it aims to forge stable and long-lasting relationships with suppliers based on shared ethics, and which allow for sustainable value creation. This policy is available on the corporate website. It outlines general principles for purchasing goods and services, with details of economic, competitive, social and environmental aspects, and defines the Group's objectives and core action framework which it rolls out to all of its companies.

In addition, in 2022 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.

The Group also devised a procurement strategy for the next five years based on four pillars:

- Sustainability.
- Excellence, operational efficiency and purchasing.
- Helping to reinforce the business.
- Bringing added value to the customer.

All the improvements implemented in the supply chain management model led to Acerinox obtaining the EcoVadis Platinum award, the pinnacle of sustainability recognition.

Key indicators

8,019
TOTAL NO.
OF SUPPLIERS

70%
TOTAL NO.
OF SUPPLIERS*

107
ESG-ASSESSED
SUPPLIERS

*Suppliers from the same country as the productions centre.

Responsible
Procurement Policy ►►



5. Sustainable management model

Relevant activities

MILESTONES 2022



Approval of the Code of Conduct for Business Partners.



Definition of the supplier audit methodology and execution of a pilot test.



Approval of the procedure for assessing ESG risks in the supply chain.



Optimisation of procurement and contract arrangement processes and the associated costs.



Awarding of the most prestigious sustainability accolade, the EcoVadis platinum award.

CHALLENGES 2023



Definition of the Company's "core procurement processes", thus ensuring good management of responsible procurement.



ESG assessment of most relevant suppliers in each business unit.



Extension of audits to critical suppliers, "build a resilient and sustainable value chain"



Implementation of a supplier portal to ensure "harmonised purchasing management" at global level.

The principles of supplier management within Acerinox are aligned with the ideals of openness, equality and transparency, and based on the Responsible Procurement Policy, the Code of Conduct for Business Partners, the General Terms of Business and the Group's other corporate policies.

The supplier accreditation process includes specific requirements for each factory as regards the environment, health and safety, labour practices and compliance with the Universal Declaration of Human Rights.

Acerinox collaborates with over 8,000 suppliers worldwide, more than 70% of which are local suppliers (from the same country as the production unit) with turnover amounting to approximately Euros 5,000 million in 2022, thus facilitating and fostering the economic and social development of the communities in which the Group operates.

No. of suppliers and expenditure

	2022	
	Total	% Local
No. of suppliers	8,019	70.69%
Expenditure (€)	5,046,443,530	70.04%

The Acerinox Group has approved a new model for assessing sustainability risk in the supply chain, which includes an evaluation of indicators associated with environmental, labour and human rights aspects, ethics and responsible procurement. All suppliers that collaborate with the Group are screened using this method.

Moreover, minimum requirements have been defined for each type of supplier depending on their criticality, and those suppliers that do not meet the specified thresholds must devise improvement plans if they are to continue working with the Group.

No. of suppliers screened using ESG criteria

	2022	
	Total	%
No. of ESG-assessed suppliers	107	3%
No. of key ESG-assessed suppliers	23	32%

Along the same lines, a new supplier audit model is being defined and a pilot test has been run, which will be rolled out to critical suppliers in the coming year.



Stainless Steel used at an Amusement Park

Acerinox obtains EcoVadis Platinum 2022

Acerinox has obtained the EcoVadis platinum accolade, the highest award granted by this independent rating platform, which rates sustainability in global supply chains.

The score obtained by Acerinox places it among the top 1% of the best rated companies out of more than 100,000 firms in 200 countries worldwide.

EcoVadis rates the performance of companies on a scale from 0 to 100 in four main areas: environment, labour practices and human rights, ethics, and responsible procurement. The improvement in the Group's rating with respect to the previous year, when it received the gold award, recognises continuous improvement and the substantial progress made in the roll-out of its commitment to sustainability.

This great achievement shows the positive impact of the Group's activities and ratifies its firm commitment to contributing to sustainable economic, social and environmental development.



Corrugated Stainless Steel made by Roldan, used for the restoration of the Church Santa Catalina in Seville, Spain.

5.5.2 Contribution to the community

The Acerinox Group is committed to creating value and developing a more prosperous and sustainable environment, bolstering its engagement with communities in the countries where it has a presence and fortifying its positive impact in the societies where it operates.

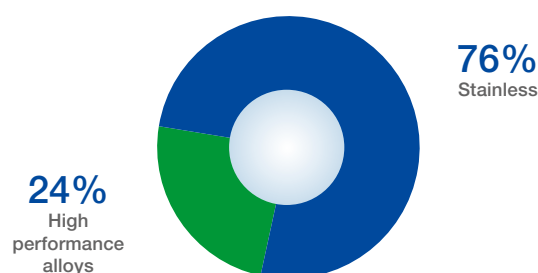
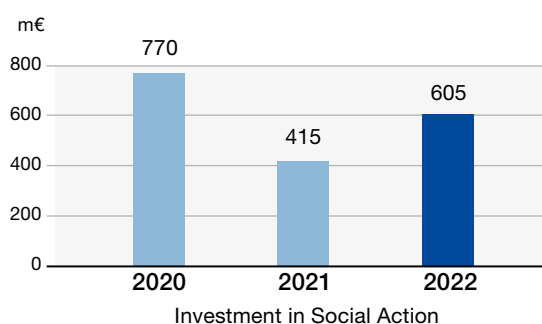
To achieve this objective, Acerinox has defined a Social Action Framework, which is intended to harmonise all activities and prioritises the areas of investment: economic development, education, inclusion, etc. Such aspects are, at the same time, essential to the progress of local communities and the well-being of society in the long term.

Key indicators

€ 605 k INVESTED IN SOCIAL ACTION

46% YEAR-ON-YEAR INCREASE IN SOCIAL ACTION INVESTMENT

Investment in social action by division (%)



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. In 2020, Acerinox stepped up its collaborations with other organisations to address the crisis stemming from the pandemic. In 2022, community investing was 46% higher than in the previous year.

MILESTONES 2022

- Collaboration in Dual Training programmes as part of higher vocational training and university courses.
- Collaboration with educational establishments in Carroll County, Kentucky, through mentoring projects and subsidies to support local students in their studies.
- Acerinox Europa's "Twelve months, twelve initiatives" programme for community progress and well-being.
- Collaboration agreement with the A LA PAR Foundation.
- Collaborations to foster the employability of people with disabilities.

CHALLENGES 2023

- Roll-out of the Social Action Plan to all of the Group's business units.
- Identification of new lines of collaboration to maximise the positive impact.

5. Sustainable management model

The Social Action Framework is structured into five priority lines of action which focus on areas that contribute to economic growth, social sustainability and environmental protection, in response to the global challenges facing society:

- **Socio-economic development.** Initiatives that support the progress of the communities where the Group has a presence and 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, fight climate change and preserve local biodiversity.
- **Commitment to quality education.** Collaboration on initiatives that promote lifelong learning and talent development among future professionals. Actions intended to facilitate incorporation into the labour market, helping people and society to build a future.
- **Inclusive development.** Initiatives that encourage social and labour integration among disadvantaged groups, to promote a more inclusive world and ensure that nobody is left behind. Particular emphasis will be placed on women, older unemployed people and people with disabilities, seeking to bridge the inequality gap.

To carry out these actions, the geographical setting of the operations, prioritising local initiatives, which are understood as those that bring tangible benefits to the towns or regions where the operations are based.

Corporate volunteering

Corporate volunteering is embedded in the Acerinox Group's culture with a clear social vocation. We encourage our employees to engage in collaboration and solidarity and advocate their participation in programmes intended to improve the living conditions and quality of life of disadvantaged groups, in order to help build a fairer world and a more egalitarian society.

Volunteering initiatives

NAS involvement with local schools. NAS employees volunteered as mentors to assist students with their academic tasks, gifting their time to carry out school-related activities with pupils whose mother or grandparents were not in a position to support them in the different activities.



Bollards fabricated with Stainless Steel produced by NAS.

Case Studies

Socio-economic development:

CEO Golf Day in Columbus

The CEO Golf Day is a business event organised for the sole purpose of raising funds and which is financed entirely by the participants. In this edition the funds raised were channelled into 16 local charity organisations in and around Middelburg, and were deposited in the CEO Charity Fund, set up to satisfy the growing socio-economic needs of the community by identifying the most deserving organisations for the purpose of devising community projects. The intention with Columbus Stainless's participation in these initiatives is to leave a positive footprint and an enduring legacy for the local community.

Social well-being:

Acerinox supports Ukraine victims

Coordinating closely with the local authorities, VDM Metals provided accommodation in Werdohl, Altena and Neuenrade to 57 citizens affected by the invasion of Ukraine. The Group thus answered the United Nations' urgent call for action to help the population affected by the conflict. This proactive measure reasserts Acerinox's commitment to the Ten Principles of the UN Global Compact and, more specifically, to human rights.

Biodiversity preservation:

Mangrove replantation in Johor Bahru

Acerinox took part in the mangrove replantation intended to protect the coast from big waves generated by large vessels moving along the waterway. The project is especially important to this area from a biodiversity perspective, inasmuch as this is the main breeding ground for many species in the food chain. The Johor Department of Environment was also involved in this project as part of Malaysia's National Environment Day.

Commitment to education:

Attracting young talent

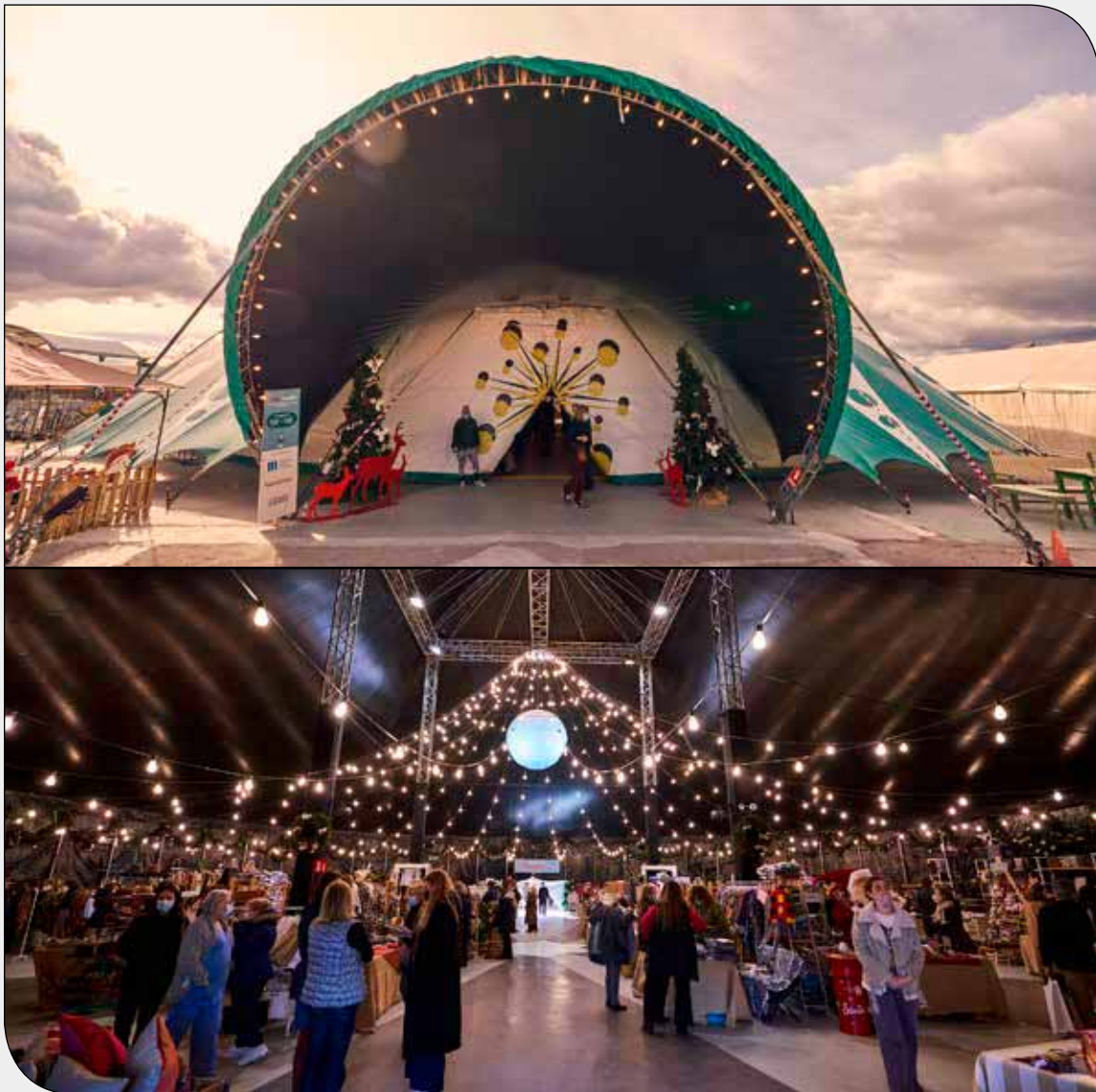
The Group seeks to attract young talent by hiring university students, offering them the opportunity to work and train in an area related to their studies. This system enables students to learn how the company works while also honing their own skills. In many cases, the students write their degree or master's thesis on company-related topics. In the specific case of VDM, more than 50% of the students are hired by the company once they complete their studies.

5. Sustainable management model

Collaboration with the A LA PAR Foundation: Funda Market and Family Day



Acerinox continues to collaborate with the A LA PAR Foundation to jointly carry out activities aimed at improving the quality of life of people with intellectual disabilities. Such collaborations notably include Funda Market, a solidarity market where products made by professionals from the Foundation combine with more than 50 striking brands to produce a weekend agenda filled with activities for the whole family. Two Family Days were also organised for employees and their families to take part in different activities at the Foundation's headquarters. In addition, goods and services are regularly procured from this Foundation.



Collaboration with associations

The Acerinox Group, as a component of the society in which it conducts its activity, collaborates directly with various Spanish and international associations and organisations to spotlight the core aspects of its activity, support knowledge and illustrate its positioning, in addition to sharing sector best practices.



Arches at the Vaguada in Madrid, manufactured with Stainless Steel produced at Acerinox Europa.



Bahru Stainless factory in Johor Bahru (Malaysia)



The Annexes of the Annual Integrated Report 2022 can be consulted on the corporate website:
<https://www.acerinox.com>



KPMG Asesores, S.L.
P.º de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Integrated Annual Report of Acerinox, S.A. and subsidiaries for 2022

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Acerinox, S.A.:

We have been engaged by Acerinox, S.A. management to perform a limited assurance review of the Integrated Annual Report of Acerinox, S.A. (hereinafter, the Parent) and subsidiaries (hereinafter, the Group) for the year ended 31 December 2022, prepared in accordance with the selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), and the SASB "Iron & Steel Producers" indicators (hereinafter, the Report).

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review to evaluate whether the Consolidated Non-Financial Information Statement (hereinafter NFIS) of the Group for the year ended 31 December 2022, included in the Report which forms part of the Group's consolidated Directors' Report for 2022, has been prepared in accordance with prevailing mercantile legislation, and in accordance with the selected GRI standards as shown in the GRI Table of Contents of the Report.

The Report includes additional information to that required by GRI Standards, by the SASB "Iron & Steel Producers" indicators and prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "GRI Table of Contents", the "SASB Table of Contents" and the "NFIS Table of Contents" of the Report.

Responsibility of the Parent's Directors and Management

Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards for each subject area in the "GRI Table of Contents" and the SASB "Iron & Steel Producers" indicators for each subject area in the "SASB Table of Contents" of the Report.

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "NFIS Table of Contents" table of the aforementioned Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the Report was obtained.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies current international quality standards and consequently maintains a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "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 with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Group and described in the "Materiality Analysis" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2022.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2022.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2022 and whether it has been adequately compiled based on data provided by the information sources.



3

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a.) The Integrated Annual Report of Acerinox, S.A. and subsidiaries for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the selected GRI Standards, for each subject matter as described in the "GRI Table of Contents, and in accordance with the SASB "Iron & Steel Producers" indicators for each subject matter as described in the "SASB Table of Contents" of the Report.
- b.) The NFIS of Acerinox, S.A. and subsidiaries for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "NFIS Table of Contents" table of the Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation. This obligation applies for the first time for the 2021 fiscal year, provided that the Non-Financial Information Statement is published from 1 January 2022 onwards. Consequently, the 2022 Integrated Annual Report does not contain comparative information on this matter. Additionally, certain information has been included in respect of which the Directors of the Parent have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation, and which are those defined in section "EU taxonomy on sustainable finance" of the Report. Our conclusion is not modified in respect of this matter.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for Acerinox, S.A., in relation to its 2022 Integrated Annual Report and for no other purpose or in any other context.

In relation to the Consolidated NFIS, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

29 March 2023



ACERINOX, S.A.
and Subsidiaries

**Financial Statements
of the Consolidated Group
for the year ended 31 December 2022**

Auditor's Report

The Notes to the Consolidated Financial Statements of Acerinox, S.A. and its subsidiaries for Financial Year 2022 can be consulted on the corporate website: <https://www.acerinox.com>

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group. In the event of a discrepancy, the Spanish-language version prevails.



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 auditor's report on the consolidated annual accounts

To the shareholders of Acerinox, S.A.,

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Acerinox, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>VDM Metals Group goodwill recovery</p> <p>As indicated in notes 2.7, 2.11 and 7.1 of the attached consolidated annual report, as of December 31, 2022, there is goodwill that mostly includes the arising from the acquisition of 100% of the company VDM Metals Holding, GmbH to an amount of 49,829 thousand euros.</p> <p>The Group Management has estimated the goodwill recoverable value (note 2.11 of the attached consolidated report).</p> <p>For the recoverable value calculations, Group Management has used cash flow projections based on financial budgets approved by Management that have required relevant judgments and estimates that include, among others, the operating result on sales and discount and growth rates in the long term. The most significant assumptions used by the Group Management and the sensitivity analysis performed are summarized in note 7.1 of the attached consolidated report.</p> <p>Deviations in these Management's variables and estimates can determine important variations in the calculations made and, therefore, in the analysis of the goodwill recovery.</p> <p>This fact, together with the relevance of the financial statements line item, motivates it to be a key audit matter.</p>	<p>First, we have understood the relevant processes and controls related to the goodwill impairment assessment prepared by the Group Management, including those related to the preparation of budgets and the analysis and monitoring of projections, which constitute the basis for the main judgments and estimates made by the Group Management.</p> <p>In relation to the estimated cash flows, we have analyzed the methodology of the calculations made, we have compared the projected annual flows with those actually achieved in fiscal year 2022, and we have contrasted the key assumptions used by the Group Management with historical results, available comparable, relevant industry factors and other external sources. For this we have relied on our internal firm valuation experts.</p> <p>Additionally, we have evaluated the reasonableness of the sensitivity disclosed in the accompanying consolidated annual accounts.</p> <p>As a result of the analysis performed, we consider that the conclusions of the Group Management regarding the estimates made and the information disclosed in the accompanying consolidated annual accounts are adequately supported and are consistent with the information currently available.</p>
<p>Bahru Stainless Sdn. Bhd. and Acerinox Europa, S.A. property, plant and equipment recovery</p> <p>As indicated in notes 2.11 and 8.1 of the accompanying consolidated annual report, the Group Management assesses at the end of each fiscal year if there are indications of impairment of assets. In the event of such an indication, the Group Management estimates its recoverable amount. Note 8.1 details the Cash Generating Units (CGUs) that show signs of impairment, Bahru Stainless Sdn. Bhd. and Acerinox Europa, S.A.</p>	<p>As a starting point for our procedures, we have understood the relevant processes and controls linked to the assessment of impairment in property, plant and equipment prepared by the Group's Management, including those related to the preparation of budgets and the analysis and monitoring of projections, which constitute the basis for the main judgments and estimates made by the Group Management.</p>

For the calculations of the recoverable value through the value in use, the Management of the Group uses cash flow projections based on financial budgets that require judgments and relevant estimates that include, among others, the operating result on sales, future curves of energy, and long-term discount and growth rates, considering that the projected flows are subject to uncertainty. For the calculation of the recoverable value of Bahru Stainless Sdn. Bhd, as mentioned in note 8.1 of the attached consolidated report, the Management of the Group has relied on an expert to determine the recoverable value based on fair value less costs to sell in the context of an impairment test analysis from the perspective of a market participant. The most significant assumptions used in the previously described model and the sensitivity analyzes performed are summarized in note 8.1 of the attached consolidated annual report.

As mentioned in note 8.1, in financial year 2022 an impairment of 203,905 thousand euros of the net assets of the CGU Bahru Stainless Sdn. Bhd has been recorded.

Deviations in the variables and estimates of Management can determine important variations in the conclusions reached and, therefore, in the analysis of the recovery of property, plant and equipment.

This fact, together with the relevance of this financial statement line item and the consequent impairment registered, motivates it to be a key audit matter.

In relation to the estimated cash flows from Acerinox Europa, S.A., we have analyzed the methodology of the calculations made, we have compared the projected annual flows with those actually achieved in the year 2022 and we have contrasted the key assumptions used by the Group's Management with historical results, available comparable, relevant industry factors and other external sources. For this we have relied on internal firm valuation experts.

In relation to the valuation exercise carried out on the recovery of the property, plant and equipment of Bahru Stainless Sdn. Bhd., we have analyzed the methodology of the calculations made and we have contrasted the key assumptions used by the Group Management with available comparable, relevant industry factors and other external sources. For this we have relied on internal firm valuation experts. Moreover, we have evaluated the competence, capacity, objectivity and conclusions of the expert hired by the Group Management, as well as the adequacy of their work as audit evidence.

Additionally, we have evaluated the reasonableness of the sensitivity analysis disclosed in the accompanying consolidated annual accounts.

As a result of the procedures performed, we consider that the conclusions of the Group Management on the estimates made and the consequent impairment registered, as well as the information disclosed in the accompanying consolidated annual accounts, are adequately supported and are consistent with the information currently available.

Recognition of deferred tax assets

As of December 31, 2022, the accompanying consolidated annual accounts reflect an amount of 101,225 thousand euros of deferred tax assets, net of an amount of 55,104 thousand euros of deferred tax liabilities, the recovery of which depends on the generation of positive taxable income bases in the Corporate Tax in future years (notes 2.19, 3.j and 19.3.3 of the attached consolidated report). Likewise, note 19.3.2 of the attached consolidated annual accounts discloses the unrecognized tax credits.

First, we have proceeded to understand and evaluate the criteria used by the Group Management to estimate the possibilities of using and recovering deferred tax assets in the following years, related to business plans.

The recognition of these deferred tax assets is analyzed by the Group Management by estimating the tax bases for the coming years, based on the business plans of the different Group companies, and on the planning possibilities that allow the tax legislation applicable to each company and to the consolidated tax group headed by the parent company.

Consequently, the conclusion on the recognition of the deferred tax assets shown in the attached consolidated statement of financial position is subject to significant judgments and estimates by the Group Management both with respect to future tax results and to the applicable tax regulations in the different jurisdictions where it operates.

Given the relevance of the amount recognized and pending recognition, the significant judgments required and estimates necessary for the calculation of future tax bases, the recognition of deferred tax assets is a key matter of our audit.

Based on the business plans prepared by the Group Management, we have compared the projected annual cash flows with those actually achieved in 2022 and we have contrasted the key assumptions, estimates and calculations made for their preparation, comparing them with the historical, comparable performance available, relevant industry factors and other external sources.

As part of the analysis, we have also evaluated the tax adjustments considered for the estimation of tax bases, the applicable tax regulations, as well as the decisions about the possibilities of using the tax benefits corresponding to the different companies of the Group.

The analysis performed have made it possible to verify that the calculations and estimates made by the Group Management, as well as the conclusions reached, in relation to the recognition of deferred tax assets, are consistent with the current situation, with the expectations of future results of the Group and with its tax planning possibilities available in the current legislation.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Acerinox, S.A. and its subsidiaries for the 2022 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Acerinox, S.A. are responsible for presenting the annual financial report for 2022 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.



Report to the Parent company's audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit committee dated March 28, 2023.

Appointment period

The General Ordinary Shareholders' Meeting held on June 16, 2022 appointed us as auditors of the Group for a period of one year, for the year ended December 31, 2022.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended December 31, 2017.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 21 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Jon Toledano Irigoyen (20518)

March 30, 2022

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros at 31 December 2022 and 2021)

	Note	2022	2021
ASSETS			
Non-current assets			
Goodwill	7	51,064	51,064
Other intangible assets	7	43,437	46,578
Property, plant and equipment	8	1,649,607	1,820,308
Investment property	9	9,916	13,215
Rights of use assets	10	16,207	14,400
Investments accounted for using the equity method	5.3	390	390
Financial assets at fair value through other comprehensive income	12	394	11,125
Deferred tax assets	19	101,225	105,848
Other non-current financial assets	12	30,188	4,499
TOTAL NON-CURRENT ASSETS		1,902,428	2,067,427
Current assets			
Inventories	11	2,155,542	1,776,610
Trade and other receivables	12	637,833	839,607
Other current financial assets	12	51,534	15,352
Current income tax assets	19	22,770	10,297
Cash and cash equivalents	13	1,548,040	1,274,929
TOTAL CURRENT ASSETS		4,415,719	3,916,795
TOTAL ASSETS		6,318,147	5,984,222

The accompanying Notes 1 to 22 are an integral part of these Consolidated Annual Accounts.

(Amounts in thousands of euros at 31 December 2022 and 2021)

	Note	2022	2021
LIABILITIES			
Equity			
Subscribed capital	14	64,931	67,637
Share premium	14	268	268
Reserves	14	1,920,753	1,532,610
Profit/(loss) for the year	14	556,054	571,882
Interim dividend	14	-74,799	0
Translation differences	14	93,923	-10,154
Other equity instruments	14	3,695	3,048
Shares of the Parent	14	-90,728	-10,251
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		2,474,097	2,155,040
Non-controlling interests	14	73,596	59,822
TOTAL EQUITY	14	2,547,693	2,214,862
Non-current liabilities			
Deferred income	15	27,465	18,684
Issuance of debentures and other marketable securities	12	74,850	74,750
Bank borrowings	12	1,319,182	1,293,494
Long-term provisions	16	159,058	196,540
Deferred tax liabilities	19	227,784	200,051
Other non-current financial liabilities	12	14,971	18,275
TOTAL NON-CURRENT LIABILITIES		1,823,310	1,801,794
Current liabilities			
Issuance of debentures and other marketable securities	12	1,634	1,634
Bank borrowings	12	592,858	483,271
Trade and other payables	12	1,181,440	1,446,680
Current income tax liabilities	19	58,295	23,467
Other current financial liabilities	12	112,917	12,514
TOTAL CURRENT LIABILITIES	12	1,947,144	1,967,566
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12	6,318,147	5,984,222

The accompanying Notes 1 to 22 are an integral part of these Consolidated Annual Accounts.

2. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts in thousands of euros at 31 December 2022 and 2021)

	Note	2022	2021
Revenue	17	8,688,494	6,705,739
Other operating income	17	41,025	44,763
Own works capitalized	17	27,371	2,187
Changes in inventories of finished goods and work in progress		211,473	441,136
Supplies		-5,844,532	-4,717,322
Staff costs	17	-653,763	-591,425
Depreciation and amortisation charge	7,8,9,10	-192,935	-179,103
Other operating expenses	17	-1,197,459	-896,268
Impairment of assets	7,8	-203,905	0
OPERATING INCOME		875,769	809,707
Finance income	18	26,073	2,921
Finance costs	18	-62,799	-45,280
Exchange differences	18	-4,624	1,610
Revaluation of financial instruments at fair value	18	-3,141	-3,229
Impairment and loss on disposal of financial instruments	18	-3	0
PROFIT FROM ORDINARY ACTIVITIES		831,275	765,729
Income tax	19	-260,412	-179,710
Other taxes	19	-477	-512
PROFIT/(LOSS) FOR THE YEAR		570,386	585,507
Attributable to:			
NON-CONTROLLING INTERESTS		14,332	13,625
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		556,054	571,882
Basic and diluted earnings per share (in euros)	14.9	2.16	2.11

The accompanying Notes 1 to 22 are an integral part of these Consolidated Annual Accounts.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of euros at 31 December 2022 and 2021)

	Note	2022	2021
A) RESULTS OF THE STATEMENT OF PROFIT OR LOSS			
		570,386	585,507
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD			
		30,008	10,514
1. Arising from valuation of equity instruments at fair value through other comprehensive income	12.2.5	502	2,908
2. Arising from actuarial gains and losses and other adjustments	16.1	43,999	12,391
3. Tax effect	19	-14,493	-4,785
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD			
		142,522	129,263
1. Arising from cash flow hedges			
- Valuation gains / (losses)	12.2.6	55,500	7,908
- Amounts transferred to the statement of profit or loss	12.2.6	-1,776	3,471
2. Translation differences			
- Valuation gains / (losses)		103,481	121,050
- Amounts transferred to the statement of profit or loss			
3. Tax effect	19	-14,683	-3,166
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		742,916	725,284
a) Attributed to the parent company		729,173	711,987
b) Attributed to non-controlling interests		13,743	13,297

The accompanying Notes 1 to 22 are an integral part of these Consolidated Annual Accounts.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands of euros at 31 December 2022 and 2021)

		Equity attributable to shareholders of the parent company												Non-controlling interests	TOTAL EQUITY
		Subscribed capital	Share premium	Retained earnings reserves (includes profit/(loss) for the year)	Reserves for revaluation of non-current assets	Cash flow hedge reserves	Fair value adjustments to financial assets	Reserve for actuarial adjustments	Translation differences	Other equity instruments	Treasury shares	Interim dividend	TOTAL		
Equity 31/12/2020		67,637	258	1,643,237	5,242	-8,485	-2,553	-2,511	-131,919	2,170	-1,062		1,572,014	42,966	1,614,980
Profit/(loss) for the year 2021	Note			571,882									571,882	13,625	585,507
Financial assets at fair value through other comprehensive income (net of tax)	12.2.5						2,183						2,183		2,183
Cash flow hedges (net of tax)	12.2.6					8,213							8,213		8,213
Actuarial valuation of employee benefit obligations (net of tax)	16.1							8,331					8,331		8,331
Translation differences	14.4								121,378				121,378	-328	121,050
Income and expenses recognised in equity		0	0	0	0	8,213	2,183	8,331	121,378	0	0	0	140,105	-328	139,777
Total comprehensive income		0	0	571,882	0	8,213	2,183	8,331	121,378	0	0	0	711,987	13,297	725,284
Dividends paid	14.2			-135,226									-135,226		-135,226
Transactions with shareholders		0	0	-135,226	0	0	0	0	0	0	0	0	-135,226	0	-135,226
Acquisition of treasury shares	14.1										-9,418		-9,418		-9,418
Acquisition of non-controlling interests	5.2			-3,912					387				-3,525	3,525	
Long-term incentive plan for senior executives	16.1.3			628						878	229		1,735	34	1,769
Hyperinflation adjustments	14.6			342									342		342
Other changes	14.4		10	17,121									17,131		17,131
Equity 31/12/2021		67,637	268	2,094,072	5,242	-272	-370	5,820	-10,154	3,048	-10,251		2,155,040	59,822	2,214,862
Profit/(loss) for the year 2022				556,054									556,054	14,332	570,386
Financial assets at fair value through other comprehensive income (net of tax)	12.2.5						370						370		370
Cash flow hedges (net of tax)	12.2.6					39,041							39,041		39,041
Actuarial valuation of employee benefit obligations (net of tax)	16.1							29,631					29,631	7	29,638
Translation differences	14.4								104,077				104,077	-596	103,481
Income and expenses recognised in equity		0	0	0	0	39,041	370	29,631	104,077	0	0	0	173,119	-589	172,530
Total comprehensive income		0	0	556,054	0	39,041	370	29,631	104,077	0	0	0	729,173	13,743	742,916
Interim dividend												-74,799	-74,799		-74,799
Dividends paid	14.2			-129,850									-129,850		-129,850
Transactions with shareholders		0	0	-129,850	0	0	0	0	0	0	0	-74,799	-204,649	0	-204,649
Acquisition of treasury shares	14.1										-206,005		-206,005		-206,005
Amortisation of treasury shares	14.1	-2,706		-121,588							124,294				
Long-term incentive plan for senior executives	16.1.3			-810						647	1,234		1,071	31	1,102
Hyperinflation adjustments	14.6			973									973		973
Result of sale of financial assets at fair value through other comprehensive income	12.2.5			-803									-803		-803
Other changes	14.4			-703									-703		-703
Equity 31/12/2022		64,931	268	2,397,345	5,242	38,769		35,451	93,923	3,695	-90,728	-74,799	2,474,097	73,596	2,547,693

The accompanying Notes 1 to 22 are an integral part of these Consolidated Annual Accounts.

5. CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of euros at 31 December 2022 and 2021)

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2022	2021
Profit (loss) before tax		831,275	765,729
Adjustments to the result:			
Depreciation of fixed assets	7,8,9,10	192,935	179,103
Impairment losses	8,11	290,561	-4,019
Changes in provisions		19,130	19,515
Allocation of subsidies	15	-7,522	-5,583
Gain or loss on disposal of fixed assets	8,9	150	-2,078
Gain (loss) on disposal of financial instruments		3	
Changes in fair value of financial instruments		3,238	14,404
Finance income	18	-26,074	-2,921
Finance costs	18	62,799	45,280
Other income and expenses		-14,715	15,303
Variations in working capital:			
(Increase)/decrease in trade and other receivables		194,322	-306,348
(Increase) / decrease in inventories		-432,423	-560,381
Increase / (decrease) in trade and other payables		-306,199	406,943
Other cash flows from operating activities			
Interest payments		-50,050	-42,976
Interest income		24,890	2,709
Income tax paid		-238,237	-136,866
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		544,083	387,814
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-134,044	-99,451
Acquisition of intangible fixed assets		-2,673	-2,691
Acquisition of other financial assets		-1,811	-1,175
Proceeds from disposal of property, plant and equipment		2,004	12,699
Proceeds from disposal of other financial assets		10,158	116
Dividends received		866	66
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		-125,500	-90,436
Acquisition of treasury shares	14	-206,004	-9,418
Collection of third-party resources	12.2.3	1,028,740	740,799
Repayment of interest-bearing liabilities	12.2.3	-908,921	-585,841
Dividends paid	14	-129,850	-135,226
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		-216,035	10,314
NET INCREASE IN CASH AND CASH EQUIVALENTS		202,548	307,692
Cash and cash equivalents at beginning of year	13	1,274,929	917,118
Effect of changes in exchange rates		70,563	50,119
CASH AND CASH EQUIVALENTS AT YEAR-END	13	1,548,040	1,274,929

The accompanying Notes 1 to 22 are an integral part of these Consolidated Annual Accounts.





Governing Bodies

Composition of the Board of Directors

Chairman

CARLOS ORTEGA ARIAS-PAZ

Chief Executive Officer:

BERNARDO VELÁZQUEZ HERREROS

Members of the Board:

ROSA MARÍA GARCÍA PIÑEIRO

LAURA GONZÁLEZ MOLERO

FRANCISCO JAVIER GARCÍA SANZ

TOMÁS HEVIA ARMENGOL

LETICIA IGLESIAS HERRAIZ

GEORGE DONALD JOHNSTON

IGNACIO MARTÍN SAN VICENTE

MARTA MARTÍNEZ ALONSO

SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN

Secretary of the Board:

LUIS GIMENO VALLEDOR

The Executive Committee

CARLOS ORTEGA ARIAS-PAZ (Chairman)

BERNARDO VELÁZQUEZ HERREROS

ROSA MARÍA GARCÍA PIÑEIRO

FRANCISCO JAVIER GARCÍA SANZ

GEORGE DONALD JOHNSTON

IGNACIO MARTÍN SAN VICENTE

SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN

Secretary:

LUIS GIMENO VALLEDOR

The Appointments, Remuneration and Corporate Governance Committee

LAURA GONZÁLEZ MOLERO (Chairwoman)
FRANCISCO JAVIER GARCÍA SANZ
SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN

Secretary:

LUIS GIMENO VALLEDOR

Audit Committee

LETICIA IGLESIAS HERRAIZ (Chairwoman)
LAURA GONZÁLEZ MOLERO
GEORGE DONALD JOHNSTON
TOMÁS HEVIA ARMENGOL

Secretary:

LUIS GIMENO VALLEDOR

The Sustainability Committee

ROSA M^a GARCÍA PIÑEIRO (Chairwoman)
TOMÁS HEVIA ARMENGOL
IGNACIO MARTÍN SAN VICENTE
MARTA MARTÍNEZ ALONSO
BERNARDO VELÁZQUEZ HERREROS

Secretary:

LUIS GIMENO VALLEDOR

Senior Management Committee

BERNARDO VELÁZQUEZ HERREROS
Chief Executive Officer

HANS HELMRICH
Chief Operating Officer

DANIEL AZPITARTE
Integration Director

MIGUEL FERRANDIS
Chief Financial Officer

LUIS GIMENO VALLEDOR
Secretary-General

FERNANDO GUTIÉRREZ
CEO of Acerinox Europa

CRISTÓBAL FUENTES
CEO of NAS

JOHAN STRYDOM
CEO of Columbus Stainless

MARK DAVIS
CEO of Bahru Stainless

NICLAS MÜLLER
CEO of VDM Metals

Published by
ACERINOX S.A.

Designed by
Diálogo Digital, S.L.



Shareholders Office

Santiago de Compostela 100, 28035 Madrid

Tlf: +34 91 398 52 26 / 21 / 85

www.acerinox.com