



**REPORT OF THE BOARD
OF DIRECTORS ON THE
AMENDMENT OF THE
POLICY FOR THE
REMUNERATION OF
ACERINOX, S.A.
DIRECTORS**

12 April 2023

REPORT PRESENTED BY THE APPOINTMENTS, REMUNERATIONS AND CORPORATE GOVERNANCE COMMITTEE TO THE BOARD OF DIRECTORS OF ACERINOX, S.A. IN COMPLIANCE WITH THE PROVISIONS OF ARTICLE 529-NOVODECIAS OF THE SPANISH CAPITAL COMPANIES ACT, REGARDING THE AMENDMENT OF THE POLICY FOR THE REMUNERATION OF DIRECTORS INCLUDED IN ITEM ELEVEN ON THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 22 MAY AND 23 MAY 2023, AT FIRST AND SECOND NOTICE, RESPECTIVELY.

I. Introduction.

Article 529-novodecias of the Spanish Capital Companies Act (“**LSC**”) establishes the obligation for listed companies to have a Directors' remuneration policy approved by the General Shareholders' Meeting as a separate item on the agenda.

The proposed amendment of the remuneration policy, as well as the proposal for the Remuneration Policy itself (which was approved at the 2022 General Shareholders' Meeting) must be reasoned and submitted to the General Shareholders' Meeting by the Board of Directors and must also be accompanied by a specific report from the Appointments, Remuneration and Corporate Governance Committee, and must be made available to shareholders on the Company's website as from the convening of the General Shareholders' Meeting, who may also request that it be delivered or sent to them free of charge.

Within the framework of the provisions of Article 529-novodecias.4 of the LSC, the Appointments, Remuneration and Corporate Governance Committee of ACERINOX, S.A. (“**ACERINOX**” or the “**Company**”) formulates this report regarding the proposed amendment of the Policy for the Remuneration of Directors (the “**Policy**”), which was approved at the 2022 General Shareholders' Meeting and which will be applicable for the remainder of the 2023 financial year and for the 2024 to 2025 financial years.

II. Report.

As part of the process for the Amendment of the Remuneration Policy whose approval is submitted to the General Shareholders' Meeting of the Company, the Appointments, Remuneration and Corporate Governance Committee has considered it appropriate to introduce in the Policy for the Remuneration of Directors approved at the 2022 General Shareholders' Meeting, a clawback clause addressed to the Executive Directors and Senior Management personnel of the Company and applicable to the Short-Term Variable Remuneration (Bonus). For this purpose, the Appointments, Remuneration and Corporate Governance Committee has considered its degree of alignment with all stakeholders, particularly with the Company's shareholders and with its commitment to sustainability in the long run, based on the following considerations:

In 2018, the Board approved a new remuneration system for the Group's Senior Management which also included the remuneration system for Executive Directors, in

particular the Chief Executive Officer. An external consultant, the company Willis Towers Watson, was involved in the design of this new system.

This system foresaw the existence of a clawback clause that allowed for a clawback of the Long-Term Incentive payments obtained when there had been an undue assessment of the parameters that determined the collection and amount of such incentives.

Although the limitation of the effects of this clawback system did not generate any noticeable opposition when the remuneration system was submitted to the General Shareholders' Meeting, it does seem that this limitation of the clause has fallen outside the more advanced currents of the corporate regime and should therefore be extended to include all items qualifying as variable remuneration, not only of executive directors but of the entire senior management of the Group.

Hence, at the end of 2022, the Appointments, Remuneration and Corporate Governance Committee analysed this matter, with the assistance of the external consultant KPMG, and came to the conclusion that it was appropriate to submit to the Board of Directors a proposal for a clawback clause applicable also to the short-term variable remuneration (bonus) for executive directors and senior management personnel.

With respect to the current Policy on Remuneration of Directors, the Board of Directors of the Company proposes to the General Shareholders' Meeting the approval of an amendment to such Policy in order to include a clawback clause relating to the total short-term variable remuneration referring therefore to the annual bonus and the Long-Term Incentive whereby the Executive Directors and Senior Management personnel of the Company may be required to repay in full the amounts unduly received when the circumstances detailed in the text included as sub-section **(v.) Clawback clause**, in the Directors' Remuneration Policy, which is included at the end of this report.

In compliance with what is established in Article 529-novodecies and related articles of the Spanish Capital Companies Act, 16.l), and 25.3 of the Articles of Association, and Articles 6.1.h) and 12.l.f) 6. of the Board of Directors Regulations of ACERINOX, on the motion of the ACERINOX Board of Directors, and following a report prepared by the Appointments, Remuneration and Corporate Governance Committee, the following amendment of the Policy for the Remuneration of Directors which was approved in the General Shareholders' Meeting of 16 June 2022 with the purpose of including the clawback clause extended and referred to the total variable remuneration and which will be included in the Chief Executive Officer's Contract.

Proposed amendment of the current Policy:

“Approval, if applicable, following a report from the Appointments, Remuneration and Corporate Governance Committee and in accordance with the provisions of Article 529-novodecies of the Spanish Capital Companies Act, of an amendment to the Policy for the Remuneration of Acerinox, S.A. for Directors for application from the time of its

approval, consisting of the amendment of point **II.b.** of the Policy, to incorporate therein a subsection (v) with the following content:

“v.) Clawback clause

In the LTIP:

1. The Company may require the return of the shares delivered under the corresponding Plan to the Senior Manager – if they were a member of the Steering Committee when the circumstances mentioned below arose – or may even offset their delivery by means of the retention of other remunerations of any type that they may be entitled to receive, in the event that during the two years following the Plan Settlement Date, the Board of Directors considers that any of the following situations arises:

(i) Losses in the group in the two years after the Completion Date of the Cycle attributable to negligent management carried out during the years of the Measurement Period.

(ii) Reformulation of the financial statements of the Company, when the external auditors consider it necessary, unless it is because of a change in the accounting regulations.

2. The return of the shares shall entitle the Company to require the Senior Manager to enable it to take the corresponding steps, where appropriate, for the return of incorrectly paid taxes. The Senior Manager shall comply by following the legal and procedural steps to do this.

In the rest of the variable remuneration (annual bonus):

3. The Company may also require the directors to repay in full any amounts unduly received, or to offset them against other remuneration of any kind to which they are entitled if, within two years of payment, there is irrefutable proof that the parameters used to calculate the variable remuneration were incorrectly measured and this is due:

(i) to the reformulation of the Company's financial statements, when the external auditors consider it necessary, unless it is because of a change in the accounting regulations; or

(ii) for any other reason, including, but not limited to, the following:

- Information which is manifestly false or seriously inaccurate and which is subsequently proven to be false or inaccurate.

- The occurrence of circumstances that determine the appropriate disciplinary dismissal of the Senior Manager in accordance with applicable labour legislation.

- *Serious non-compliance by the Senior Manager with internal codes of conduct or policies approved by the Company or the Group.*
- *Any other situation involving a breach of the Company's mandatory rules by the Senior Manager.*

4. When such undue payment is the result of wilful misconduct or gross misconduct by the Senior Manager, as deemed appropriate by the Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee (“Appointments, Remuneration and Corporate Governance Committee”), the amounts unduly paid shall be reimbursed at their gross amount, and the Director shall be liable for any restitutionary actions with the tax authorities.

5. If the conduct is not fraudulent or seriously culpable, the Senior Manager shall reimburse the amount actually received in excess, if they authorise the Company to exercise the corresponding actions, where appropriate, for the return of incorrectly paid taxes. The Senior Manager shall comply by following the legal and procedural steps to do this.

6. The Board of Directors, at the proposal of the CNR&GC, shall determine, where appropriate, whether the circumstances have arisen that should lead to the application of the aforementioned recovery clauses.”

III. Period of validity of the Remuneration Policy.

The Company will apply this amendment to the Policy for the Remuneration of Directors from its approval by the General Shareholders’ Meeting until 2025, coinciding with the current term of the Policy. Any modification or replacement of the Policy during said period will require the prior approval of the General Shareholders’ Meeting, in accordance with the provisions of the current legislation.

Madrid, 12 April 2023

REASONED PROPOSAL OF THE BOARD OF DIRECTORS OF ACERINOX, S.A. IN COMPLIANCE WITH THE PROVISIONS OF ARTICLE 529-NOVODECIAS OF THE SPANISH CAPITAL COMPANIES ACT, REGARDING THE AMENDMENT OF THE POLICY FOR THE REMUNERATION OF DIRECTORS INCLUDED IN ITEM ELEVEN ON THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 22 MAY AND 23 MAY 2023, AT FIRST AND SECOND NOTICE, RESPECTIVELY.

Article 529-novodecias of the revised text of the Spanish Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July (the “**Capital Companies Act**” or “**LSC**”), as amended by Law 5/2021, of 12 April, amending the revised text of the Spanish Capital Companies Act (“**Law 5/2021**”), establishes the obligation for listed companies that the proposal or any amendment of the remuneration policy submitted by the Board of Directors for approval by the General Shareholders’ Meeting must be reasoned and be accompanied by a specific report from the Appointments and Remuneration committee.

Pursuant to the foregoing, the Board of Directors of ACERINOX, S.A. (the “**Company**” or “**ACERINOX**”), in its meeting held on 12 April 2023 approved the present reasoned proposal regarding the amendment of the Policy for the Remuneration of ACERINOX, S.A. Directors (the “**Policy**”) which will be submitted to the approval of the General Shareholders’ Meeting under Item Eleven of the Agenda.

As a continuation of the Policy in force, and for the purpose of including a modification thereof in accordance with the Spanish Capital Companies Act, the Board of Directors of the Company proposes to the General Shareholders’ Meeting the approval of a modification of the Remuneration Policy for the remainder of the 2023 financial year and for the 2024 and 2025 financial years in order to include the clawback clause extended and referring to the total variable remuneration and which will be included in the Chief Executive Officer’s Contract. All of this was carried out after an internal and external study and analysis with the help of a company of great prestige in the field.

The inclusion of this clause in the Remuneration Policy complies (as does the current Policy) with the requirements established in Article 529-novodecias.3d), 3c) and 3g) of the Spanish Capital Companies Act.

Likewise, in accordance with the provisions of Article 529-novodecias of the Spanish Capital Companies Act, the proposal to amend the current Policy must be submitted to the General Shareholders’ Meeting for approval, and the General Shareholders’ Meeting may determine that the Policy shall apply from the date of approval. Therefore, the amendment of the Policy for the Remuneration of Directors is submitted to the General Shareholders’ Meeting for approval, which will be in force from the moment of its approval and during the remainder of 2023 and during the 2024 and 2025 financial years, coinciding with the term of validity of the Policy on Directors’ Remuneration approved at the General Shareholders’ Meeting of 2022.

Amendment of the Policy for the Remuneration of Directors

In accordance with the foregoing and with the report of the Appointments, Remuneration and Corporate Governance Committee on the proposed Policy, the content and rationale of which the Board assumes, the Board concludes that the amendment of the Policy for the Remuneration of Directors from the date of holding of the General Shareholders' Meeting for the remainder of 2023 and for the 2024 and 2025 financial years to be submitted for approval by the shareholders at the Ordinary General Shareholders' Meeting complies with the applicable regulations and is in accordance with best practices of good corporate governance, conforming to the criteria of good governance and transparency and allowing the Company to have a Remuneration Policy that is appropriate and aligned with the interests of its shareholders and other stakeholders.

Madrid, 12 April 2023

**POLICY FOR THE REMUNERATION OF ACERINOX, S.A.
DIRECTORS** (Consolidated text of the proposal submitted to this
General Shareholders' Meeting in blue italics)

The General Shareholders' Meeting held in 2018 approved the Remuneration Policy that was applied that year and the following two years.

That Policy presented an essential novelty, which was to modify the parameters and amounts applicable to the remuneration of the Executive Directors of Acerinox, S.A. ("**ACERINOX**" or the "**Company**") in their position as such, following the recommendations of the Good Governance Code for listed companies and the trends of the most influential proxy advisors, but no substantial changes were made to the status of Non-Executive Directors.

A new policy incorporating the requirements of recent legislative changes was submitted to the General Shareholders' Meeting for approval in 2021. It was suggested that its three-year nature could be altered by a later decision. However, the existence at that time of regulatory projects that could lead to adjustments in the system of remuneration of the governance bodies of companies did not recommend making major changes and waiting for the new rules to become established.

This prudence was coupled with the conviction that the system in place has met the needs of the Company and is well supported by shareholders and proxy advisors, as evidenced by the historical record of votes against both the Annual Remuneration Report and the Policy itself.

Table 1 - Remuneration Report - votes against

Year	Percentage
2017	1%
2018	1%
2019	1%
2020	2.1%
2021	1.7%

Table 2 - Remuneration Policy - votes against

Year	Percentage
2016 and 2017	11.4%
2018-2019-2020	2.1%
2021	2.68%

However, and in spite of the advantages of the system, the reality is that the remuneration of the Non-Executive Directors of ACERINOX has not been modified since 2011, except for the possibility that the chairmen of the committees receive double attendance fee and the rounding made in 2021 to eliminate the cents, an anachronistic vestige of the decision taken at the time to convert into euros the amounts indicated until then in pesetas.

As required by Recommendation 56 of the Good Governance Code for Listed Companies, the remuneration of the Directors should be sufficient to attract and retain Directors with the desired profile and to reward the dedication, qualifications and responsibility that the position demands, but not so high as to compromise the independence of judgement of Non-Executive Directors. The stagnation in remuneration threatens to turn the ACERINOX Board in the medium term into a less attractive place, especially if the aim – as is normal in a multinational company – is to attract the talent and experience of professionals with world-wide projection who have many more alternatives than time available to them. In the same way, if in the medium term it is desired to establish stricter limits to the growing phenomenon of overboarding, it will be necessary to assume that even at a national level it is necessary to offer, apart from a sustainable business project and with a great capacity for development and growth (which ACERINOX and its Group are currently responding to), a remuneration in accordance with the growing demands of corporate life in a more technical and complex international environment, with the concomitant increase in responsibility.

During 2021, and at the request of the Appointments, Remuneration and Corporate Governance Committee, the internal services of the Company were asked to carry out a comparison exercise between the remunerations of ACERINOX Directors and those of comparable companies. The following parameters had to be taken into account for this comparison:

- The remunerations of independent directors in the 100 largest Spanish listed companies, averaging €139,600.
- The average remuneration of directors in Spanish listed companies with a market capitalisation similar to that of ACERINOX, S.A., which is €140,985.
- The average remuneration of the Chairpersons of the main listed companies, which amounts to €308,108.
- The accumulated CPI since the date of the last substantial change in the amount of the remuneration.
- The average social cost of the workforce in the largest Spanish business unit. The average social cost of this company is €68,797 per person.
- The increase, during the same period (2011-2021) of the collective agreed remunerations in a representative business unit. In order to avoid distortions induced by exchange rate variations, Acerinox Europa, S.A.U. has been chosen.

In formulating their proposal, the terms of reference of the Company's internal services set several limits: none of the parameters of the benchmark could be exceeded, and the result could not lead to an excessive increase of the maximum

budget for the remuneration of the Board of Directors as set out in the current Policy, which was €2 million.

The proposal should also take into account that the chairing of a committee entails a greater responsibility than that of an ordinary member and establish the necessary distinction between ordinary members, committee chairmen and the chairmanship of the Board of Directors.

The result of this exercise was submitted to the opinion of a company of great prestige in the field, which endorsed the options chosen and their quantification, and was submitted to the Appointments, Remuneration and Corporate Governance Committee, which, after the required debate and advice, formulated a proposal to the Board of Directors in the resulting terms.

1.- Principles of the Remuneration Policy

This Policy for the Remuneration of Directors is inspired and based on the following general principles:

- (a) It is intended to be clear and understandable, and a reading of this Policy, without reference to other documents, should be sufficient to understand it in its entirety.
- (b) Its adequacy for attracting and retaining Directors with the desired profile and for rewarding the dedication, qualifications and responsibility that the position requires of Directors, without compromising the independence of judgement of Non-Executive Directors.
- (c) Reasonable proportionality with the importance of the Company, its economic situation at any given time and the market standards of comparable companies, as well as their adjustment to criteria of moderation and adequacy with the Company's results.
- (d) A focus on promoting the profitability and sustainability of the Company in the long term, incorporating the necessary safeguards to avoid excessive risk-taking and the reward for unfavourable results. In the case of Executive Directors, a significant part of their variable remuneration is subject to the achievement of ESG objectives: diversity and inclusion, accident rate, CO2 emissions and energy intensity, with a combined weighting of 10%. Fatal occupational accidents result in the loss of the accident-related incentive. The Board of Directors shall determine the allocation of ESG objectives on an annual basis and may not set a lower weighting than the one indicated.
- (e) Remuneration linked to company earnings should take into account any qualifications stated in the external auditor's report that could reduce such earnings.

- (f) The remuneration system shall maintain a balance between a fixed annual remuneration that should maintain the Director's interest in being a Director and require sufficient dedication, and an attendance compensation that ensures the Director's presence in the forum of which they are a member.
- (g) In determining remuneration, the employment conditions and remunerations of the Company's employees are taken into account.

In this regard, the remuneration of the workforce of the different ACERINOX companies are not governed by a decision made by the Board but by the collective agreements freely negotiated by the workers or by their representatives, and which are placed in the high bands of the average salaries of their different regions as is usual in the industrial sector and unlike the rest of the activity sectors.

In particular, in the drawing up of the present Policy which includes the remuneration scheme applicable to the Company's Directors, the Board of Directors of ACERINOX has paid special attention to the average social cost of the workforce of the largest Spanish business unit of the Acerinox Group.

II.- Components of the Directors' remuneration

a. Directors' remuneration in their position as such

- a) The fixed annual remuneration of the Chairman of the Board of Directors shall be €160,000.
- b) The Chairmen of the Board Committees, with the exception of the Executive Committee, shall receive a fixed annual remuneration of €80,000.
- c) The other Directors, in their position as such, shall receive a fixed annual remuneration of €70,000.

The amounts referred to in the three preceding subparagraphs shall be payable in equal monthly instalments, apportionable by days in the event their functions were not performed throughout the entire year. The fixed remuneration shall be payable monthly in arrears.

- d) This remuneration will be complemented by the payment of allowances, for an amount of €2,100, which will only be received by those attending each Board or Committee session in person or by telematic means.
- e) The attendance fees of the Chairman of the Board and of the Chairmen of the Executive Committee, the Audit Committee, the Appointments, Remuneration and Corporate Governance Committee and the Sustainability Committee shall be double, i.e. €4,200, when they act in that capacity.

- f) Directors who serve on Board Committees shall also be entitled to the attendance fee indicated, which shall be the same amounts that apply for being a member of the Board, and in the same cases as in the latter.
- g) Should another Committee be created while this Policy is in force, the Board shall allocate the relevant remuneration to its members, always in line with this Policy.

b. Directors' remuneration for the performance of executive duties

Apart from the variability established for Directors due to their attendance - or not - at Board and Committee meetings, Executive Directors are entitled to the following remuneration (at present, only the Chief Executive Officer is entitled to variable remuneration).

i) Fixed remuneration:

The fixed remuneration of the Chief Executive Officer shall be €600,000 per annum.

ii) Bonus target:

This is a percentage of the fixed remuneration (€600,000) consisting of 100% of said fixed remuneration if the targets are fully met, or up to 250% of the fixed remuneration if the targets are improved by more than 130%. For any percentage of exceedance of the target, the Bonus target increase is calculated by linear interpolation.

In the same way, if the targets are not reached, the Bonus target will fall below 100% to be cancelled in full if the fall does not allow 70% to be reached.

This Bonus is determined and accrued annually and will be paid when the Board of Directors, following a report from the Appointments, Remuneration and Corporate Governance Committee, has verified that the parameters justifying the accrual have been met.

The Bonus Targets are linked to the Company's economic performance, mainly EBITDA, Net Profit and Net Financial Debt, with a maximum of 55% of the total weight of this incentive and sustainability criteria such as occupational safety, GHG emissions, water consumption, diversity, recycling, etc., which may not be less than 10%.

The Board of Directors shall specify in the Remuneration Report of the Directors of Listed Companies the incentives indicated, their relative weight and the manner in which they have been applied.

iii) Bonus pool:

In addition, the Chief Executive Officer will participate in a Bonus pool, which is a maximum annual amount to be distributed among all members of Senior Management (which at the time of approving this Policy are: Chief Executive Officer, Chief Operating Officer, Financial Director, Secretary General, Integration Director, Director of Institutional Relations, Sustainability and Communication and the Chief Executive Officers of Acerinox Europe, North American Stainless, Columbus, Bahru Stainless and VDM Metals) and which is calculated based on a percentage of the consolidated Group's EBITDA, which for 2022 will be 0.622%. This percentage shall be adjusted automatically in line with changes in this Group.

This Bonus pool will be distributed among the recipients on a weighted basis according to the following formula.

$$\left[\text{Bonus target} \times \text{Individual coefficient ratio} \right] \times \frac{\text{Bonus pool}}{\sum \text{Bonus target} \times \text{Coeficiente de resultado individual}}$$

and according to the individual results obtained in the Bonus target. The sum of the amounts to be paid to all beneficiaries is capped and, whatever the EBITDA, the sum of the Bonus target plus the Bonus pool may not exceed 250% of the sum of the Bonus targets.

As in the previous case, the amounts due for the Bonus pool calculation cannot be distributed until the Board has verified the reality of the parameters on which the calculation is based.

iv) Long-Term Incentive Plan (LTIP):

LTIP is the free provision of ACERINOX shares accrued in a three-year generation process. The term has been chosen with the intention of rewarding the generation of wealth in the long run and being comparable with the profits that the ACERINOX shareholder experiences during that period.

As in the previous cases, the Chief Executive Officer shares this system with the other members of Senior Management.

The LTIP is structured as Plans, each with three-year cycles. At the end of each cycle, the calculation is made and paid – or not – as appropriate. The LTIP allows the beneficiary to receive in shares a value between (0)% and 100% of their remuneration, the target for the current Chief Executive Officer being 50%.

The exact amount depends on the result of two metrics:

- The first metric, with a weight of 75%, is calculated based on the Total Shareholder Return (TSR) relative to other IBEX 35 non-financial companies over the period. The TSR is the sum of the dividends distributed, dividend-like transactions (not the share buyback) plus the positive or negative difference in the share price. Depending on the final ranking, LTIP entitlement will or will not accrue. At present, the companies taken as reference are:

First Plan (*already expired but awaiting final settlement*): Abertis, ACS, Acciona, Aena, Amadeus, Arcelor Mittal, Cellnex, DIA, Enagás, Endesa, Ferrovial, Grifols, IAG, Iberdrola, Inditex, Indra, Inmobiliaria Colonial, Mapfre, Mediaset, Meliá Hotels, Merlin Properties, Naturgy, Red Eléctrica, Repsol, Siemens Gamesa, Técnicas Reunidas, Telefónica, Viscofan.

Second Plan (*currently in progress*): Acciona, ACS, Aena, Almirall, Amadeus IT Group, Arcelor Mittal, Cellnex, Cie Automotive, Colonial, Enagás, Ence, Endesa, Ferrovial, Grifols, IAG, Iberdrola, Inditex, Indra, Mapfre, MásMóvil, Meliá Hotels, Merlin Properties, Naturgy, Red Eléctrica, Repsol, Siemens Gamesa, Telefónica, Viscofan.

- The second metric, this one with a weight of 25%, compares the Return on Equity (ROE) of ACERINOX in relation to a universe composed by seven other companies devoted to the same kind of activity, and selected for publishing periodical and reliable economic data. At present, these companies are the following:

Aperam, Arcelor Mittal, Outokumpu, Salzgitter, SSAB, Posco and Voestalpine.

In both cases, the Board of Directors may, in view of the circumstances, make appropriate adjustments in the interests of fairness and effectiveness of the system.

The final calculation of the shares to be delivered is based on the weighted average share price over the 30 trading days prior to the commencement of the Plan. In the Second Plan, which is the one currently in force, the amount for this purpose is €8.95. By setting a fixed value for the allocation of the shares, it is also ensured that the increase in value over the cycle, three years, is an additional benefit and its decrease is a decrease in value for the beneficiary.

The Company may require the return of the shares delivered under the corresponding Plan to the Manager – if they were a member of the Steering Committee when the circumstances mentioned below arose – or may even offset their delivery by means of the retention of other remunerations of any type they may be entitled to receive, in the event that during the two years following the Plan Settlement Date, the Board of Directors considers that any of the following situations arises:

- Losses in the group in the two years after the Completion Date of the Cycle attributable to negligent management carried out during the years of the Measurement Period.

- Reformulation of the financial statements of the Company, when the external auditors consider it necessary, unless it is because of a change in the accounting regulations.

v) Clawback clause

In the LTIP:

1. The Company may require the return of the shares delivered under the corresponding Plan to the Senior Manager – if they were a member of the Steering Committee when the circumstances mentioned below arose – or may even offset their delivery by means of the retention of other remunerations of any type that they may be entitled to receive, in the event that during the two years following the Plan Settlement Date, the Board of Directors considers that any of the following situations arises:

(i) Losses in the group in the two years after the Completion Date of the Cycle attributable to negligent management carried out during the years of the Measurement Period.

(ii) Reformulation of the financial statements of the Company, when the external auditors consider it necessary, unless it is because of a change in the accounting regulations.

2. The return of the shares shall entitle the Company to require the Senior Manager to enable it to take the corresponding steps, where appropriate, for the return of incorrectly paid taxes. The Senior Manager shall comply by following the legal and procedural steps to do this.

In the rest of the variable remuneration (annual bonus):

3. The Company may also require the directors to repay in full any amounts unduly received, or to offset them against other remuneration of any kind to which they are entitled if, within two years of payment, there is irrefutable proof that the parameters used to calculate the variable remuneration were incorrectly measured and this is due:

(i) to the reformulation of the Company's financial statements, when the external auditors consider it necessary, unless it is because of a change in the accounting regulations; or

(ii) to any other reason, including, but not limited to, the following.

- *Information which is manifestly false or seriously inaccurate and which is subsequently proven to be false or inaccurate.*

- *The occurrence of circumstances that determine the appropriate disciplinary dismissal of the Senior Manager in accordance with applicable labour legislation.*
- *Serious non-compliance by the Senior Manager with internal codes of conduct or policies approved by the Company or the Group.*
- *Any other situation involving a breach of the Company's mandatory rules by the Senior Manager.*

4. When such undue payment is the result of wilful misconduct or gross misconduct by the Senior Manager, as deemed appropriate by the Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee ("Appointments, Remuneration and Corporate Governance Committee"), the amounts unduly paid shall be reimbursed at their gross amount, and the Director shall be liable for any restitutionary actions with the tax authorities.

5. If the conduct is not fraudulent or seriously culpable, the Senior Manager shall reimburse the amount actually received in excess, if they authorise the Company to exercise the corresponding actions, where appropriate, for the return of incorrectly paid taxes. The Senior Manager shall comply by following the legal and procedural steps to do this.

6. The Board of Directors, at the proposal of the CNR&GC, shall determine, where appropriate, whether the circumstances have arisen that should lead to the application of the aforementioned recovery clauses."

vi) Payment in kind

The Chief Executive Officer, the only Executive Director of the Company as of today, benefits from an accident insurance with a compensation of €2 million, a health insurance policy with a reputable company for themselves, their spouse and first-degree descendants and a vehicle for the performance of their duties, which may also be used for private purposes in appropriate proportions.

The Chief Executive Officer benefits from the same life insurance as the rest of the ACERINOX workforce and is covered by the D & O policy that this Company has taken out for all its Managers and Directors.

vii) Retention Plan or Social Welfare System

The Company will make a contribution to a Social Welfare System which will allow an Executive Director who retires while working in ACERINOX to receive a constant, lifetime pension, supplementary to the social security so that, added to the pensions recognised by the Spanish social security system or an equivalent or similar body abroad - or the total sum of these - they amount to the equivalent of 75% of the pensionable salary to be received. The system also provides a pension for the spouse in the event of death, and similar coverage in the event of disability.

The Executive Director shall not be entitled to the funds accrued or constituted in the event of termination of the Executive Director's relationship by their own resignation, or as a result of a serious and culpable breach. A severable termination of the relationship shall be deemed to exist in any of the following circumstances:

- The Chief Executive Officer's contract is terminated at the request of the Company for reasons other than a serious and culpable breach.
- The term of office of the Chief Executive Officer expires without renewal.
- When, without completing their term of office, they cease to be Chief Executive Officer for reasons other than resignation and serious and culpable breach, even if they are offered a job under the ordinary system, or a senior management post, unless the change is by mutual agreement.

To this System, which is fully outsourced, the Company has contributed €65,000 during 2021. The amount of the contributions for 2022 will be determined after an actuarial calculation, mediated by an insurance broker external to the Company.

This SWS was chosen at the time because it brought together a variety of interests. First, the loyalty of Executive Directors, as their voluntary resignation implies the loss of the funds accumulated for their benefit and, therefore, any offer from a competitor would oblige the latter to accumulate in its salary package an amount similar to the funds that the Executive Director renounces. This makes ACERINOX practically immune to the risk of losing talent at the highest levels.

On the other hand, the concurrence of a serious and culpable cause in the termination of the employment relationship determines that any right to the accumulated funds is forfeited, providing an incentive for diligence and rectitude.

Finally, the contributions to the SWS can function as a provision in case of dismissal of the executive due to the withdrawal of the Company, by allowing part of the amount to be paid out of the funds set up.

viii) Attendance fees and allowances of other Directors

The Executive Directors shall not receive attendance fees from subsidiaries or participated companies of ACERINOX, but they may receive attendance fees from the ACERINOX Board and its Committees.

ix) No non-competition commitments or payment of other items that may involve payments to the Director after their termination of employment

Non-Executive Directors shall not receive any amount as a consequence of their dismissal or termination of employment, even if this occurs before the end of their term of office.

Executive Directors shall not receive any amount in the form of a non-competition agreement or similar concept after dismissal of their service with the Acerinox Group.

III.- Why does ACERINOX consider that the established variable remunerations help sustainability and business strategy?

With reference to the Chief Executive Officer – as the issue has already been discussed in relation to the other Directors – the system helps in the following way:

a) Annual bonus. The annual bonus is accrued on the basis of parameters which, as reported favourably by the Appointments, Remuneration and Corporate Governance Committee, reflect in the opinion of the Board the performance of the Company in the medium and long term.

The metrics selected by the Board for the Executive Directors on an annual basis could be divided into distinct groups:

- Measures of economic performance: EBITDA, profit after tax and debt.
- Direct ESG measures such as workplace safety, emissions savings, energy savings, increased recycling and waste reduction.
- A qualitative evolution, including parameters that are not directly economic, which the Board must weigh up.

The specific items and their weighting shall be disclosed in the Annual Report on Remuneration.

b) Remuneration in shares. The long-term incentive payable in shares, as discussed above, combines, in its two metrics, two shareholder decisions. The first one (TSR or Total Shareholder Return) gives why a potential shareholder buys shares in a steel company, and the second one (ROE or Return on Equity) gives why, having decided to invest in steel, they have chosen ACERINOX and not another similar company.

Both metrics align the interest of the shareholder and the Executive Directors, as they will only generate an entitlement to share-based payment if shareholders have previously obtained a similar and proportionate benefit.

The period of entitlement to this incentive is three years, as this is the measurement period. This is an attempt to pay remuneration based on the ups and downs of the value of the shares, which are not intended to last over time or to follow the normal ups and downs of any listed market.

The contracts of the Executive Directors have provided for a clawback clause that would allow the Company to claw back the shares paid if subsequent events showed that the calculation of the metrics was flawed or impaired by events that led to a correction of the basis of calculation.

IV. Duration of contracts, notice periods, severance pay and social welfare measures

Non-Executive Directors are not bound by any contract but by their appointment as such and their subsequent acceptance thereof. Early termination does not give rise to any rights and there is no notice.

Executive Directors are bound by a contract, the duration of which may not exceed the term of office they hold or the Board's wish to revoke the appointment. In particular, the Chief Executive Officer's contract is limited by their term of office, which may not exceed four years – like that of the other Directors of the Company – and which is linked to their tenure of office.

In the event of resignation by the Chief Executive Officer, their contract provides for a notice period of at least three months in order to be able to organise their succession properly.

In the event of termination at the will of the Board of Directors without serious and culpable cause, the Chief Executive Officer shall be entitled to a severance payment equivalent to two years' remuneration (without including salaries in kind or Long-Term Incentive payments) and may also mobilise in their favour the mathematical provision made in their favour in the Social Welfare Plan in the part exceeding that amount, under the terms established in their contract.

In the event of resignation of the Chief Executive Officer for reasons other than a change of control involving a substantial change in the terms and conditions of employment, the Chief Executive Officer may neither receive severance nor mobilise in their favour the mathematical provision of the Social Welfare Plan originally set up in their favour.

V.- Procedure for the drawing up of this Policy

As regards the part of this Policy that regulates the remuneration regime for Executive Directors, it was the result of a long process in which the Appointments, Remuneration and Corporate Governance Committee was assisted by the specialist consultant Willis Towers Watson.

The scope of this work consisted not only of Executive Directors but, in general, of the entire Senior Management group. The working meetings lasted throughout 2017 and, finally, the Board of Directors approved in 2018 a Senior Management Remuneration Regulation that also covers the special situation of Executive Directors. Neither the Chief Executive Officer nor the Secretary of the Board were present at the final stage of deliberation and decision.

The Policy for the Remuneration of ACERINOX Directors approved by the General Shareholders' Meeting of 2018 included the remuneration system for the Executive Directors. The Board, immediately following this General Meeting, renewed the mandate of the sole Executive Director, the Chief Executive Officer, and approved their contract in accordance with the provisions of the Spanish Capital Companies Act.

With regard to the status of Non-Executive Directors and the Chairman of the Board, the Appointments, Remuneration and Corporate Governance Committee, during the first months of this year, asked the Secretary of the Board to carry out a benchmarking exercise using reliable sources (remuneration report of a well-known Human Resources consultant, CNMV publications and public information from other comparable companies).

The Secretariat undertook these tasks completely independently and without any guidance other than that set out on pages 3 and 4 from the Committee, which received the report in full. For these purposes, it should be noted that the Secretary of the Board does not hold the position of Director, nor does this Policy contemplate their remuneration system.

Subsequently, the authoritative opinion of experts in the field, in particular *KPMG*, was sought, which validated the correctness of the work carried out in a completely autonomous manner. The Appointments, Remuneration and Corporate Governance Committee, composed of three Independent Directors (one of whom is Chair) and one Proprietary Director, in view of the above, issued its mandatory report at its meeting of 25 April 2022 and resolved to provide the Board of Directors with the proposal to submit the Policy detailed herein to the General Shareholders' Meeting.

VI.- Maximum amount of the remuneration to be paid by ACERINOX to its Directors

- a) Directors in their capacity as such: €70,000/year.
- b) The Chairman of the Board: €160,000/year, (this remuneration is incompatible with that under point a).
- c) The Chairs of Committees, except for the Chair of the Executive Committee: €80,000/year (this remuneration is incompatible with that under point a).
- d) Attendance fees for Directors who do not hold the office of Chairperson: €2,100 for attendance at Board or Committee meetings.
- e) Attendance fees for the Chairman of the Board and for the Chairmen of Committees when acting in that capacity, including the Executive Committee: €4,200.

Maximum total of remunerations of the Board of Directors without taking into account the remunerations of the Chief Executive Officer in their capacity as such: €2,200,000.

This figure represents an increase of approximately 10% over the approved budget in 2021.

VII.- Remuneration of the Chief Executive Officer in their capacity as executive of the Company:

- Basic Salary:	€600,000
- Theoretical maximum bonus:	€1,500,000
- Theoretical maximum Long-Term Incentive:	€600,000
- Salary in kind:	€30,000

Theoretical maximum remuneration: €2,730,000. This figure does not include any severance payments that may arise.

- Contribution to the Social Welfare Plan: to be determined by the insurance actuary.

VIII.- Conclusions of the Board of Directors regarding the Policy

The modification of the remuneration system introduced in 2018 incorporated a large variability in the regime for Executive Directors, who are subject to a system in which most of their remuneration is variable.

Indeed, the first variable remuneration package consists of a bonus ranging from 0% to 100% of the base salary and up to 250% depending on metrics such as EBITDA, Net Debt or occupational health and safety. These metrics are defined by the Board of Directors and their detail can be studied in the Annual Remuneration Report. The Board of Directors should weight the different bonus components according to the objectives which, in each year, are considered to be of special attention. It should be noted that some of the parameters, most notably Health and Safety and Emissions, are set according to the Group's medium-term sustainability objectives.

The second remuneration package is the Long-Term Incentive, which describes an almost perfect parallel between Executive Directors' benefits and shareholder returns. Firstly, by comparing the trajectory of the Company's share prices over a period of three calendar years between ACERINOX shares and those of the other – non financial – companies of the Ibex 35 and, secondly, by establishing a very carefully studied benchmarking, also over three years, between the ROE of ACERINOX and that of a group of companies also dedicated to the manufacture and sale of steel (and which publish results, i.e. companies listed on stock markets).

Both systems, annual bonus and three-year Long-Term Incentive, attempt to reconcile the antinomy sometimes existing between short-term and long-term performance. Of course, the clawback system – also a new feature introduced in 2018 – responds not only to the recommendations in force but also to the need to be able to verify the robustness of the metrics used for measurement.

In the case of Non-Executive Directors, the amount of work of Committee Chairmen was already considerable, but the intensification of corporate life – with ever-increasing demands – and responsibilities justifies an increase in compensation for Committee Chairmen.

The amount of the attendance fee and its proportion to the fixed remuneration does not encourage the multiplication of meetings, but its amount tends only to compensate for the inconvenience and expenses that attendance may generate.

Overall, the Board considers that the current system has made it possible to attract to the Board of Directors professionals of high professional, academic and human quality, and has made it possible to demand an increasing workload and responsibility, while at the same time ensuring that Executive Directors are not forced to take risky and short-sighted decisions – since they do not have a significant advantage in this – and at the same time it favours the supervision of their work by the rest of the body to which they belong.

It is therefore considered that the system in place is perfectly aligned with the Company's business strategy and the creation of permanent and long-term value.

IX.- Duration of this Policy

In accordance with the provisions of Article 529-novodecies of the Spanish Capital Companies Act, this Policy shall be applicable from the moment of its approval and in the following three financial years if the General Shareholders' Meeting does not decide to approve a new one.

Madrid, 9 May 2022

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