



Non-financial
information
statement

NFIS
2021

*The rediscovery.
Empowering the energy transition*



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Letter from the Chairman



Francisco Irazusta

Chairman

As we announced, financial year 2021 was even more complicated than what we experienced in the previous financial year due to the inertia of the market and the impact that it has on the timings of our activity. In addition, the sudden increases in energy prices, raw materials, scrap metal and fer-roalloys, along with transport, have been the major challenge for the sector in 2021. This, together with the pandemic and the international health crisis triggered by the outbreak of COVID-19, which has continued throughout the year, has hindered the recovery of market activity.

While the progress of vaccination and the joint effort made by society have enabled us to witness a revival in certain countries as their mobility restrictions have eased, that reactivation was cut short by an increase in our recurring costs, which has led to a slowdown in our progressive recovery.

Fortunately, the pandemic and the increase in costs were not the only things that happened in 2021. We are proud to celebrate the recognition of the Group as a strategic company. We thank customers, institutions, international analysts and banks for their trust and support, as well as the efforts of our entire team, which have enabled us to obtain a participative loan of EUR 112.8 million from the Solvency Support Fund for Strategic Companies (*Fondo de Apoyo a la Sol-*

"Fortunately, the pandemic and the increase in costs were not the only things that happened in 2021. We are proud to celebrate the recognition of the Group as a strategic company."



"Our commitment to sustainability is not just an aspirational framework, but a roadmap for responsible growth that must go hand in hand with appropriate and transparent corporate governance."

Francisco Irazusta

Chairman

vencia de Empresas Estratégicas) from the Sociedad Estatal de Participaciones Industriales (SEPI), which will undoubtedly be key to the achievement of our objectives in the coming years.

After the confidence expressed and with renewed financial stability, we are optimistic about a new 2021–2025 Strategic Plan that allows us to continue transforming the Group, endowing our facilities with the latest technologies and seeking the creation of added value that has an impact on the improvement of the Group and the Company in the medium and long term. We are committed to promoting the energy transition and decarbonisation through the development and efficient manufacture of innovative and sustainable piping solutions. This new plan will help us to approach new markets and sectors of activity that have a special influence when it comes to clean energy and hydrogen, helping our customers to successfully meet their future challenges. This year, I would like to state that, thanks to the effort and commitment of our people, we have achieved our first milestones in clean energy, and we hope that they will be the first of many.

Our commitment to sustainability is not just an aspirational framework, but a roadmap for responsible growth that must go hand in hand with appropriate and transparent corporate governance. In 2021, and following our philosophy of continuous improvement, we devised a Corporate Governance Update Plan that has transpired during the year and will continue in 2022. All of these improvements and best practices will help us to achieve our goals.

The work of everyone who forms the Group has proved essential when it comes to achieving the great milestones over the past few years and will be a key part of meeting the challenges that have arisen. We must not forget that the well-being and development of everyone who makes up the company are essential parts of its success. Therefore, the commitment to health and safety is part of our values, and we have initiated a multi-year project, which has had a great reception and involvement at all levels. This will enable us to move towards excellence with respect to Health and Safety, improving our culture in this area and always with the objective of "zero accidents".

112.8
EUR 112.8 million
to the Sociedad Estatal de
Participaciones Industriales
(SEPI) from the Solvency
Support Fund

WHO WE ARE



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Leaders in providing innovative and sustainable piping solutions

[LINK TO VIDEO THE DISCOVERY](#)

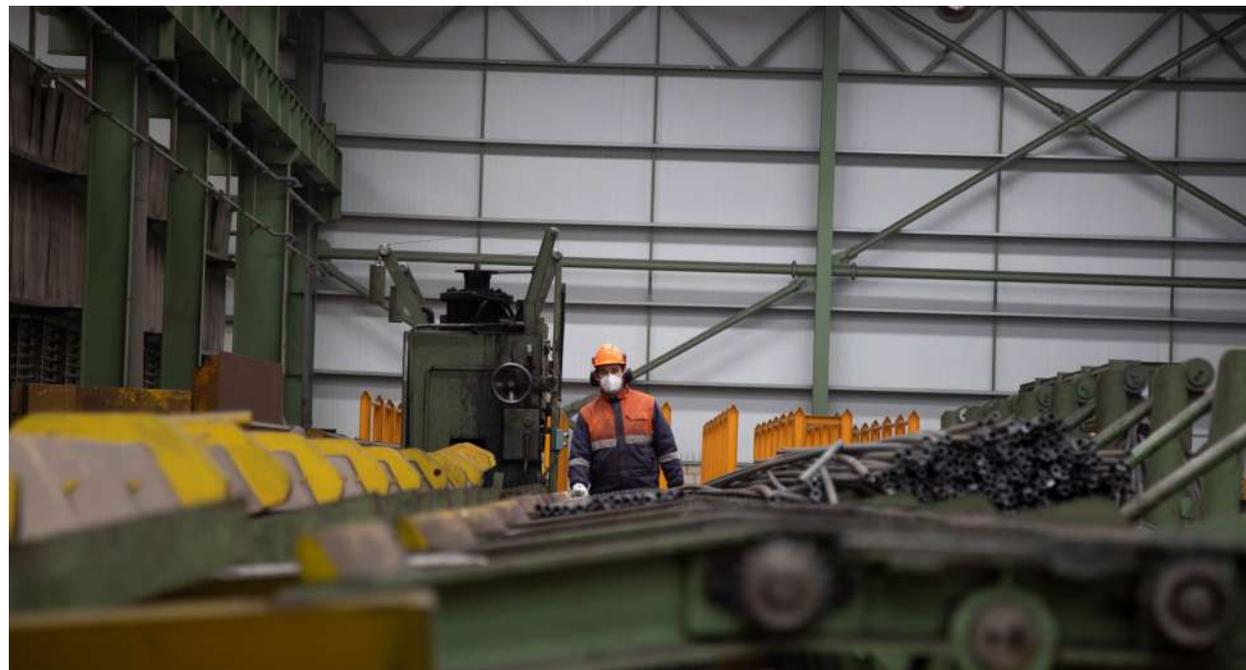
We are Tubos Reunidos. S.A. and subsidiaries (hereinafter the TRSA Group or the Group), a Group with almost 130 years of history in the steel industry and the talent of more than 1,300 people. Our extensive experience and broad knowledge of the sector allows us to anticipate the piping solutions required by our customers. With a presence in more than 60 countries, we develop and manufacture seamless steel pipes for all the most demanding processes and requirements.

With our firm commitment to reach 2050 with zero net emissions, we are developing a set of solutions that will enable new energy models to be implemented in order to help phase out carbon emissions.

Our goal is to continue creating value for our customers. Thanks to our solid industrial experience, our know-how and our talent, we offer a value proposition aimed not only at satisfying special and complex requirements in the service and product, but we serve our customers by advising them and providing them with the best advances in innovation, proposing innovative processes and solutions to meet the needs of today and the future. All of this will enable us to achieve energy success in order to be leaders in decarbonisation indices.

We are committed to boosting the energy transition, both as an energy consumer, by making efficient use of energy resources and complying as a European manufacturer with the strictest regulations, and providing solutions for the new needs that are arising to achieve a sustainable economy.

Our production capacity is sufficient to meet the specific needs of our customers throughout the world, producing pipes ranging from half an inch to **28 inches in diameter**, all of which combine different steel grades and properties to yield the required performance.





MISSION, VISION AND VALUES

MISSION

“TO DRIVE THE ENERGY TRANSITION THROUGH INNOVATIVE AND SUSTAINABLE PIPING SOLUTIONS”

Driving the energy transition through innovation and sustainable solutions is one of the challenges of our Strategic Plan. The energy transition poses a great challenge, but also a great opportunity. Therefore, we reiterate the commitment to lead the energy transition by integrating decisions with the objective of transforming the TRSA Group and seeking the creation of added value that impacts on the improvement of the Group and the Company in the medium and long term.

VISION

“TO BE THE MOST AGILE, EFFICIENT AND RELIABLE COMPANY FOR OUR CUSTOMERS

BY OFFERING THEM OUR INDUSTRIAL EXPERIENCE, KNOW-HOW, QUALITY AND INNOVATION THROUGH PRODUCTS AND SERVICES THAT ARE VALUED AND REFERENCED IN THE MARKET WHILE PROTECTING THE ENVIRONMENT AND THE HEALTH AND SAFETY OF THE PEOPLE THAT FORM PART OF THE COMPANY”

At the TRSA Group, we focus on optimising productive processes, as well as the implementation of continuous improvement, adapting and anticipating the needs of our customers. We have the main international quality certifications and the most demanding approvals required by the different customers with whom we work in all markets.

VALUES

EMPOWERING THE ENERGY TRANSITION



HUMAN RESOURCES INVOLVED



A COMMITTED PARTNER ACCORDING TO EUROPEAN STANDARDS



RESPONSIVE ORGANISATION



ALMOST 130 YEARS ANTICIPATING TECHNOLOGY SOLUTIONS



CUSTOMISED SOLUTIONS TAILORED TO CUSTOMERS



DRIVING THE ENERGY TRANSITION



CAPABILITIES THAT HELP US STAND OUT

We have an optimised fully integrated manufacturing platform, covering almost the entire value chain of our main products, from the manufacturing of steel to the specific finishing of the piping operations. We are able to offer high-performance tailor-made solutions that enable us to adapt, in an agile manner, to special high-value-added applications. As a result, our customer base includes the world's leading energy and engineering companies, EPCs and leading equipment manufacturers, and we collaborate with leading designers to guarantee a sophisticated global industry supply chain.

Our industry know-how after nearly 130 years of experience

We have extensive knowledge of the chemical and metallurgic properties of materials and their behaviour in the different stages of the process, from raw materials to the finished product. This allows us to adapt to the requirements of the different products and sectors with quality and flexibility.

To achieve this, we have integrated within the Group almost the entire value chain of the productive process, since the initial phase of the fusion of raw material (steel), as in the subsequent transformation via rolling as well as the finishing operations and final inspections that are carried out on the various finishing lines. We have five production units that include electric melting, refining and degassing ovens, continuous casting and ingot facilities, hot rolling and cold drawing of pipes, heat treatment furnaces and various finishing facilities. In addition, we have a full range of capabilities that includes laboratories to ensure the quality of our product, and sophisticated equipment to guarantee traceability throughout the process and pipe-by-pipe testing, including artificial intelligence media.

We have developed a hot rolling process that is unique in the world, and which is capable of:

- Laminating the widest range of dimensions in the world, from half an inch to 28 inches in outer diameter.
- Manufacturing large outer diameter pipes – with high thicknesses – in all grades of steel, including austenitic stainless steels and nickel superalloys.
- We also have the skills to be a leader through innovation in finishing, inspection and threading operations.

Customised solutions

The TRSA Group has the capacity to develop and manufacture tailor-made solutions for customers with special high value-added pipes, through two R&D+I centres, where we can develop solutions for demanding environments with high corrosion, high-grade collapse, high pressures and temperatures:

- Manufacture of steel pipes for any application in carbon, alloy and stainless steels.
- Versatility and flexibility to offer different combinations of sizes, special diameter-thickness dimensions and steel grades.
- The ability to develop and manufacture custom-grade steel for premium OCTG connections that operate in extreme environments.



Main figures

TURNOVER (IN THOUSANDS OF EURO)

242,994	241,661
2021	2020

TONNES OF PIPES SOLD (IN THOUSANDS OF TN)

139	142
2021	2020

TOTAL ASSETS (IN THOUSANDS OF EURO)

468,273	351,135
2021	2020

ANNUAL PRODUCTION CAPACITY

300,000

TONNES OF PIPES

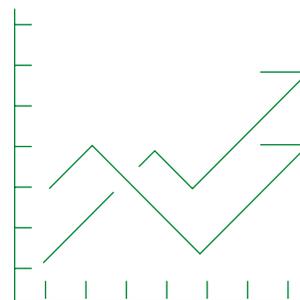
CONTRIBUTING TO THE TRANSFORMATION OF A DECARBONISED ECONOMY UNDER A MODEL OF GOOD GOVERNANCE

If the raw material used comes from the reuse of waste

97%	94%
2021	2020

Employees trained in the code of ethics

100%	100%
2021	2020



BUILDING LASTING RELATIONSHIPS WITH STAKEHOLDERS

PEOPLE

Direct employment

1,360	1,427
2021	2020

% under permanent contract

94%	98%
2021	2020

Average training hours per employee

10.10	5.88
2021	2020

Same salary for same work and responsibility

SHAREHOLDERS AND INVESTORS

Capitalisation (millions of euro)

48.8	35.6
2021	2020

Average share price

0.373	0.163
2021	2020



FUNDERS

The granting of a participative loan by the SEPI

EUR 112.8 million

Novation and improvement of pre-existing financing conditions with financial institutions

SUPPLIERS

% Local suppliers

86% 2021 83% 2020

PUBLIC ADMINISTRATIONS

Tax payments (millions of euro)

32.7 2021 30.6 2020

LOCAL COMMUNITIES

Indirect employment

7,000 SUPPLIERS AND SUBCONTRACTORS EUR 940 thousand



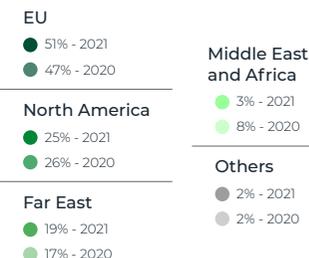
MEALS/ COLLABORATION WITH RESTAURANTS (EUR 1,170 THOUSAND IN 2020)

CUSTOMERS

Number of countries sold to

66 2021 63 2020

Sales by geographic markets



Number of agencies and delegations

28 2021 27 2020

PARTNERSHIP



QATARGAS APPROVAL

PARTICIPATION OF THE BASQUE HYDROGEN CORRIDOR PROJECT AND THE EIC-ENERGY ADVANCED ENGINEERING.

WE PARTICIPATED WITH THE SIDEREX BASQUE COUNTRY STEEL CLUSTER (CLÚSTER DE ACERO) AND THE UNIVERSITY OF THE BASQUE COUNTRY

in the launch of ROOM4STEEL, a type of steel classroom to train engineering and Master's degree university students

WE PARTICIPATED IN THE BIND4.0 INITIATIVE launched by the Department of Economic Development

SIGNIFICANT SHAREHOLDERS



BBVA Group

● 14.77%

Zorrilla-Lequerica Puig family concerted action

● 10.22%

Mr Joaquín Gómez de Olea Mendaro

● 6.56%

Ms Carmen de Miguel Nart*

● 3.82%

Elguero, S.A.

● 3.33%

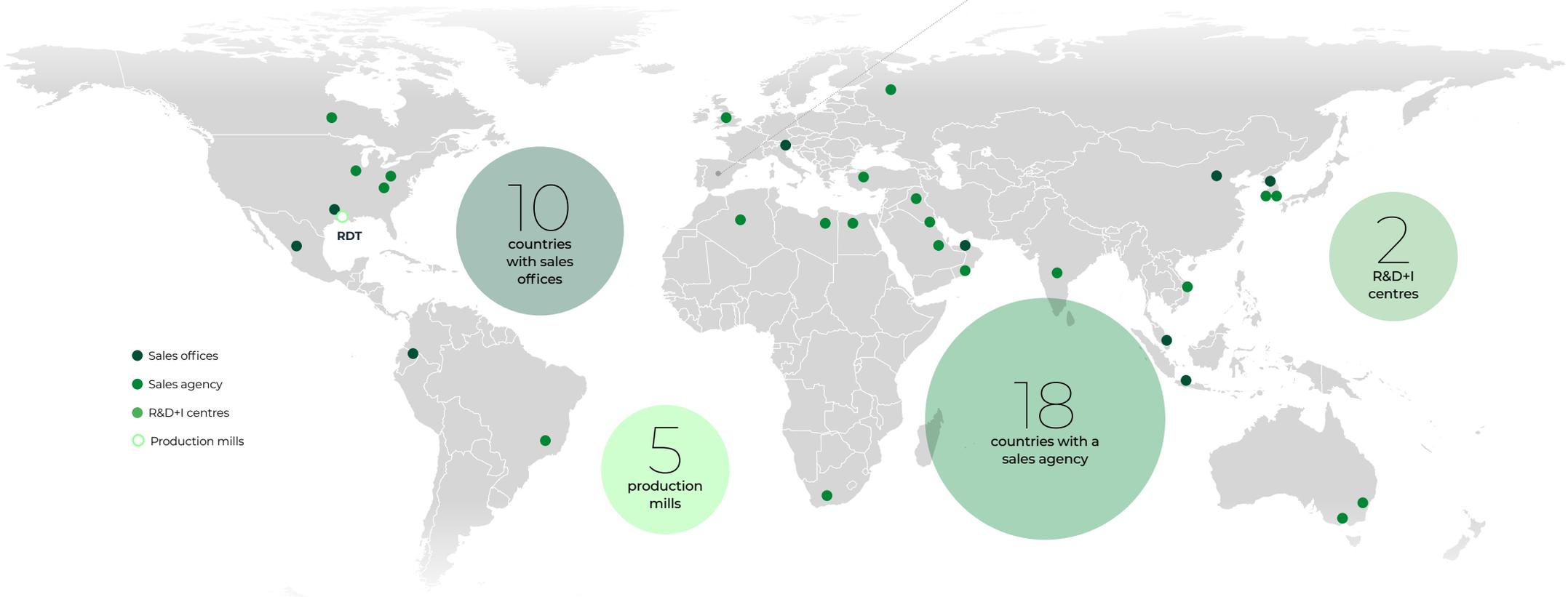
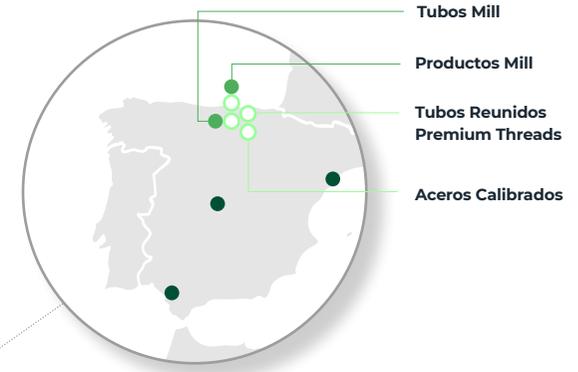
* Regarding the shareholder Ms Carmen de Miguel Nart, we must report that she died on 12 February 2021 and that as at the date of publication of this Statement of Non-Financial Information, her estate has not yet been divided up and adjudicated.



TRSA Group in the world

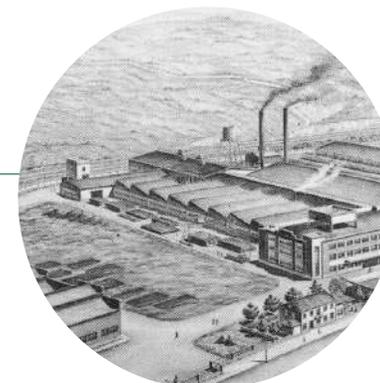
Today, our Group has a commercial presence in more than 60 countries. The Middle East and Asia are still the TRSA Group's most active geographical areas, markets within which we continue to focus our efforts and strengthen our commercial presence. That is why we have opened sales offices in recent years to strengthen growth in Asia.

In 2021, we successfully opened the Malaysian office in order to increase our presence in one of the fastest growing regions. In 2022, we will focus on strengthening relationships and presence in the markets in which we are already present. Proof of this is that in the first quarter of 2022, we will open a new sales office in Germany.





Where we came from: almost 130 years of history



1892

Establishment of Tubos Forjados, S.A., predecessor of the current Tubos Reunidos, S.A., focused on the manufacture of pipes for boilers and steam pipes, water pipes, gas pipes and other similar purposes.

1946

Entry into operation of the new seamless piping manufacturing facilities by using a heat thrust-bench.

1950-1970

New cold drawing facilities.

1968

Tubos Reunidos, S.A. is born by grouping all of the facilities of Tubos Forjados, S.A. and part of those owned by Babcock & Wilcox Española, S.A. to manufacture seamless piping and welded piping.

1977

First casting at the Amurrio steel mill.

1984

For the first time ever, a new heating and drilling system (C.P.E.) for the head of the thrust-bench is launched in Amurrio, which meant a major technological leap in the manufacture of seamless piping. New facilities for the finishing of oil and natural gas (OCTG) pipes.

1998

The acquisition of Productos Tubulares, S.A., which offers a wide range of pipes of large dimensions and thicknesses; including special, alloy and stainless pipes.

2002

New cold drawing facilities in Amurrio.

2005

Tubos Reunidos strengthens its presence in the stock market as its shares are traded on the continuous market.



2014

Signing of the agreement with Marubeni-Itochu Steel Inc. for the construction of a mill for the manufacturing, marketing and supply of premium OCTG products for oil and gas drilling at a global level: Tubos Reunidos Premium Threads (TRPT).

2016

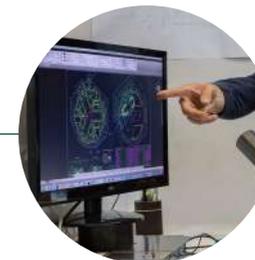
Acquisition of the business assets of Rotary Drilling Tools, Inc. (RDT) in Texas. The TRSA Group geographically diversifies its production installations by acquiring capacity locally in the USA, close to the end user.

2018

The European steel pipe tariff on imports enters into force in the United States from June.

2012-2019

EUR 179 million invested in the transformational plan for the development of new high value-added products and the improvement of competitiveness.



2019

- Debt refinancing framework agreement with financial institutions. Strategy for product and market diversification.
- New business strategy focused on higher value-added Downstream and Midstream sectors.

2020

- Uncertainty in the market, the cancellation of projects and a drastic decline in orders due to mobility restrictions arising from the COVID-19 pandemic. Implementation of containment measures to alleviate the effects of the crisis and to defend the Group's cash position.
- The appointment of Francisco Irazusta as new Executive Chairman.
- First remote General Shareholders' Meeting.





2021 Developments: Our response to challenges as a strategic company



2021 MAIN HIGHLIGHTS OF THE YEAR

ACHIEVING OUR FIRST MILESTONES IN CLEAN ENERGIES:

- We joined the Basque Hydrogen Corridor Association (*Asociación Corredor Vasco de Hidrógeno*) (BH2C)
- First Geothermal project
- Qatargas approval

JANUARY

Launch of the Excellence in Health and Safety Project, which **will last three years**.

JULY

Consideration of the TRSA Group as a **Strategic Company** by the relevant agents.

Support and financing* from the Sociedad Estatal de Participaciones Industriales (SEPI) for the amount of **EUR 112.8 million**.

Support from financial institutions with the novation and improvement of the **financing conditions of 2019**.

Start of the third quarter of the year without temporary lay-offs in force at any of the Group's mills.

SEPTEMBER

Launch and communication of the **Strategic Plan** to all staff.

*Temporary public support from the Solvency Support Fund for Strategic Companies affected by the pandemic under Royal Decree Law 25/2020, of 3 July for a total amount of EUR 112.8 million as a participative loan.



STRATEGIC COMPANY: OBTAINING SEPI FUNDING AND NOVATING PRE-EXISTING FINANCING

"I would like to personally thank the trust placed by all our associates in supporting us to be declared a strategic company, which has enabled us to obtain the necessary funding to carry out our strategic, solid, transformation and growth plan."

Francisco Irazusta
Chairman

The Board of Directors of the Solvency Support Fund for Strategic Companies (FASEE), managed by the *Sociedad Estatal de Participaciones Industriales* (SEPI), granted us a participative loan of EUR 112.8 million in July, considering us a strategic company. In addition, we have achieved the novation and improvement of various pre-existing financing conditions with the Group's private financing entities.

400
Customers in **66** countries



BENCHMARK COMPANY

in the Basque export industry for decades



THE ONLY SPANISH MANUFACTURER

in our product range and the only European manufacturer in part of the product range



SIGNIFICANT IMPACT

on the Basque Country's employment and economy



PRESENTS

throughout the value chain of renewable energies



WE ARE DRIVING

the energy transition and decarbonisation



WE HAVE THE SUPPORT

of key stakeholders (customers, suppliers, public administrations, financial institutions, industry associations and chambers of commerce..)



A global company rooted in the Basque Country

Although most of our customers are in foreign countries, we remain committed to continue centralising our operations and main production activity in the Basque Country. Keeping our roots in the Basque Country is considered an advantage that gives our products a differential value, which is why we invest in attracting and retaining talent. We are mindful of the direct and indirect high impact of our industrial presence on the local populations and the territory where we operate. According to our internal calculations, our presence in both the Valley of Ayala (Álava) and in Trápaga (Biscay/Bizkaia) maintains some 7,000 indirect jobs that otherwise might be lost. Some EUR 12.9 million was collected by the Basque Public Administration through the payment of taxes in 2021, and more than EUR 18.4 million in social security contributions was paid for human resources located in the Basque Country (EUR 12 million and 15.7 million, respectively, in 2020).

Through the strategic decision to maintain our headquarters and main production activity in the Basque Country, our Group carries out activities that contribute to the well-being and improvement of the local community, economically, socially and in terms of innovation.



In five years, it has contributed **more than EUR 150 million** in taxes to the Basque Country
 $2017+2018+2019+2020 + 2021 = \mathbf{EUR 158,6 \text{ million}}$

This commitment translates into the creation and maintenance of direct, stable and quality employment with equal pay for the same responsibility, without distinguishing by gender, through the hiring of local staff, as well as indirect employment through the contracting of products and services with local suppliers.

As regards direct employment, approximately 99.5% of workers were local in 2021 (100% in 2020). Their general conditions are in line with the salary and labour relation policies that apply to Group companies.

We also contribute to the promotion of the territory's industrial transformation and competitiveness by collaborating with specific initiatives and actions that have a positive effect on the Basque economy.

It is important to highlight that we also collaborate with other companies in the region to promote common projects and initiatives, and with various technology institutes and local training centres. We participate in and promote different activities and partnerships that contribute to accelerating economic growth in a sustainable way.



EVOLUTION OF THE SECTOR IN 2021

The evolution of the iron and steel sector was marked by the evolution of the markets, which has a significant impact on the business fabric, both in terms of production and turnover and in terms of employment. The sharp increases in the prices of energy, in ferroalloys, transport and, finally, the very high prices of scrap metal, are leading to an increase in recur-

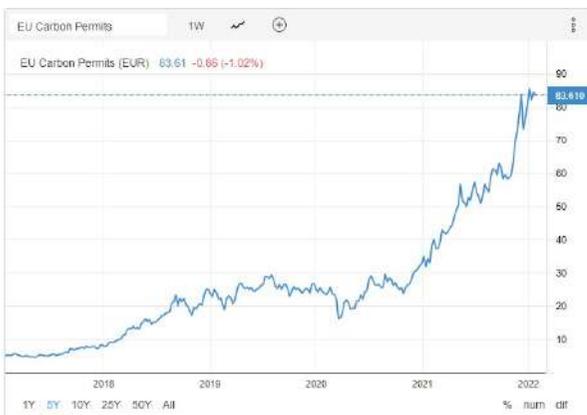
rent costs of around 75% for the companies in the sector, accelerating some transformations that were already in progress. With regard to activity, we have seen a revival - particularly in the replenishment of more standard piping inventories - in certain countries as their mobility restrictions have been eased, or directly suspended; however, the effects of COV-

ID-19 have continued to have a strong impact in 2021 in certain key markets for the Group, stalling the activation of the Powergen and Downstream projects — special products involving higher added value. However, a progressive recovery of projects is expected from 2022 onwards.

Significant increases in energy prices

2021 was marked by significant increases in energy prices, mainly resulting from:

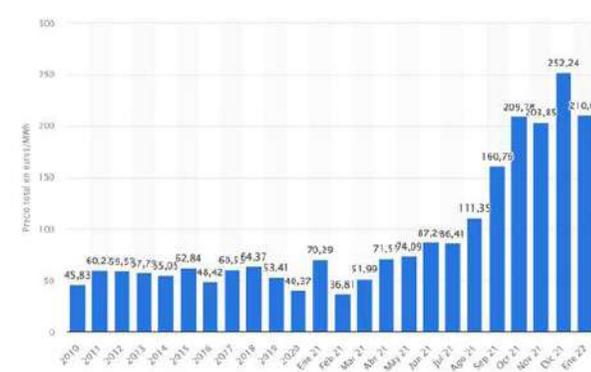
- The increase in the CO₂ emission allowances paid by large energy consumers for emitting carbon dioxide into the atmosphere, doubling the price of carbon dioxide in one year;



[VIEW THE TABLE](#)

- Geopolitical tensions between Russia and Ukraine in the North and Algeria and Morocco in the South, which have affected gas supplies to the EU.
- A climate that has led to increased energy consumption at a time when there are not enough renewables to regularly supply the system and where the latest technology to enter the energy mix is the most expensive (combined gas cycles), and which has a strong influence on the price of the wholesale Pool in Europe.
- The strong revaluation of natural gas in international markets. During 2020, coinciding with the fall in economic activity brought on by COVID-19, gas producers reduced capacity and closed wells and facilities, as end-customers decreased their purchases, resulting in a reduction in gas inventories.

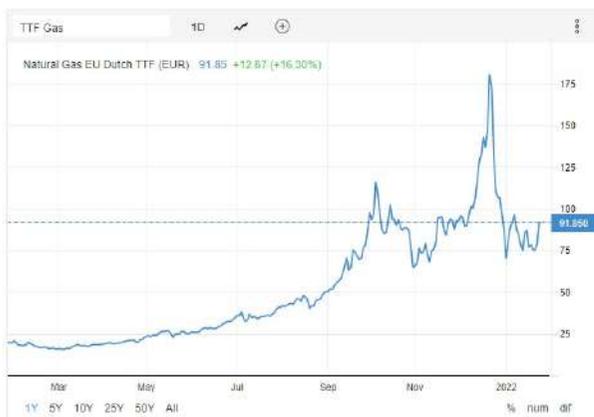
Average annual price of electricity in Spain from 2010 to 2022 (in euro per megawatt-hour).



[VIEW THE TABLE](#)



During 2021, a rebound effect took place following the progressive recovery of economies, particularly, and mainly China, which paid a premium for this fuel. This was compounded by logistical bottlenecks and rising LNG freight rates.



[VIEW THE TABLE](#)

Rise in transport and strips prices

2021 saw significant price increases and constraints in supply chains due to logistical issues. 12.5% of the global capacity is currently unavailable*.

The Drewry World Container Index (WCI) increased by more than 119% in a year**. This is due to the reactivation of global trade following the pandemic that led to an overdemand that initiated a runaway price hike. At present, no significant changes are expected until at least the second part of 2022. Growth is slowing sharply in response to high energy costs, supply chain disruptions and a new wave of COVID-19 cases.

Furthermore, the IMO (International Maritime Organization) aims to reduce the intensity of international shipments to 40% of the levels corresponding to 2008 by 2030 and will implement the EEXI (Energy Efficiency Existing Ship Index) and the CII (Carbon Intensity Indicator). Any ships that do not comply with these indices will have to implement improvements in their yields, and it is therefore expected that the implementation of these indices will reduce the average navigation speed of the global fleet***.

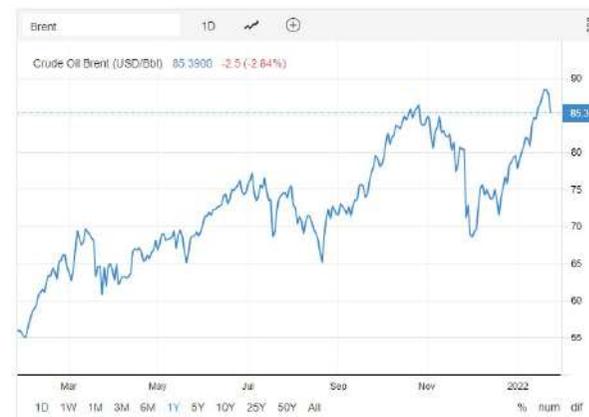
[VIEW THE TABLE](#)

Increase in the prices of ferroalloys, scrap metal and the barrel price

Taking into account the variables explained above, the revival of the economy, the recovery of stock, increases in gas and electricity prices, as well as increases in the price of raw materials.

After a long season of relatively moderate swings in scrap metal prices, prices began to rise steadily at the end of 2020 until they doubled in mid-2021. Since then they have undergone fluctuations without exceeding the range of €400/MT.

Due to the lockdowns in 2020, there was a collapse in oil consumption and its price plummeted with Brent trading below \$15 in March 2020. Subsequently, prices increased significantly to over \$80 in 2021, although they corrected slightly in the fourth quarter of the year.



*DVS – Market Update Air & Sea Oct 12th, 2021.

**Drewry - Service Expertise - World Container Index - 09 Dec

***DSV – Market Update Air & Sea Oct, 12th, 2021.



MILESTONES IN KEY COUNTRIES

CHINA

On 1 May, the elimination of the tax relief (13%) on the export of steel products came into force. Before the rebate was eliminated, iron and steel products received a VAT refund of 13% and 10%, so that Chinese exporters could practically deduct all of the VAT related to the production and purchase of these products. With this, China aims to drive the energy transition.

USA

End of the Section 232 tariff rates imposed by the Trump administration in 2018. On 31 October 2021, the G20 summit was held in Rome, during which the US announced the replacement of tariffs on steel and aluminium imports from the EU with a tariff-free quota system under the name "tariff-rate-quotas" (TRQs). The aim is to reach an agreement to defuse the tariff-related rhetoric with the

EU and work on a Global Agreement on Sustainable Steel and Aluminium. This led to the steel industry - including the pipes sector - being a beneficiary of the agreement, as it seeks to restore pre-2018 transatlantic trade flows and, in turn, addresses the shared challenges in relation to climate change.

Main challenges

Taking into account developments in the sector, we identified the following three main challenges:

01.

COMPETITIVENESS

Demand will continue to recover progressively, however, the problem related to global overcapacity of steel pipes remains, which will continue to tighten prices. Consequently, a cost reduction is required for all products in three ways: the concentration of processes to gain in efficiency, digitisation and training that allows us to implement a "culture of data" and anticipate decision making and investments with the aim of being able to produce and sell a mix of greater value-added products for our customers.

02.

MARKET

The global trend over what and how to consume favours "local production and local consumption" and accelerates "domestic production", to the extent that broad diversification of both products and geographies will be fundamental.

03.

ENERGY TRANSITION

The most significant change in the sector concerns the energy transition and the drive towards the decarbonisation of the economy. O&G companies – among other CO₂ emitters – are being forced to reinvent themselves progressively to become more cross-functional, a movement which is led by European companies. The energy transition poses a great challenge, but also a great opportunity. We can and must be the protagonists of this process, supporting customers in the transition from fossil energy to clean energy — a process in which gas plays a key role as a type of transition energy.



Where we are going: driving the energy transition

2021–2026 STRATEGIC PLAN

In order to meet these challenges we are implementing a transformation of the Group, which began with the arrival of the new chairman in 2020 and is accompanied by a solid strategic Plan related to transformation and growth.

- **“Focus on cash” (2020-2021):** the main objective is to preserve the cash position by carrying out measures to optimise costs and efficiencies, renegotiate the financial situation and obtain the support of the SEPI to address the Plan's challenges.
- **“Focus on value” (2022-2026):** in which we estimate that global energy and electricity needs will increase during this phase, spurred by the return to pre-COVID-19 levels of demand, the growth of the world's population and greater development in emerging countries, especially in Asia. In addition, the reduced carbon footprint promoted by governments in almost all countries around the world will accelerate the advancement of clean energies. At the same time, the increased consumption of natural gas as a transition energy will continue to progressively overtake coal and other heavier fossil fuels in the electricity mix.

All of this will require:

1) A transformation of the Group, a process that has already started:

- Digitisation of the Group: new technologies and resources.
- Unique commercial positioning as a Group: aiming processes, resources, investments and R&D towards the improvement, cost reduction and development of products with high added value.
- The redefining of our mission, vision and values, as well as our website.

2) Investments of EUR 60 million in the period 2021–2026 necessary both to reduce costs and to be able to proceed with the manufacture of new qualities/products.

3) Reorganisation of the business and of production processes, which enables us to have a better prepared, more efficient and lower-cost production structure, allowing us to make and profit on the investments needed to respond to the significant challenges we face:

- The merger of the Group's companies in Spain: Tubos Reunidos Industrial (hereinafter referred to as the TUBOS Mill), Productos Tubulares (hereinafter referred to as the PRODUCTOS Mill), ACECSA into a single legal entity **“Tubos Reunidos Group”**.
- The creation of a new modern and efficient **cold-drawing centre** in Amurrio, combining the skills and experience of our professionals from ACECSA and the TUBOS Mill. Investments will be made in new digital technologies, improving the efficiency of production processes and the development of new products.
- **The creation of a new Group steel mill** in Amurrio, bringing together the knowledge and experience of our professionals from the TUBOS and PRODUCTOS mills. Investments will be made in new digital technologies to improve processes, reduce costs through efficiency gains, reduce CO₂ emissions, and increase capacity for innovation and new product development.
- **Re-opening of RDT in the last quarter of 2021**, with the resources that guarantee the knowledge necessary to demonstrate its value once again.



OBJECTIVES OF THIS PLAN

- Return the TRSA Group to profitability
- Develop and train our talent, and make sure that they work in a safe environment
- Focus on the customer and be relevant actors in driving the energy transition

Status of the 31/12/2021 plan

As of the close of 2021 we have sufficient resources to tackle this 2021–2026 Strategic Plan, to carry out the actions envisaged in it, to partially cover working capital requirements and, therefore, we have resources that will enable their future viability. As the Strategic Plan's objectives are met, the business will provide us with resources to accelerate the changes outlined in the Strategic Plan. However, as of 31/12/2021, these resources come from two main sources:

- the grant to the Group, and the formalisation on 22nd July 2021 of a participative loan of EUR 112.8 million from the Solvency Support Fund for Strategic Companies affected by the pandemic in accordance with Royal Decree-Law 25/2020 of 3 July, on urgent measures to support economic recovery and employment; and
- the novation and improvement of various pre-existing financing conditions with the Group's private financing entities, making them consistent with those conditions outlined in the temporary public support received and improving them for the purpose of the Group's expected profitability.

The Group's most important aspect is its people. Therefore, we wanted to communicate this new strategic plan, as well as our challenges and objectives, to the entire team that makes up the TRSA Group. To this end, we have organised several face-to-face sessions led by the Chairman and the Chief Executive Officer.

The nature of the participative loan implies, for the Group's parent company, that the equity is balanced at 31/12/2021 as a result of its consideration as net equity for commercial purposes.

The fulfilment of the Strategic Plan's objectives, including the results and the generation of cash for financial year 2021 (the first year of the Plan), is continuously monitored by the Board of Directors and the management team, not showing signs of significant breaches of the aforementioned Plan.

Having obtained the financial resources mentioned above, from September 2021 onwards, we launched a number of strategic efficiency improvement initiatives that were envisaged for the first year of the Plan, some of them in the process of being implemented as of 31/12/2021. Among some of the initiatives already begun include the following:

- The merger of specific Group companies: TRI, PT and ACECSA, and the commercial launch of Tubos Reunidos Group, the new name of the merged company.

· Start of the work necessary for the unification of the steel mills of the merged companies TRI and PT in adapted facilities at the Amurrio mill. Although the complete unification of the steel mills is expected from the second half of 2022, this concentration of manufacturing processes requires significant time for its execution. This initiative will significantly drive the reduction of our impact on the environment and carbon footprint.

· Start of the work involving the concentration of cold drawing processes at the Amurrio mill, which requires, as in the previous case, the planning, adaptation and improvement of facilities.

· Adaptation to a more efficient workforce structure through mutually agreed staff departures.

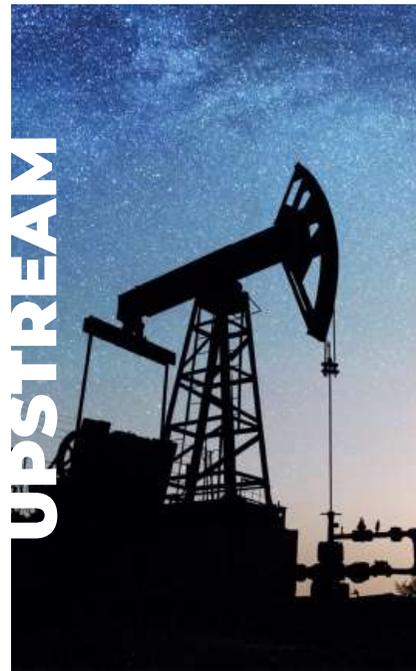
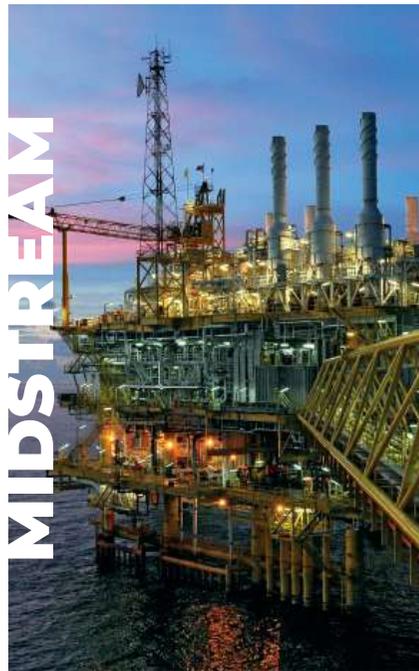
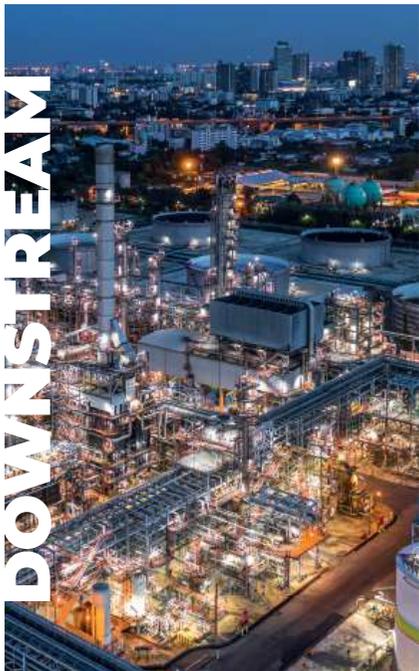
The public and private support for the Group and its Strategic Plan, together with the launching of the first initiatives in this start-up period of Plan implementation, put the Group in a position in which it can meet its long-term sustainability forecasts.



PAVING THE WAY FOR NEW SECTORS AND APPLICATIONS

The culture of flexibility and customer orientation has always been very present within our Group. The business context of the oil and gas sector, which has historically been our core market, has been a turning point in terms of our positioning. Following a process of strategic reflection on the positioning of the TRSA Group in the market and the impact we wish to have on society, we have decided to focus our contribution towards the energy sector and the generation of a more sustainable world, helping to drive the energy transition.

Wide range of products in diversified applications





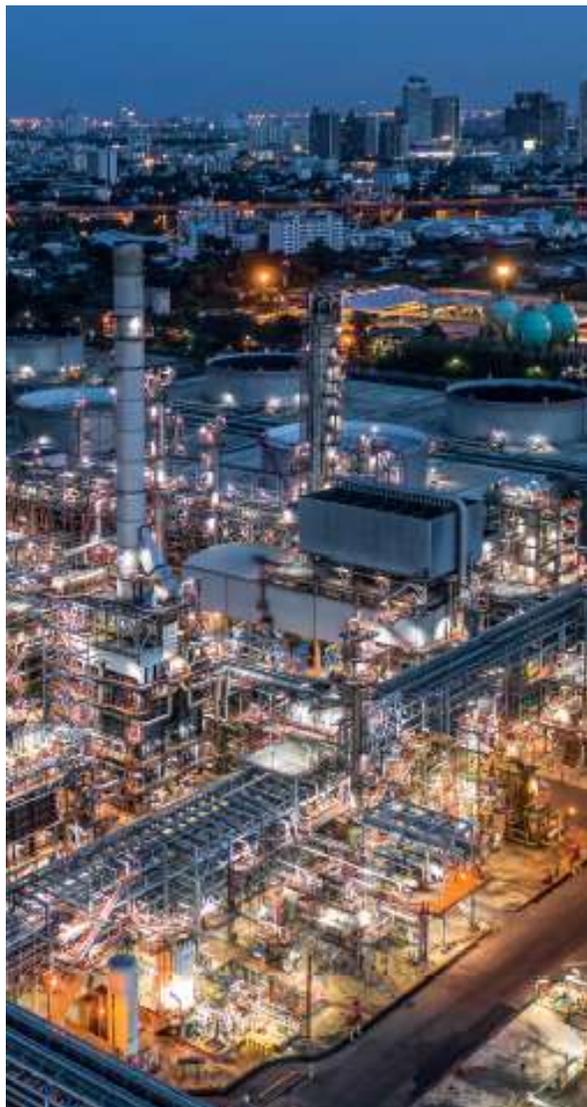
DOWNSTREAM

We manufacture a wide range of pipes with customised dimensions and steels for high-pressure and high-temperature equipment (boilers, refineries, furnaces, heat exchangers etc.). Our production process allows us to manufacture special lengths of up to 26 metres hot rolled and 28 metres cold drawn. These are patented high-performance pipes with a large outer diameter up to 28" in carbon, alloy and stainless steels.

At the TRSA Group, we promote Eco-Downstream innovation by committing to differentiation in high value-added products that require technical capacity, industrial experience, know-how, flexibility and high quality and innovation for our customers. Sustainable energy transition and global trends are undergoing an unstoppable evolution based on an Eco-Downstream in the energy sector that will boost and accelerate the advancement of renewable energies, such as nuclear energy, offshore wind energy, geothermal energy, green hydrogen, biomass, incinerators and solar thermal.

APPLICATIONS

- Refining, chemical and petrochemical mills
- Power generation mills (thermal, combined cycles, biomass, renewable, nuclear, bioenergy, solar-thermal, photovoltaic and geothermal)
- Degassing and desalination mills
- LNG mills
- Urea mills



DOWNSTREAM – PRESSURE PARTS

We manufacture and offer to the market pressure equipment for engineering, biomass power mills, thermal power mills and refineries. This experience allows us to offer a wide range of equipment related to pipe transformation processes (folding, soldering etc.), and focused at a high pressure and temperature, in power generation sectors.

MIDSTREAM

We manufacture pipes for the land and sea transport of oil and gas and in hydrocarbon processing mills. These are special corrosion-resistant pipes. This is why the customisation of this type of product is essential based on the terrain and temperature to which the pipe is subjected. Our Group has great flexibility in offering special grades according to the needs and specifications of the customer.

APPLICATIONS

- Oil industry
- Pipes for the transport of natural gas and hydrogen
- Use and storage of carbon capture
- Clean energies



UPSTREAM

In this case, we manufacture pipes for the drilling and extraction of oil and gas. These are certified pipes, some of which are tailor-made for demanding environments, made of steels with differentiated alloys, with high chromium content, and resistant to high pressure, temperatures and high corrosion.

At the TRSA Group, we are licensees of several patents, highlighting our capacity not only to manufacture pipes, but also to connect them using premium (under the JFE licence) or semi-premium (BTX thread) threads. It should be noted that at the TRSA Group, we are the developers and owners of the semi-premium BTX connection.

APPLICATIONS

- Oil and gas
- Geothermal energy

MECHANICAL

We produce pipes and piping for industrial and automotive applications, heavy machinery, off-road equipment, off-shore platforms and singular buildings. These are pipes and piping from 6 mm (1) to 660 mm in outer diameter that can be made in either standard grades or more complex S690, S770, S890 grades with high mechanical strength and a fine grain. High diameter in nickel-based alloys pipes in dimensions according to the specific needs of the project. We are leaders in tailored large diameters and heavy thicknesses.

The materials and components for offshore windmill platforms require higher quality, added-value grades with better mechanical properties for weldability, low temperatures and coatings.

Breakdown of seamless pipe sales by sector



- 41% - Power generation, refining and petrochemicals
- 14% - Oil and gas - OCTG
- 18% - Oil and gas - pipelines
- 27% - Construction, mechanical, industrial



- 47% - Power generation, refining and petrochemicals
- 20% - Oil and gas - OCTG
- 19% - Oil and gas - pipelines
- 14% - Construction, mechanical, industrial



Our contribution to Sustainable Development

COLLABORATING WITH THE ENVIRONMENT

We continue to participate in the activities of economic entities with business or sectoral relevance. We also take an active part in the governing or management bodies of several innovation-oriented associations and knowledge centres.

MAJOR INTERNATIONAL CONGRESSES



ADIPEC - Abu Dhabi Petroleum Exhibition 2021.
From 15 to 18 November 2021.

It should be noted that, together with three other companies, we are the founders of the EIC – ENERGY ADVANCED ENGINEERING (EAE) Foundation, for the development of initiatives related to the energy sector, and we are promoting a public-private collaboration with the Provincial Council of Bizkaia and the Basque Government. The objective is to establish a pioneering development centre at the European level to boost the equipment and component value chain in order to support pro-



CONAC – Congreso y Exposición de la Industria del Acero 2021
(Steel Industry Congress and Exhibition) in Monterrey (Mexico).
8-10 November, 2021.

jects related to the energy transition in the Basque Country. The project is open to other local, state and international companies, development centres and training centres.

In addition, as we will outline in the next subsection, it is significant that, as of this year, we have a Corporate Sustainability Policy in which the basic principles in the social sphere linked to the environment (amongst others) were established.

MAIN ASSOCIATIONS

- European Steel Tube Association (ESTA), holding the presidency of the hot-rolled seamless pipes division since 2018
- Basque Hydrogen Corridor Association
- *Asociación de Exportadores de Equipos y Servicios para la Manipulación de Fluidos* (FLUIDEX) [Spanish Association for Fluid Handling, Equipment and Services Exporters]
- SIDEREX [Spanish Association of Steelworks Exporters]
- EIC Energy Advanced Engineering Foundation
- *Unión de Empresas Siderúrgicas* (UNESID) [Union of Steelmaking Enterprises]
- *Asociación de Empresas con Gran Consumo de Energía* (AEGE) [Association of Energy-Intensive Companies]
- *SEA Empresarios Alaveses* (SEA) [Association of Alavesan Businesses]
- *Foro gestión y finanzas*. [Management and Finance Forum].
- *Federación Vizcaína de Empresas del Metal* (FVEM) [Biscayan Federation of Metal Enterprises]
- *Círculo de empresarios vascos*. (Circle of Basque Entrepreneurs)

103
EUR 103 thousand invested
in 2021 in partnerships,
sponsorships and
contributions to foundations



ESTABLISHING THE PILLARS WHEN IT COMES TO SUSTAINABILITY

Reflecting our ambition in terms of Sustainability, a Corporate Sustainability Policy regarding environmental, social and governance matters was approved by the Board of Directors in 2021. It sets out the basic principles and defines the general framework for the Group's actions in the areas of the environment, society, diversity, fiscal responsibility, respect for human rights, and the prevention of corruption and other illegal behaviour.

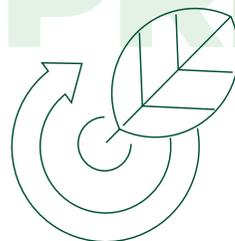


INÉS NÚÑEZ DE LA PARTE

In addition, to give impetus to the integration of the ESG criteria in all areas of the Group, in 2021, we appointed a **Group Corporate Social Responsibility Officer**

We must act on environmental, social and corporate governance criteria to **achieve greater profitability and long-term sustainability**, while demonstrating our commitment to society.

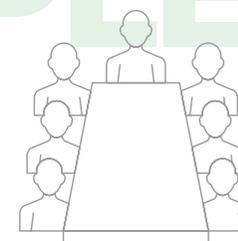
OPERATIONAL PRINCIPLES



ENVIRONMENTAL



SOCIAL



GOVERNANCE



ENVIRONMENTAL

- The fight against climate change.
- Pursue the sustainable use of resources, and the efficiency and optimisation regarding energy use.
- Use clean, more efficient technologies with low operating and maintenance costs.
- Provide security regarding the products supplied, which is guaranteed with adequate quality management systems.
- Reduce the environmental impact of all the activities that we carry out.



SOCIAL

Environment

- Contribute to the socio-economic development of the communities in which we operate.
- Take care of the company profit as one of the foundations for the future sustainability of the Company and the Group.
- Seek to build strong and trusted links with the communities in which we operate.
- Harmonise our activities in the different countries in which we operate with the different social and cultural realities.
- Responsibly implement our work as a strategic company and its pulling effect on the generation of employment and wealth in the environments in which we operate.
- Be aligned when it comes to achieving the goals of UN Agenda 2030 on Sustainable Development.

Diversity

- Recruit, select, retain and promote talent based on equal opportunities, non-discrimination and the consideration of diversity in all its variables.
- Incorporate in the proposals of candidates for members of the Board of Directors to submit to the General Shareholders' Meeting for their appointment or re-election, and that the appointments that the Board itself makes directly to cover vacancies in exercise of its co-optation powers fall on individuals with recognised competence, professional experience and prestige, and who are suitable to carry out their roles, regardless of gender, age, origin or religion, thus seeking an adequate representation of the least represented sex.
- Ensure that the selection procedures for Board members and Group managers promote diversity when it comes to gender, experience and knowledge.



GOVERNANCE

Respect for human rights and the prevention of corruption and other illegal behaviour

- Comply with the current legislation in the countries and territories in which it operates, basing its relations with the competent public authorities in each jurisdiction on loyalty, trust, professionalism, collaboration, reciprocity and good faith.
- Support, through its adoption and dissemination, the principles of the United Nations Global Compact, as well as other international instruments in the fields of human rights, employment practices and the fight against corruption.
- Respect and promote internationally recognised human rights within the Group's sphere of influence, as well as the Global Sustainable Development Goals.
- Follow the guidelines outlined in the other rules of the corporate governance system and, in particular, the Criminal Risk Prevention and Compliance Policy and the Code of Ethical Conduct, which regulates the responsible behaviour of all members of the Group as they carry out their activities.
- Encourage free market practices, rejecting any kind of illegal or fraudulent practice, implementing effective mechanisms for preventing, monitoring and sanctioning irregularities.
- Pursue and denounce any practice of corruption that could be revealed in the Group in any of the territories in which it operates.

Responsibility when it comes to tax legislation

- Compliance with current tax legislation in the different countries and territories in which we operate.
- Decision-making in tax matters on the basis of a reasonable interpretation of the applicable regulations and in close connection with the Group's activity.
- Not set up or acquire companies resident in tax havens, with the sole exception of the cases in which it was obliged to do so, as this is an indirect acquisition in which the company resident in a tax haven is part of a group of companies that are the subject of an acquisition.
- Renounce the use of structures of an opaque or artificial nature outside the Group's own activities and with the sole purpose of reducing its tax burden.
- Foster a relationship with the tax authorities based on trust, good faith, professionalism, collaboration, loyalty and reciprocity, without prejudice to the legitimate disputes which, in accordance with the aforementioned principles and in defence of corporate interest, may arise with the aforementioned authorities in connection with the application of the rules.



SUSTAINABLE DEVELOPMENT GOALS

Our strategy focuses on addressing the complexity of the challenges defined by the Sustainable Development Goals with innovative responses and positive

impacts. In 2021, we continued to deepen our commitment to the United Nations Sustainable Development Goals (SDGs) and launched an SDG pro-

motion plan that seeks to integrate commitment, awareness and action in favour of the fulfilment of the global agenda into the Group's culture.

Here are the SDGs that we have selected as preferred:



- **Strengthen the means of implementation and revitalise the global partnership for sustainable development.**
 - Improve the global partnership for sustainable development
- TRSA Group + Global value chain +



- **Ensure sustainable consumption and production patterns**
 - Waste prevention, reduction, recycling and reuse
 - Achieve efficient use of natural resources
- Global value chain +



- **Take urgent action to combat climate change and its impacts**
 - Incorporate climate change into policies and strategies
 - Improve environmental education and awareness
- Global value chain +



- **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**
 - Development of technology, research and innovation
- TRSA Group +
Committed to digital transformation and innovation +
-
- **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**
 - Promote an inclusive and sustainable industry
- Global value chain +



- **Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**
 - Improving efficient and environmentally friendly production and consumption
 - Achieve full employment and decent work
 - Protect labour rights and safe work
- TRSA Group +
People, our most sustainable competitive advantage +
Moving towards excellence in Health and Safety +

- **Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**
 - Increase productivity through diversification, technology and innovation.
- TRSA Group +
Committed to digital transformation and innovation +

● ENVIRONMENT ● SOCIAL ● GOVERNANCE



- **The health and well-being of talent are the basis for professional development; creating healthy workspaces increases productivity and reduces absenteeism**
 - People, our most sustainable competitive advantage +
 - Moving towards excellence in Health and Safety +

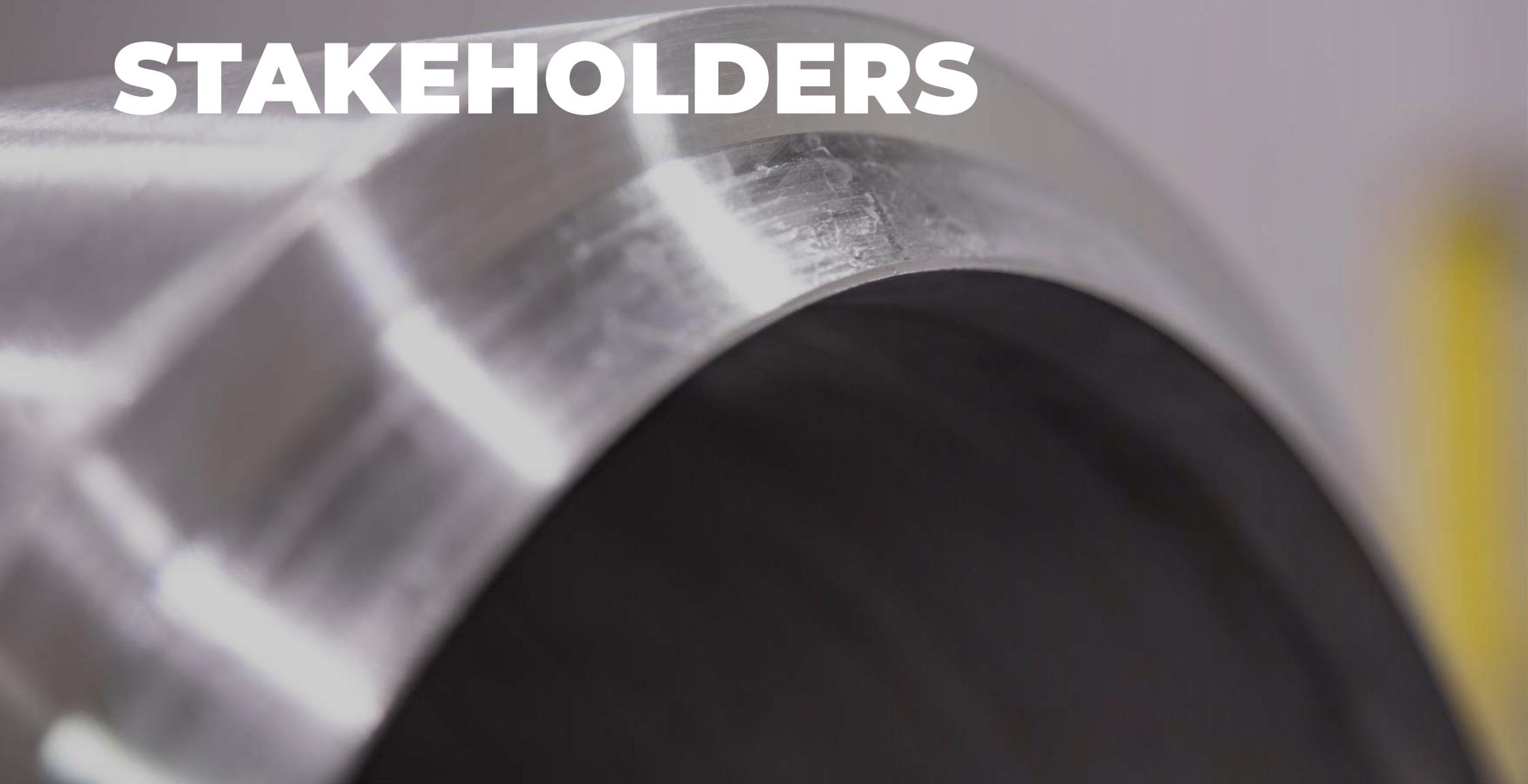


- **Gender equality is not only a fundamental human right, it is one of the essential foundations for building a peaceful, prosperous and sustainable world**
 - Put an end to all forms of discrimination against all women
 - Promote the empowerment of women.
- People, our most sustainable competitive advantage +
-
- **Gender equality is not only a fundamental human right, it is one of the essential foundations for building a peaceful, prosperous and sustainable world**
 - Guarantee the full and effective participation of women and equal opportunities when it comes to leadership.
- People, our most sustainable competitive advantage +
Our Corporate Governance, constantly evolving and improving +



Inspiring confidence and
generating value for our

STAKEHOLDERS





360° communication

At the TRSA Group, we are confident that the only way to succeed and prosper is to build lasting relationships with all of our Stakeholders. For this, smooth and clear communication, which allows the feedback of ideas and opinions, is essential. All of this enables us to build trust and build relationships.



STAKEHOLDERS

People and Company Committees



GOALS



COMMUNICATION CHANNELS

- Provide decent employment
- Provide a healthy and safe working environment
- Facilitate collective bargaining
- Promote career development in the Group
- Provide training necessary for the performance of its activity
- Equitable and non-discriminatory remuneration
- Involve people with the business goals

- Corporate website
- Intranet
- Employee portal
- Physical mailboxes in lockers
- Regular meetings with direct supervisors
- Physical notice boards
- Ethical channel

Shareholders and Investors

- Generate shareholder value and market confidence
- Promote continuous communication, and adequate and truthful information
- Guarantee the application of the principle of equal treatment
- Adopt good corporate governance practices

- Corporate website
- Information provided to the CNMV
- Investor office
- General meeting

Funders

- Promote continuous communication, and adequate and truthful information

- Corporate website
- Regular meetings
- Recurring reports



STAKEHOLDERS

Customers



GOALS

- Guarantee product quality and safety
- Deliver customer satisfaction
- Collaborate together to deliver higher value-added solutions, which are efficient and appropriate to their needs
- Commit to innovation to meet the new needs of the market
- Offer customers the best capabilities and maximum availability



COMMUNICATION CHANNELS

- Corporate website
- Trade fairs · Participation in associations
- Satisfaction surveys
- Regular visits · Individual meetings

Suppliers

- Promote the development of efficient technologies and the use of resources in a sustainable manner
- Encourage responsible practices in the value chain
- Promote mutually satisfying supplier relationships

- Corporate website
- Supplier portal
- Participation in associations
- Trade fairs

Regulatory bodies and public administrations

- Provide a transparent and comprehensive response to the necessary requirements
- Promote continuous communication, and adequate and truthful information

- W Corporate website · Online portal for reporting environmental (IKS) and Health and Safety information
- Platforms for the environmental monitoring and Health and Safety plan · Regulatory body questionnaires · Regular meetings

Local communities

- Encourage the development of the areas where we operate
- Harmonise their activities in the different countries in which they operate with the different social and cultural realities
- Carry out its work as a strategic company responsibly and its pull effect on the generation of employment and wealth in the environments in which it operates

- Corporate website
- Social encounters
- Participation in associations

Partnerships

- Improve market knowledge and design innovative products through partnerships

- Corporate website
- Regular meetings
- Participation in associations



Materiality analysis

Our responsible management model is based on the identification of possible impacts and risks on sustainability that may arise from our activities, as well as the impact that sustainability risks have on our business. Based on what was identified, we develop and implement various commitments, policies, management procedures and mitigation measures to act accordingly.

To this end, conducting a materiality analysis is essential to understand stakeholder expectations, plan an appropriate response and make commitments not only on economic issues, but also on environmental, social and governance issues.

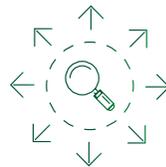
This report is intended to provide information on the issues that we consider relevant to the company and its stakeholders. The first analysis was carried out in 2017, and, since then, we have been professionalising the methodology and broadening the scope of consultation.

During 2021, the TRSA Group followed the best practices for materiality in Sustainability. It did so in accordance with the requirements of the GRI standard and the latest requirements in this area. The methodology consisted of three phases: Identification, prioritisation and validation.

1. IDENTIFICATION OF MATERIAL ASPECTS OF SUSTAINABILITY

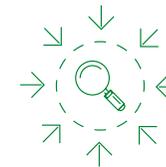
Its objective was to determine the most relevant issues for the TRSA Group and our stakeholders in terms of sustainability, the latter being understood as all environmental, social and governance (ESG) issues.

External analysis



We have analysed the requirements demanded by our main customers and suppliers, the best practices in the sector, the hot topics in the media, as well as an analysis of the regulations and trends in ESG aspects that apply and/or could apply to our business, at the regional, state and European level. Finally, a review of the main Sustainability standards was carried out and the information requirements of some ESG analysts were revised.

Internal analysis



The main objectives of the new Strategic Plan, the Code of Ethical Conduct, the Risk Map, the Criminal Risk Prevention System, the Integrated Health and Safety, Environment and Quality System, as well as the Group's various policies and Audit reports have been evaluated.

In addition, 28 meetings have been held in which the heads of the different areas and the Management Team have participated, with the aim of identifying potential material issues for the Group.

As a result, 26 material issues have been identified and scaled in Environmental, Social or Governance matters, which have served as the basis for the second phase of the process.



2. PRIORITISATION OF RELEVANT ISSUES

In order to prioritise the objective results, externally we counted and weighted the number of times that topics appeared that were relevant to stakeholders, while internally we organised individual work sessions with the members of the Management Team, as well as with the people responsible for the key areas, with the presence of both of the countries in which our production mills are located. Specifically, 18 individual working sessions have been held. These meetings have discussed and highlighted the operational and reputational importance of each of the relevant issues identified above. This allowed us to sort the issues according to the degree of relevance to the TRSA Group's stakeholders and to the business. It was found that the areas comply with the European Union's double materiality principle, that is to say that they are relevant due to the impact they have from the inside out and from the outside in. We also identified the positive impacts and adverse impacts in terms of the impact of the issue's management on stakeholders and on the TRSA Group.

3. VALIDATION

Once the analysis was completed and quantified, the results were consolidated and weighted, and the results were validated with the Management Team and Chairman. The analysis has resulted in a matrix where one axis represents internal importance and the other axis represents external importance.





OUTCOME OF THE MATERIALITY ANALYSIS

This work has generated knowledge of what the most relevant issues are for both the Stakeholders and for the TRSA Group itself. All of these issues influence our ability to create value, with a special focus on the priority areas:

GOVERNANCE AREA

● **Product innovation**

Committed to digital transformation and innovation +

● **Corporate Governance**

Our Corporate Governance, constantly evolving and improving +

ENVIRONMENTAL AREA

● **Environmental management system**

Global value chain +
Annex 2. Additional environmental information +

● **Energy efficiency**

TRSA Group + Global value chain +

● **Energy transition**

TRSA Group + Global value chain +
Committed to digital transformation and innovation +

● **Climate change and GHG emissions**

TRSA Group + Global value chain +

SOCIAL AREA

● **Health and safety**

Moving towards excellence in Health and Safety +

● **Customer satisfaction**

TRSA Group + Global value chain +

● **Product quality and safety**

TRSA Group + Global value chain +

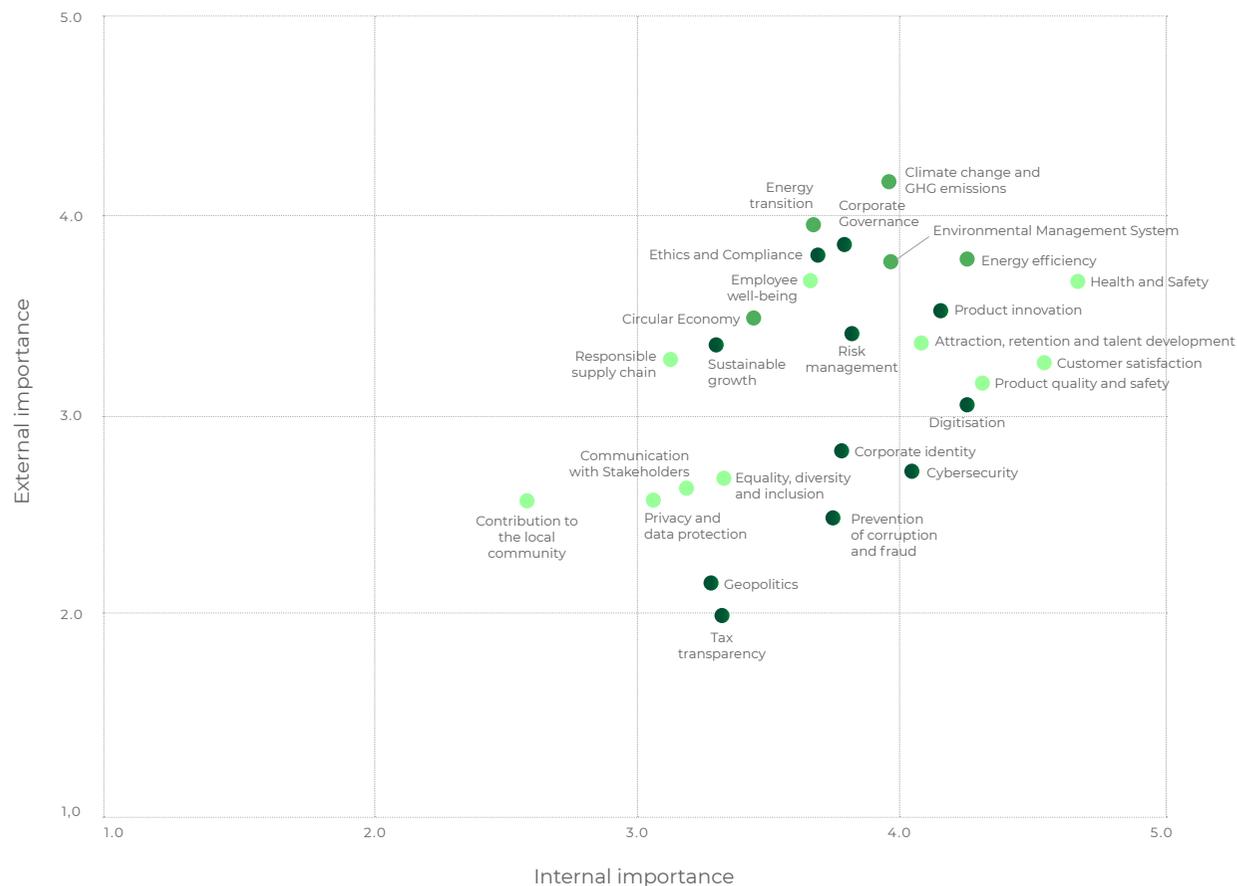
● **Attraction, retention and talent development**

People, our most sustainable competitive advantage +

Based on the identification of relevant issues in terms of sustainability, measures of evaluation, prevention, mitigation and control have been developed or are being developed and will be addressed throughout the report. With a firm commitment to align the TRSA Group's operations and the ESG objectives so that they can be integrated into the Company's Strategic Plan.

The report provides a balanced and objective view of issues that, due to their nature, significantly affect the Group.

Internal and external importance by Legend and Areas



PEOPLE

our most sustainable
competitive advantage





We are our people

"Leadership, commitment, and agility in learning are intrinsic ingredients in our people, which is key when it comes to facing challenges with enthusiasm and success".

Francisco Irazusta
Chairman

Our people are a key component that contribute with their work and know-how to generate value in the Group. Hence, attracting, developing and retaining existing talent are the main strategic lines of human capital management at the TRSA Group, with the purpose of having the appropriate profiles for the deployment of our activity that enable us to achieve the growth and development objectives set out.

One of the milestones of the Strategic Plan is the corporate reorganisation aimed at achieving a better prepared and more efficient productive structure, which will enable us to combine the knowledge and experience of the professionals of all our mills in 2022, contributing to a greater provision of value. This strategic transformation in which we are immersed will be carried out only with mutually agreed staff departures, which demonstrates once again the importance of our people to the Group and the importance of dialogue with them.

In order to make the momentum of the Group's new Talent Strategy a reality, a new People Manager

at the TRSA Group level has been in place since the last quarter of the year. This will enable us to meet our objectives of developing internal talent, training our people to face new challenges and encouraging internal promotion.

In 2021, we had more than 1,300 people in the Group. The iron and steel sector has historically been characterised by a strong male presence. Despite this, our firm commitment to equal opportunities is resulting in an increase in the presence of women.

COMMITTED TO OUR PEOPLE

At the TRSA Group, we work to guarantee stimulating, stable and safe working environments. We are aware of the importance of maintaining a stable working environment, and of the impact and connection between a good working environment and the positive results of the Group. Because of this commitment, we strive to ensure that people in the Group have a highly competitive salary, with a strong commitment to permanent employment.



15 WOMEN

Have joined our team, the majority of them in the white collar category



INCORPORATION

Of a People Manager into the Group to boost our commitment to talent

94.0% of people had a **permanent contract** at the close of 2021

€46,862 **Average remuneration**, which is 7% higher than in 2020



Main figures (2021 and 2020)

DIRECT EMPLOYMENT

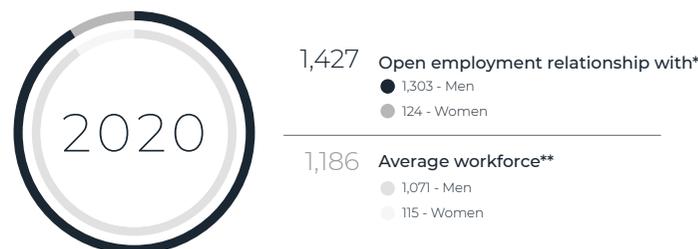
Local human capital



Explanation of the evolution: Financial year 2020 was marked by the global COVID-19 pandemic, which obliged us to accept the mechanisms provided for by the legislation regarding employment regulation (temporary lay-offs or "ERTEs" in Spanish), implementing seven temporary lay-offs that affected 80% of the team.

The Group's efforts and priority have always focused on preserving the jobs of our team, and, this year, we can proudly say, **that since 30 June 2021, all temporary lay-offs have ended.**

Average number of employees in the year



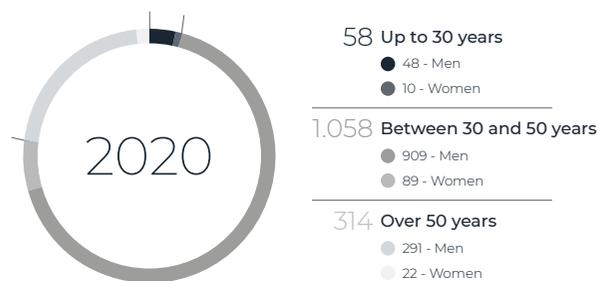
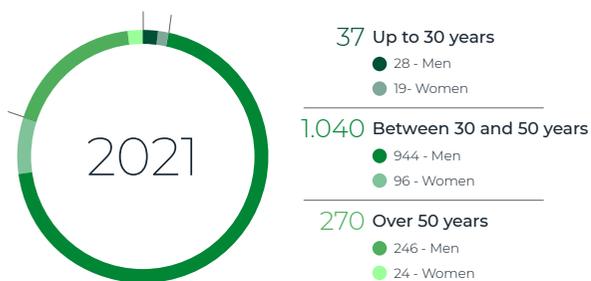
*We have calculated the average number of employees by taking into account those with whom we have an open employment relationship, imputing the normal working hours that they have in their contract, including the average number of temporary workers for the year.

**We have calculated the average number of employees by taking into account the actual time worked by employees in the year, including the actual time worked by those who have been subject to temporary lay-offs.



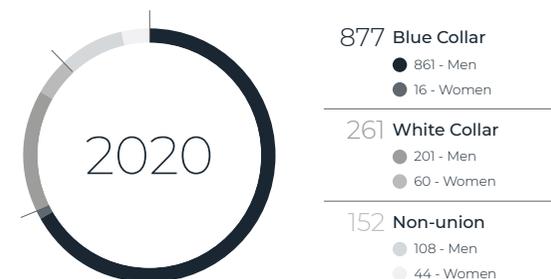
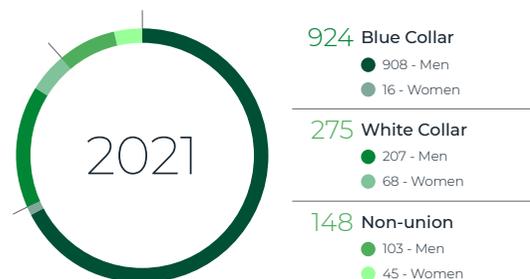
EMPLOYEES AT THE END OF THE YEAR

Breakdown by age and gender



77% of our human capital is between 30 and 50 years old and has extensive experience in production processes.

Distribution by professional category and gender*



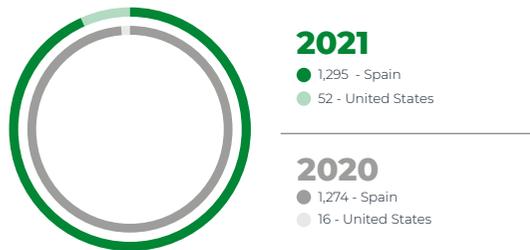
The presence of women in the "White Collar" and "Non-union" professional categories has increased.

* The professional categories used are divided into Blue Collar (all those persons who perform direct labour, whose work is entirely linked to production); White Collar (administrative personnel and middle management in the workshop); Non-union (personnel with responsibility over others, facilities or processes), although for the management of persons they are broken down into others that each Company has established by collective agreement.



EMPLOYEES AT THE END OF THE YEAR

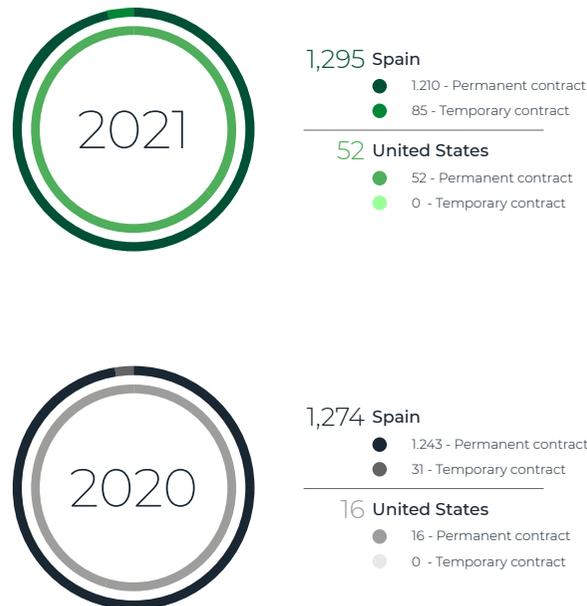
Breakdown by country



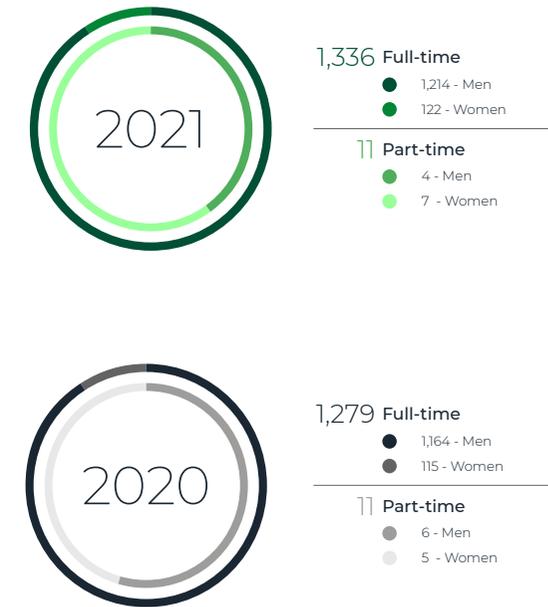
As a result of our continued work and good practices, in 2021 we managed to start up our RDT mill in the United States again.

Breakdown by contract type and country

A permanent contract is a priority in all the countries in which we operate. Therefore, 94% of our people had a permanent contract in 2021.



Breakdown by contract type and gender

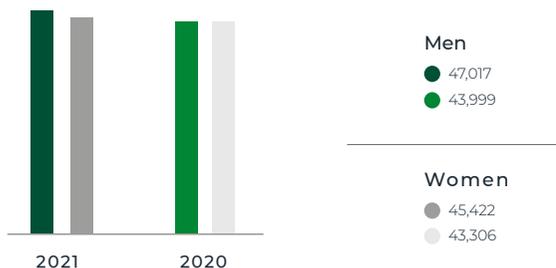


99% of our human capital is employed on full-time contracts.



REMUNERATION*

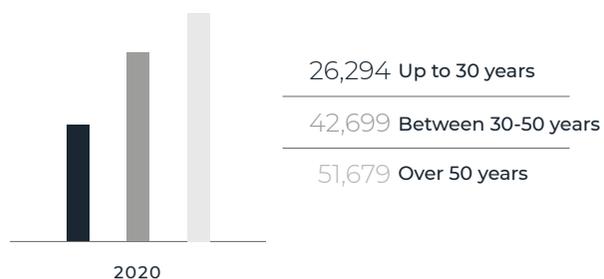
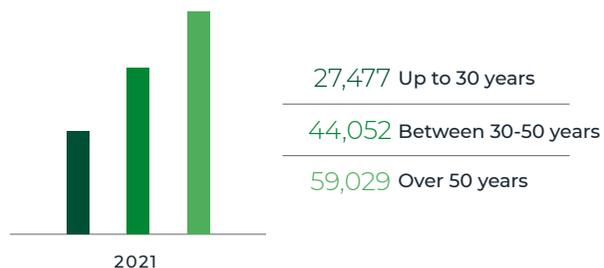
Average remuneration by gender (in euro)



The total average remuneration has increased due to more hours worked, which has led to more bonuses, up from EUR 43,933 in 2020 to EUR 46,862 in 2021.

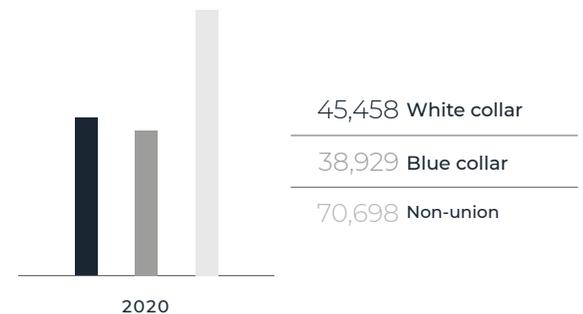
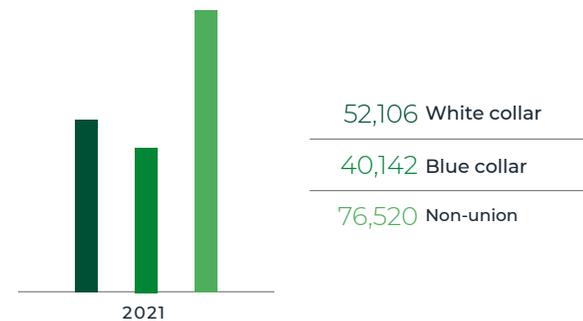
The salary of all the companies that make up the Group is high compared to the average of other companies in the sector and, in all cases, well above the minimum wage.

Average remuneration by age brackets (in euro)



Older employees are paid more because they have acquired higher levels of responsibility in the organisation.

Average remuneration by professional category (in euro)



The average staff remuneration increased in all professional categories with the White Collar category experiencing the highest increase compared to the previous year.

* For the calculation of the average remuneration, the total actual payroll for the corresponding year, including base salaries, seniority and other bonuses (including relief and night work), has been divided by the average number of employees, with the actual hours worked being imputed.



Salary gap*

The reason the calculation of the salary gap is positive is that, first, the existence of a percentage of salary that is linked to work bonuses, such as relief, which are mostly collected by men and, second, seniority, which is greater in the group of men, due to being a historically masculine sector. The increase in the salary gap over the previous year is precisely because more work bonuses were paid.

If we calculate the salary gap by isolating these bonuses and seniority, that is, taking into account only the base salary, the average remuneration of women is greater than that of men, with the negative salary gap (3%) in 2021 and (6%) in 2020. This is due to the fact that on average, women hold more senior positions in the organisation than men.

Remuneration is determined by job category (post/function/task), regardless of gender or any other reason, which prevents pay discrimination.



INDIRECT EMPLOYMENT

Suppliers and subcontractors

Jobs



Estimated investment in local restaurants

EUR thousand



2021



2020

We are aware of our impact on local communities, and we are committed to making **a continued positive contribution** to them, not only through our wealth generation but also through the products and solutions that we put on the market, **which help us all to operate in a more sustainable and fair environment.**

*The salary gap has been calculated according to the INE (National Institute of Statistics) formula. Salary gap = (Average male salary – Average female salary)/Average male salary x 100. It includes the total payroll, including the base salary as well as all associated bonuses and variables.



WELL-BEING ORIENTED

Our people management model is structured through employment policies and procedures that are established at the TRSA Group level. The combination of the two scopes allows us to combine the working culture of each member company, while sharing the commitment, motivation and vision at the Group level.

Within the TRSA Group, we aim to offer stable and quality employment to the people who make up the organisation, with a constant concern for improving their well-being and promoting a good working environment. Evidence of this is that the rate of participation and response to the psychosocial risk assessment conducted in 2021 was 71.32%.

We continue to promote ongoing dialogue between all the people who make up the TRSA Group, and to try to ensure that people can balance their professional, family and personal lives in the best possible way, always with the optimum conditions regarding health and safety and equal opportunities.

Within the People area, we have different policies for the comprehensive management of people in the TRSA Group:

- Training policy.
- Training plans.
- Performance Evaluation Plan.
- Internal Communication Plan.
- New Hire Welcome Plan.

Within the TRSA Group, we have a defined contribution plan and other retirement plans, which are financed through payments to external voluntary social welfare entities (entidades de previsión social voluntaria, or EPSV).

CONTRIBUTIONS AND PROVISIONS FOR PENSIONS (IN THOUSANDS OF EURO)



NUMBER OF VOLUNTARY MEMBERS



HIGHLIGHTS OF 2021:

Communication to employees on the Strategic Plan by the Steering Committee.

New director of Human Resources.

Initiatives to promote stability and well-being

In order to promote stability and well-being, as well as to include a close and 360° dialogue, our Group has carried out various actions:

- Plan for the Chairman and Management to communicate the Strategic Plan face-to-face, in various shifts and schedules for the effective communication of the same.
- The development of internal talent to hold positions of greater responsibility: internal promotion as a priority.
- Paid leave in excess of that established by the Workers' Statute to address different family circumstances.
- Promotion of women's employment and equal opportunities.
- Support in funding our team's children's studies.

One of the results of the "Psychosocial Risk Study" is that the factors of Working Time, Autonomy, Psychological Demands, Variety and the Content of the task and Relationships and Social Support are in a **Very Light magnitude of Risk (MRI)** which implies Control and Monitoring.



Collective bargaining agreements

At the TRSA Group, we take care of our employees by looking out for their safety and stability, providing them with a number of social benefits that always match the collective bargaining agreements and regulations of each company and their standards. Each of the Group's companies maintains its own features in relation to the collective bargaining agreements.

- Tubos Reunidos, S.A: individual agreements with its workforce.
- Tubos Mill and Productos Mill: have their own collective agreements, with advantageous conditions above those of the sector.
- Tubos Reunidos Premium Threads and Aceros Calibrados: agreements linked to the collective bargaining agreements for the metal sector in Álava and Navarre, respectively, incorporating improvements to them.
- Tubos Reunidos Services: agreements linked to trade agreements in the metal sector of the provinces where their work centres are located.
- Tubos Reunidos America and RDT: application of US labour legislation.



PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS IN SPAIN





Talent development

At the TRSA Group, we make a full commitment to our talent. It is vital for employee motivation to offer a training plan that meets their needs and professional objectives. Training is a fundamental pillar to cultivate the knowledge and expertise of our organisation, with a direct impact on the people who work in the TRSA Group, our activities, products and customers.

In the area of Human Capital, we have training policies for each Group Company. In addition, we develop and update our Training Plans on an annual basis, which aim to train 100% of the Group's employees based on the current and future needs of each position. Our policies include an annual procedure for the identification of training/awareness needs, which is the responsibility of the Department Heads. In turn, these needs are approved by the management of each Area on the basis of the personnel files for which they are responsible and their respective profiles.

We are in a process of the progressive digitisation of the Group, which will enable us to be more efficient and flexible. To do this, we are committed to promoting the know-how necessary to carry out our work in a competitive manner.



ABSOLUTE TURNOVER



Attracting and retaining talent is one of our priorities.

Proof of this is that in 2021 we began several initiatives such as "Room4Steel", a training classroom and a "source" for interns and mentoring students.

When it comes to the development of talent, we maintain an ongoing effort to improve skills from the moment an individual is hired, promoting access to young talent with welcome plans that facilitate the integration and adaptation of new recruits, which include information about the Group, together with the necessary knowledge in the areas of the environment, safety, health and quality. Proof of this is that during the last year, we added two new programmes for new graduates. This has also been reflected in our absolute turnover figures, which went from 10% in 2020 to 6% in 2021.



[KNOW MORE ABOUT THIS INITIATIVE](#)

On the one hand, we joined "Room4Steel", which is a type of classroom dedicated to the steel industry from the Bilbao School of Engineering with the collaboration of other companies in the sector and the Basque Steel Cluster, SIDEREX. This initiative was born to respond to the problems of the steel sector due to the difficulty in attracting young technical staff, who are highly trained in metallurgy, to form part of our teams. The main objective of this classroom is to complement the training of our young technicians and to attract young and newly qualified talent, improve their skills and help students enter the labour market in a sector as specialised and with so many projections of future and historical relevance to industry in the Basque country as the steel industry. This space will offer a training itinerary divided into

different thematic blocks where projects are already being offered so that students can carry out their Final Degree Projects or Master's Degree Research Projects linked to internships in companies. All of this in an environment of technical cooperation between Basque companies in the sector.

In addition, we have created an activity for new graduates in Engineering, which we have called the "source" figure. The approach is set to be part of the Group for six months with an assessment in the fifth month, which, if satisfactory, will be extended for another six months plus an additional year. It aims to provide an introductory experience to the world of work, to work with graduates and to develop their potential in an environment of quality and experience so that by the

end of their period in the programme, they can join the TRSA Group acquiring greater responsibilities.

It is important to note that we live and work in a global environment where communication with other people, suppliers, colleagues and customers from other countries takes place on a daily basis. As a result, training is implemented to perfect and improve the workforce's level of English. Due to COVID-19, and with the aim of guaranteeing a work-life balance, we have committed to carrying out these training sessions online, 24 hours a day, 7 days a week, where you can choose group or individual classes, and the material is available at all times on the platform.

In line with our commitment to product quality and the promotion of a safe working environment, we have implemented specific training and learning procedures for the Quality and Environment departments to submit their proposals for the Annual Training/Awareness Plan, each in their respective areas, according to the needs they have detected and that are approved by the Human Capital area.

In the field of Occupational Risk Prevention, the department started collaboration with the University of Valencia to welcome OHS-specialised doctors who have completed the MIR (medical residency) so that they can carry out their term in a company with the assistant doctor.



PERFORMANCE EVALUATION SYSTEM

The Group is currently defining a Performance Evaluation system that guarantees this task for most of the people who make up the Group. Throughout 2021, several pilot projects have been carried out in some Group teams with both factory and office staff, with a total of 95 performance and professional development evaluations being conducted (36 evaluations in 2020). Progress is expected to be made in 2022 toward the standardisation of this practice at the Group level.



Key figures:

TRAINING HOURS

13,400	6,969
2021	2020

AVERAGE HOURS PER PERSON

10.10	5.88
2021	2020

INVESTMENT IN THOUSAND EUROS

157	96
2021	2020

TOTAL COURSES

160	104
2021	2020

Despite the pandemic, both in 2021 and 2020, we have continued to commit to the development of our human capital's talent, investing **more than EUR 150 thousand in training**, with "blue collar" being the professional category that has received the most training.

Reflecting our ongoing effort, we have managed to **increase the average number of training hours per person by 72%**.



Flexibility and work-life balance

Within the TRSA Group, we have made a clear commitment to favour and promote work-life balance during the months of 2021, which were marked by the COVID-19 pandemic. Therefore, our goal has been to facilitate work-life balance for people who need to spend more time caring for family members as a result of the pandemic.

Amongst the main measures, highlights include the possibility for employees to request for their working hours to be adapted/reduced when, as a direct consequence of the coronavirus, their presence is needed to provide care due to age, illness or disability.

To make this possible, our Human Capital teams have worked hard during the months of the pandemic to adjust shift logistics, start and end times, and working hours, among others. All this is aimed at facilitating the work-life balance of those who need it in these particularly difficult times.

In addition, and in accordance with current legislation, all employees who have requested paternity or maternity leave have been given the opportunity to adapt said leave to the most convenient dates according to their preferences, in order to reconcile the leave with their employment. The same criteria have been applied to employees who have requested permission for breastfeeding breaks.

EMPLOYEES' RIGHT TO DISCONNECT

When it comes to disconnection from work, the number of employees who have devices (phones, tablets, laptops) belonging to the company through which they could be located outside working hours is low.

Given the nature of our business, and the diversity of mills and countries in which we operate, no specific measures have been put in place. We believe that disconnection from work is sufficiently guaranteed. Proof of this is that the study of Psychosocial Risks does not mention concerns regarding the need for disconnection from work. People are also encouraged to adopt habits such as respect for rest between working hours and during the holiday period. Direct contact between colleagues is also encouraged.



EMPLOYEES

have a mobile phone

331

2021

203

2020



EMPLOYEES

have a laptop for individual use

123

2021

105

2020

Work absenteeism*

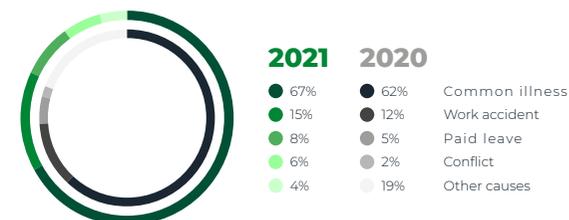
TOTAL HOURS



PERCENTAGE OF HOURS



MAIN REASONS



* The hours associated with trade union activity have not been taken into account as absentee hours



Equality and diversity

In the TRSA Group, we safeguard equal opportunities and non-discrimination, as reflected in our Ethics Commitment.

We are also firmly committed to equal opportunities in business performance, something that is revealed in all the recruitment processes, which are carried out openly. Within the Equality Plan, we are working on non-discrimination protocols on the basis of gender and on a Dispute Resolution Procedure that sets out the guidelines to follow and the roles and responsibilities of all those involved in situations involving conflict between people in the company.

In relation to the ratio of the standard entry level salary by gender to the local minimum wage, the remuneration of all categories is set out in the agreements. None of them allow gender-based pay differences in the same job.

The gender of the candidates is not a condition or limitation.

EQUALITY PLAN

In our firm commitment to equality, we have developed an Equality Plan, the aim of which is to promote equal opportunities among all the people who make up the TRSA Group, communicating a slogan of zero tolerance when it comes to violence at work, sexual and gender-based harassment and progress in the consolidation of the equality policy in the Group.

One of our priorities is the approval of the same. Various meetings and dialogues with social groups were held to begin negotiation. Specifically, we have worked together with the Company Committees on a diagnosis, statistics and pay studies for further action. In addition, we have generated an electronic mailbox and a physical mailbox to receive incidents, suggestions, problems or proposals that cause worry regarding issues of equality and to be able to track these issues, and to encourage the participation and commitment of the entire workforce.

In 2020, UNESID launched the #mujeresdeacero (Women of Steel) initiative with the aim of providing visibility to women working in the Spanish steel sector and positioning this industry as a stable and quality job opportunity for new generations, attracting female talent to develop their careers in its companies. The initiative continued in 2021, and of course we continue to be the driving force and members of the initiative.

INTEGRACIÓN Y ACCESIBILIDAD DE PERSONAS CON DIVERSIDAD FUNCIONAL

The Group's activity is deemed to be a hazardous activity according to the Occupational Risk Prevention regulation, which makes it difficult to hire people with functional diversity for the Group's own workforce. However, if we are committed to such integration, then the TRSA Group should hire specific positions from **special employment centres**. Specifically, during 2021, the turnover associated with this type of collaboration amounted to **EUR 355 thousand** (EUR 373 thousand in 2020).

In addition, as of the close of 2021, we have nine people with recognised disabilities on our team: eight men and one woman (eight people in 2020: seven men and one woman).

It is difficult to include accessibility measures in our production mills due to the nature of the activity, although we attempt to make access as easy as possible.

MOVING

towards Excellence in
Health and Safety





Health and Safety is our priority



“A commitment to the health and safety of people is an essential part of our values, and, we have, therefore, begun a multi-year project with the fundamental objective of developing a culture of excellence in health and safety that enables us to lower the accident rate at all of our centres and to preserve the health and safety of all people, whether they are internal or external professionals. Health and safety is everyone's business, and we firmly believe that all accidents can and should be avoided.”

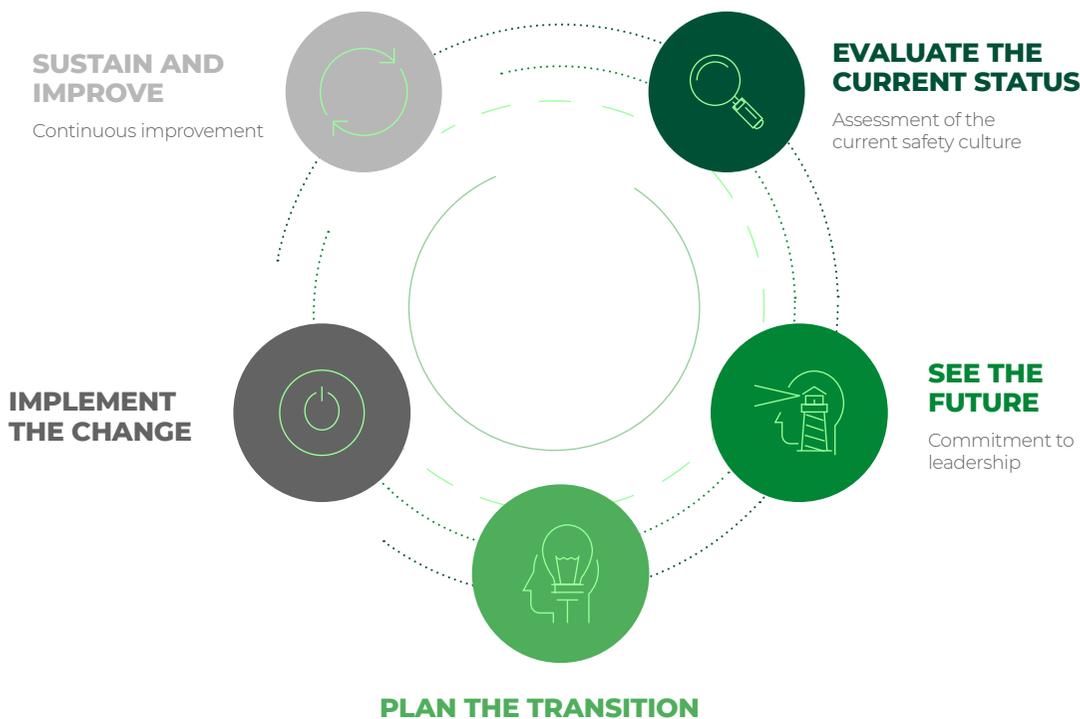
Francisco Irazusta

Chairman

The health and safety of our people is a top priority for the Group. Responsibility for Occupational Risk Prevention is required of each and every one of the people who make up our team, whether they are our own staff or subcontracted, both individually and according to the position they hold.

As we had already anticipated in our report last year and with the aim of positioning ourselves as a benchmark company with regards health and safety, the Group has committed financial resources as well as a special commitment from its team to developing a three-year project (2021–2023) in collaboration with DuPont Sustainable Solutions. This allows us to strengthen and promote the culture of Health and Safety.

Proof of this is that the whole Group, by working together, has managed to define our vision and principles in terms of Health and Safety.





The biggest asset of our company is the people that are part of it. Our health and safety are indispensable values that must be preserved by using the necessary resources.

We will ensure that work is always and only done safely from the firm belief that all accidents can be avoided.

This will be possible with the involvement of each individual, taking on our individual and collective responsibility, and participating in the development of continuous improvement programmes, which will lead to us being a recognised benchmark company in the steel sector.

VISION



PRINCIPLES

01.

HEALTH AND SAFETY AS A VALUE, WITH THE AIM OF "ZERO ACCIDENTS" AND ALWAYS WORKING SAFELY

- Avoid unsafe actions.
- Implement safe working practices and procedures.
- Control risks to ensure adequate working conditions.
- Maintain the equipment and facilities in optimal health and safety conditions
- Have the most suitable protection systems in each circumstance.

02.

COMMITTED MANAGEMENT AND A LEADER IN HEALTH AND SAFETY

- Actively ensure that work is always carried out safely.
- Engage all the necessary means, human, economic and training, to guarantee a safe environment.
- Effectively lead and communicate on the importance of health and safety.
- Involve all staff, as health and safety is a shared responsibility.
- Guarantee the understanding of the rules and procedures.
- Encourage, promote and value teamwork to improve the health and safety of processes and equipment.
- Demonstrate the Management's active and continuous commitment to health and safety.

03.

HEALTH AND SAFETY AS THE BASIS FOR ALL DECISIONS

- Integrate risk prevention into the Company's set of policies and into all activities and decisions, so that health and safety responsibilities are assumed at all levels of the organisation.
- Guarantee a participatory and transparent prevention model for all staff.



PRINCIPLES

04.

TRAINING OF ALL STAFF, TRAINING AND INTEGRATION OF SUPPLIERS AND SUBCONTRACTORS

- Ensure that staff have adequate training and information.
- Communicate the health and safety policy and principles annually to all staff and subcontractors.
- Guarantee the understanding of the Vision and Principles of health and safety to help develop staff involvement.
- Take into account the professional health and safety skills of staff when commissioning tasks.
- Ensure that proper instructions are given and that only trained staff have access to places where hazards may exist or occur.
- Promote collaboration with customers and suppliers for continuous improvement in the area of health and safety.

05.

COMPLIANCE WITH CURRENT LEGISLATION, OBJECTIVES AND CERTIFICATIONS REGARDING HEALTH AND SAFETY

- Comply not only with the legally established requirements, but also with other voluntarily acquired requirements such as provisions outlined in international reference standards.
- Assume a comprehensive prevention model at all levels, promoting all those actions that may contribute to improving the quality of working life.
- Compliance with the objectives set out in the plans for continuous improvement in the area of prevention.
- Establish and maintain collaborative relationships with the various public administrations competent in the field of health and safety in the workplace.

06.

COMMITMENT TO THE COMMUNITY AND THE BUSINESS ENVIRONMENT

- Carry out all activities in a safe framework, with full respect for the surroundings and neighbourhoods of our facilities and activities.

These are the key principles that will guide us towards excellence in health and safety.

In order for this vision and these principles to be embedded in the organisation, we have begun to work on several specific initiatives, with the participation of the entire workforce.



NOTABLE INITIATIVES

While we already had an occupational risk prevention policy, with the aim of advancing in excellence in health and safety, we are currently developing a Corporate Occupational Health and Safety Policy that aims to be an instrument for the promotion of

the commitments in the field of health and safety in the Group's work, which translates into becoming a **reference point that is recognised** by the sector in which the Group operates in the field of Occupational Health and Safety.

68.1% Total workforce participation at the TUBOS Mill and the PRODUCTOS Mill

775 Surveys conducted



DEFINITION

Of an action plan, shared with the Workers' Committee.



DAILY MEETINGS

Involving the analysis of and reporting on health and safety incidents at the mill.



DIRECT AND CONTINUED INVOLVEMENT

Of the Chairman and the Steering Committee in the project.



SURVEYS AND INTERVIEWS

Of the people who make up the Group in order to understand their perception of health and safety.



CREATION

Of **7 multi-disciplinary work groups** to work on the defined work line.

DSS TRANSFORM (DSST)

SECURITY LEADERSHIP

ORGANISATIONAL GOVERNANCE AND TRAINING

SAFETY RITUALS

MOTIVATION AND PERCEPTION OF RISKS

MAIN RISKS OF PEOPLE

MANAGEMENT PROCESSES

SUBCONTRACTOR SECURITY GOVERNANCE

GOVERNANCE IN PROCESS SECURITY PSM



MAIN SCOPES

We set annual health and safety objectives for professionals to achieve the fundamental goal of **zero accidents**.

FREQUENCY RATE



SEVERITY RATE



Thanks to our steadfastness and perseverance in achieving improvements in accident rates, we managed to reduce the frequency rate in 2021 and we hope to continue reducing it in the coming years.

OCCUPATIONAL DISEASES



NUMBER OF SUBCONTRACTED EMPLOYEE ACCIDENTS WITH AND WITHOUT LEAVE

Subcontracted employee accidents with leave



Subcontracted employee accidents without leave



The health and safety of our team is of paramount importance, which is why this year we have increased our investment in this area to almost EUR 2 million.

INVESTMENT IN HEALTH AND SAFETY (IN THOUSANDS OF EURO)



HIGHLIGHTS

- ISO 45001 accreditation in our mills.
- Participation in external CSSIS (Centre for Health and Safety in the Steel Industry) and UNESID work groups.
- Two MIR students who were certified by the health service.
- The awarding of the Master's Degree Research Projects in collaboration with the Master's Degree in Occupational Risk Prevention from the Francisco de Vitoria University (Madrid).
- We have facilitated the vaccination of our professionals with the flu by providing a vaccination plan at the medical point-of-service.



IDENTIFICATION AND ASSESSMENT OF HEALTH AND SAFETY RISKS

For positions with a high incidence of accidents, we are carrying out exclusive awareness and prevention campaigns.

We have procedures for assessing occupational risks, which are constantly updated to incorporate the different risks associated with the performance of routine and specific tasks, associating levels of probability and severity. The scope of the procedures encompasses both 100% of the people in our Company and the subcontracted companies working on our premises.

As a result of this assessment, the work considered to be the source of a high incidence of accidents is detailed below:

As far as subcontractors are concerned, we also carry out an assessment of the work they carry out, as we are concerned about the health and safety of all the people who carry out work at our facilities, regardless of whether they are part of our own workforce or not. In this regard, we identified that a job with a high incidence of accidents was welding jobs, a position in which there were ten people working in 2021.

Jobs with a high rate of accidents

Position*	Workers**	
	2021	2020
Shift adjuster	19	8
Substitute reducer	-	8
Beveller	-	6
Winch operator:	63	9
Crane operator/Oxy welding operator	42	19
Pipe welder	-	3
Production operation	1	5
Stretching bench	4	-
Shift Boilermaker Welder	3	-
Logistics worker	10	-

SPECIALISED IN-HOUSE PREVENTION SERVICES

Within the area of prevention, the TRSA Group has its own prevention services specialising in:

- Health and Safety
- Hygiene
- Ergonomics-Psychosociology
- Health monitoring

In addition to the daily health and safety incident reporting and analysis meetings at the mill, we conduct monthly department-level health and safety meetings that monitor prevention indicators. Preventative activities that may affect the department are monitored and information is collected that may improve the Tubos Reunidos, S.A. and Subsidiaries' health and safety management model.

The well-being of our team is key, so even if they are on leave, **we supplement the payment of 100% of their salary.**

*Position: controlled positions or work stations with high incidence.

** Workers: number of people belonging to the company who are exposed to a job with high incidence.



HEALTH AND SAFETY AWARENESS AND TRAINING

In order to reinforce and consolidate our occupational health and safety culture, we have specific sections in our annual training plans to ensure that awareness and training messages are consistently sent. In addition, these issues are also included in the welcome plans for new hires, in order to lay the foundations for safe work.

This training has been further strengthened by the multi-year project that we are undertaking and, therefore, both investment in health and safety and the hours of health and safety training have increased.

HEALTH AND SAFETY COMMITTEES AND AGREEMENTS

We maintain adequate communication channels to promote queries and the participation of all workers in Occupational Risk Prevention. They also receive the necessary information and training to carry out the functions inherent to their role.

At the same time, there are Health and Safety Committees made up of prevention delegates and department heads, in order to monitor, gather observations and advise on existing occupational health and safety programmes. The Committees hold regular meetings at least quarterly, depending on the Group company, and this frequency has been in-

creased by being in continuous contact to facilitate the results and progress of the Excellence in Health and Safety Project.

At the TRSA Group, we make a great effort and encourage the achievement of formal agreements with our entire team. Proof of this is that in 2021, we made 702 formal agreements (346 agreements in 2020), more than double the figure of the previous year.

We have increased the number of training courses by 66% (from 41 to 68 courses in the area of OHS) and our investment in euros by 16%.

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE MEETINGS



PROFESSIONALS REPRESENTED IN THE OCCUPATIONAL HEALTH AND SAFETY COMMITTEES



DEPARTMENTAL MEETINGS



PROFESSIONALS REPRESENTED AT DEPARTMENTAL MEETINGS



AGREEMENTS





HEALTH AND SAFETY OVERSIGHT IN SUBCONTRACTED COMPANIES

Aware that adapting to specific and niche applications requires flexibility in our production process, at the TRSA Group, we consider it essential to have specialised resources to carry out complementary high value-added work.

Over the years, we have built relationships of trust with different subcontracted companies. As with the people in our Group, we have a methodology in place to regulate the conduct of activities so as to ensure compliance with best practices in health and safety.

It establishes the roles and responsibilities of both the different teams of the Group and subcontracted companies for the coordination of health and safety. It also describes the procedures for approval, for the submission of information for the performance of the activity and on the risks involved in the activity, and other guidelines for appropriate compliance monitoring.

In addition, all Group companies hold meetings with subcontractors, which are monitored internally and managed by means of follow-up minutes.



MEETINGS

At least on a quarterly basis to follow up on complaints, suggestions and proposals for improvement.

100% All companies that wish to carry out work in our facilities must be **previously approved**



Continuing the fight against COVID-19 to guarantee a safe environment

In line with 2020, in 2021, we are committed to creating specific task forces to guarantee compliance with the highest standards of health and safety related to the pandemic. The frequency of this task force's meetings has varied in intensity, ranging from weekly to monthly meetings.

Likewise, at the TRSA Group, we developed several internal protocols to adapt to the specific prevention measures adopted as a result of the epidemiological situation, which have been published on the Intranet and other channels of communication with employees. They are updated continuously based on the applicable regulations and the evolution of the pandemic. Training is still being provided to all staff to guarantee proper compliance, and visual information has been placed at strategic locations in mills and offices, emphasising hygiene measures.

At the same time, we continue to work quickly and efficiently to secure the necessary supplies to provide all people with the necessary Personal Protective Equipment to carry out their work as safely as possible.

We maintain communication at least once a month providing updates on the COVID-19 situation to all the people who make up the TRSA Group.

COVID-19: MAIN PROTOCOLS AND MANUALS

- Information protocol in relation to the coronavirus, to inform people in the TRSA Group about the main aspects of the virus, its symptoms and frameworks for action in the event of contact and infection.
- Preventive action manuals for personnel, carriers, material deliveries, disinfection and cleaning.
- Capacity limits and hand sanitiser dispensers in production facilities.
- Procedures for the use of common areas, such as changing rooms, canteens and other common spaces.
- Temperature control protocol for the different access routes to production facilities and mills.
- List of hygiene measures for both office and factory staff.

At the same time, all subcontracted companies have been informed of prevention measures, use of spaces, protocols for action and hygiene. In fact, we have created a specific protocol to prevent infection among suppliers and our own staff. It should also be noted that in most of the Group's companies, the protocols implemented apply to both internal and external staff alike.



WORKING FROM HOME

We encourage working from home and provide the technology and equipment needed to do so

121
People began working from home

50
People received the "Mecuida" plan

GLOBAL VALUE CHAIN





“We are well aware of the impact our activity has on the environment and, above all, we have the clear motivation to be the protagonists in a sustainable energy transformation, in which reaching zero net emissions is more than a target, it is an obligation and a commitment to society and to ourselves.”

Francisco Irazusta
Chairman



At the TRSA Group, we are global leaders in special niche segments of seamless steel piping and we offer innovative and sustainable piping solutions with the most advanced technology and with a great commitment to the environment. Our value proposition is aimed at meeting our customers' special and complex service and product requirements, helping our customers to overcome their future challenges, such as decarbonisation.

To achieve this, we have integrated almost the entire value chain of the production process, from the steel mill to special finishes, within the Group and we have a specific team that is dedicated to innovation. We have five production units that combine different electric furnaces, continuous casting facilities, rolling mills, heat treatment furnaces and various finishing facilities. In addition, we have a full range of capabilities to ensure our product quality, process traceability and pipe-by-pipe testing.

We have **roadmap for responsible growth**, as suppliers of innovative and sustainable piping solutions, and as electro-intensive consumers.

WITHIN OUR BASIC PILLARS:

We are committed to leading the energy transition.

We are committed to sustainable development, reducing our environmental footprint.

We are suppliers of solutions for pioneering projects aimed towards a decarbonised economy.

Based on our commitment to the energy transition, and thanks to our customer focus, our commitment to product and process innovation, and our proven experience of nearly 130 years of history, we have begun to search for new solutions for **green hydrogen and geothermal energy**.



No fine or penalty was received during 2020–2021 due to failure to comply with the applicable legislation and regulations.

Aware of the impact our operations have on the environment, and aligned with our mission, at the TRSA Group, we focus on several lines of action:

- Achieve carbon neutrality by 2050.
- Be a leader in the circular economy, starting from a process in which our main raw material comes from waste from other industrial processes.
- Choose to use less cost-effective electric furnaces from an economic point of view, but that do help to reduce our environmental footprint compared to other coal-fired solutions.
- Unify the steel mills in 2022, achieving a lower energy consumption resulting from the better use of casting and greater efficiency.
- Equipment in the main production mills that work to increase energy efficiency by constantly implementing improvements.
- We have a specific department for Quality and Prevention Systems, Environment and Certifications that is responsible for establishing guidelines and coordinating actions in this area for all the mills that form part of the Group, as well as environmental technicians at each mill.

In terms of certifications, one highlight is that our main production mills have kept their respective environmental management systems up to date according to the requirements of ISO 14001, as well as a Quality, Environment and Occupational Risk Prevention Policy, which establishes the commitments for legal compliance, environmental protection and the prevention of pollution and the reduction of the environmental impact. In addition, analyses of potentially significant aspects of the supply chain that may have an impact on health and safety are also carried out regularly, and no significant risks have currently been detected.

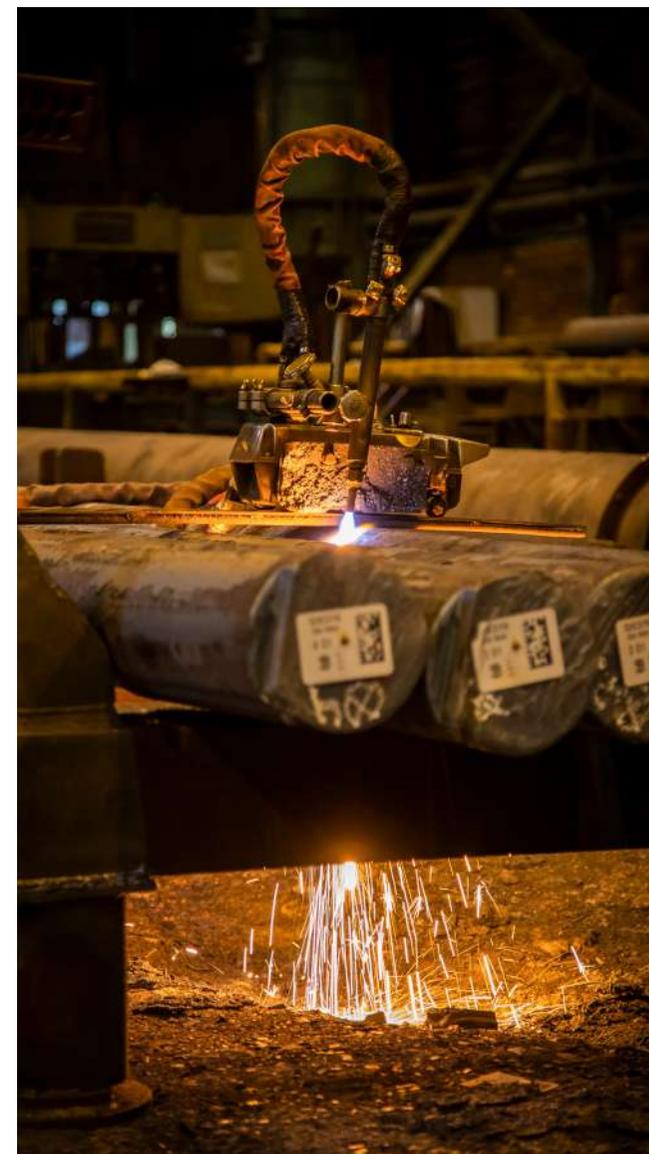
In addition, as we outlined in the section, "Our contribution to Sustainable Development" it is significant that, as of this financial year, we have a Corporate Sustainability Policy in which the basic principles linked to the environment (amongst others) have been established.

TUBOS MILL [LINK TO VIDEO](#)

- Manufacturing process
- Quality and environmental certifications

PRODUCTOS MILL [LINK TO VIDEO](#)

- Manufacturing process
- Quality and environmental certifications





From scrap metal to pipe: a sustainable activity

COMMITTED TO THE EFFICIENT AND RESPONSIBLE USE OF RAW MATERIALS

Since the beginning of our activity, at the TRSA Group, we have contributed to the reuse of waste as the main input in our production process, helping to transform the economy into a sustainable one. Scrap metal, our main raw material, comes from waste from other production processes, such as the automotive industry.

In order to guarantee the efficient and responsible use of resources, at the TRSA Group, we worked on various projects in 2021:

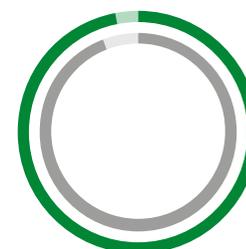
- Evolution of the machining process for the use of the core of the ingots, obtaining a second ingot for the elaboration of piping solutions of a smaller diameter.
- Continued screening of scrap metal for the elimination of earth and other components, improving the quality and performance of the products, while reducing energy consumption and moving towards a better segregation of waste.
- Circular economy roadmap: based on an analysis of the current regulatory framework and recognised indicators in circular economics, a market benchmark was created and the situation in the "Productos Mill" was analysed, identifying opportunities for improvement in the short, medium and long term in both company and product terms.



In addition, the project for the unification of steel mills and the creation of the new cold-drawing centre, which will begin in 2022, will enable us to speed up production, giving continuity to the Group's efforts to make energy and raw material consumption more efficient.

97%
Of the raw material used comes from the **reuse of waste** (94% in 2020)

Metrics



2021

- 244,110 - Scrap metal (t)
- 7,290 - Unrecycled raw materials (t)

2020

- 163,403 - Scrap metal (t)
- 9,800 - Unrecycled raw materials (t)



Leaders in the circular economy

In addition to using 97% of our total raw waste material from other industrial processes, in terms of the circular use of other resources, all the waste generated in the production centres is managed as indicated in the Integrated Environmental Authorisations, in accordance with the following order of priority:

1. Recycling/reuse
2. Recovery
3. Destruction, whenever it can be shown that recovery is not technically, economically or environmentally feasible.

At the same time, at the TRSA Group, we are working with the steel sector (UNESID) in a Circular Economy Pact to reduce the environmental impact through:

- Recovery of waste generated in the production process
- Reduction and control of emissions into the atmosphere
- Conservation of soil and water quality
- Greater efficiency in the use of natural resources and raw materials
- Staff awareness campaigns to promote reduction and improvement in waste segregation

ACTIONS/PROJECTS

The waste generated in the rolling and finishing process is put back into the furnace, thereby reducing waste during the process.

Reuse of refractory materials.

Use and improved management of slag and scale in the Amurrio, Trápaga and Sestao mills:

- Manufacture of concrete for both in-mill use and cement supply.
- Recovery of black slag.
- Recovery of white slag.
- New slag management procedure at the Trápaga mill.

Reuse of plastic additive drums as salvage packaging in the shipment of hazardous waste at the Trápaga and Sestao mills.

Collection of empty plastic additive containers by the supplier at the Trápaga and Sestao mills.

Recovery of magnesia at the Amurrio mill.

Use of ferrous sulphate.

87%
Of the waste generated is reused or recycled.

We are committed to the recovery of our waste and contributing to a more sustainable world.

Metrics

	2021
Hazardous waste not intended for disposal	3,125
Hazardous waste intended for disposal	2,092
Non-hazardous waste not intended for disposal	93,964
Non-hazardous waste intended for disposal	12,347



RESPONSIBLE AND CIRCULAR USE OF WATER

With regard to water consumption, the main production mills have closed circuits for the recirculation of industrial water in order to minimise the consumption of potable water from the municipal supply. As a result, in 2021 we re-used 13,532,278 m³ (15,838,739 m³ in 2020).

Promoting sustainable criteria in supplier relationships

The aim of our supply chain sustainability strategy is to contribute to creating sustainable production environments that are efficient in the use of natural resources and energy, while ensuring respect for the human and labour rights of workers in supplier companies. Although the procurement policy does not include social, environmental or gender equality issues as such, we do have alternative procedures that include these aspects, which are detailed below.

The Code of Ethical Conduct establishes the foundations of the values and principles that govern our contractual relationships with suppliers. Companies that choose to collaborate with the TRSA Group must undergo a certification process according to the criticality of the activity they perform.

Although production has increased by 24% year-on-year, **we have managed to reduce water usage by 26%.**

Water used (m³)*

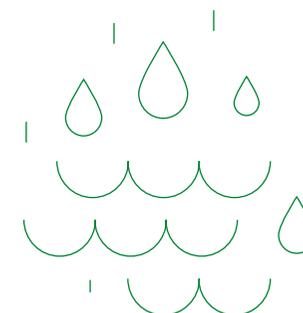


We have an Environmental Requirements Communication Procedure for Suppliers and Subcontractors that requires them to comply with certain environmental requirements, whether they operate in our facilities or supply their product and/or service from outside. Specifically, suppliers are required to comply with:

- The procedures and instructions of the Group's Environmental Management System.
- The submission of an updated safety data sheet for the chemical product supplied (raw materials, lacquers and varnishes, oils and greases, etc.).
- The submission of a list of current regulations governing restrictions on the use of the substances contained in the chemical product supplied, or a certificate that there are no such restrictions; registration of the REACH substances supplied.

- The official authorisations necessary to carry out or accredit their work and the means used (authorisation of manager of hazardous/non-hazardous waste, of carrier of hazardous/non-hazardous waste, certificate of vehicles, special authorisations of the driver, records, licences and accreditations such as OCA/ENAC, etc.).

Hence, our contracting policy guarantees the selection of suppliers that comply with current legislation regarding quality, environment and occupational health and safety, ensuring the prevention and minimisation of damage at all times. Furthermore, the workers who carry out their activity in our production mills must adapt to the Group's business policies at all levels.



*The figures reflect the total volumes of extracted water broken down by surface water and water from municipal supplies or other public or private water services. As they do not apply, neither rainwater (collected and stored) nor waste water from another organisation have been included.



100% of suppliers are evaluated before being registered on the list of approved suppliers. If they could have an impact on the environment, they are informed of the requirements to be met to eliminate or minimise such effects. The significant negative environmental impacts (potential and real) identified in the supply chain, from which suppliers are assessed, are as follows:

SIGNIFICANT NEGATIVE ENVIRONMENTAL IMPACTS IDENTIFIED IN THE SUPPLY CHAIN	
Use of resources	Disturbance
Soil and water pollution	Emissions into the atmosphere
Waste	Spills

	Companies assessed on the basis of environmental criteria		Companies identified with potential negative impacts	
	2021	2020	2021	2020
TRG*	311	290	60	61

*See Annex 4

Other Group companies have not carried out evaluations.

Aware of the impact of suppliers on the value chain, we assess **more and more companies on ESG criteria every year.**

Also, all companies that access the premises of the TRSA Group to carry out their work, as well as those that supply critical goods that affect safety, must be approved in order to guarantee compliance with our occupational risk prevention policies.

In addition, with regard to the supervision and auditing of supplier companies, no specific plan is available. Instead, a quality control of products and services is monitored, with associated incidents being recorded and the option of re-approvals to suppliers being considered.

With regard to human rights, the Group complies with the criteria of international policies on the responsible management of mineral supply chains from areas of conflict and high risk.

In order to guarantee social and equality rights, we provide employees of supplier companies and, in general, anyone who is aware of any practice contrary to the principles and rights of the ILO, with a complaints channel on the corporate website so that the appropriate measures can be taken. To date, no complaints related to the violation of social rights and equality have been received through this channel.

Currently, there are over 250 approved companies that can be classified as follows:

- Raw material companies: ferroalloys, additives, etc., except scrap metal.
- Companies of goods that are incorporated into the manufactured product: packaging, chemical products, etc.
- Auxiliary tasks in which operations are carried out on our products that are considered critical to satisfy the quality standards required by our customers.



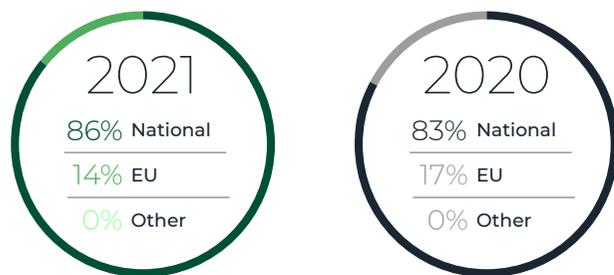
OUR COMMITMENT TO THE ENVIRONMENT

The Basque Country is home to a strong and diverse group of industrial companies that make it one of the main industrial engines of the Iberian Peninsula. Due to these conditions, the TRSA Group has developed a wide network of local suppliers that provide us with a very diverse range of materials with specific compositions and properties.

In both 2020 and 2021, despite the disruptions seen in the supply chains of other industries and competitors, the Group has managed to ensure the continuity of its operations without production disruptions.

Additionally, the Group maintains its commitment to local consumption, contributing to economic growth in the geographical regions in which we operate, and trying to reduce the logistical environmental impact of shipments.

Market breakdown of the global volume of purchases



Efficient and sustainable production

Energy efficiency in the production process

In the TRSA Group, as electro-intensive consumers, we work to incorporate process improvements with the aim of reducing the energy consumption generated by the production of our solutions.

The quest for production efficiency is implemented as a fundamental objective within the Group's daily operations, both because of our commitment to be an emission-neutral company by 2050 and because of our quest for profitability in our income statement.

We are aware of how greatly important this is and accordingly an energy management system has been set up, with a team of people responsible for the main processes, in which:

- Monthly consumption data is collected for all relevant mills in the Group.

- Meetings are held with each department (steel mill, rolling, finishes, etc.) in which the consumption results for the month are discussed, and possible solutions to deviations or possible improvements are discussed in the search for greater energy efficiency.

- Regular reports on energy efficiency and consumption are prepared and shared with all departments, in which unit consumption per ton of product produced is passed on, and its change over time is analysed.

Furthermore, in the TRSA Group we opt for the most environmentally sustainable production alternatives. Our steel mills have electric furnaces instead of excessive coal use, in order to reduce the environmental impact of our process. In addition, a new Group steel mill will be built in 2022, accompanied by robust investment in new digital technologies to improve processes, reduce costs through efficiency gains, reduce CO₂ emissions, and increase capacity for innovation and new product development.

Practically **100% of purchases** have been made in the European Union, which guarantees compliance with social and environmental rights.

Our GTR production process emits **20 times less CO₂** than other European competitors.



Some of the measures taken in the last two years in relation to energy efficiency are listed below:

- Rationalisation of the use of lighting by generating a procedure for switching lights off and on in all warehouses.
- Reduction of compressed air use by means of a campaign to detect and fix leaks in the steel mill, rolling and finishing processes.
- Efficiency study for the hearth furnace, the largest consumer of natural gas, at the Amurrio rolling mill, which will result in the installation of an oxygen enrichment unit to reduce the associated consumption of natural gas in 2022.
- Renovation of the 'Salem' hearth furnace in Trápaga to improve temperature maintenance.
- Project for measuring gas consumption in the pickling process, with the aim of identifying potential improvements in consumption.
- Change of 155 LED lights in the Trápaga, Sestao and Amurrio mills.

In parallel with the work aimed at reducing the environmental impact of production processes, work is being done on developing a Sustainable Mobility Plan for the Group, which will be ready in the next few years, with the aim of reducing the environmental footprint for regular staff movements.

Metrics

	2021	2020
Electricity (MWh)	211,872	175,810
Natural gas (MWh)	321,403	264,581
Energy intensity (KWh/t product)*	2,312	2,373

*This ratio includes total energy consumption in the mills. In the case of the "Productos Mill" and the "Tubos Mill", consumption is linked to liquid steel production and otherwise to the production provided by the companies in tons.

Through our energy efficiency projects we are achieving a reduction in our energy intensity ratio.



Joining forces in the climate change challenge

In the TRSA Group, we want to contribute actively and decisively to a sustainable and low-carbon future, an effort that will also boost social and economic development through the generation of jobs and wealth.

In order to combat the challenge of climate change, we permanently monitor greenhouse gas (GHG) emissions, the evolution of trade from these emissions and how international agreements in this field may affect the TRSA Group in order to make the most appropriate decisions to minimise risk and seize opportunities.

Given that Tubos Reunidos' GHG emissions are mainly associated with the consumption of gas and electricity in its operations, the actions taken to reduce these emissions are directly related to the energy efficiency measures adopted to reduce this consumption as mentioned in the previous section.

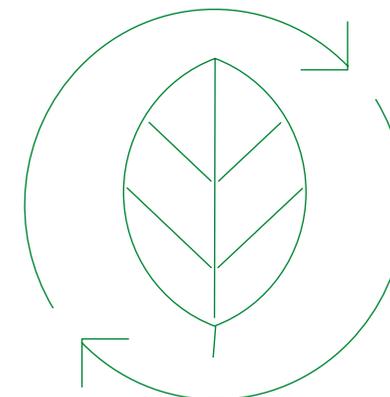
In addition to improvements in energy efficiency, in 2020 the Trápaga mill invested in improving smoke filtration in the cutting activities and reducing emissions, and a silo was created in 2021 to improve slag storage to avoid the release of hazardous particles into the atmosphere. A silo was also installed at the Sestao mill to store the screened white slag, thereby minimising the emission of suspended particles.

Innovating to reduce the carbon footprint

Furthermore, the Trápaga mill is working on an innovative project to simulate processes through digital twins, which will allow production tests to be significantly reduced on an industrial scale, reducing associated emissions. In addition, we are collaborating closely with various sector associations, in order to keep us updated and pool our experience to help reduce the impact of our activities on climate change:

PARTNERSHIPS TO PROMOTE ENVIRONMENTAL IMPACT REDUCTION

- **SIDEREX:** (Basque Country Steel Cluster) working groups for energy efficiency, efficiency in waste management and water treatment.
- **CLUSTER ENERGÍA PAÍS VASCO** [Basque Country Energy Cluster] (Green Hydrogen).
- **UNESID:** decarbonisation project with three working groups: raw materials, circular economy and water.
- **PACTO POR UNA ECONOMÍA CIRCULAR.** [Pact for a Circular Economy].
- **TECHNICAL COMMITTEE FOR STANDARDISATION CTN 323** "Circular Economy" of the Spanish Association for Standardisation (UNE).



At the risk level, it should also be noted that part of the Group's sales are directed at the oil sector and, therefore, may be affected by possible changes in regulatory and/or environmental policies. We are therefore reflecting on the future market prospects for our products, with respect to the different scenarios for oil demand, with particular reference to those scenarios that are consistent with the Paris Agreement. In light of this assessment, we have redefined our business strategy.



To develop our commitments, we are working on a climate action plan with different lines of action in the medium and long term, which we will finalise in the coming years. Specifically, in order to carry out an analysis of the risks and opportunities of climate change, we are working on the recommendations of the Task Force Climate Related Financial Disclosures (TCFD) in its four dimensions (Governance, Strategy, Risk Management, Metrics and Objectives). Here are the main risks and opportunities that we have identified:



MAIN RISKS

Physical risks

Greater impact of adverse environmental events (floods, storms, etc.).

Transition risks:

- Legal risks: tightening regulation to limit the use of certain resources (carbon tax).
- Technological risks: risk of failed technological investments.
- Market risks: uncertainty regarding market behaviour and the increase in the cost of raw material.



MAIN OPPORTUNITIES

New products and services

As suppliers of pipe products and services to the energy industry, the energy transition provides a great opportunity to develop new products and services for customers who focus on sustainable economic transformation, such as hydrogen transport and storage, carbon capture and storage, geothermal mills, etc.

Resource efficiency and supply chain resilience

continuing with our philosophy of continuous improvement, we are achieving more efficient forms of production with a reduction in emissions from the energy sources used, through the implementation of energy efficiency measures. Additionally, a new contract focusing on the use of renewable energy is expected to be concluded in 2022.



OBJECTIVE OF CARBON NEUTRALITY BY 2050

GHG EMISSIONS

SCOPE 1 (T CO₂) *

67,021	53,915
2021	2020

SCOPE 2 (T CO₂)**

39,436	37,649
2021	2020

INTENSITY (T CO₂ / T PRODUCT)***

0.46	0.49
2021	2020

With regard to scope 3 indirect emissions, we do not currently have a sufficiently robust and reliable systematic method to account for this type of emission, although we are working on it and will be able to provide such data in the coming years. In particular, in 2021 we made progress in this area by beginning to assess the following categories in scope 3:

- Consumption of raw materials
- Waste management
- Transport of raw materials

Additionally, we undertook a preliminary analysis of the "environmental footprint" of the Trápaga mill in the 2020 financial year by means of a methodology provided by a Basque government body, incorporating the following areas:

Direct compulsory scope (Scope 1)	Water consumption
	Air emissions
	Waste disposal and treatment (treatment mill)
	Transport of products that are owned by the company (from steel mill to rolling)
Indirect energy scope (Scope 2)	Power generation by combustion (boilers)
	Electricity consumption in mills
Indirect compulsory scope (Scope 3A)	Electricity consumption in offices
	Consumption of raw materials
	Waste management
	Transport of raw materials, waste that is not owned or managed by the company

Greenhouse gas emissions have increased due to increased activity. However, through our efforts to reduce our environmental footprint and be more sustainable, **we have managed to reduce the level of greenhouse gas emissions per ton of product by 6%.**

All of this, together with an analysis of the current regulatory framework and a market benchmark, has enabled us to analyse the "Productos Mill" situation by identifying opportunities for improvement in the short, medium and long term in terms of energy efficiency and greenhouse gas emissions.

*The data includes direct CO₂ emissions emitted and verified under EU GHG emissions trading (PT and TRI), and those associated with natural gas consumption by companies not affected by GHG emissions trading. The calculation of direct emissions from companies outside emissions trading has been done using the emission factors for Natural Gas used within emissions trading (38.32 CO₂/Tn and 56.19 GJ/1000 Nm³).

**The table shows the annual electricity consumption multiplied by the emission factor (EF) published by the Spanish National Commission on Markets and Competition for each supply company in KgCO₂/KWh. The factor used corresponds to the last official value published.

***The result of the sum of the direct emissions (scope 1) and of the indirect emissions (scope 2) with respect to the specific production parameter of each company.



OTHER ENVIRONMENTAL IMPACTS

Protection of biodiversity

The activities and operations carried out in the production mills do not have, in most cases, a direct impact on biodiversity and protected areas. Only a part of the Amurrio mill's facilities are located within an area considered to be protected along the course of the River Nervión. In this case, in addition to the conditions established in the Integrated Environmental Authorisation, the appropriate measures have been taken and the different scenarios of environmental risks have been assessed using the tools approved by the Administration in order to control and minimise any chance of a significant impact.

Other emissions

On the other hand, with regard to other types of pollution, such as light pollution, although we are not a relevant organisation in this respect, the necessary actions are being taken to obtain more efficient lighting and not to contribute to the increase in this type of pollution. In relation to noise, the regulatory measurements required in the corresponding Integrated Environmental Authorisations are taken to verify compliance with emission limit values. As an additional measure, acoustic panels have been installed at the Trápaga mill in the window of the Salem furnace piping exit area.

MAPS AND DOCUMENTATION ANALYSED TO ASSESS DIFFERENT ENVIRONMENTAL RISK SCENARIOS

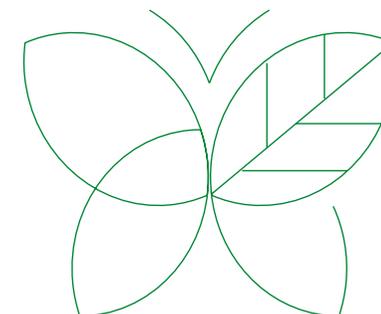
- Habitats of community interest.
- Green corridors.
- Distribution of threatened species of flora and fauna.
- Natura 2000 network (LIC, ZEC and ZEPA areas).
- Protected spaces, biotope, Ramsar Convention, special trees, national parks.
- Natural areas of interest.
- Territorial Planning Guidelines of the CAPV (DOT).
- Spaces catalogue.
- Environmental Risk Analysis (ERA) report in our Tubos and Productos mills.

We have carried out an Environmental Risk Analysis following the Environmental Risk Report model approved by the Ministry for the steel sector (SIDMIRAT). In this analysis, carried out by an independent expert in the field, the main risk scenarios of our activity have been considered and the environment in which we are located (natural environment, fauna, flora, etc.) has been taken into account.

With regard to ozone-depleting emissions (ODS), existing equipment in use in production mills containing such components is replaced by non-ozone depleting equipment at the time of replacement. Likewise, all machinery is subject to the revisions and maintenance work set out by current regulations, so that any intervention that requires the handling of these gases is restricted to duly accredited personnel and maintenance companies. These companies are responsible for taking the necessary measures to recover the gases, ensuring their proper management and avoiding their emission into the atmosphere.

In addition, there is a Continuous Particle Measurement System connected to the Air Quality Control and Monitoring Network of the Basque Country, which checks the proper functioning of the gas purification system.

Finally, in terms of nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions, the most relevant sources of emission correspond to melting (HEA) and heating furnaces. Measurements of emissions into the atmosphere are made at the frequency stipulated under regulations. Sources whose measurements were not mandatory in 2021 were estimated based on the most recent assessments carried out and the number of hours in operation in 2021.





Supporting our customers in future challenges

The energy transition poses a great challenge, but also a great opportunity. We can and must be the protagonists of this process, supporting our customers in the transition from fossil energy to clean energy — a process in which gas plays a key role as a transition energy.

OUR CUSTOMERS COME FIRST

In the TRSA Group we strive daily to adapt our solutions to the specific needs of our customers, meeting the highest standards of quality and safety. We place customers at the centre of our activities, establishing lasting relationships based on the reciprocal contribution of value and mutual trust.

This obsession is present in all areas and at all levels of the Group, with a strong push from senior management. In 2020, our Chairman went on a business tour accompanied by General Management and the Sales Management Team, meeting with the TRSA Group's main customers. In 2021, contact continued through the submission of detailed satisfaction surveys that were very well received by customers and yielded very good results. Particular priority was given to the service received.

SALES REPOSITIONING: ACCOMPANYING OUR CUSTOMERS IN THE ENERGY TRANSITION

A new Sales Plan was developed, aligned with the new Strategic Plan, which will focus on diversification into new sectors, increasing the weighting in Midstream, Downstream and Eco-Downstream.

The decision was taken to centralise sales management around a single cross-cutting area, in order to give sales teams greater agility in managing the needs of customers whose needs and presence are increasingly global.

We can and must take advantage of the industrial experience, technical capacity, know-how, flexibility, quality and innovation that we have demonstrated over more than 125 years in business, to differentiate ourselves in niche products of high added value, offering our customers an agile and reliable service.



ON THE BASIS OF THIS NEW SALES PLAN

- We have restructured our sales teams with the aim of providing comprehensive coverage to our customers from a single point, while strengthening the team by incorporating new specialist talent.
- We have implemented training actions aimed at supplementing our team with new technical capabilities, in order to be responsive to our customers after the new sales positioning.
- We have added a new CRM to serve the group's main production mills, which will enable us to meet the ever more demanding requirements of our customers in a more agile and centralised way.



BUILDING STABLE RELATIONSHIPS OF TRUST

With the aim of reducing response times and increasing the value of after-sales services, our customers' complaints are managed in a cross-cutting and centralised way from a single point. We have an IT tool to ensure agile management. We centralise all claims, associating them with orders in order to trace the operations carried out on the products. The Quality team is responsible for analysing complaints, contacting the areas involved and providing an effective response to our customers. The Quality area works closely with the production units in order to incorporate improvements into the processes, based on the feedback received from customers.

In the TRSA Group we focus on quality assurance for our products. In our facilities, we have a multitude of means to monitor information on the process, and to carry out the relevant quality controls according to the requirements of our customers.

We ensure the correct traceability of our products through the marking and labelling of each manufactured pipe. This traceability ensures its identification and the availability of all the information on it from the first data input in the steel mill and the documentation that is always attached (quality certificates, delivery notes, invoicing, etc.). In addition, we have QR code technology to digitally incorporate information of high value for our customers associated with the production process, within each product.

In addition, we have the most demanding approvals required by our various customers. One of the me-

Complaints were received
of which **100%** were properly
handled

asures taken to ensure that the products manufactured are not hazardous and are used and handled correctly and sensibly is that all substances involved in the manufacturing process that are part of the final product (including lacquers and varnishes) have a safety data sheet in accordance with European legislation and regulations EU 453/2010 (requirements for the preparation of safety data sheets) and EU 1907/2006 (on the registration, evaluation, authorisation and restriction of substances and prepared chemicals-REACH), among others, as required by the ISO 9001 quality standard, according to which we are certified.

In 2021, 120 complaints were received, of which 100% were properly handled (126 complaints in 2020). In the TRSA Group we meet all the requirements and specifications that our customers specify, including health and safety requirements. In 2021, as in previous years, there were no known incidents or cases of non-compliance relating to the health and safety impacts of product and service categories.

REAPING THE FRUITS OF OUR TEAM'S EFFORTS

As a result of continued efforts, we are proud to announce that we have been entrusted with providing piping solutions for the foremost geothermal project in the world.

In addition, we are collaborating with top-level industrial partners to execute projects for the capture and storage of CO₂, preventing its emission into the atmosphere.

Our experience, technical know-how and proven capabilities have enabled us to successfully secure major approvals for world class projects, including the one awarded by Qatar Gas for the world's largest offshore Oil & Gas project.

BASQUE HYDROGEN CORRIDOR

In line with our objective of generating impact and contributing our experience to the energy transition, in the TRSA Group we have started work on the Basque Hydrogen Corridor project.

The Association of the Basque Hydrogen Corridor aims to promote the decarbonisation of strategic sectors such as energy, mobility, industry and services. The project will have an investment of more than EUR 1,500 million by 2026, and will generate more than 1,340 jobs and 6,700 indirect jobs.

Together with 70 participating companies and entities, in the TRSA Group we will provide our knowledge, capabilities and experience for the design of pipe solutions that enable the transport of hydrogen under optimal conditions.

COMMITTED

to digital transformation
and innovation





Innovation in the TRSA Group

"THE REDISCOVERY – Aligned with the aim of helping our customers in the energy transition to a decarbonised economy, we are guiding our innovation efforts towards offering new solutions with increasingly demanding technical capabilities at the same time as we work to make our production process more efficient and digital by incorporating new technologies that reduce the environmental impact with the goal of achieving net zero emissions by 2050."

Francisco Irazusta

Chairman

In our firm commitment to reach 2050 with net zero emissions, in the TRSA Group we are developing a set of solutions to implement new energy models in order to gradually phase out carbon emissions.

In line with this commitment, we have launched the update of our Strategic Plan based on energy transition and decarbonisation, which will enable us to address new markets and sectors of activity with a special presence in clean energy and hydrogen.

Our goal is to continue creating value for our customers through new processes and innovative developments that enable us to achieve energy success to top the decarbonisation rankings.



OUR
MISSION

To empower the energy transition through innovative and sustainable tubular solutions



We have published **our first innovation newsletter**, with the major milestones achieved and our ongoing projects, in order to continue to promote a culture of innovation at all stages of the value chain.

In 2020, aware of the importance of digital transformation and innovation, we created an Innovation Committee and updated our internal innovation process by implementing a centralised system for signals gathering. The signals that give rise to these change processes can be external—direct from our customers or gathered within any of the areas in which we operate—and internal, based on the knowledge that our staff have of the product and the seamless piping manufacturing process.

Throughout 2021, all this information was channelled and analysed by the Innovation Committee, a multidisciplinary forum with the capacity to collect, analyse and prioritise any of these signals to transform them into tangible projects supported in three main areas (technical feasibility, market response and availability of necessary resources). The people involved in any of the stages are key and therefore the Committee maintains an open line of dialogue with all those individuals who help to identify opportunities, reporting on the position of the company regarding the challenge posed. This dialogue at different levels provides us with a driving force to generate a culture of change

6 Meetings of the Innovation Committee held in 2021

COMMITTEE MEMBERS

- Managing Director
- Tubos Industrial Director
- Productos Industrial Director
- Sales Director
- Tubos Innovation Manager
- Productos Innovation Manager



New products and applications

A new age needs new ways: We offer innovative piping solutions in a loyal and competitive way, with the most advanced R&D+I technology, know-how from nearly 130 years of activity and a commitment to the environment.

One of our main goals is to emphasise our commitment to the development of customised and high

value-added products for our customers, while generating solutions that drive the energy transition by facilitating the use of clean energy.

Our approach to innovation has led us to develop new steels and treatment processes that have resulted in pipe solutions with better technical capabilities, new materials and dimensions.

We have personnel carrying out R&D+I activities in the Group's production mills in collaboration with leading research centres, in charge of carrying out all kinds of tests and developments that have been identified as a possible opportunity for the TRSA Group.

For yet another year, we have continued to demonstrate our industrial know-how in the manufacture of complex products. Some of the results we achieved in 2021 are:

ACHIEF
Development of innovative materials that reduce our impact by lowering the generation of greenhouse gases and increasing the life expectancy of the equipment used, for application in energy intensive industries.

CRIX
Development of stainless steel grades to work with cryogenic service temperatures, for the storage of gases at low temperatures, positioning us as relevant actors in the energy transition toward cleaner energy generation.

NUEVOS GRADOS DE PRODUCTOS EN DOWNSTREAM
Manufacture of prototype pipe using Alloy 28.
Manufacture of OD 24" pipe using Alloy 825.
Manufacture of 28" outer diameter pipe.

TUBOPRO, TUBINOX, SOUTUBE
Development of new capabilities in deeper applications under higher pressure, temperature and corrosivity conditions for the OCTG sector.



Digitising the TRSA Group

FIRM COMMITMENT TO INDUSTRY 4.0

At the TRSA Group, we do not want to miss the opportunity afforded by being immersed in the fourth industrial revolution, which allows us to incorporate disruptive technologies into our facilities to increase the energy efficiency, quality and safety of our processes and enable us to manufacture smart products in the future.

Industry 4.0 offers a number of opportunities for our Group to move ever more swiftly toward smart mills, making real-time decisions, predicting defectology and anticipating production problems and enabling much more direct communication with our customers in order to determine their needs and offer them a better service.

As a clear demonstration of our involvement and commitment to Industry 4.0 as a lever for growth, in the TRSA Group we have joined the Bind 4.0 initiative, created by the Department of Economic Development and Infrastructure through the SPRI Group (Basque Government), collaborating in the fifth edition in search of the best technological projects among different start-ups from all over the world.

In 2021 we continued to make progress in incorporating new technologies with high impact into our processes:

GEDIERR PROJECT

(Digital Twins Product Generation and Registration) At our Trápaga mill we are working to incorporate digital twin product generation and registration technology, which offers our customers a mathematical model capable of being integrated into in-service product simulations.

- **Predicting** the mechanical and metallurgical structure and characteristics of the products at the technical definition stages.
- **Cutting** product development and maturation times.
- **Energy savings** and carbon footprint reduction, significantly reducing testing at industrial scale.

REALITY



DIGITAL TWIN



RFID TECHNOLOGY

- **Project to capture data** in phases of our rolling process, and to track times, with added tracing and characteristics.
- **Project for real-time identification and monitoring of mill tools**, which allows us to be more efficient in the use of resources.

BIG DATA AND ARTIFICIAL INTELLIGENCE

- A great effort has been made to apply **sound to the production process**, allowing us to apply Big Data to streamline processes in the main production mills.
- Efforts are being made to apply these technologies to **optimise the scrap yard**, reducing the subsequent energy consumption in the melting process.

ARTIFICIAL VISION

- **Application of technology for product inspection at high temperatures** (1,100°C), improving quality control through the early detection of rolling defects. With this advance, we have been able to detect defects and monitor their position, sending real-time information to the control centre.



PROCESS DIGITISATION

In parallel with mill work, in 2021 we worked to digitise administrative processes with the aim of providing a better service to our customers and staff.

To respond to both the growth and new sales positioning of the TRSA Group and to globalisation and the new ambitions of our customers, a new system has been introduced to streamline and centralise the sales interaction from a single point. Our new CRM tool makes our solutions offering fully available to our customers to deliver comprehensive care and generate more impact.

In line with the sales process, and with the aim of further improving the availability of information, and the speed of action, throughout 2022 we will work on concentrating and digitising the finance, human resources and procurement processes.

SUPPORTING DIGITISATION WITH BEST PRACTICES IN CYBERSECURITY

In the TRSA Group we are aware that all technological advances in digitisation both in mills and in management processes must be supported by best practices in cybersecurity.

In the 2021 financial year, we developed a Cybersecurity Plan with the aim of adapting and incorporating best practices into this area within the Group and we launched the activities contained in it. Accordingly, an objective audit of our cybersecurity was carried out by an external auditor, which will in turn be adapted for the Cybersecurity Plan.

This Cybersecurity Plan is aligned with the definition of Cyber risks set out in our Corporate Risk Management Policy, which integrates cyber risks into operational risks and defines them as those arising from threats and vulnerabilities that may affect the Group's information systems and assets, including those risks arising from scamming people to access the systems

that they operate, and in some cases, from a lack of diligence on their part.

The Cybersecurity Plan is composed of 29 control activities organised around three objectives related to the above-mentioned definition (monitoring threats, protecting information systems, processes and individuals, and mitigating any potential harm), as follows:

Action objective	Section	Type of control activities	N° of controls	Total	
Surveil (potential threats)	Surveillance	Cyberthreats observatory	2	5	
		Following of INCIBE instructions	1		
		Specific detection tools	2		
Protection (systems, processes and people)	Auditing	Audits (ethical hacking)	3	6	
		Drills	1		
		Asset criticality matrix	1		
		Systems map	1		
	Planning of measures	Global Cybersecurity Plan	1	4	
		Cybersecurity assessment in new systems projects	1		
		Obtaining external certifications	2		
	Training and communication to users	Cybersecurity training and communication	3	3	
	Internal policies and procedures	Internal cybersecurity organisational and regulatory framework	Password policy	1	7
			Malicious email action policy	1	
Identifying procedures with higher cyber risk			1		
Dual authentication procedure			1		
Device Management Procedure (DMP)			1		
Device loss procedure			1		
Mitigation (of potential harm)	Impact mitigation actions	Crisis Committee	2	4	
		Insurance policies	1		
		Systems recovery plans	1		

OUR CORPORATE GOVERNANCE,

constantly evolving and improving





Our philosophy of continuous improvement is reflected in our Corporate Governance. For example, in 2020 we began assessing the functioning of the Board of Directors, its roles and Committees for the first time with the involvement of an independent expert, which was successfully completed at the beginning of 2021.

One of the first plans approved by the Audit Committee for its Internal Audit Area in 2021 was a self-assessment exercise on the Group's Corporate Governance. In order to carry out this self-assessment, feedback from the independent third-party assessment and our recognised Corporate Governance best practices were taken into account, along with the practices of relevant companies in the Group's sector and in its socio-economic environment and the latest developments and trends in Corporate Governance, incorporating the recent amendment of the Capital Companies Law and the recommendations of the Code of Good Governance of Listed Companies.

The results of the self-assessment were incorporated into a Group Corporate Governance Update Plan, which involved reviewing, updating and, where appropriate, drafting by the Secretary of the Board of all the Group's internal corporate regulations (regulations, by-laws, compliance model, etc.) and Corporate Policies, setting out basic instructions that the Board of Directors disseminates to members of the Group and to all stakeholders and the dissemination of the organisational structure (delegation of powers of the Board of Directors), which is updated based on organisational changes that have occurred within the Group.

This Corporate Governance Update Plan is scheduled in two phases (corresponding to financial years 2021 and 2022), with the following outline:



Major issues reviewed/updated	2021	2022
Design of the Plan and the basic documentary structure of the Group's Corporate Governance	✓	
Corporate Regulations of the Group		
Rules of Procedure of the Board of Directors	✓	
Corporate By-laws		✓
Rules of Procedure of the Board's Committees	✓	✓
Internal Regulations for Conduct in the Securities Market		✓
Internal Proxy Policy	✓	
Corporate Policies		
7 Corporate Governance Policies	2	5
3 Sustainability Policies	2	1
1 Environmental Policy	-	1
2 Risk Management Policies	1	1
3 Regulatory Compliance Policies	3	-
General and specific proxy framework		
General framework	✓	
Specific framework		✓



The Board of Directors, in addition to approving the previous scheme of work in 2021, has updated and approved the following regulations:

- a. Corporate Governance Policy
- b. Board of Directors' Remuneration Policy approved by the General Shareholders' Meeting
- c. Corporate Policy for Risk Control and Management
- d. Corporate Sustainability Policy in Environmental, Social and Governance Matters e. Corporate Tax Policy
- f. Internal Policy and Proxy Framework
- g. Code of Ethical Conduct
- h. Criminal Risk Prevention and Compliance Policy
- i. Gifts and Invitations Policy.
- j. Whistleblower Channel Regulations
- k. Disciplinary System Regulations
- l. Internal Regulations integrating the Compliance Model: Criminal Risk Prevention Manual General Section; Criminal Risk Prevention Manual Special Section; Internal Regulations of the ICB; Criminal Risk and Control Matrix; Ethics Commitment.

In addition, it is noteworthy that the new Rules of Procedure of the Board of Directors, a fundamental element of the Corporate Governance System of Tubos Reunidos, which is adapted to the recent amendment in 2021 of the Capital Companies Law and the recommendations of the 2020 Code of Good Governance of Listed Companies, was approved by the Board on 27 January 2022. Worthy of note is the inclusion within this of ESG issues, with particular emphasis on Compliance and Diversity.

Alongside the updating of regulations and policies, an analysis and improvement drive has been implemented in the following areas of Corporate Governance:

OTHER AREAS OF CORPORATE GOVERNANCE

- **Corporate Risk Management**
Prepared to anticipate and manage risk +
- **Ethics and Compliance**
The ethical framework that guides us +
- **Tax transparency**
Responsible taxation +
- **Privacy and data protection**

All this effort allows the Group to be guided by the principles of effectiveness and transparency as set out in the principles and recommendations of the Code of Good Governance, undertaking advanced practices in this area, which is in the corporate interests of the Group, "understood to mean the common interest of all shareholders of a public limited company aimed at creating sustainable value, through the development of the activities included in its company purpose and the achievement of a profitable and sustainable long-term business that promotes continuity and maximisation of the economic value of the company in the long term. This takes into account other stakeholders related to its business activity and its institutional situation", as defined in the Rules of Procedure of the Board of Directors.

The good functioning of the corporate governance model contributes to greater transparency, efficiency, momentum, oversight and control in the management, oversight and representation functions of the Board of Directors. Also, it is certainly fundamental to the attainment of the Company's objectives in line with our Strategic Plan. The framework that we have defined regulates and controls the performance of the Governing Bodies, establishes mechanisms for mitigating possible risks and frames relations with our stakeholders.

Both the legal framework defined by the Group and the Annual Corporate Governance report and Annual Directors' Remuneration report are available on the corporate website.



Professional governing bodies

GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting (GSM) is the highest representative body for shareholders and is the main channel of communication between shareholders and the Group's Governing Bodies. Its functions are regulated by the Corporate By-laws and by the GSM Rules and Regulations. In 2021, three GSM meetings were held, all remotely due to the exceptional situation caused by COVID-19.

The holding of the two extraordinary general shareholder's meetings is related to the necessary approval of two positive actions, essential for the promotion of the strategic plan and the transformation of the corporate governance: the merger of Group companies and the appointment of two female directors.

All agreements submitted to the General Shareholders' Meeting were adopted with a **percentage of votes in favour greater than 99%** of the capital present or represented with the right to vote.

Key agreements reached by the GSM in 2021



JUNE 2021

- Re-election of Mr Emilio Ybarra Aznar, Ms Leticia Zorrilla de Lequerica Puig and Mr Alfonso Barandiarán Olleros as board members.
- Approval of the new Board Remuneration Policy, effective for the 2022, 2023 and 2024 financial years.
- Ratification of the terms and conditions to be signed with the Solvency Support Fund for Strategic Companies managed by SEPI and approval of the terms and conditions to be signed with current financial creditors.

OCTOBER 2021

- Merger by absorption between Tubos Reunidos Industrial, S.L., Productos Tubulares, S.A.U. and ACECSA – Aceros Calibrados S.A.U. After the merger, the name of the absorbing company was changed to Tubos Reunidos Group, S.L.U.

DECEMBER 2021

- Appointment of Ms María Teresa Quirós Álvarez as an independent director.
- Appointment of Ms María Sicilia Salvadores as an independent director.
- Setting of the number of Board members at eleven.



BOARD OF DIRECTORS

After the General Shareholders' Meeting, the Board of Directors is the next most senior decision-making body for Tubos Reunidos, S.A. and the Tubos Reunidos Group. The Board is fully committed to the continuity of the Company, and firmly convinced that the new Strategic Plan will lead us to achieve the objectives set.

As stated in the Rules of Procedure, the Board as a whole collectively assumes direct responsibility for corporate administration and oversight of the direction taken by the company, with the common purpose of promoting the corporate interest, and is responsible for ensuring that the Company purpose is attained, for protecting general interests and for creating value that will benefit all shareholders. Therefore, the criterion to be prioritised at all times by the Board of Directors is maximisation of the Group's long-term value.

In application of the above criteria, at the core of its mission, it approves the Company's strategy and the precise organisation for its implementation. It also monitors and checks that senior management meets the stated objectives and pursues the attainment of the corporate purpose and corporate interest and creates long-term value for the shareholder. To this end, the fully convened Board holds the power to approve the Company's general policies and strategies.

Members of the Board of Directors

Mr Francisco Irazusta Rodriguez	Executive Chairman
Mr Emilio Ybarra Aznar	Deputy Chairman (Proprietary Director)
Mr Jorge Gabiola Mendieta	Coordinating Director (Independent Director)
Mr Enrique Migoya Peláez	
Mr Cristóbal Valdés Guinea	Member (Proprietary Director)
Mr Alfonso Barandiarán Olleros	
Ms Leticia Zorrilla de Lequerica Puig	
Ms Ana Muñoz Beraza	Member (Independent Director)
Mr Jesús Pérez Rodríguez-Urrutia	Member (Other External Director)
Ms María Sicilia Salvadores*	Member (Independent Director)
Ms María Teresa Quirós Álvarez*	
Ms Inés Nuñez de la Parte	Non-Director Secretary and General Counsel

* Appointed by the GSM on 16 December 2021.



GOBERTIA

A new "Gobertia" platform has been introduced that facilitates the functioning of the Board and the secure accessing of information by Directors.

100%
Of the Board's agreements have been adopted unanimously



15 Meetings of The Board of Directors in 2021

We are committed to diversity in our organisation and in our Governing Bodies. The Board of Directors has four female directors (36% of the total and 40% of all external directors), who make up 75% of all independent directors. Qualitatively, in addition, the specialised Committees of the Board (Audit Committee and Appointments and Remuneration Committee) are chaired by female directors and the role of Secretary of the Board of Directors is also held by a woman. In addition, women make up 50% of the members of the management body of the Group's most representative company (TR Group), consisting of two co-directors, one woman and one man.

In short, the quality of the Board is being improved so as to secure the most appropriate knowledge and experience to successfully address the future challenges of the 2021–2026 Strategic Plan and to progress efficiently and proactively towards the attainment of the strategies and objectives of the Tubos Reunidos Group.

Within the Board of Directors, as can be seen from the CVs accessible on our website, there is a diversity of knowledge among its members, with some being markedly industrial, others from the energy sector and still others with a financial and legal background, with particular experience in Sustainability and Corporate Governance.

We have increased the number of directors from 10 to 11, **and the number of independent directors to four**, representing 36% of the total number, up from 30% of independent directors. If we consider the "other external directors" as independent, the increase was from 40% to 45%.

Assessment of the Board

In accordance with recommendation 36 of the Code of Good Governance of Listed Companies, the Board of Directors is assessed once a year and, where appropriate, adopts an action plan that corrects the deficiencies detected with respect to:

- a. The quality and efficiency of functioning of the Board of Directors.
- b. The functioning and composition of its Committees.
- c. Diversity in the composition and competences of the Board of Directors.
- d. The performance of the Chairman of the Board of Directors.
- e. The performance and contribution of each director, paying special attention to the responsibilities of the various Committees of the Board of Directors.

From this analysis, which in 2021 was carried out for the first time with the involvement of independent experts, it emerges that there is a strong commitment on the part of directors to the general interest of the Company, its continuity, its staff and its legacy, and that there has been a clear improvement in the functioning of the Company in comparison with the past.

As part of the governance model, in the Board of Directors there are two oversight (non-decision-making) committees that assist in the performance of the functions with which it is entrusted in accordance with the Group's By-laws and the Board's Rules of Procedure. In addition, the Board has an Executive Committee, although this did not meet in 2021.



AUDIT COMMITTEE

This is an specialist internal body tasked with providing information and advice, but without executive functions, whose role is to provide information, advise and offer proposals within its scope of action, which is mainly the oversight of:

- financial and non-financial information,
- the Internal Control System,
- the whistleblower channel and the activity of the Internal Compliance Body,
- risk management and control,
- the Internal Audit function,
- the relationship with the statutory auditor,
- compliance with corporate governance rules and internal codes of conduct,
- sustainability policy,
- relevant transactions, and
- the Compliance Model.

Members of the Audit Committee

● Ms María Teresa Quirós Álvarez*	Chairwoman
● Mr Enrique Migoya Peláez	Member
● Mr Jorge Gabiola Mendieta**	Member and Secretary
● Mr Jesús Pérez Rodríguez-Urrutia**	Member
● Ms María Sicilia Salvadores**	Member

- Proprietary Director
- Other External Director
- Independent Director

6 Meetings in 2021

APPOINTMENTS AND REMUNERATION COMMITTEE

This is a specialist internal body tasked with providing information and advice, but without executive functions, whose role is to provide information, advise and offer proposals within its scope of action, which is mainly to evaluate the necessary competence, knowledge and experience that candidates must possess in order to fill vacancies on the Board and the Steering Committee, as well as to check the implementation of the remuneration policy.

Members of the Appointments and Remuneration Committee

● Ms Ana Muñoz Beraza	Chairwoman
● Mr Cristóbal Valdés Guinea	Member
● Ms María Sicilia Salvadores**	Member

- Proprietary Director
- Other External Director
- Independent Director

5 Meetings in 2021

In addition, the Board has delegated the ordinary management of the Company to a Steering Committee chaired by the Executive Chairman, although in no case may those powers legally or statutorily reserved directly for the Board, or those necessary for the responsible exercising of its functions, be delegated.

Members of the Steering Committee at 31 December 2021***

Mr Francisco Irazusta Rodríguez	Executive Chairman
Mr Carlos López de las Heras	Managing Director
Mr Antón Pipaón Palacio	Deputy Managing Director
Ms Inés Núñez de la Parte	Director, Legal Counsel and Secretary of the Board
Mr Francesc Ribas Collet	TR USA Director
Mr Iñigo Urrutikoetxea Portugal	Sales Director
Mr Andoni Jugo Orrantia	Industrial Director Tubos Mill
Mr Jon Bikandi Iturbe	Industrial Director Productos Mill
Ms Izaskun Eyara Álvarez	Finance Director
Mr Miguel Garrido Iria	Director of Sales & Operations Planning
Mr Josu Arteché Urrutia****	Purchasing Director
Mr Koldo Lasala Urruticoechea*****	Human Resources Director

* Appointed as a member and Chairwoman of the Committee on 16 December 2021, taking over from Mr Juan María Román Gonçalves, whose appointment expired.

** Appointed as a member on 16 December 2021.

*** Mr Alberto Santamaría Rubio, Internal Audit Director, attends as a guest at Steering Committee meetings.

**** She joined the Steering Committee on 1 March 2021.

***** He joined the Steering Committee on 1 October 2021.



REMUNERATION

On 30 June 2021, the General Shareholders' Meeting approved the new text of the Board Remuneration Policy, available on the website. This new policy will be applicable over the next three years and contributes positively to the TRSA Group business strategy, to the creation of value, and to the long-term interests and sustainability of the Company.

In compliance with statutory provisions, in 2021 the remuneration system for directors, for their supervisory and joint decision-making functions, consisted of the following remuneration:

- Fixed annual remuneration for the role of member of the Board of Directors and proportional to the term of office during the financial year.
- Annual fixed remuneration additional to the above for the Chairman for his role and for his executive functions, for the Coordinating Director and for Other External Directors for increased commitment.
- Attendance fees for Board and Committee meetings, except for the Executive Chairman. Board. In the case of the Chairs of the Supervisory Committees (Audit and Appointments and Remuneration), the amount of the fees for their positions is double.
- A token share of 0.5% of the Group's consolidated net profit, provided that the legal reserve is covered and a minimum dividend of 4% has been recognised. This principle was not applied in 2021 because there was a loss.

Process for determining remuneration

The Appointments and Remuneration Committee annually reviews the amounts of remuneration for directors and members of the Steering Committee, making the corresponding proposals to the Board of Directors.

The Committee also annually verifies whether the objectives established for the members of the Steering Committee have been met and, consequently, the variable remuneration to be paid, which it then submits to the Board of Directors for approval.

Stakeholders' involvement in remuneration

On the agenda of the Ordinary General Shareholders' Meeting of the Company, the Annual Report on the Remuneration of the Board, the text of which is made available in advance and includes the remuneration policy of the Board and the amounts received individually by its members for each item, is submitted for the consideration of the shareholders on a consultative basis. The amount was approved with a 99% vote in favour at the General Shareholders' Meeting held on 30 June 2021.

To determine the Board's remuneration policy, we have examined the **policies and criteria used by comparable listed Spanish companies** included in the directors' remuneration reports published by two leading consulting firms.

Average annual equivalent remuneration (euro)

Remuneration has been fixed according to the responsibility of each position within the organisation and taking into account comparable market positions. The difference between the average remuneration of male and female directors is mainly due to the fact that the director with executive functions and therefore with a significantly higher remuneration than the rest is male.

	2021	2020
Male Executives* (on payroll on 31 December 2021)	160,183	171,117
Female Executives*	145,357	140,471
Male Directors**/***	126,625	106,625
Female Directors**	62,401	58,750

* Includes fixed remuneration and contributions to benefit plans.

** Remuneration includes fixed remuneration and fees, and in the case of the Executive Director, contributions to a benefit plan.

*** In 2020 the Executive Director was incorporated on 29 April.



Prepared to anticipate and manage risk

COMPREHENSIVE RISK MANAGEMENT SYSTEM

In line with our desire for continuous evolution, in 2021 we made progress in improving the pre-existing Risk Management System, including a self-assessment of the system against the maturity levels published by the Spanish Institute of Internal Auditors and the COSO Model.

Risk management is one of the essential elements that have always been an integral part of our philosophy and culture. Our Risk Management System is comprehensive and encompasses all significant risks of any nature to which we may be exposed, with such risks being understood as events that could adversely affect the attainment of our objectives (set out in the Strategic Plan), making these difficult or impossible to attain.

We restructured the risk management model, increasing its maturity level.

MAIN SYSTEM ELEMENTS

- **Corporate Policy for Risk Control and Management.** Approved by the Board of Directors and published on the Group's website, this sets out the basic principles governing our actions for the control and management of all the types of risks that we face, or could face in the future, and the main responsibilities involved in their management.

- **Corporate Risk Map.** At least once a year we evaluate events that may pose a risk to meeting our Strategic Plan objectives and classify these according to their possible impact, probability of occurrence and the speed at which they could materialise (inherent risks), using a specific algorithm. These events are weighted according to the internal actions and action plans that could mitigate their impact and/or their probability of occurrence, determining the residual probability for each of them, and then a reasoned account of the main risks contemplated is proposed to the Audit Committee, for subsequent approval by the Board of Directors. Also, at least twice a year, we assess whether the Risk Map is up to date, based on factors that are both internal and external to the Group and trends affecting its objectives and the events considered in the Initial Risk Map.

- **Ownership of risks.** The main risks that we manage (called Level 1 risks and set out in the Corporate Risk Map) have a single manager, who is a member of the Steering Committee. At least twice a year, this person shares the risk audit with the rest of the Committee and at least once a year assists the Audit Committee in explaining how the assigned risks are managed.

- **Dashboard.** In order to evaluate the updating of the Risk Map and to facilitate the Audit Committee's monitoring of the effectiveness of the Model,

a dashboard is maintained which, based on indicators compared (with historical data, with objectives of the Strategic Plan, with external references or other relevant values), collates the audit and action plans of the risk owners.

- **Risk Management System Manager.** This individual acts as coordinator of the Risk Management System and ensures that homogeneous and objective criteria are adopted by the entire organisation. We are in the process of stepping up our risk management, so this function is currently being steered by the Internal Audit Area, as a consultancy project run in accordance with the relevant international standards.

- **Internal Information and Control System.** In addition to the Risk Map, all risk categories and sub-categories are identified and accordingly the Areas responsible for their current management, the assurance activities that are carried out, the specific controls and the main related action plans have been defined.

In parallel, within the Risk Management System we have defined a number of ongoing risk management activities, broken down into Risk Identification activities, Model Effectiveness Monitoring activities, Update activities and continuous improvement. These activities are planned and monitored at least annually.



This model is applicable to all companies in the Group. As defined in the Corporate Risk Management Policy currently in force (approved by the Board of Directors) and in accordance with the COSO Model, it is composed of Strategic Risks, Financial Risks, Compliance Risks (including criminal risk), Operational Risks (including Information Risk regarding the official information generated by the Group and Cyberrisk) and Governance Risks (in relation to the culture and organisation of the Group). The specific analysis of a particular risk that may arise in each of the above categories is coordinated in a cross-cutting manner.

As regards risk tolerance, the Board of Directors, through the Audit Committee, monitors the specific risks in detail, establishing the guidelines for action and, therefore, the level of tolerance for each of them. The overall position is conservative in terms of our exposure to risk.

Different scales are used for risk assessment, including the assessment of different scenarios for detailed operations, the materiality defined by the external auditor for the issuance of its reports and an impact scale for the consideration of strategic risks, taking into account impacts on the objectives of the Plan, on EBITDA and sales, on the reputation of the Group, and on regulatory and commitment aspects.

In any event, the Board of Directors takes the view that a risk is significant if the effect of its occurrence could be considered by a reasonable investor to be a

relevant change to the information made public by the Group for decision-making or if, while not having an effect on such information, it may substantially affect the Group's ability to create short, medium or long-term value.

2021 RISK MAP

Our risk map has various priority levels. We focus on the most important risks, without neglecting the others, and we carry out continuous monitoring of how risks evolve.

The following are the risk categories and sub-categories:

COMPANY	RISK SUB-CATEGORY	
Strategic	Strategic planning	Raw materials and energy costs
	Sales focus	Insurance coverage
	Interruption of activities	Other strategic risks
	Internationalisation	
Financial	Credit risk	Tax risk
	Liquidity risk	Information risk (reporting)
	Market risk	Data quality
	Going concern risk	
Compliance	Criminal compliance	Contractual compliance
	Environmental regulations	Other compliance risks
Operational	Health and Safety of staff within the Group	Attracting and retaining talent for our people
	Quality in the products that we manufacture and sell	Digitisation
		Cyberrisk
Governance	Corporate Governance	Corporate Social Responsibility
	Group culture	Internal fraud
	Sustainability	



The ethical framework that guides us

Our corporate culture is based on ethics, integrity and good governance.

Continuing with the focus on continuous improvement, in 2021 we completed our compliance model improvement project, giving rise to the development and approval of a Criminal Risk Prevention and Compliance Policy and the re-establishment of the compliance system with the approval of new internal regulations and the updating of existing ones. This will allow us to ensure that everybody, directors, executives and staff, act in a manner that is in accordance with current legislation, the corporate governance system, and the generally accepted ethical and social responsibility principles, aligned with market best practices.

REFORMULATING THE COMPLIANCE SYSTEM IN 2021

- Criminal Risk Prevention and Compliance Policy
- Code of Ethical Conduct
- Gifts and Invitations Policy
- Whistleblower Channel Regulations
- Disciplinary System Regulations
- Internal regulations for the Criminal Risk Prevention Model (detailed in the sub-section "Criminal Risk Prevention Model").
- Proxy Policy and general proxy framework.
- New risk and control matrix.

In addition, it is noteworthy, as we detailed in the section "Our Contribution to Sustainable Development", that as of this year we have a Corporate Sustainability Policy in environmental, social and governance matters, which namely sets out the basic principles in the field of respect for human rights, the prevention of corruption and other illegal behaviour, among others.



CERTIFICATE OF COMPETENCE

Attesting to our good practices, in 2021 we were awarded an external certificate of competence for our compliance model, demonstrating due diligence in this area and the effectiveness of the new model design.

We have strengthened our compliance model by adapting it to changes in our environment and organisation and to legal requirements. This resulted in an update and continuous improvement that sets out concrete objectives of action for 2022, formulated by the Audit Committee.



INDEPENDENT CONTROL BODY

To safeguard and ensure the maintenance of a culture of ethics and compliance, we have an Independent Control Body (ICB) within the Group, composed of:

- **Chairman:** Secretary of the Board of Directors.
- **Members:** Chair of the Audit Committee, Group Finance and Management Control Director, Group Internal Audit Director.
- **Secretary:** One of the Group's Legal Counsel.

The ICB has been analysed and validated in terms of its structure and functioning, leading to the adoption of its new internal regulations. Its objective is to ensure that the Compliance Model functions effectively and that all of its component internal regulations are followed.

ETHICS COMMITMENT

The current Code of Ethical Conduct, approved by the Board on 29 April 2021 and published on the corporate website, is binding on all persons within the Group, and replaces the previous one of 2016.

This code encompasses the set of principles, values and rules of conduct that should guide the ethical and responsible behaviour of each and every one of the Company's professionals in the performance of their activities, regardless of their hierarchical level, geographical or functional location, and the company in which they provide their services.

GROUP CONDUCT GUIDELINES

- Respect for the dignity of individuals and their inherent rights.
- Respect for equality of individuals and for diversity.
- Respect for the environment.
- Occupational Health and Safety.
- Quality.
- Strict legal compliance.

COMMITMENT OF OUR SUPPLIERS

In order to spread good practices and responsible behaviour, we ask our suppliers to adhere to the Code of Ethical Conduct.

COMMITMENT OF OUR PROFESSIONALS

All of Senior Management and 21 technical professionals in positions particularly exposed to compliance risks have signed the ethics and transparency commitment, reinforcing the obligations already imposed on them by the internal regulations.

COMMITMENT OF OUR TALENT

100% of the new additions in 2021 have signed the ethics and transparency commitment.

WHISTLEBLOWING CHANNEL

We have a whistleblower channel visible on the website, where anyone can report conduct that contravenes the Group's principles and values and/or the law.



NO COMPLAINTS

Were received through this channel in 2021 (one in 2020, which was appropriately handled).

All current compliance regulations are accessible in Spanish and English on our website so that all our stakeholders can access and learn about them and, in the case of directors, managers, employees, agents and suppliers, comply with them.



CRIMINAL RISK PREVENTION MODEL

In the Group, we are aware of the importance of good criminal risk management, since it is possible to identify and minimise the potential for the commission of crimes within the Group. Accordingly, since 2016 we have had a Criminal Liability Prevention Model, which, as we anticipated, underwent in-depth analysis and improvement in 2020 and 2021. Also, our goal for 2022 is to conduct four training sessions to increase our teams' awareness regarding compliance risks and how to mitigate these and also to remind them of their duties under the internal regulations and of the existence of procedures and channels available to them within the Group to manage these risks appropriately.

Main elements of the model

- The Criminal Risk Prevention and Compliance Policy that demonstrates the highest level of commitment of the Group, the Board and Senior Management in this matter, thus showing the "Leadership and Commitment" required by the UNE 19601 standard.
- The Prevention and Compliance of Criminal Risks Manual providing updated structure and content in accordance with the UNE 19601 standard, with separate general and specific sections.
- Criminal risk and control matrix to mitigate criminal risk, a compliance risk assessment and prioritisation methodology that includes probability and impact and is based on the current level of management. Action plan for mitigation of key risks in the short and medium term.
- Internal Regulations of the ICB.
- Ethics commitment.

In the Criminal Risk Prevention and Compliance Policy, we detail, chiefly, the general principles of action of the Criminal Liability Prevention Model, the bases of the model and the commitment of the Board of Directors, the Chairman and Senior Management.



GENERAL PRINCIPLES OF ACTION OF THE CRIMINAL LIABILITY PREVENTION MODEL

- Compliance with the law and internal regulations
- Independence and transparency in relations with third parties
- Respect for the Group's image and reputation
- Appropriate policies and procedures
- Effective monitoring and control of the performance of directors, managers and employees in order to comply with the law
- Continuous oversight and monitoring
- Obligation to report potentially unlawful conduct



MODEL BASES

- Independent control body
- Code of Ethical Conduct
- Criminal risk prevention and compliance manual
- Methodology for the assessment and identification of criminal risks
- Training in criminal risk prevention and compliance
- Whistleblower channel
- Disciplinary regulations
- Economic and financial management model



MEASURES TAKEN TO PREVENT CORRUPTION AND BRIBERY

The Group declares its rejection and prohibits any conduct related to bribes and/or similar practices both to individuals and to public authorities and officials, expressly prohibiting any unethical behaviour or behaviour likely to influence the will of persons outside the organisation in order to obtain any benefit, advantage or consideration.

In this context, we are taking the necessary measures with particular attention to:

- Segregation of functions: establishing adequate segregation of duties at all hierarchical levels of the Group.
- Accounting safeguards: ensuring that financial information is reliable and all payments and transactions are properly accounted for in the company's accounts.
- Control of transactions: having specific controls over large or unusual economic transactions, as well as over unforeseen extraordinary payments or collections or those made to bank accounts/entities opened in tax havens, verifying at all times the real identity of the person making the payment and the characteristics of the transaction, among other things.
- Prevent money laundering: preventing money laundering with a robust and up-to-date internal control system.

- Prohibition of gifts: expressly prohibiting the acceptance or delivery of gifts in exchange for a business, contract or any other exchange of commercial activity. In 2021 we updated our Gifts and Invitations Policy, which chiefly sets out general guidelines for conduct, with prohibited and permitted conduct, among others.
- Fair agreements: prohibiting antitrust practices, defined as agreements or business practices between two or more companies to promote dominance or restrict competition.

- Contributions to political parties: In the Group, we make no direct or indirect donations or contributions to political parties or organisations, their representatives or candidates.

In addition, from the 2021 financial year onwards we have an internal policy of general proxies and a scheme of proxies that contribute to preventing corruption and bribery, and to improving the internal control guidelines in this area.





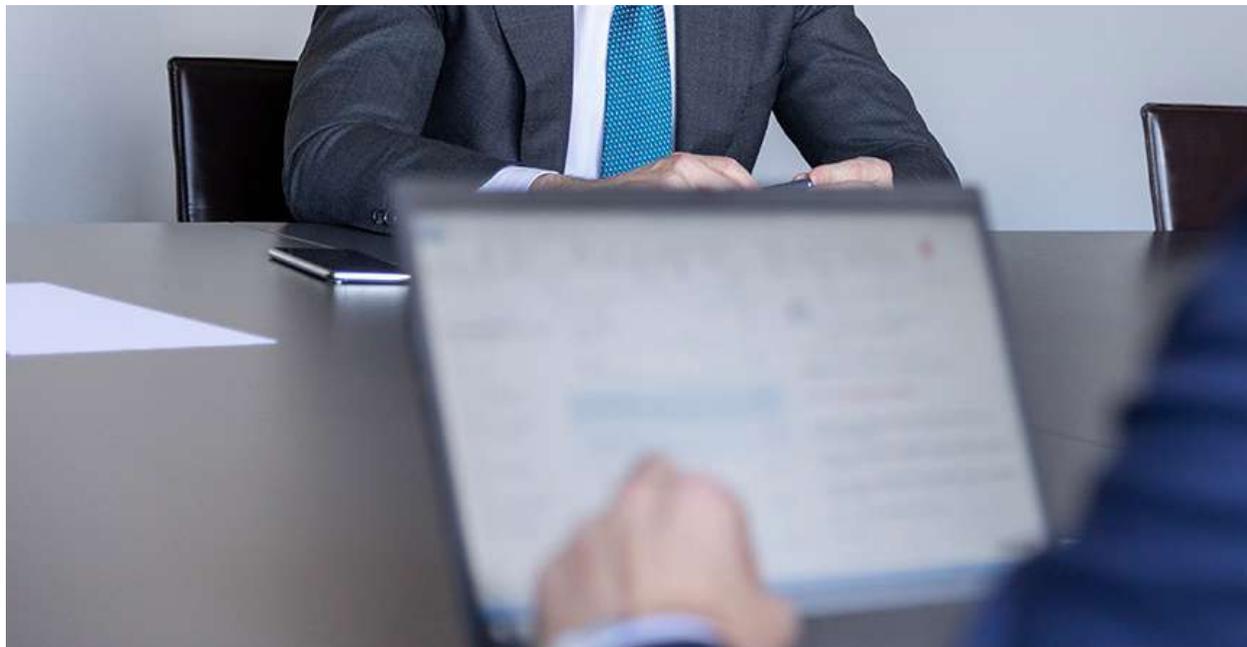
MEASURES TO FIGHT MONEY LAUNDERING

The Group is fully committed to compliance with Law 10/2010 of 28 April on the Prevention of Money Laundering and the Financing of Terrorism, and specifically includes the offence of money laundering under Article 301 of the current Criminal Code in the "Catalogue of Offences" of its Criminal Liability Prevention Plan. According to the specific analysis carried out, the level of risk prior to the Plan of Measures is moderate and of low probability. As a consequence of the adoption of this Plan, the final risk of this crime is reduced and becomes tolerable, with a minimum probability of commission.

DEFENCE OF HUMAN RIGHTS

In the TRSA Group we defend the rights inherent to all individuals, universally recognised and enshrined in the United Nations Global Compact and are committed to implementing the contents of the Universal Declaration of Human Rights, and other conventions and treaties of international organisations such as the Organisation for Economic Co-operation and Development and the International Labour Organisation.

Due diligence in the human rights field of the TRSA Group is based on the conviction of its Governing Body that respect for the dignity and rights of individuals are intrinsic values within the organisation, as stated in our Code of Ethical Conduct.



Accordingly, we condemn child and forced labour and discrimination in employment and occupation; we foster respect for freedom of association and the right to collective bargaining; and we comply with the legislation of the countries where we operate, in accordance with internationally recognised rights. Likewise, due to our commitment to local development, the Group's production centres are located in Spain and the United States, where respect for human rights is ensured by both labour regulations and collective bargaining agreements.

Similarly, the fact that a large part of the supply chain is national or European means that compli-

ance with human rights is a reality in all the Group's actions. In any case, our suppliers must adhere to the Group's Code of Ethical Conduct. There are no operations or providers with any significant risk of use of forced or compulsory labour, or with any significant risk of child labour. Nor are there any operations or suppliers that could potentially jeopardise the right to collective bargaining.



NO COMPLAINTS

Were received for human rights violations in 2021 and 2020



Responsible taxation

At the Group, we are aware of the impact of good tax management on the economic stability of the countries and local populations in which we operate. We have a Corporate Tax Policy whose last update was approved in 2021 by the Board of Directors, which aims to establish the general principles of the Group's actions in tax matters, establish its tax strategy and reflect the Group's commitment to the application of good tax practices.

Additionally, as we detailed in the section "Our Contribution to Sustainable Development", it is noteworthy that as of this year we have a Corporate Sustainability Policy in which the basic principles in the area of tax responsibility are set out, among others.

The Group's Finance Division is the executive department in charge of ensuring compliance with the Tax Policy, referring material issues to the Steering Committee. The associated risks are dealt with on a monthly basis by the Group's tax team, relying on external advisers for the most relevant issues.

On an annual basis, and in the context of the Group's Risk Management, the Audit Committee will analyse and identify areas of special tax relevance to the Group, taking into account the nature and circumstances under which the Group carries out its activity, and will analyse the proper management of these activities by preparing a specific report for the Board of Directors.

In the Group we are committed to creating sustainable long-term value for our stakeholders (customers, individuals, shareholders, suppliers and society in general). To achieve this, our tax policy is based on the following principles:



APPLICATION AND COMPLIANCE

With the tax regulations in force in all the territories in which we operate.



DECISION-MAKING

In tax matters on the basis of a reasoned and reasonable interpretation of the applicable regulations and in close connection with the Group's activity, under the principles of prudence and responsibility.



PROMOTION

Of responsible tax action, which prevents tax risk through efficient and transparent management.



MAINTAINING

A relationship with the tax authorities based on the principles of good faith, collaboration and transparency.



ASSURANCE

That the Board of Directors is aware of the tax implications of all its decisions.

The Group's corporate tax strategy, which will in any case respect the principles and good tax practices, has as its fundamental objective to ensure compli-

ance with the tax regulations applicable in all the territories in which it operates while avoiding any undue tax inefficiency or overexpenditure.



In the TRSA Group we maintain ongoing contact with the authorities, in order to address all the issues that could have a tax impact and to consult where necessary to ensure proper compliance with tax obligations.

Collectively, the Group's companies contributed EUR 32.7 million in 2021 (EUR 30.6 million in 2020) in taxes to the public coffers, which is a reflection of our significant impact in this regard.

The increase in our investment subsidies is a **clear reflection of the investment commitment** that we are making in the Group to be at the forefront of innovation.

243

Million euros Economic Value Distributed in 2021

(EUR 242 million in 2020).

	2021	2020
Profit/(loss) before tax		
in Spain	-63,117	-75,521
in the US	-1,670	-22,391
Tax on profits paid		
in Spain	9	4
in the US	-	-
Public subsidies received		
in Spain	2,066	2,617
in the US	-	1,229

The Group's companies receive subsidies for the development of R&D+I projects. The sums received for these items in Spain are listed in the table below, expressed in thousands of euro:

	2021	2020
Subsidies for development of R&D+I projects:	185	234
CO₂ emission allowance subsidies	2,000	2,814
Other subsidies	1,647	3,612
Investment loans	234	-

* Emission allowances are monetised at the starting price of each year according to SendeCo2..



ANNEXES



Annex 1

SUPPLEMENTARY INFORMATION ON EMPLOYEES

Average annual contracts by gender

	2021		2020	
	Permanent	Temporary	Permanent	Temporary
Men	1,151	46	1,011	60
Women	117	12	105	10

Average annual contracts by age

	2021		2020	
	Permanent	Temporary	Permanent	Temporary
Under 30 years old	22	15	22	17
Between 30 and 50 years	957	42	863	51
Over 50 years old	289	1	231	2



Promedio anual de contratos por categoría profesional

	2021		2020	
	Permanent	Temporary	Permanent	Temporary
White Collar	261	21	225	18
Blue Collar	854	37	746	52
Non-union	153	-	145	-

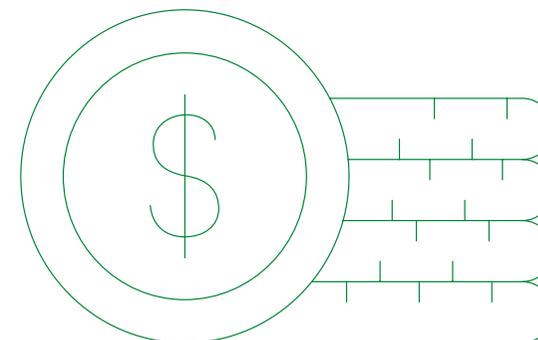
Average annual number of part-time contracts by professional category, by age and by gender

	Men	Women	Under 30 years old	Between 30 and 50 years	Over 50 years old	White collar	Blue Collar	Non-union
2021	7	10	-	6	11	10	7	-
2020	8	5	-	6	7	4	8	1



Ratio of entry-level minimum salary compared to the minimum wage ⁽¹⁾

	2021		2020	
	Salario mínimo empresa	Ratio	Salario mínimo empresa	Ratio
TRSA	28,000	2.07	28,000	2.11
Tubos Reunidos Group (TUBOS Mill)	29,529	2.19	29,529	2.22
Tubos Reunidos Group (PRODUCTOS Mill)	29,951	2.22	29,669	2.23
Tubos Reunidos Group (ACESA Mill)	25,161	1.86	25,161	1.89
TRPT	20,322	1.50	19,916	1.50
TRSERVICES	20,368	1.51	20,368	1.53



⁽¹⁾ In the case of Tubos Reunidos Services, the ratio has been calculated taking as a reference the figure of the lowest salary of the two provincial agreements that apply (Barcelona and Cádiz). RDT and Tubos Reunidos America, not listed in the table, are governed by Texas state law, which stipulates a minimum wage of USD 7.25/hour, with us applying a \$12/hour minimum wage for a low-skilled, inexperienced position.

Absolute turnover rate ⁽²⁾

	2021	2020
Men	6%	10%
Women	7%	7%
Under 30 years old	8%	26%
Between 30 and 50 years	2%	6%
Over 50 years old	19%	22%

⁽²⁾ The absolute turnover rate has been calculated using the following formula: Absolute turnover rate = (Total departures from Group during financial year/Total permanent workers in the Group) x 100.



Number of dismissals by gender, age, professional category*

	2021	2020
Men	33	73
Women	1	6
Under 30 years old	-	10
Between 30 and 50 years	2	41
Over 50 years old	32	28
White collar	5	13
Blue collar	21	64
Non-union	8	2

* The data collected from 2021 does not correspond to dismissals as such, but are mostly age-based departures agreed to implement the Group's new strategic plan.

Training hours by professional category

	2021		2020	
	Total hours	Average per worker	Total hours	Average per worker
White Collar	3,230	8.7	2,228	9.2
Blue Collar	6,197	14.4	4,086	5.1
Non-union	3,973	3.8	655	4.5

Number of courses by area

	2021	2020
Master's degree	-	1
Technical courses	45	30
Development courses	5	10
Quality courses	9	16
Courses on non-destructive testing	31	7
Courses in OHS	68	63
Other	2	-



Number of prevention officers

	2021		2020	
	Men	Women	Men	Women
TRG*	9	-	9	-
RDT	8	-	-	-
TRPT	2	-	2	-
TRAME	-	-	-	-
TOTAL	19	-	11	-

* See Annex 4.

Impacts on health and safety — 2021

	WHITE COLLAR		BLUE COLLAR		TOTAL OWN WORKFORCE	SUBCONTRACTORS	
	Men	Women	Men	Women		Men	Women
N° of accidents WITH leave	1	-	91	-	92	20	-
N° of accidents WITHOUT leave	1	1	102	1	105	52	-
TOTAL n° of accidents	2	1	193	1	197	72	-
N° of commute accidents	2	1	12	-	15	-	-
N° of occupational illnesses declared	-	-	4	-	4	-	-
Death due to occupational accident	-	-	-	-	-	-	-
N° of days lost	55	-	2,109	-	2,164	-	-
N° of hours worked	447,456	159,280	1,257,450	22,434	1,889,319	130,624	31,616
Frequency index* (FI) or frequency rate (FR)	2.23	-	72.37	-	48.69	153.11	-
Severity index** (SI) or lost days rate (LDR)	0.12	-	1.68	-	1.15	-	-

* Frequency index: accidents with leave x 1,000,000/number of hours worked.

** Severity index: number of days lost due to accident with leave x 1,000/number of hours worked.



Health and safety incidents — 2020

	WHITE COLLAR		BLUE COLLAR		TOTAL OWN WORKFORCE	SUBCONTRACTORS	
	Men	Women	Men	Women		Men	Women
N° of accidents WITH leave	5	-	88	-	93	22	-
N° of accidents WITHOUT leave	9	1	125	1	136	47	-
TOTAL n° of accidents	14	1	213	1	229	69	-
N° of commute accidents	2	-	3	-	5	-	-
N° of occupational illnesses declared	-	-	-	-	-	-	-
Death due to occupational accident	1	-	-	-	1	1	-
N° of days lost	17	-	2,073	-	2,090	-	-
N° of hours worked	448,447	145,573	1,193,694	22,434	1,810,178	145,877	24,960
Frequency index* (FI) or frequency rate (FR)	11.15	-	73.72	-	51.38	150.81	-
Severity index** (SI) or lost days rate (LDR)	0.04	-	1.74	-	1.15	-	-

* Frequency index: accidents with leave x 1,000,000/number of hours worked.

** Severity index: number of days lost due to accident with leave x 1,000/number of hours worked.



Annex 2

ADDITIONAL ENVIRONMENTAL INFORMATION

Breakdown of consumption of renewable and non-renewable materials

Renewable materials (t)

257,078 2021 170,315 2020

Non-renewable materials (t)

46,726 2021 59,348 2020

Water extraction by source (ML)

2021

Freshwater*	Fresh groundwater	Municipal water supply	TOTAL
71.1	0	137.0	208.1

* Fresh: total dissolved solids less than or equal to 1,000mg/l

Total water consumption (ML)

272 2021

2020

Freshwater*	Fresh groundwater	Municipal water supply	TOTAL
66.2	19.5	197.9	283.6

* Fresh: total dissolved solids less than or equal to 1,000mg/l

Total water consumption (ML)

255 2020

Water discharge

2021

Water discharge to watercourse (m³)	Total water discharge by destination	Surface water	Water to third parties	Total water discharge by freshwater or other water (ML)	Freshwater*	Other water**
102,956	129.8	103.0	26.8	54.6	31.5	23.1

2020

Water discharge to watercourse (m³)	Total water discharge by destination	Surface water	Water to third parties	Total water discharge by freshwater or other water (ML)	Freshwater*	Other water**
102,039	127.7	102.0	25.7	52.6	30.6	22

*Freshwater: total dissolved solids less than or equal to 1000mg/L

** Other water: total dissolved solids greater than 1000mg/L



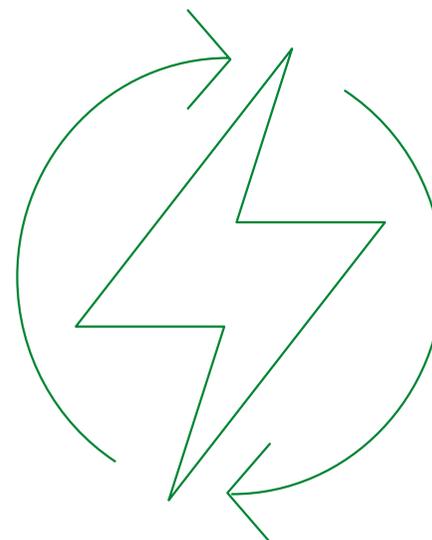
Breakdown of energy consumption by company and source type

NON-RENEWABLE SOURCES (MWH)

	2021	2020	2019
TRG	319,951	256,700	336,111
TRPT	366	343	307
RDT	1,086	7,538	8,875
TOTAL	321,403	264,581	345,293

* See Annex 4.

For this calculation, the consumption of natural gas has been considered as it is the most relevant fossil fuel used. No fuels of renewable origin, such as biofuels or biomass, are used.



POWER CONSUMPTION (MWH)

	2021	2020	2019
TRG*	208,503	163,947	227,964
TRPT	1,499	1,031	1,539
RDT	1,870	10,832	14,995
TOTAL	211,872	175,810	244,498

* See Annex 4.



Waste Management Breakdown by Company

2021

HAZARDOUS WASTE (T)

COMPANY	Hazardous waste not intended for disposal			Hazardous waste intended for disposal		
	Reuse	Recycling	Other recovery operations	Incineration	Landfill	Other recovery operations
TRG*	-	7	3,118	39	1,412	641
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	-	-	3,118	39	1,412	641

*See Annex 4.

NON-HAZARDOUS WASTE (T)

COMPANY	Non-hazardous waste not intended for disposal			Non-hazardous waste intended for disposal		
	Reuse	Recycling	Other recovery operations	Incineration with energy recovery	Landfill	On-site storage
TRG*	4,794	27,502	61,658	5	9,342	3,000
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	4,794	27,502	61,658	5	9,342	3,000

*See Annex 4.



2020

The data associated with "Waste" for the 2021 and 2020 financial years are not comparable, as the information for the 2021 financial year is being provided on the basis of the updated GRI standard, which came into force on 1 January 2022.

See Annex 4.

HAZARDOUS WASTE

2020

COMPANY	Hazardous waste recycling (t)	Hazardous waste Recovery (including energy r) (t)	Hazardous waste Landfill (t)
PT	8	833	604
TRI	-	1,477	1,676
TRPT	-	-	11
RDT	-	-	26
ACECSA	-	121	87
TOTAL	8	2,431	2,404

NON-HAZARDOUS WASTE

2020

COMPANY	Non-hazardous waste Reuse (t)	Non-hazardous waste Recycling (t)	Non-hazardous waste Landfill (t)	Non-hazardous waste Other management* (t)
PT	858	9,875	191	51,441
TRI	2,155	25,555	4,487	24,738
TRPT	-	-	8	-
RDT	-	-	-	-
ACECSA	-	-	1	-
TOTAL	3,013	35,430	4,687	76,179



GHG Emissions Control Breakdown by company, scope and intensity:

DIRECT EMISSIONS (SCOPE 1) – T CO₂ UNITS

COMPANY	2021	2020	2019
TRC*	66,754	52,464	70,002
TRPT	67	63	56
RDT	200	1,387	1,633
TOTAL	67,021	53,915	71,692

*See Annex 4.

DIRECT EMISSIONS (SCOPE 2) – T CO₂ UNITS

COMPANY	2021	2020	2019
TRC*	38,332	32,789	61,550
TRPT	300	206	416
RDT	803	4,653	6,722
TOTAL	39,436	37,649	68,688

*See Annex 4.

EMISSIONS INTENSITY – T CO₂ UNITS / T PRODUCT

COMPANY	2021	2020	2019
TRG (PRODUCTOS MILLS)	0.54	0.61	0.71
TRG (TUBOS MILLS)	0.45	0.54	0.50
TRG (ACECSA MILL)	0.25	0.27	0.28
TRPT	0.09	0.06	0.08
RDT	0.36	0.22	0.23



Other emissions*

2021

COMPANY	NO _x (kg)	SO _x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Otras (kg)
TRG**	87,572	15,617	5,021	5.38	34,137	6.812 X 10 ⁻⁷
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	87,572	15,617	5,021	5.38	34,137	6.812 X 10⁻⁷

* In the absence of such measurements, as they are not mandatory this financial year, they have been estimated on the basis of the latest assessments carried out (reported to the administration in the E-PRTR 2018 report) and the operating hours in 2021.

** See Annex 4.

2020

COMPANY	NO _x (kg)	SO _x (kg)	COV (kg)	HAP (kg)	PM10 (kg)	Otras (kg)
PT	47,272	4,520	4,004	1.71	3,770	9.103 X 10 ⁻⁷
TRI	42,467	8,404	4,050	5.78	21,771	2.180 x 10 ⁻¹²
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
ACECSA	1,129	4	-	-	9	-
TOTAL	90,868	12,928	8,087	7.49	25,550	9.103 x 10⁻⁷

Annex 3

EU TAXONOMY (REGULATION 2020/852)

Introduction

In order to achieve the objectives set out in the European Green Pact, the European Commission has committed itself to mobilising at least EUR 1 trillion in sustainable investment over the next decade. The active participation of financial markets in financing the sustainable economy is indispensable for the European Union's plans to move toward a low-carbon economy. To this end, the European Commission is pushing for a package of measures to help improve the flow of money toward sustainable activities throughout the European Union. One of these measures is the Taxonomy Regulation, Regulation (EU) 2020/852, a classification system for sustainable economic activities, which defines what is and is not sustainable on the basis of objective criteria.

As indicated in Article 8 of the Sustainable Finance Taxonomy Regulation, for reports published from 1 January 2022 on information for the 2021 financial year, non-financial companies that are public interest entities and have more than 500 employees (as is the case for the TRSA Group), must disclose the proportion of eligible and ineligible economic activities under the Taxonomy in their total turnover and their investments in fixed assets (CapEx) and operating expenses (OpEx), hereinafter referred to as KPIs (Article 10.2 of the Delegated Act supplementing Article 8 of the Taxonomy Regulation). So far, the European Union has published the Delegated Acts on

climate change mitigation and climate change adaptation, for which eligibility for this first year should be reported. An activity is eligible if it is included in the activities listed in those Delegated Acts.

Scope of the report

All the companies within the TRSA Group's scope of consolidation have been included in the analysis carried out to establish the eligible activities under the criteria of the European Commission for Taxonomy.

Results

Below is a breakdown of our eligible and non-eligible activities, and an explanation of our results and calculations. In the eligibility analysis carried out in 2021 we were able to obtain very high eligibility figures by linking our main activity practically entirely to the same activity listed by the taxonomy (3.9. Manufacture of iron and steel). In future years the alignment analysis to be carried out will provide us with greater detail for the KPIs to report, so there could be considerable changes in these percentages.

	TURNOVER (%)	CAPEX (%)	OPEX (%)
A. Activities eligible under the Taxonomy			
Manufacture of steel pipe	99.07%	100%	99.99%
Total activities eligible under the Taxonomy	99.07%	100%	99.99%
B. Activities ineligible under the Taxonomy			
Total activities ineligible under the Taxonomy	0.93%	0%	0.01%
TOTAL (A + B)	100%	100%	100%

Description of eligible and non-eligible activities

As indicated in Chapter 1, the main activity of the Group is the manufacture of steel piping, which corresponds to code CNAE 2420. We have carried out an assessment of whether it conforms to the activities listed in the taxonomy through the tool launched by the European Commission "EU Taxonomy Compass" <https://ec.europa.eu/sustainable-finance-taxonomy>, and as indicated in the Climate Change Delegated Act setting out the activities eligible for the "Climate Change Mitigation" and "Climate Change Adaptation"

environmental objectives. We conclude that our main steel pipe manufacturing activity is eligible under the activity listed in the taxonomy as **3.9 Iron and Steel Manufacturing**, since its own description indicates that our CNAE code is included under this activity. The steel pipe manufacturing activity is carried out by the following individual companies of the TRSA Group: Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

Description of indicators

TURNOVER

The proportion of turnover referred to in Article 8(2) (a) of Regulation (EU) 2020/852 shall be calculated as the share of net turnover derived from goods or services (including tangible and intangible) that are associated with economic activities conforming to the taxonomy (numerator), divided by the net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU.

Specifically, for the TRSA Group, the denominator corresponds to the net amount of the turnover in the consolidated financial statements for the 2021 financial year. The numerator corresponds to the net turnover amount in the consolidated financial statements of the activities that we considered eligible under the Taxonomy, i.e. those associated with Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

CAPEX

The proportion of CapEx referred to in Article 8(2) (b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; the denominator being additions to tangible and intangible assets during the year before impairment, amortisation and possible new valuations, including those resulting from revaluations and value impairment, corresponding to the relevant year, excluding changes in fair value. The denominator shall also include additions to tangible and intangible assets resulting from business combinations.

Specifically, for the TRSA Group, the denominator corresponds to the total cost additions for the 2021 financial year of tangible and intangible fixed assets reflected in the variation of fixed assets in the consolidated annual accounts. The numerator corresponds to the cost additions for tangible and intangible fixed assets for the activities that we deemed to be eligible under the Taxonomy, i.e. those associated with Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

OPEX

The proportion of OpEx referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator, with the latter including non-capitalised direct costs relating to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the daily maintenance of tangible fixed assets, by the company or a third party to whom activities are outsourced, and that are necessary to ensure the continued and effective operation of such assets.

Specifically, for the TRSA Group, the denominator corresponds to the consolidated operating expenses accounts for the 2021 financial year associated with costs relating to R&D, short-term leases, maintenance and repairs, as well as any other expenses related to the daily maintenance of such assets such as the expenses of maintenance personnel. The numerator corresponds to the amount of the above-mentioned operating expenses accounts associated with the activities that we considered eligible under the Taxonomy, i.e. those associated with Tubos Reunidos Group, S.L.U (TRG), Tubos Reunidos Premium Threads, S.L. (TRPT), T.R. America, Inc., RDT, Inc.

Annex 4

REPORT PARAMETERS

This Non-Financial Information Statement (NFIS) is part of the TRSA Group Management Report and includes information for the Environmental, Social and Governance (ESG) fields, in accordance with the results obtained in the materiality analysis carried out in 2021.

It covers the period from 1 January to 31 December 2021. The information contained herein for the 2020 financial year is presented for comparative purposes with the information for the 2021 financial year. In this regard, the Group has not been obliged to restate any information from previous years.

This Non-Financial Information Statement has been drawn up in accordance with the contents of the current business regulations and following the selected criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards), as well as those other criteria described in accordance with what is mentioned for each subject in the "Table of contents of Law 11/2018".

Scope of included entities

The TRSA Group is made up of the parent company, Tubos Reunidos, S.A., with registered offices for tax and corporate purposes in Amurrio (Álava), and its subsidiaries.

With regard to environmental information, this report includes all the industrial companies that make up the Group, as they are those that have a significant impact on these indicators, except for those indicators that indicate otherwise, in which case the specific indicator is specified. The remaining information includes all the companies that make up the Group.

The following are the subsidiaries of Tubos Reunidos, S.A. (T.R.) at 31 December 2021:

ACTIVITY	Activity	%	Holding company
Tubos Reunidos Group, S.L.U (TRG)*	Industrial	100%	Tubos Reunidos, S.A.
Tubos Reunidos Premium Threads, S.L. (TRPT)	Industrial	51%	Tubos Reunidos, S.A.
T.R. America, Inc.	Sales & Marketing	100%	Tubos Reunidos, S.A.
RDT, Inc.	Industrial	100%	Aplicaciones Tubulares, S.L.U.
Tubos Reunidos Services, S.L.U.	Industrial/Real estate operation	100%	Tubos Reunidos, S.A.
Clima, S.A.U.	Holding company	100%	Tubos Reunidos, S.A.
Aplicaciones Tubulares, S.L.U. (ATUCA)	Holding	100%	Tubos Reunidos, S.A.

* On 13 December 2021, the merger by absorption of the following companies, which formed part of the Group as at 31 December 2020, was formalised: the absorbing company was Tubos Reunidos Industrial, S.L.U. (TRI), and the absorbed companies were Productos Tubulares, S.A.U. (PT) and Aceros Calibrados, S.A.U. (ACECSA). As a result of the merger and the accounting rules, 1 January 2021 was established as the date from which the operations of the absorbed companies, which were dissolved in the operation, were considered, for accounting and tax purposes, to have been undertaken by the absorbing company. On the same date as the merger was formalised, the change of name of the absorbing company was made public, with the company being renamed Tubos Reunidos Group, S.L.U.



Table of contents of Law 11/2018

CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Business model		
Descripción del modelo de negocio	GRI 102-1, GRI 102-2, GRI 102-5, GRI 102-7, GRI 102-16 GRI 102-14 GRI 102-3, GRI 102-45	1. Tubos Reunidos Letter from the Chairman Annex 4
Organisation and structure	GRI 102-18, GRI 102-20, GRI 102-22, GRI 102-23, GRI 102-24, GRI 102-16	7. Our Corporate Governance, constantly evolving and improving
Geographical presence	GRI 102-4, GRI 102-6	1. Tubos Reunidos
Objectives and strategies	GRI 102-14, GRI 102-15	Letter from the Chairman 1. Tubos Reunidos 7. Our Corporate Governance, constantly evolving and improving
Main factors and trends affecting future developments	GRI 102-15	1. Tubos Reunidos 7. Our Corporate Governance, constantly evolving and improving
Strategy and risk management		
Description of the policies that the company applies	GRI 102-35, GRI 103-1, GRI 103-2	3. People, our most sustainable competitive advantage 4. Moving towards excellence in Health and Safety 5. Global value chain 7. Our Corporate Governance, constantly evolving and improving
Results of the policies that the company applies	GRI 103-3	3. People, our most sustainable competitive advantage 4. Moving towards excellence in Health and Safety 5. Global value chain 7. Our Corporate Governance, constantly evolving and improving
Main risks related to issues linked to the company's activities	GRI 102-15	1. Tubos Reunidos 7. Our Corporate Governance, constantly evolving and improving
Non-financial information report profile		
Reporting framework used	GRI standards	Annex 4
Materiality analysis	GRI 102-46, GRI 102-47	2. Inspiring confidence and generating value for our Stakeholders



CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Environmental issues		
Environmental management		
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 102-15, GRI 102-29, GRI 102-31, GRI 103-3, GRI 308-2	5. Global value chain 7. Our Corporate Governance, constantly evolving and improving
Environmental certification or assessment procedures	GRI 102-11, GRI 102-29	5. Global value chain
Resources dedicated to the prevention of environmental risks	GRI 102-29	5. Global value chain
Application of the precautionary principle	GRI 102-11	5. Global value chain
Amount of provisions and guarantees for environmental risks	GRI 307-1	5. Global value chain
Pollution		
Measures to prevent, reduce or offset carbon emissions that seriously affect the environment. Any other form of air pollution	GRI 103-2, GRI 302-4	5. Global value chain
	GRI 305-6, GRI 305-7	Annex 2
Circular economy and waste prevention and management		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste.	GRI 103-2, GRI 301-1, GRI 301-2, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4a.b.c, GRI 306-5a.b.c	5. Global value chain Annex 2
Actions to combat food waste		As per section 2. In inspiring confidence and generating value for our Stakeholders, food waste was not considered to exist in the Group
Sustainable use of resources		
Water consumption and water supply according to local constraints	GRI 303-3, GRI 303-4, GRI 303-5	5. Global value chain Annex 2
Consumption of raw materials	GRI 103-2, GRI 301-1, GRI 301-2	5. Global value chain Annex 2
Direct and indirect energy consumption. Measures to improve energy efficiency. Use of renewable energies	GRI 103-2, GRI 302-1, GRI 302-3, GRI 302-4	5. Global value chain Annex 2
Climate change		
Greenhouse gas emissions	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4	5. Global value chain Annex 2
Measures taken to adapt to the consequences of climate change. Greenhouse gas reduction targets	GRI 103-2, GRI 201-2, GRI 305-5	5. Global value chain Annex 2



CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Cuestiones medioambientales		
Biodiversity		
Measures taken to preserve or restore biodiversity	GRI 103-2, GRI 304-2, GRI 304-3	5. Global value chain Annex 2
Impacts caused by activities or operations in protected areas	GRI 303-3, GRI 304-1, GRI 304-2, GRI 304-3, GRI 306-5	5. Global value chain Annex 2
Social and staff-related issues		
Employment		
Total number and breakdown of employees by gender, age, country and professional category	GRI 102-7, GRI 102-8, GRI 405-1b	3. People, our most sustainable competitive advantage
Total number and breakdown of employment contract types	GRI 102-8	3. People, our most sustainable competitive advantage
Average annual number of permanent, temporary and part-time contracts by gender, age and professional category	GRI 102-8	3. People, our most sustainable competitive advantage Annex 1
Number of dismissals by gender, age and professional category	GRI 401-1	3. People, our most sustainable competitive advantage Annex 1
Average remuneration and its trends broken down by gender, age and professional category or equal value	GRI 201-3, GRI 202-1, GRI 405-2	3. People, our most sustainable competitive advantage
Salary gap	GRI 405-2	3. People, our most sustainable competitive advantage
Remuneration of equal or average jobs in the company	GRI 202-1	Annex 1
Average remuneration of directors and executives	GRI 102-35, GRI 102-36, GRI 102-37, GRI 405-2	7. Our Corporate Governance, constantly evolving and improving
Implementation of work disconnection measures	GRI 401-2	3. People, our most sustainable competitive advantage
Employees with disabilities	GRI 405-1	3. People, our most sustainable competitive advantage
Organisation of the work		
Organisation of working time	GRI 103-2, GRI 102-41	3. People, our most sustainable competitive advantage
Number of hours of absenteeism	GRI 403-9a Injuries from occupational accidents	3. People, our most sustainable competitive advantage
Measures to facilitate work-life balance	GRI 401-2, GRI 401-3	3. People, our most sustainable competitive advantage Annex 1



CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Health and safety		
Conditions of health and safety at work	GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7	4. Moving towards excellence in Health and Safety
Occupational accidents (frequency and severity) broken down by gender	403.9a-b Injuries from occupational accidents	4. Moving towards excellence in Health and Safety Annex 1
Occupational illnesses broken down by gender	403.10a Occupational ailments and illnesses	4. Moving towards excellence in Health and Safety Annex 1
Social relations		
Organisation of social dialogue	GRI 102-41, GRI 403-1, GRI 201-3	3. People, our most sustainable competitive advantage
Percentage of employees covered by collective bargaining agreement by country	GRI 102-41	3. People, our most sustainable competitive advantage Annex 1
Review of collective agreements, particularly in the field of occupational health and safety	GRI 403-1	3. People, our most sustainable competitive advantage Annex 1
Training		
Policies implemented in the field of training	GRI 404-2, GRI 404-3	3. People, our most sustainable competitive advantage
Total number of hours of training by professional category	GRI 404-1	3. People, our most sustainable competitive advantage Annex 1
Universal accessibility for persons with disabilities	GRI 405-1	3. People, our most sustainable competitive advantage
Equality		
Measures adopted to promote equal treatment and opportunities between men and women	GRI 401-3, GRI 405-1, GRI 405-2	3. People, our most sustainable competitive advantage
Equality plans and measures taken to promote employment	GRI 405-1	1. Tubos Reunidos 3. People, our most sustainable competitive advantage
Protocols against sexual and gender-based harassment	GRI 405-1	3. People, our most sustainable competitive advantage
Integration and universal accessibility for persons with disabilities	GRI 405-1	3. People, our most sustainable competitive advantage
Anti-discrimination and, where appropriate, diversity management policy	GRI 406-1	3. People, our most sustainable competitive advantage



CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Information on respect for human rights		
Application of due diligence procedures in human rights	GRI 102-12, GRI 102-16, GRI 102-17, GRI 410-1, GRI 412-1, GRI 412-2	7. Our Corporate Governance, constantly evolving and improving
Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	GRI 102-17, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	7. Our Corporate Governance, constantly evolving and improving
Claims for cases of human rights violations	GRI 102-17, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	7. Our Corporate Governance, constantly evolving and improving
Promotion and enforcement of the provisions of the ILO core conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour	GRI 102-17, GRI 412-12, GRI 412-13, GRI 414-1, GRI 414-1	7. Our Corporate Governance, constantly evolving and improving
Information related to the fight against corruption and bribery		
Measures taken to prevent corruption and bribery	GRI 102-16, GRI 102-17, GRI 102-25, GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1, GRI 415-1	7. Our Corporate Governance, constantly evolving and improving
Measures to fight money laundering	GRI 102-16, GRI 205-3	7. Our Corporate Governance, constantly evolving and improving
Contributions to foundations and non-profit entities	GRI 201-1	1. Tubos Reunidos
Information on society		
Commitments of the Company to sustainable development		
Impact of the Company's activity on local development and employment	GRI 204-1, GR 203-1, GRI 413-1	1. Tubos Reunidos
Impact of Company activity on local communities and territory	GRI 413-1, GRI 413-2	1. Tubos Reunidos
Relationships with local community players and means of dialogue with them	GRI 102-43, GRI 102-12, GRI 413-1	1. Tubos Reunidos 2. Inspiring confidence and generating value for our Stakeholders
Association and sponsorship actions	GRI 102-13	1. Tubos Reunidos



CONTENTS OF LAW 11/2018 ON NFI	STANDARD USED	SECTION OF THE NFIS
Information on society		
Subcontracting and suppliers		
Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 120-16, GRI 308-1, GRI 414-1	5. Global value chain
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9, GRI 204-1, GRI 308-1, GRI 414-1	5. Global value chain
Monitoring and audit systems and results of the same	GRI 308-2, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1 GRI 414-2	5. Global value chain
Consumers (our customers)		
Consumer health and safety measures	GRI 416-1, GRI 417-1	5. Global value chain
Complaint systems, complaints received and their resolution	GRI 416-2, GRI 416-8	5. Global value chain
Tax information and transparency		
Profits obtained by country	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4b.vi	7. Our Corporate Governance, constantly evolving and improving
Tax on profits paid	GRI 207-1, GRI 207-2, GRI 207-3 GRI 207-4b.viii	7. Our Corporate Governance, constantly evolving and improving
Public subsidies received	GRI 201-4	7. Our Corporate Governance, constantly evolving and improving

TAXONOMY

AREAS	Reporting Framework	Reference
EU Taxonomy	Own methodology based on compliance with EU Regulation 2020/852	ANNEX 3



Independent limited assurance report on the Consolidated Non-Financial Statement for the year ended December 31, 2021

TUBOS REUNIDOS, S.A. AND ITS SUBSIDIARIES



Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 85
28003 Madrid

Tel: 902 368 456
Fax: 915 727 238
ey.com

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Tubos Reunidos, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2021, of Tubos Reunidos, S.A. and its subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in section "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the accompanying NFS.

Directors' Responsibility

The Board of Directors of Tubos Reunidos, S.A. are responsible for the approval and content of the NFS included in the Consolidated Management Report of the Group. The NFS has been prepared in accordance with the contents established in prevailing mercantile regulations and following *Sustainability Reporting Standards* selected criteria of the *Global Reporting Initiative* (GRI standards), as well as other criteria described in accordance with that indicated for each subject in "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the accompanying NFS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

The Directors of Tubos Reunidos, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants 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 International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Siemens: Social: C/ Raimundo Fernández Villaverde, 85. 28003 Madrid - Inscripción en el Registro Mercantil de Madrid, número 9.264 general, A. 132 de la sección 3ª del Libro de Sociedades, Folio 68, tope nº 97.000-1, inscripción 1ª. Madrid 8 de Marzo de 1.980. A member firm of Ernst & Young Global Limited.



Building a better working world

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The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about 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. Our work has been performed in accordance with the requirements established in prevailing 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 on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- ▶ Analysing the scope, relevance and integrity of the content included in the NFS for the year ended December 31, 2021 based on the materiality analysis made by the Group and described in section "Materiality analysis", considering the content required by prevailing mercantile regulations.
- ▶ Analysing the processes for gathering and validating the data included in the NFS for the year ended December 31, 2021.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS for the year ended December 31, 2021.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the NFS for the year ended December 31, 2021 and its correct compilation from the data sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Paragraph of emphasis

Regulation (EU) 2020/852 of the European Parliament and the Council, June 18 2020, on the establishment of a framework to facilitate sustainable investments settles the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable in relation to climate change mitigation and adaptation objectives for the first time for the financial year 2021, provided that the Non-Financial Statement is published as of January 1 2022. Consequently, comparative information on this matter has not been included in the accompanying NSF. Additionally, information has been included, for which the Board of Directors of Tubos Reunidos, S.A. have chosen to apply the criteria that, in their opinion, best enable compliance with the new obligation and which are defined within the "Annex 3 - EU Taxonomy (Regulation 2020/852)" chapter of the accompanying NFS. Our conclusion has not been modified in relation to this matter.



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Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the NFS of the Group for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "Annex 4 - Report parameters. Table of contents of Law 11/2018", included in the NFS.

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(signed on the original version in Spanish)

Alberto Castilla Vida

February 25th, 2022



Edited in Spain, February 2022 | **Design and layout** Laura Fernández y Laura Hoyal

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