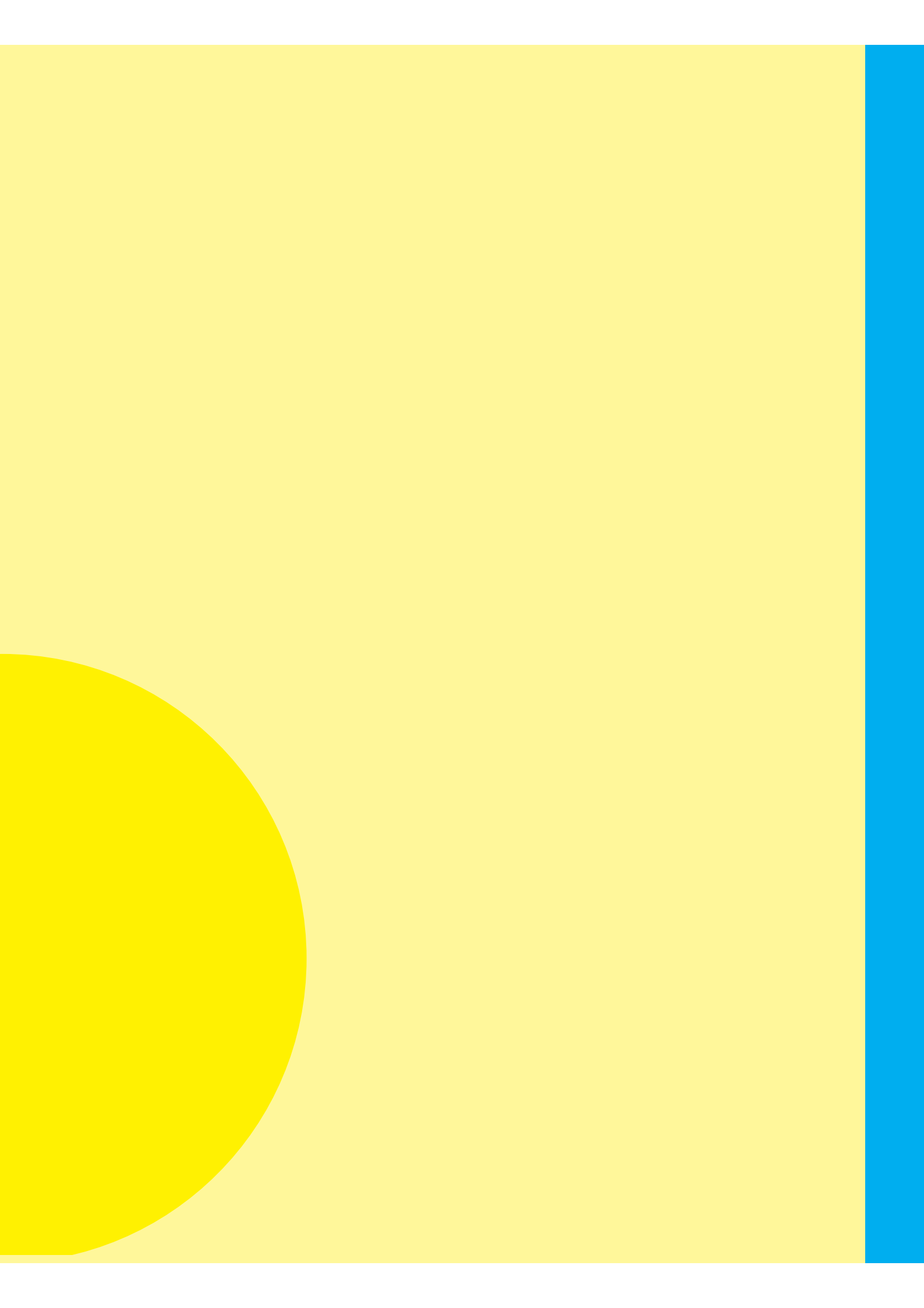
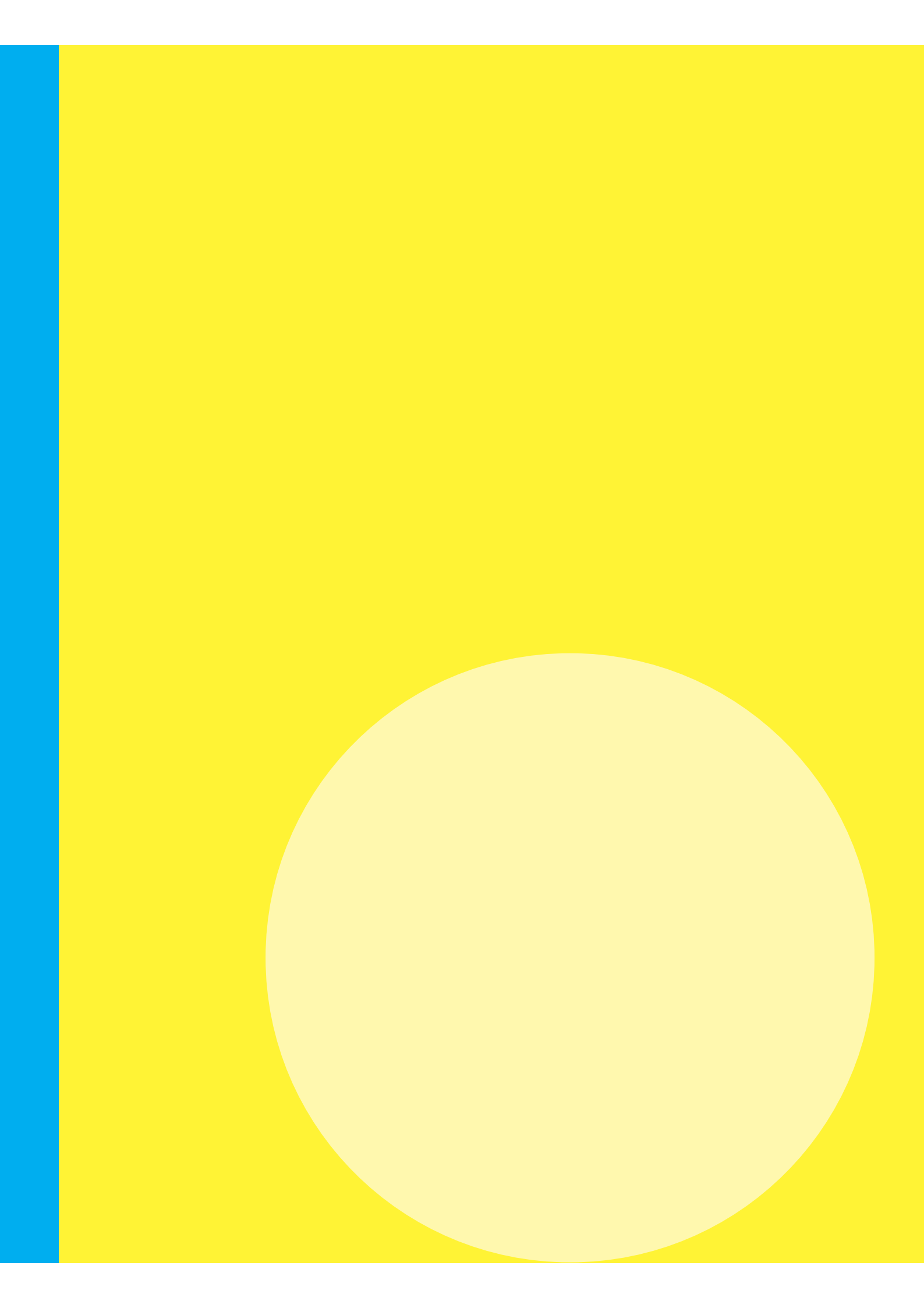


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GRUPO TUBOS REUNIDOS





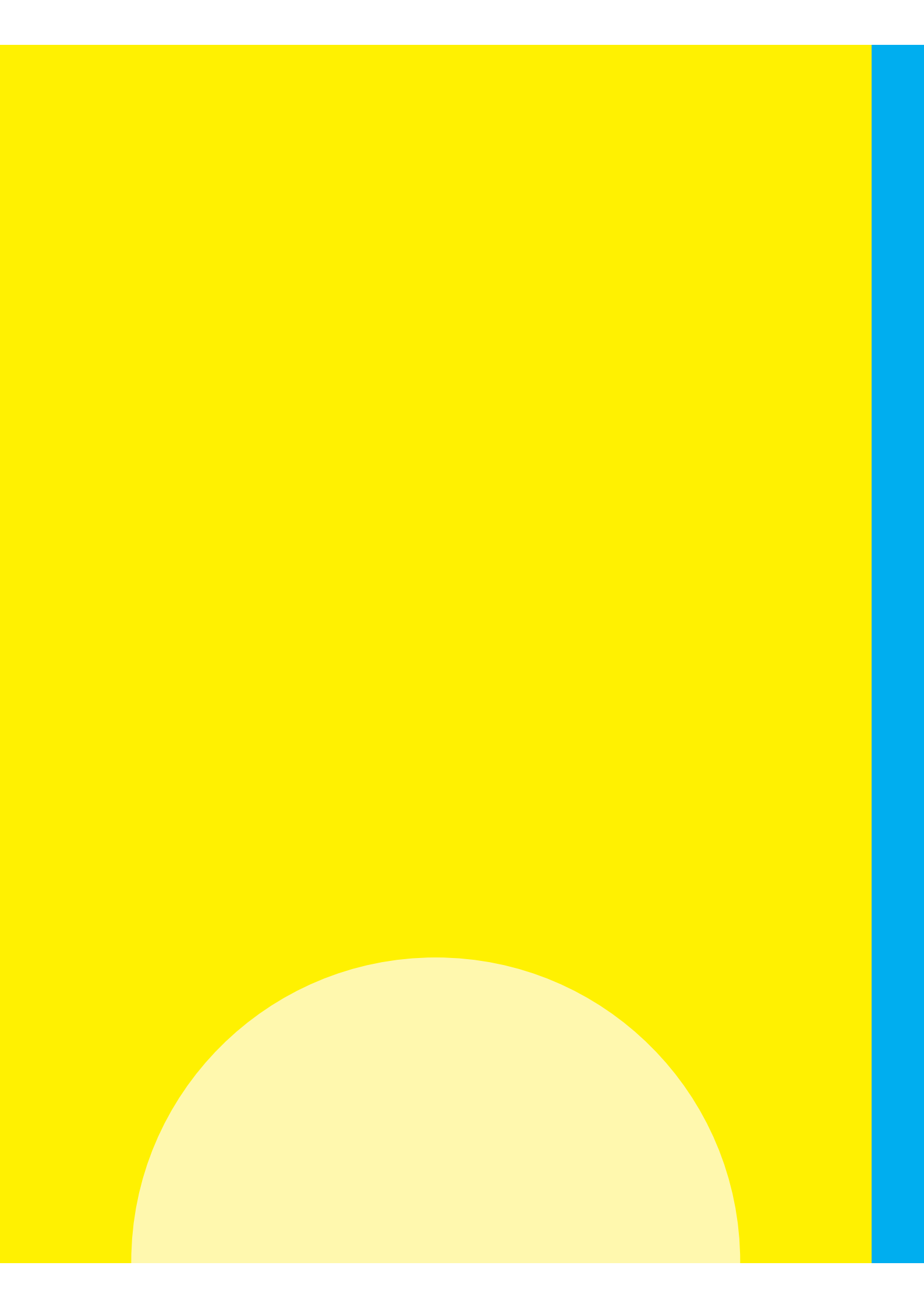
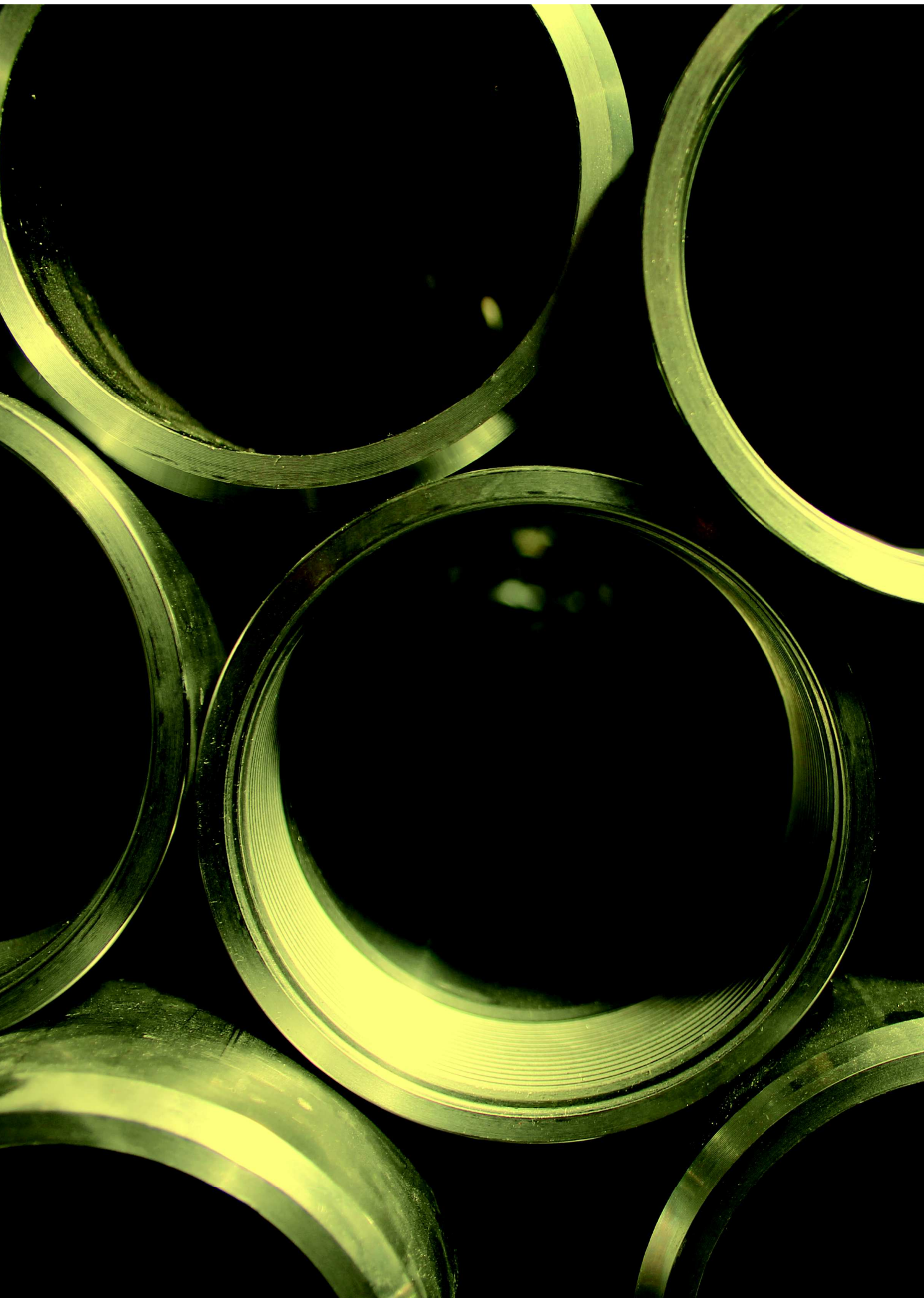


TABLE OF CONTENTS

INTRODUCTION	7	SOCIAL COMMITMENT	
LETTER FROM THE CEO	9	MANAGEMENT OF THE SUPPLY CHAIN	88
BUSINESS MODEL		COMMITMENT TO THE COMMUNITY	91
DESCRIPTION OF THE BUSINESS	14	RESPECT FOR HUMAN RIGHTS	94
PROPERTY AND LEGAL STRUCTURE	18	CUSTOMERS	95
STRATEGY AND RISK MANAGEMENT	19	TAX INFORMATION	97
BUSINESS DEVELOPMENT	21	FIGHT AGAINST CORRUPTION AND BRIBERY	
MATERIALITY ASSESSMENT	22	RISK ASSESSMENT	102
COMMITMENT TO PEOPLE		COMMUNICATION AND TRAINING	102
MANAGEMENT OF PEOPLE	30	PREVENTIVE MEASURES	103
OUR PEOPLE	31	UNFAIR COMPETITION, MONOPOLY AND FREE COMPETITION	104
PROFESSIONAL DEVELOPMENT	36	CONTRIBUTIONS TO PARTIES AND/OR POLITICAL REPRESENTATIVES	105
WORKPLACE	40	GOVERNANCE, ETHICS AND INTEGRITY	
EQUALITY AND DIVERSITY	52	GOVERNANCE	109
REMUNERATION	55	ETHICS AND INTEGRITY	117
COMMITMENT TO THE ENVIRONMENT		PARAMETERS OF THE REPORT	
ENVIRONMENTAL MANAGEMENT	64	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	123
SUSTAINABLE USE OF RESOURCES	68	REPORTING FRAMEWORK USED	124
CLIMATE CHANGE	74	TABLE OF CONTENTS OF LAW 11/18	125
POLLUTION	77		
CIRCULAR ECONOMY	79		
WASTE PREVENTION AND MANAGEMENT	80		
BIODIVERSITY PROTECTION	83		



INTRODUCTION

This statement of non-financial information is part of the Consolidated Management Report for financial year 2019 of Tubos Reunidos S.A. and has been prepared to comply with Law 11/2018 of 28 December 2018, amending the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Audit of Accounts, in matters of non-financial information and diversity.

In its preparation, the Guidelines on the presentation of non-financial reports of the European Commission [2017/C 215/01] derived from Directive 2014/95/EU and the provisions of the Global Reporting Initiative Standards [GRI Standards] have been taken into account [See “Table of Contents of Law 11/2018”].

In this context, through the present report Tubos Reunidos aims to inform on environmental, social and staff issues, related to human rights and to society that are relevant to the Company in the performance of its own business activities.

Finally, as indicated by Law 11/2018 on Non-financial Information and Diversity, this document has been subject to verification by an independent provider of verification services.



LETTER FROM THE CEO

The purpose of this **Statement of Non-Financial Information** that I am pleased to present is to summarise the most relevant information about **Tubos Reunidos** during the last 12 months. As you can see, throughout this financial year, and within a complicated and volatile international context that has significantly impacted the Group's economic results, progress has been made with solid steps taken in the development of the strategic lines that shape our future; combining both the development of the Company and the creation of sustainable value for society.

2019 has been a year that should represent a turning point in the trajectory of **Tubos Reunidos** with the signing, on 16 October, of the new refinancing structure with all of our financial liability creditors, an absolutely essential landmark for the future as it enables to rationalise the debt and have greater flexibility in financial commitments, adapting them to the market reality.

Furthermore, it has been a challenging effort and work in the transformation of the Group with an overall compliance of 58% with respect to the objective set out in our Transformal360° Value Creation Plan, implementing the best practices in the sector under such plan. This plan represents a key pillar to face the current changing and unstable environment impacted by one of the largest crises in the history of the sector as a consequence of the strong drops in the price of oil in 2015 and 2016, as well as the great distortions caused in global value chains due to the tariffs imposed by the United States. Improving our competitiveness, technological differentiation and the solid commitment to human capital and added value are key factors in our change to ensure our viability.

The sustainability criteria have been in our objectives in all the improvement processes implemented: technical and production, optimisation of purchases, consumption, current management and general systems, seeking to reduce the consumption of raw materials and energy, as well as inventories, improve productivity and use the highest quality of service and technology.

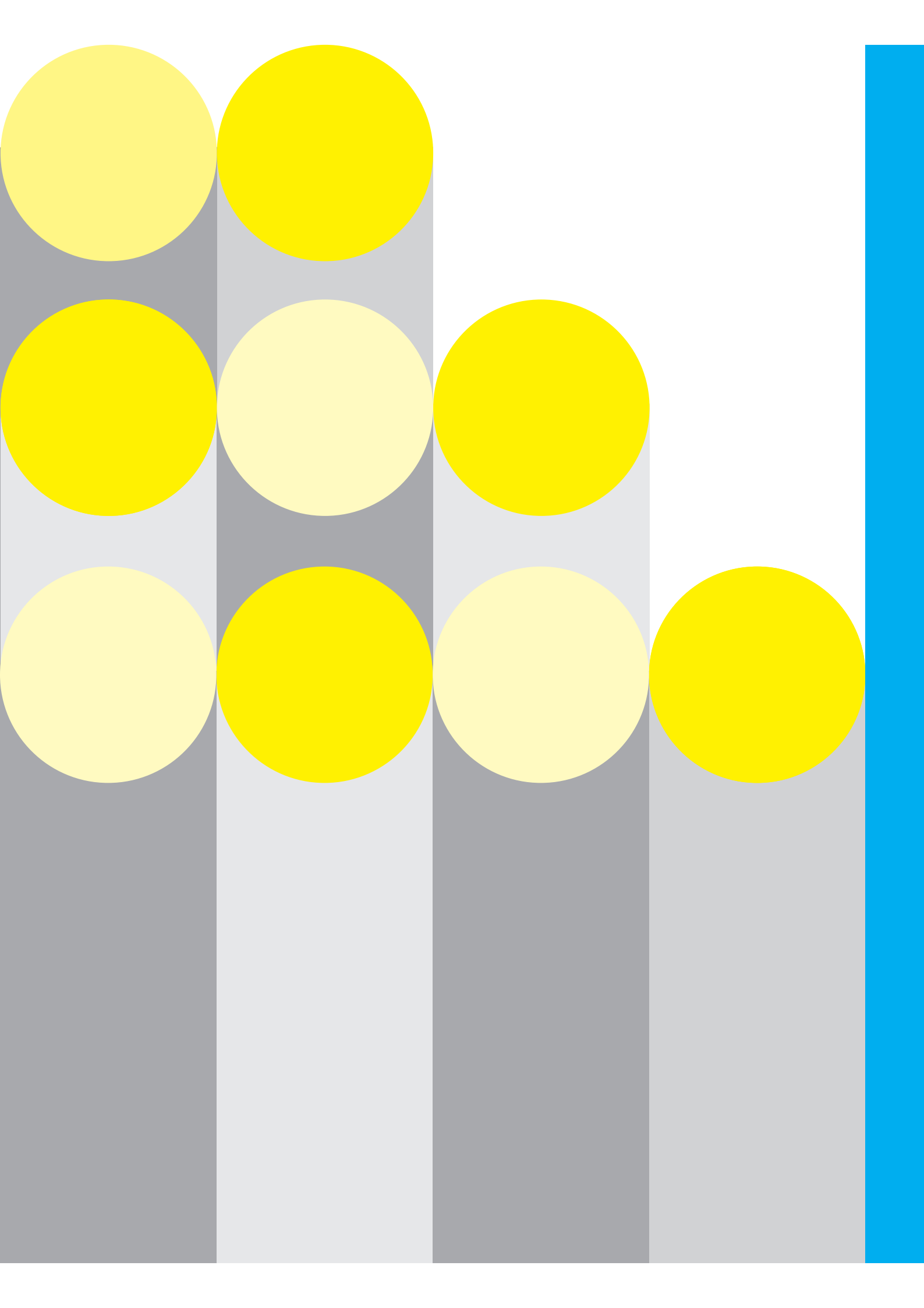
The effort and excellence of our teams and processes, together with an increasingly effective positioning in different markets and products, have enabled us to progress in the geographic diversification strategy and continue reducing historical exposure to the North American market.

It has also been a year of strong commitment in which since the presidency of the European Steel Tube Association (ESTA) we have represented the interests of the sector in Europe in the face of the challenges of tariffs in different markets. Additionally, key steps have been taken to develop the future Advanced Services Centre for the oil and gas sector in the Basque Country, with the definition of the necessary infrastructure and equipment together with the other participating companies, the EIC Foundation and the Basque administrations.

We face 2020 as a challenge for all of us who are part of **Tubos Reunidos**. Throughout this year, we will implement initiatives that are absolutely key to extend our value proposition and focus it on maximising the profitability of our customers, with a portfolio 46% higher compared to last year. All this, without losing sight the difficulties and risks that the change in our model entails, along with the reality of a sector with overcapacity and increasingly volatile in terms of normal development due to the influence of external agents.

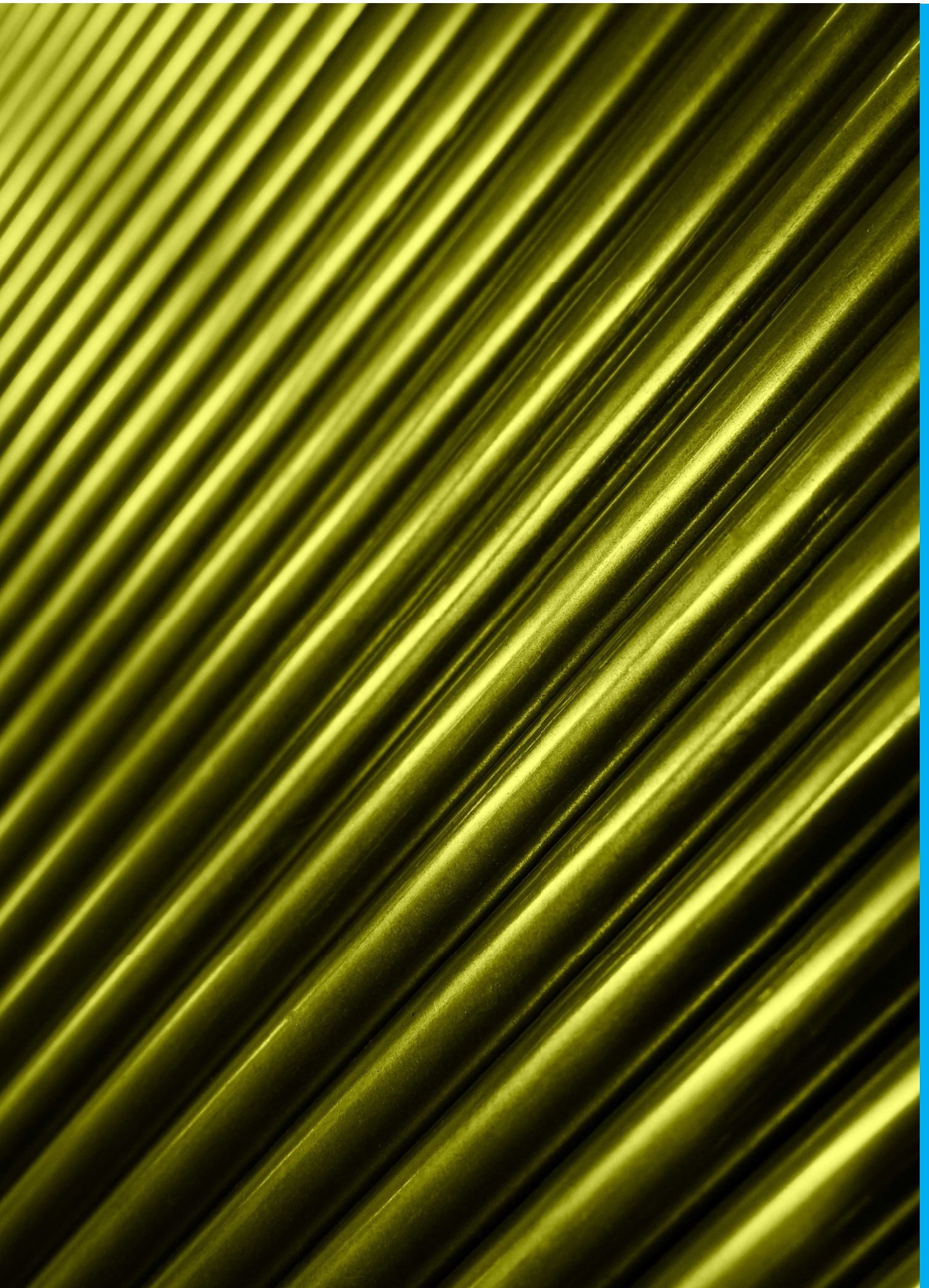
Carlos López de las Heras

Chief Executive Officer



BUSINESS MODEL





Tubos Reunidos is a Group with almost 130 years of history in the steel industry, were more than 1,400 people working side by side respond to the needs and requirements of our customers in over 80 countries. Our commitment to product and process innovation, the pursuit of excellence, quality and service, within a flexible and integrated management model, are the basis on which we promote business sustainability.

DESCRIPTION OF THE BUSINESS

MAIN SCOPES

	2019	2018
Tons of pipes sold	171,707 tons	212,944 tons
Net turnover sales	284,442 thousand euros	342,512 thousand euros
EBITDA	[11,438] thousand euros	18,615 thousand euros
Operation results	[51,337] thousand euros	[30,987] thousand euros
Net Results	[41,475] thousand euros	[34,427] thousand euros
Net result Spain	[23,845] thousand euros	[31,074] thousand euros
Net result US	[17,630] thousand euros	[3,353] thousand euros
Total assets	460,492 thousand euros	527,384 thousand euros
Net equity	68,503 thousand euros	105,121 thousand euros
Net financial debt	235,185 thousand euros	218,333 thousand euros
Staff	1,431 employees	1,351 employees



ACTIVITIES, BRANDS, PRODUCTS AND SERVICES

At Tubos Reunidos we manufacture, process and market seamless steel pipes in a wide dimensional range and with multiple technical requirements to respond to the needs of the markets and sectors in which we operate.

We organize our global activity through the following business units, brands, products and services:

- Tubos Reunidos Industrial S.L.U. (TRI) manufactures seamless alloy or carbon quality steel pipes with dimensions between 26.7 and 180 mm outer diameter [hot rolled] and between 18 and 120 mm outer diameter [cold rolled] at lengths of up to 24 and 27 metres respectively. Plant located in Amurrio (Araba/Álava).
- Productos Tubulares S.A.U. (PT) manufactures hot-rolled seamless steel pipes in qualities of alloy and carbon, stainless, duplex and nickel-base alloy steels, with dimensions between 190 and 660 mm outer diameter and wall thicknesses of up to 125 mm. Plant located in the Trápaga Valley (Biscay/Bizkaia).
- Aceros Calibrados S.A.U. (ACECSA) is specialised in the finishing of cold-drawn seamless steel pipes with outer diameters between 6 and 60 mm. Plant located in Pamplona (Navarre/Navarra).
- RDT Inc. it processes, threads and/or completes, with special thermal processes, the pipeline destined to the oil sector "Oil Country Tubular Goods" (OCTG). Holds the patent for the connection SemiPremium BTX. Plant located in Houston (Texas, United States).
- Tubos Reunidos Premium Threads S.L. (TRPT), together with Marubeni Itochu Steel Inc., it is an API RCT pipe threading unit and special OCTG pipe manufactured in TRI with the premium JFE Steel Corporation license threads. Plant located in Iruña de Oca (Araba/Álava).
- Tubos Reunidos Services S.L.U. (TRSV) produces and markets prefabricated elements, high pressure parts for boilers and equipment, tank heaters and piping isometrics. It also markets and supplies packets made up of pipes and accessories for projects in different sectors. Production centre located in Chiclana de la Frontera (Cádiz) and commercial offices in Barcelona.
- Tubos Reunidos América Inc. (TRAME) markets the Company's products in the US and distributes from the warehouse located in Houston the OCTG pipe sent from the TRI plant.

TRI and PT, the two leading Tubos Reunidos factories have an integrated production process, i.e., each one has its own steel mill to make the raw materials necessary to manufacture stainless steel pipes and nickel base alloys, guaranteeing the independence of our productive capacity.

The rest of the business units complete our products and services portfolio to offer the best service to our customers.

GEOGRAPHICAL PRESENCE AND MARKETS

As described in the previous section, our facilities are located mainly in Spain and in the United States.

We have our own branch offices in countries such as the USA, Italy, the Middle East, China, South Korea, Indonesia, Mexico, Colombia, as well as commercial representatives in another 26 countries, thus covering practically the entire international market given that our products are present in 80 countries.

Our global presence together with the extensive list of references of international projects that we have been consolidating over the last decades, endorse our experience and ability to work with the different players in the value chain: end customers, Engineering, Procurement and Construction (EPC's), engineering, construction, large distributors, etc.

The catalogue of products and services of **Tubos Reunidos** covers the pipe needs for different sectors of activity such as Oil & Gas; Refining; Chemical and Petrochemical; Electrical Energy Generation and Industrial Services, amongst others.

The production of the Group's facilities in Spain is mainly export-oriented, which represented 89% of total sales in 2019.

By geographical areas, the evolution of sales of the matches the complex situation and developments in global economic activity and in the sectors where its products have most presence.

Pipe sales by sectors

	2019	2018
Oil & gas OCTG	32%	40%
Oil & gas Piping	17%	19%
Construction, mechanical and industrial	14%	15%
Power generation, refining and petrochemical	37%	26%

Pipeline sales by geographical area

	2019	2018
European Union	39%	31%
North America (USA and Canada)	35%	49%
Far East	19%	9%
Middle East and Africa	6%	7%
Others	1%	4%

PROPERTY AND LEGAL STRUCTURE

The share capital of Tubos Reunidos, S.A. as at 31 December 2019 was €3,493,617.76 represented by 174,680,888 shares of €0.02 of nominal value. There are no differences of class or series in the shares and all grant the same rights. The share capital was reduced in July 2019, recorded to reserves, by 13,974,471.04 euros by reducing the nominal value of the shares and without refunding contributions, and a voluntary -unavailable- reserve was established for the same amount as the aforementioned capital reduction.

Said shares are accepted for official quotation on the Stock Exchanges of Bilbao and Madrid. Since 1 July 2005, they have been listed on the continuous market of the Spanish Stock Exchange Interconnection System (SIBE) of the Madrid Stock Exchange.

The shareholders with direct or indirect significant holdings as of 31 December 2019, considering the threshold of 3% established by Royal Decree 1362/2007, of 19 December, are as follows:

Shareholders with significant participation (direct and indirect)

Grupo BBVA	14.87%
Concerted action Family Zorrilla-Lequerica Puig	10.22%
Mr. Joaquín Gómez de Olea Mendaro	6.56%
Ms. Carmen de Miguel Nart	3.82%
Mr. Emilio Ybarra Churruca*	3.33%
Mr. Santiago Ybarra Churruca	3.33%

* Regarding the shareholder Mr. Emilio Ybarra Churruca (RIP) we must report that he passes away on 17 July 2019, and that as of 31 December 2019, the partition and award of his inheritance had not yet occurred.

The company Alantra Asset Management SGIIC SA, whose participation in Tubos Reunidos at the end of 2018 stood at 4.99%, reported in 2019 the sale of its shares to the Spanish National Securities Market Commission (CNMV) below the 3% threshold.

CHANGES TO THE ORGANISATION AND ITS SUPPLY CHAIN

The following significant changes took place in 2019:

- **Changes in operations:** liquidation and dissolution of two companies that had no activity at the end of 2018.
- **Changes in the share capital structure:** : the only significant change has been the abovementioned communication from Alantra Asset Management SGIIC S.A. (significant shareholder of the Group), to the CNMV on the reduction of its participation below the 3% threshold, to 31 December 2019.
- **Changes in the supply chain:** we continue seeking the objective of minimising exposure to the variation in the dollar exchange rate by searching for providers monetised in US dollars.

STRATEGY AND RISK MANAGEMENT

The activities undertaken by the companies that make up **Tubos Reunidos** are subject to the customary contingencies of any business where industrial transformation takes place and are therefore exposed to risks that can impede or hinder the company from achieving established objectives.

Risk management is driven by the Board of Directors and the Management Team and is intended to provide reasonable assurance in achieving the objectives set out by the Group, providing the various stakeholders and the market in general with an appropriate level of guarantee that reasonably ensures the protection of the value generated.

The Risk Management System, which is continuously developed by the Group, identifies the following risk categories to which we are exposed:

- **Financial risks:** level of indebtedness, liquidity risk, tariff measures, exchange rate and interest rate risk.
- **Information risks:** both reputational risks that may affect the Group's image and those related to transparency and relations with analysts and investors.



- **Regulatory compliance risks:** mainly, those arising from: (1) potential changes in national and international tax regulations; (2) civil responsibility for the integrity of equity; (3) regulations for the securities market; (iv) criminal (including those related to the perpetration of crimes related to corruption, fraud and bribery), whether or not they determine the criminal liability of the legal person; (4) labour; (5) customs and trade regulations and; (6) new data protection regulation.
- **Operational business risks:** those related to customer relations, quality of our products, purchasing and sub-contracting.
- **Other non-operational business risks:** reliability of financial and non-financial information, management information and related to budgets and control for decision-making, technological risks, management of financial resources and indebtedness, human resources (potential dependence on key staff), those related to prevention, health and safety at work and the taxation applicable to the business.

The management process is based on the following phases:

- Identification of the key risks that may impact the achievement of the Group's objectives.
- Assessment of said risks based on their probability and their impact on the organisation, taking into account the effectiveness of existing controls.
- Response for each of them.
- Follow-up of the agreed actions.
- Report of the results of the analysis carried out.

Tubos Reunidos' main activity is influenced by the economic cycles of the business. The Group is immersed in a low cycle since the oil price began to drop in mid-2014. In 2017, the activity began to recover, although prices did not reach the same level before the drop in oil prices. To offset the reduction in margins due to decrease in prices, in mid-2017 we launched a series of management measures with the aim of guaranteeing a sustainable result and optimise the capital invested.

During 2018, the Group began to reap the benefits of such measures, managing to raise the margin while activity continued to recover during the first half of the year. As of 1 June 2018, with the introduction by the US Administration of the 25% tariff on imports of steel products in the US, our main market, these margins have been narrowed even further.

The uncertainty in the American market for piping products, related to the oil and gas industry [OCTG], remained during 2019, on the back of the data on drilling activity and by the possible drop in prices from the second half of the year, has had a negative impact during the last quarter of the year.

To the current date and based on the experience with previous tariff hurdles, it is reasonable to think that the tariff will be maintained, at least, during the first months of 2020, and they may be removed during financial 2020 itself. In any case, the Group Management considers that an extension of the tariff can be mitigated with the improvement and efficiency measures in the management that we have been developing in the adaptation process of our business plan. At the same time, we believe the new financing structure - detailed in the report of the consolidated annual accounts - which entered into force on 18 December 2018, as key to achieving the aforementioned measures, which enables future debt amortisations to be adapted to the expected cash generation based on the Group's business premises.

BUSINESS DEVELOPMENT

Since its foundation in 1892, **Tubos Reunidos** has promoted its commitment to remain on the basis of economic sustainability and the aspiration to become a benchmark company for its industry.

The Board of Directors and the Management Committee, led by the CEO of the Group, is therefore responsible for managing the Company with the clear objective of ensuring its continuity.

Since the end of 2014, the Group has been immersed in the worst crisis in its history, caused, as described, by the difficult situation in the sector that has led it to close 2019 with losses, for the fifth consecutive year.

The CEO, as the head of the Management Committee, together with the Deputy CEO and those responsible for strategic projects, are in charge of managing both resources and means, as well as analysing and implementing the strategies they deem appropriate to ensure the viability of the Group and, therefore, to guarantee its sustainability. Similarly, each production plant has its own industrial director, who is in charge of the management of the same with his productive means.

Since the beginning of the current crisis, **Tubos Reunidos** has implemented cyclical and structural measures to reduce its impact in terms of costs reduction and business approach in the fastest growing and highest profitability markets.

During 2016, the investments plan that had started in 2012 as a strategic pillar for future growth and sustainability was completed. Nevertheless, the continuity of the losses and the market context –high competition and pressure on prices– led the Company to launch the new Transforma360° Value Creation Plan in 2017, whose objective was to improve commercial activity, increase efficiency operations, improve productivity, gain flexibility and reduce capital investment needs.

Throughout 2019, the results of the initiatives already implemented in accordance with the provisions of said plan have begun to be seen. However, outside factors have negatively affected our activity, especially the imposition of export tariffs in the United States, with the subsequent increase in competition in the other markets.

In this context, in December 2019 the refinancing of 100% of the creditors of financial liabilities concluded. As a result of this agreement, it has been managed to streamline its debt and have greater flexibility in its financial commitments, which shall contribute to achieving the objectives of its business plan within the current market needs.

The new financing structure allows the new customer strategy and geographic diversification to develop and continue to reduce the weight of historical exposure to the US market. Likewise, it improves the value recovery expectation, since thanks to the flexibility obtained it will be possible to continue with the currently active improvement and efficiency measures in the management. In short, it facilitates the Group's viability and stability in the short and medium term.

MATERIALITY ASSESSMENT

STAKEHOLDERS

The main purpose of Tubos Reunidos is to generate long-term value for our stakeholders. We have classified them into the following categories to facilitate their analysis:

Classification of stakeholders

Employees Company Workers' Committee Shareholders and Investors	Customers Suppliers Analysts
Credit institutions Regulatory bodies	Local communities Public administrations Training centres

IDENTIFICATION AND SELECTION

We consider as stakeholders those that are influenced by the decisions and activity of the Company, and also those that are relevant to the operation and sustainability of its business. To define them, the management team of **Tubos Reunidos** carries out an internal identification process.

Communication with the different stakeholders is ongoing, in order to locate potential risks and opportunities, trying to respond to their expectations or information needs in accordance with the principles of integrity, professionalism and transparency contained in the Code of Ethical Conduct.

Such communications are always carried out in compliance with the law and guaranteeing the confidentiality and privacy of the data. Here are some of the channels used:

- Website.
- Intranet for communication with employees.
- Regular communication with the workers' representatives and company committees, in accordance with the regulations.
- Direct communication with customers and suppliers through business meetings.
- Communication through the CNMV according to the regulation and rules of transparency and good governance.
- Presentation of quarterly results.
- General Shareholders' Meeting.
- Press agency for communication with the media.



MATERIAL TOPICS

Through the communication channels described, we aim to create value in a sustainable way through a transparency and permanent dialogue with our stakeholders, an essential requirement to face the challenges and opportunities present in the development of our activity. Besides, we are always taking into account the trends in the sector and the international context, as well as the positive and negative impact that different issues have on the long-term viability of the business.

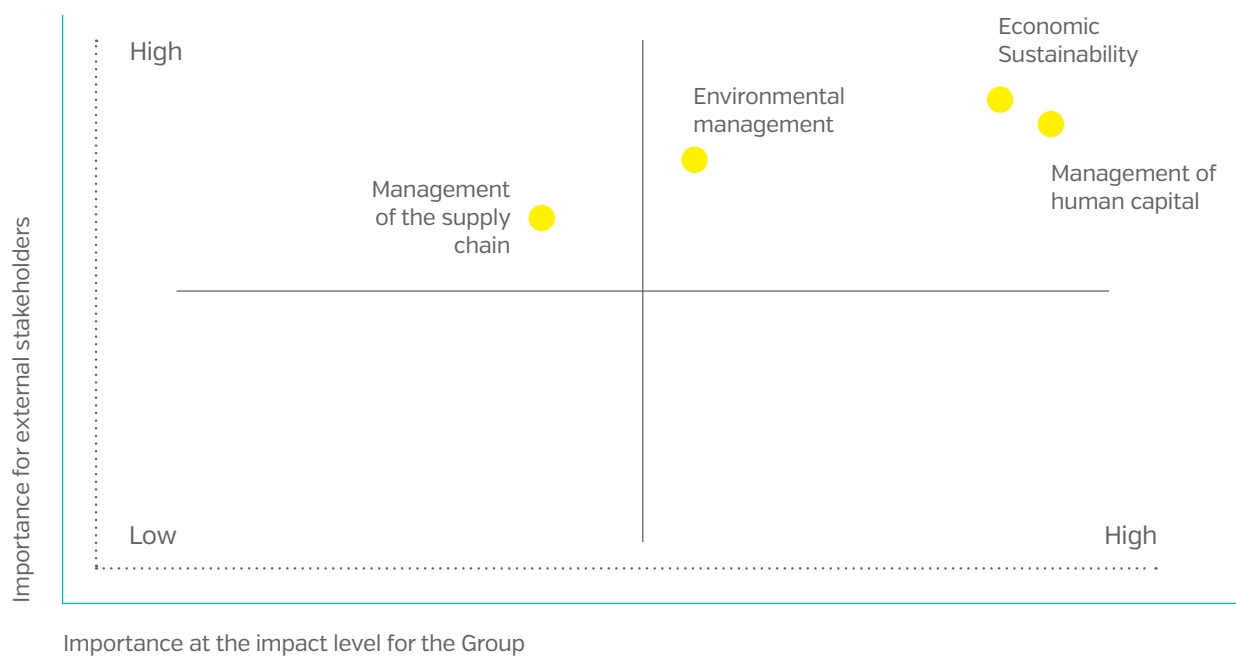
In general terms, these are the most relevant material topics:

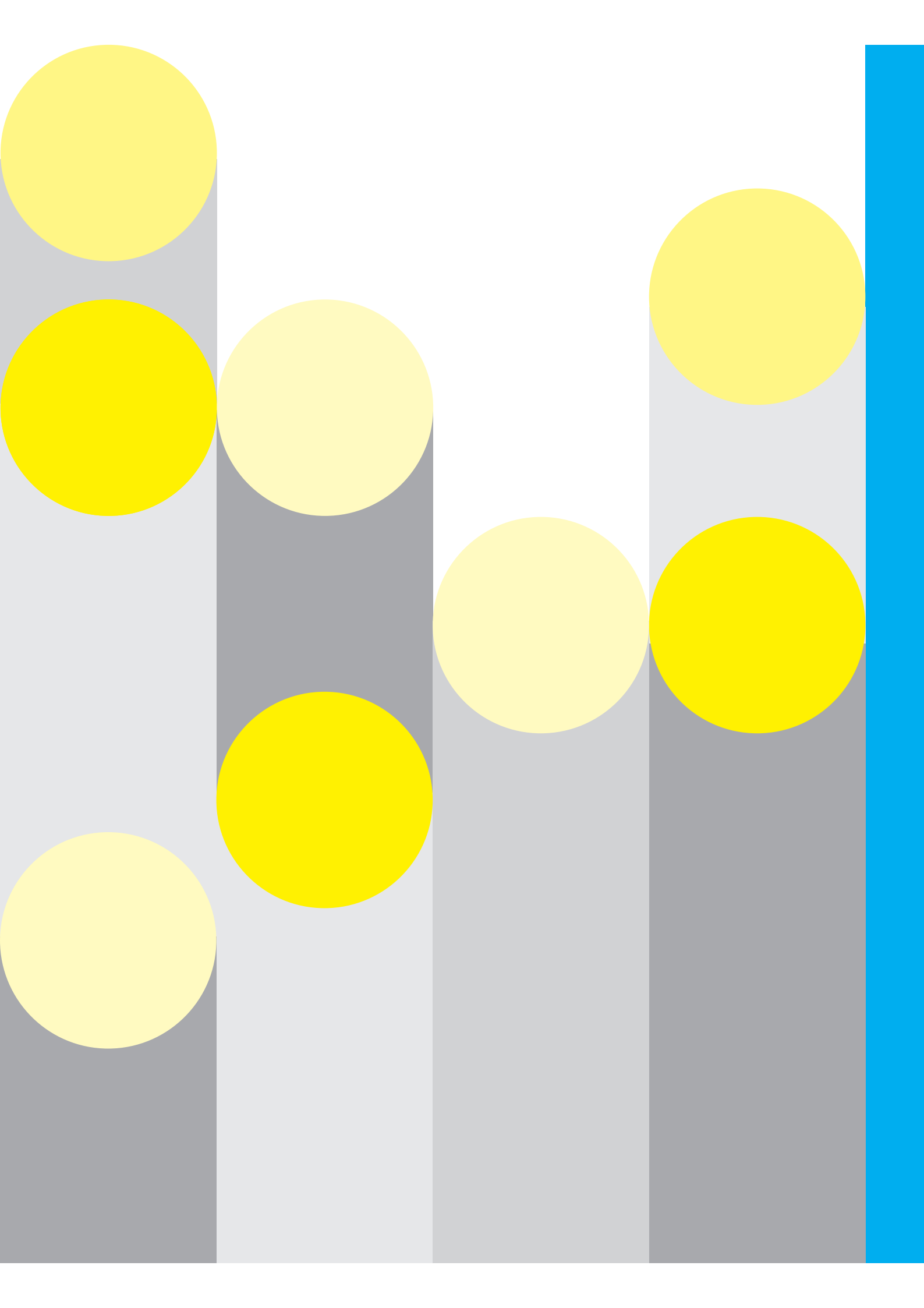
- Economic Sustainability.
- Human capital management.
- Environmental management.
- Management of the supply chain.

The scope of the contents of this report is based on the materiality assessment in which the priorities of all groups defined have been taken into account to determine the most relevant topics, both internal and external. Given the increasing importance that **Tubos Reunidos** and our stakeholders are giving to environmental management, this issue has gained greater relevance in our materiality matrix. Other issues, despite not being included in this materiality assessment, are also subject to observation and monitoring by the Company. In this report we respond to all those aspects requested by Law 11/2018 on Non-Financial Information and Diversity.

The matrix of material topics is an extension of the zone of greatest impact of the global matrix of material topics managed by **Tubos Reunidos**.

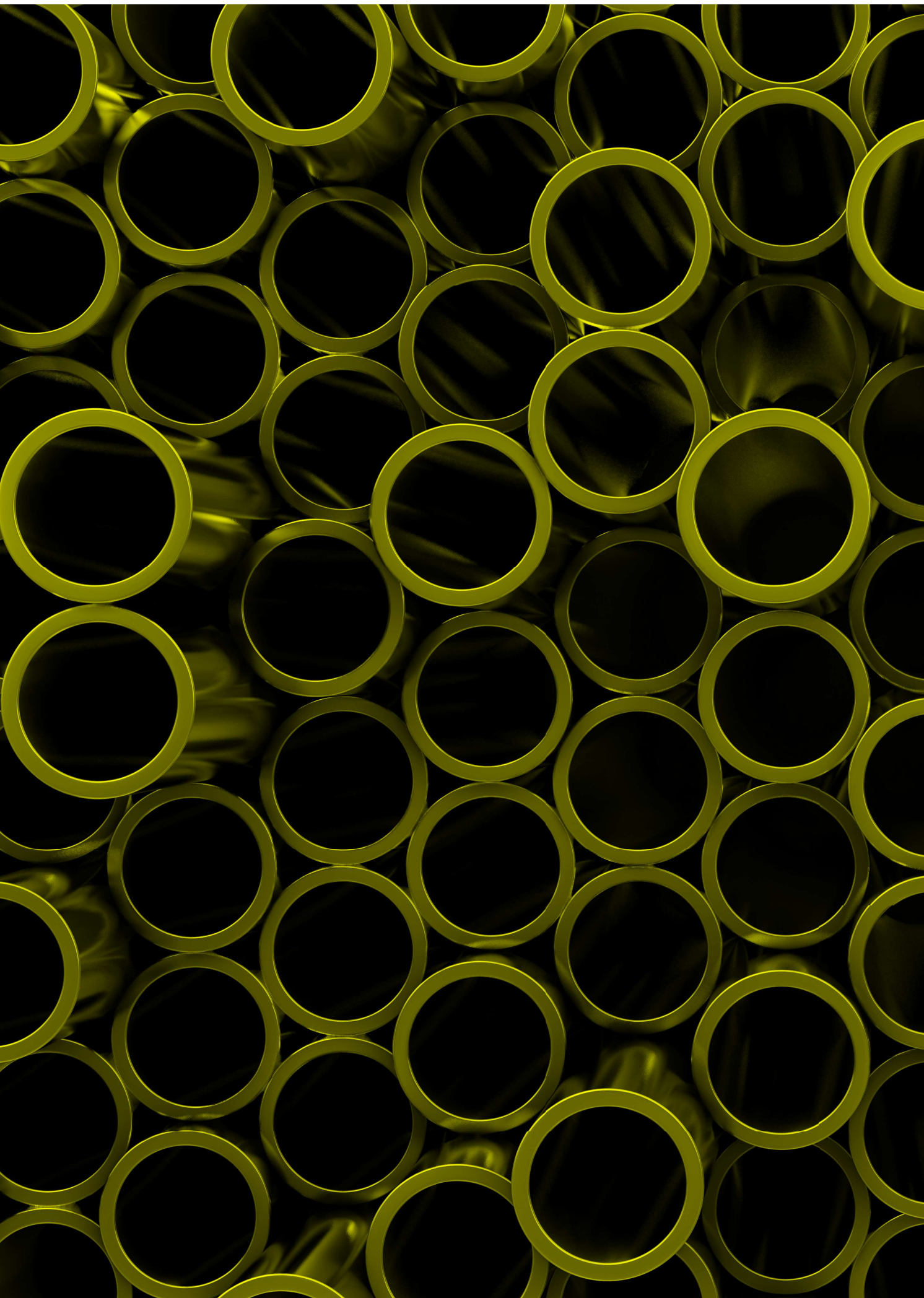
Materiality matrix





COMMITMENT TO PEOPLE





The commitment of Tubos Reunidos begins with our professionals and materialises in the commitment to quality employment, permanent investment in the training and improvement of talent, the promotion of personal and professional development of the people who work in the organisation, equality of opportunities and non-discrimination, diversity, concern for health and safety, the creation of satisfactory and green work environments, among other issues.

MANAGEMENT OF PEOPLE

MATERIAL ASPECTS AND COVERAGE

Our employees are a key part that contributes with their good work and know-how to the **generation of value** in the Group. Hence, **attracting, developing and retaining existing talent** are the main strategic lines of human capital management at Tubos Reunidos, 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.

We seek to guarantee our **efficiency, profitability and competitiveness** in a stimulating work environment that drives **continuous improvement** in a **safe and environmentally friendly** workplace.

MANAGEMENT APPROACH

In short, our management is based on the following principles:

- **Ensuring** the inclusion of qualified professionals with values matching those of the Company.
- **Continuously** training our professionals in order to guarantee their preparation for the performance of the roles they develop.
- **Promoting** mobility and professional development within the Company, thereby contributing to our international expansion process.
- **Increasing** communication by extending and improving our communication channels.

ASSESSMENT OF THE APPROACH

For the **assessment** of human capital management, the Group companies have training plans in place that are monitored on an annual basis. We also have internal communication systems that have continued to evolve throughout 2019 in order to reach as many people as possible in the organisation. With this purpose, communications were sent with issues of interest about the Company.

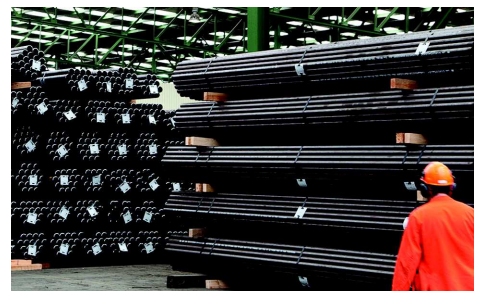
OUR PEOPLE

At the end of 2019, our human team was made up of 1,430.77 people, 5.9% more than the previous year, were we had 1,351 people in the team. Around 94% of which [1,349.77] work in Spain, specifically in the Basque Country, and the rest [81] in the United States.

To analyse and understand this increase [5.9%] compared to the previous year, we must bear in mind that for the completion of the 2018 report, only workers registered as of 31 December were taken into account. In this report, and in order to represent the reality of the Company, we have changed this criterion using the annual average of workers since we believe that this is the correct way to account for the workforce and that the comparative study with 2020 will show the Group's real growth.

A general overview shows us a Company in optimal productive maturity, as 74% of the workers [1,058.69] are aged between 30 and 50 and have extensive experience in production processes; most of whom have permanent contracts and work full time.

In terms of gender distribution, although the iron and steel sector has historically been a chiefly masculine domain, our firm commitment to equal opportunities has translated in recent years into a growing presence of women at all levels. At the end of the financial year, the staff was made up of 1,308.98 men and 121.79 women.

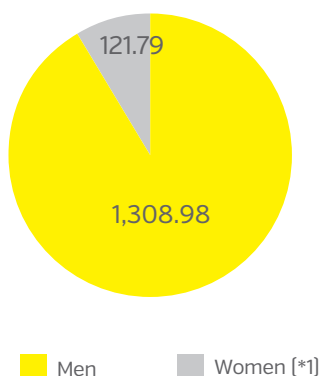


Workforce 2019

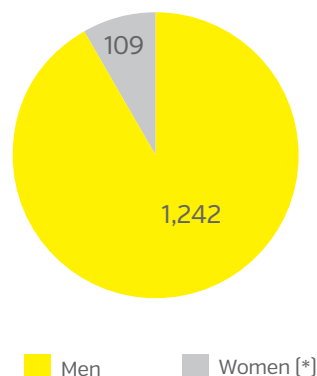
To calculate the number of people that make up Tubos Reunidos' workforce in 2019, we have taken into account the average number of temporary workers for the year. This makes it impossible for us to make a comparison of such data with that of 2018, where only the number of people as of 31 December was taken into account, as we have mentioned. This comparison would only provide wrong conclusions in relation to the demographic data of the Company.

Distribution by gender

2019



2018

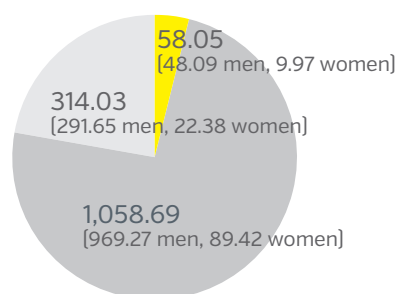


[*] Data as of 31 December 2018.

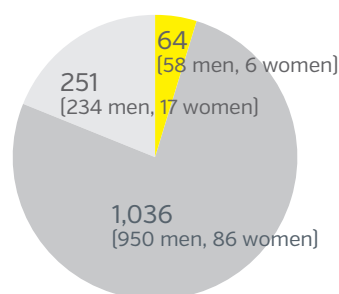
[*1] Data average 2019.

Distribution by age and gender

2019



2018

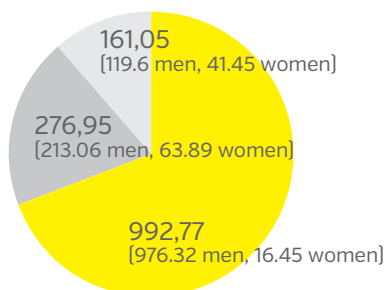


[*] Data as of 31 December 2018.

[*1] Data average 2019.

Distribution by professional category and gender

2019

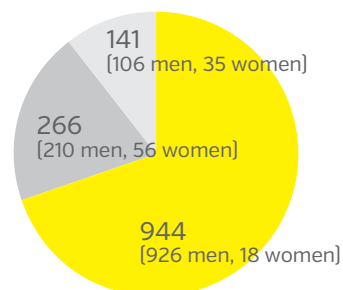


Blue Collar White Collar Outside agreement (*)

(*) Data as of 31 December 2018.

(*) Data average 2019.

2018



Blue Collar White Collar Outside agreement (*)

Tubos Reunidos chooses the following professional categories when defining its workforce:

Blue Collar: all those people who are direct labour, whose work is fully linked to production.

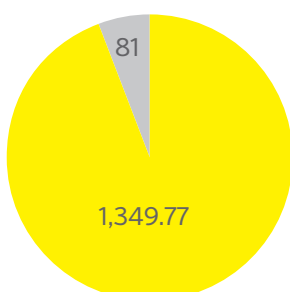
White Collar: administrative staff and middle-level management of the workshop.

Out of Agreement: staff responsible for others, the facilities or the processes.

These categories are those used by management in the different Group companies, although for the daily management of people is broken down into others that each Company has established by agreement.

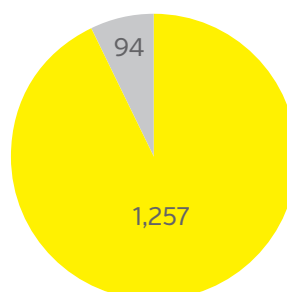
Distribution by country

2019



Spain US (*)

2018



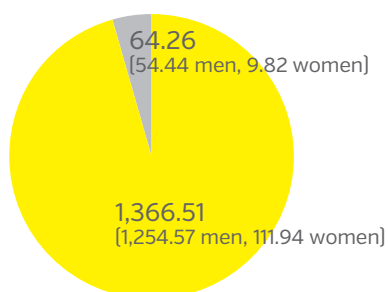
Spain US (*)

(*) Data as of 31 December 2018.

(*) Data average 2019.

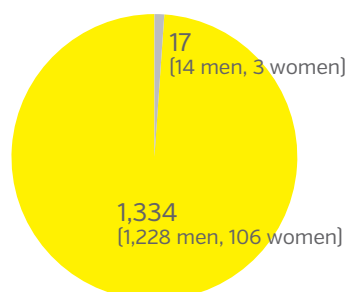
Distribution by type of contract and gender

2019



Permanent contract Temporary contract [*1]

2018



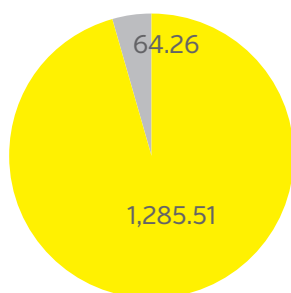
Permanent contract Temporary contract [*]

[*] Data as of 31 December 2018.

[*1] Data average 2019.

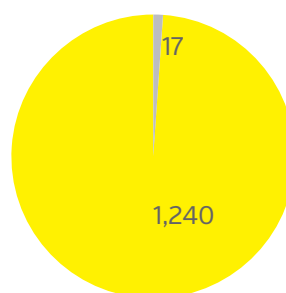
Distribution by type of contract and countries

SPAIN 2019



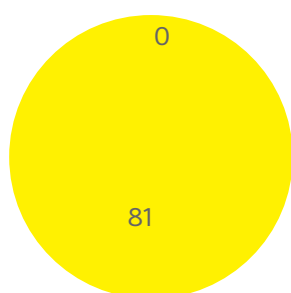
Permanent contract Temporary contract [*1]

SPAIN 2018



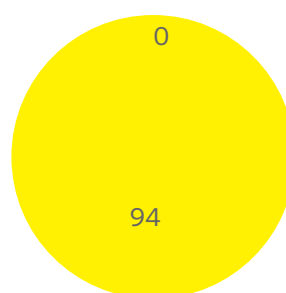
Permanent contract Temporary contract [*]

US 2019



Permanent contract Temporary contract [*1]

US 2018



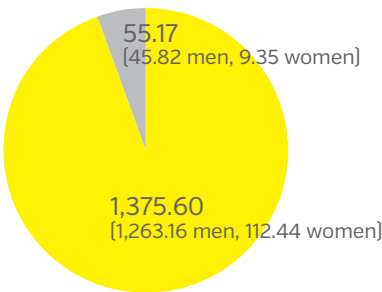
Permanent contract Temporary contract [*]

[*] Data as of 31 December 2018.

[*1] Data average 2019.

Distribution by type of working hours

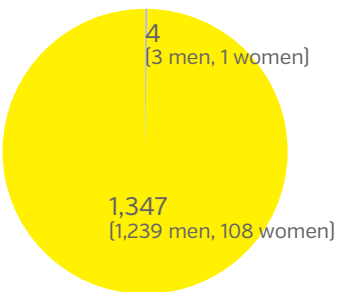
2019



Full Time

Part Time [*1]

2018



Full Time

Part Time [*]

[*] Data as of 31 December 2018.

[*1] Data average 2019.

For 2019 we have taken into account workers who are partially retired, such as temporary contracts, hence the increase in staff in this type of hourly distribution.



PROFESSIONAL DEVELOPMENT

Tubos Reunidos is a Group committed to the development of its employees and is aware that **training** is an essential pillar of our commitment to excellence.

We maintain an ongoing effort to improve talent and capabilities from the beginning. The training starts with the on boarding processes (reception plans) that enable and facilitate the integration and adaptation to the company of the new comers.

All the Group companies have **continuous training plans**, which are assessed annually, that make it possible to improve the necessary functions and skills of workers and adapt them to the requirements of their current or future job positions.

Among the training areas, occupational health and safety stands out, in line with the primary importance that management gives to the health and safety of all people who work for the Company.

Likewise, in order to have highly qualified professionals, **we promote the higher training** of our workers, contributing financially so that professionals are able to take master's degrees in their specialties.

During 2019, more than 16,729.50 hours of training were invested, compared to 11,806 from last financial year. This represents around 11.69 hours on average per employee; an increase of almost 3 hours per person, compared to 8.7 hours on average in 2018. As can be seen in the chart below, there is no great difference in terms of the distribution of these hours by gender.

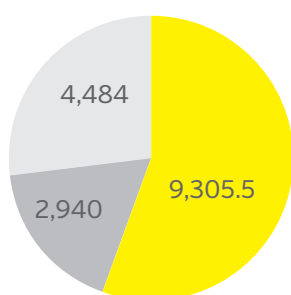
To this end, a significant financial effort has been made, both externally [around 177,193.90 euros] and internally, taking advantage of the know-how of the people who work in the Group. Tubos Reunidos promotes synergy among our professionals to improve efficiency and productivity.

Training hours per group

2019	Hours by category	Half hours per worker
Blue Collar	9,305.50	9.37
White Collar	2,940.00	10.62
Outside of agreement	4,484.00	27.84

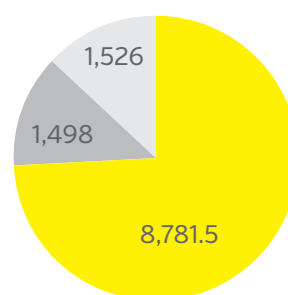
2018	Hours by category	Half hours per worker
Blue Collar	8,781.5	9.30
White Collar	1,498	5.63
Outside of agreement	1,526	10.82

2019



Blue Collar White Collar Outside agreement

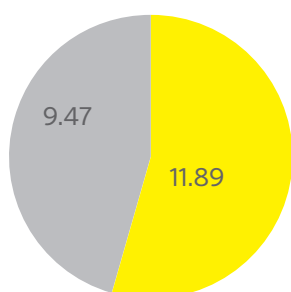
2018



Blue Collar White Collar Outside agreement

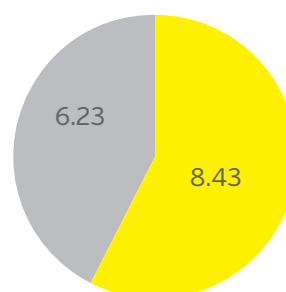
Average hours of training per gender

2019



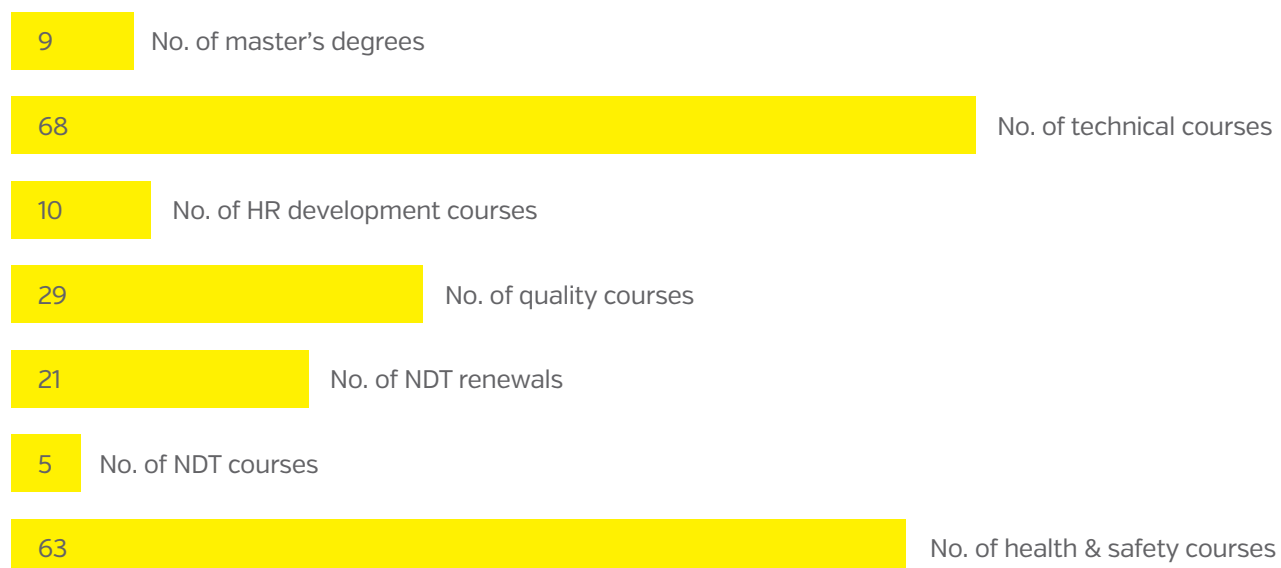
Men Women

2018



Men Women

Number of courses per area

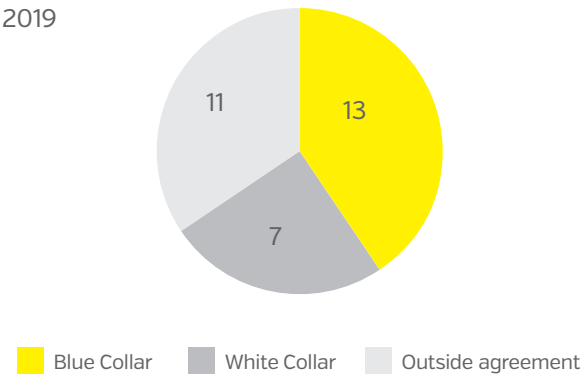


[*] NDT = Non-destructive tests

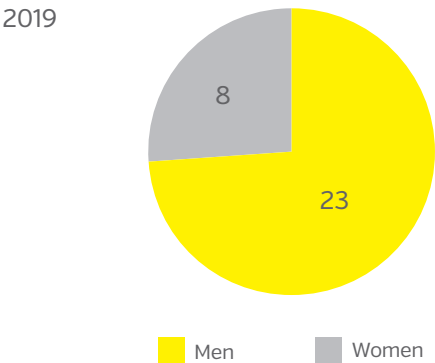
Tubos Reunidos is currently defining a Performance Assessment system that guarantees this task to most of the people who make up the Group. This is one of the reasons why a total of 31 performance and professional development assessments were carried out in 2019, aimed at workers who are new or have the opportunity to be promoted. On the other hand, we must bear in mind that many of these assessment processes take place every two years.

The assessments carried out are distributed as follows:

Assessments by type of agreement



Assessments by gender



Finally, due to the indefinite nature of most of the contracts that are established with the workers and their average length of stay within the Group, there has been no need to implement **transition assistance programmes** to facilitate continued employability, and the management of the end of professional careers due to retirement or dismissal.

WORKPLACE

HEALTH AND SAFETY

Tubos reunidos has a policy on occupational health and safety that considers that the excellent management of all its processes and resources is the strategy to be followed in order to create value for its employees, customers, shareholders and other stakeholders. Our model is based on the strict compliance with the legislation on this matter. For this reason, every year workers' health and safety objectives are established to achieve the key objective of **zero accidents**.

Through an adequate risk assessment, measures are taken to identify and control possible risks and correct possible nonconformities. All decisions are based on our procedures and manuals.

We maintain adequate communication channels to promote queries and participation of all workers in the prevention of occupational risks. They also receive the necessary information and training to carry out the functions inherent to their role. In addition, the main companies of the Group have the OHSAS 18001 certification, under a monitoring and review process, providing for this end with the necessary economic and human resources.

Representation of workers

The information provided in this section corresponds to the consolidated data of Tubos Reunidos Industrial, Productos Tubulares, Aceros Calibrados, Tubos Reunidos América, RDT and Tubos Reunidos Premium Threads.

The workers are represented in the formal company-worker committees on health and safety by 14 local representatives (prevention officers) distributed as shown in the following table:

Number of prevention officers

2019

Number of prevention officers	Tubos Reunidos Industrial	Productos Tubulares	RDT	Tubos Reunidos Premium Threads	Aceros Calibrados	Tubos Reunidos América	TOTAL
Male	5	3	3	2	1	0	14
Female	0	0	0	0	0	0	0
TOTAL	5	3	3	2	1	0	14

2018

Number of prevention officers	Tubos Reunidos Industrial	Productos Tubulares	RDT	Tubos Reunidos Premium Threads	Aceros Calibrados	Tubos Reunidos América	TOTAL
Male	4	4	2	2	1	0	13
Female	1	0	1	0	0	0	2
TOTAL	5	4	3	2	1	0	15

Occupational health and safety committees

These committees hold periodic meetings attended by the prevention officers and the heads of the corresponding departments of the different companies with the aim of helping to control, collect observations and advice on the existing occupational health and safety programmes.

The information below includes the total number of meetings of the formal committees held in 2019 and the number of workers represented in each of the forums (committees and departmental meetings) considering the number of prevention officers (or, failing that, union representatives) present at meetings and the number of these required by law depending on the total number of people in the company:

Number of occupational health and safety committees

Occupational health and safety committees	10
Departmental meetings	107

Number of workers

Represented at occupational health and safety committees	1,269
Represented at departmental meetings	886

Tubos Reunidos is dedicated and encourages the achievement of formal company-worker agreements for the acceptance of responsibilities by both parties and the development of a positive occupational health and safety culture. These agreements represent the basis for establishing and consolidating occupational health and safety management.

The following table shows the extent to which workers are actively involved in the agreements that determine the management provisions in this area.

Formal agreements

	Number of cases	% number of cases/activity
Health and safety committee agreements*	173	35%
Departmental meeting agreements**	165	34%
Other agreements***	154	31%
Total	492	100%

[*] Agreements of the health and safety committees accumulated during the year.

[**] Total issues resolved derived from departmental meetings during the year.

[***] Number of resolved cases not analysed in the previous cases.

Likewise, in all Group companies, meetings are held with the agreements that, although are not reflected in the indicators, are internally controlled and managed through follow-up minutes.

Impacts on health and safety

In order to monitor and report incidents related to occupational health and safety, as well as performance, we have included the following scheme that includes all significant operations and geographic locations.

2019

	Employees*			Workers**			Total
	Men	Women	Total	Men	Women	Total	Total
No. Accidents WITH sick leave	-	-	-	76	-	76	76
No. Accidents WITHOUT sick leave	6	1	7	150	1	151	158
Total No. of accidents	6	1	7	226	1	227	234
Total No. of accidents in Itinere	0	0	0	7	0	7	7
No. of occupational diseases declared	-	-	-	2	-	2	2
No. of days lost	-	-	-	2,378	-	2,378	2,378
No. of hours worked	427,879	143,653	571,532	1,343,897	29,072	1,372,969	1,944,501
Incident rate of occupational disease (IROP)	-	-	-	0.00	-	0	0
Injury Index (II) or Injury Rate (IR)	-	-	-	56.55	-	55.35	39.08
Severity Index (SI) or Rate of days lost (RDL)	-	-	-	1.77	-	1.73	1.22
Work absenteeism rate due to work-related accidents (WAR)	0.23%	0.08%	0.30%	0.78%	0.02%	1.00%	0.80%
Hours of absenteeism due to work-related accidents (HAW)	1,347	396	1,743	13,751	112	13,863	15,606
Registration and presentation system of information used for accidents	DELTA***						

II = IR = Acc. Sick leave *10⁶/hours worked

SR = LDR = days lost*10³/hours

IP worked = acc. Totals*10⁶/hours worked

IROP = No. occupational disease 10³/number of workers

[*] Number of people belonging to the company not directly related by working activity.

[**] Number of people belonging to the company not directly related by working activity.

2018

	Employees*			Workers**			Total
	Men	Women	Total	Men	Women	Total	Total
No. Accidents WITH sick leave	1	-	1	64	1	64	66
No. Accidents WITHOUT sick leave	7	2	9	145	4	149	158
Total No. of accidents	8	2	10	209	5	214	224
Total No. of accidents in Itinere	0	0	0	7	0	7	7
No. of occupational diseases declared	0	0	0	2	0	2	2
No. of days lost	80	0	80	2,115	4	2,119	2,199
No. of hours worked	629,585	112,320	741,905	1,326,761	62,583	1,389,344	2,131,249
Incident rate of occupational disease [IROP]	0	0	0	0.17	0	0.16	0.15
Injury Index [II] or Injury Rate [IR]	1.59	0	1.59	48.24	15.98	46.07	30.97
Severity Index [SI] or Rate of days lost [RDL]	0.13	0	0.13	1.59	0.06	1.52	1.03
Work absenteeism rate due to work-related accidents [WAR]	0.14	0.06	0.13	1.36	0.02	1.35	0.97
Hours of absenteeism due to work-related accidents [HAW]	1,000	464	1,464	19,221	260	19,481	20,975
Registration and presentation system of information used for accidents	DELTA***						

II = IR = Acc. Sick leave *10⁶/hours workedSR = LDR = days lost*10³/hoursIP worked = acc. Totals*10⁶/hours workedIROP = No. occupational disease 10³/number of workers

[*] Number of people belonging to the company not directly related by working activity.

[**] Number of people belonging to the company not directly related by working activity.

Disease prevention contributes to greater worker satisfaction and reduces the turnover rate of staff, a fact that puts into perspective the importance of controlling contagious diseases or those derived from the specific professional activity and their frequency.

The following table shows the works considered to be the source of the high incidence of accidents in 2019:

2019

Position*	Company**	Workers***
Electrician relief	Tubos Reunidos Industrial	6
Substitute reducer	Tubos Reunidos Industrial	5
Boilermaker welder relief	Tubos Reunidos Industrial	5
Pipe maintenance adjuster	Productos Tubulares	19
Crane operator/Oxy welding facility facility	Productos Tubulares	31

2018

Position*	Company**	Workers***
Tuning specialists	Tubos Reunidos Industrial	6
Boilermaker welder relief	Tubos Reunidos Industrial	6
Packaging	Tubos Reunidos Industrial	4
Hook of area LA90	Tubos Reunidos Industrial	5
Pipe maintenance adjuster	Productos Tubulares	19
Shifter	Productos Tubulares	34
Crane operator-stainless facility	Productos Tubulares	31

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

**Company: Company belonging to the Group.

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

For those companies that are not listed in the table, it is considered that there are no jobs with a large number of notable incidents.

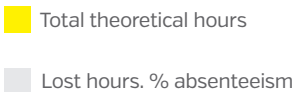
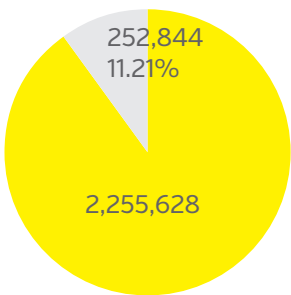
Campaigns are being prepared addressed to this group of workers that shall be included in the new preventive activities programme for the following year. Campaigns such as "Project Zero" in Productos Tubulares and "Collective Surveillance" in Tubos Reunidos Industrial are examples of the effort being made in this direction.

Work absenteeism

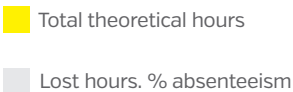
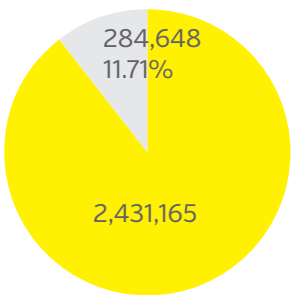
For the calculation of absenteeism, the number of hours lost due to common illness, work accidents, paid leave, strikes and other causes are included, excluding hours derived from union activity. Thus, the total number of hours lost [theoretical hours minus hours worked] provides the following absenteeism data:

Work absenteeism

2019



2018



For the calculation of absenteeism, among other causes, those arising from common illness have been taken into account, which are the ones with the greatest impact –around 75-80%–, resulting in those which are hardest to reduce due to the influence of factors outside the control of the Company.

ORGANISATION OF LABOUR AND SOCIAL RELATIONS

Collective bargaining agreements

Each of the Group companies keeps its own unique features in relation to collective bargaining agreements, as reflected below:

- Tubos Reunidos: individual agreements with its workforce.
- Tubos Reunidos Industrial and Productos Tubulares: own collective agreements.
- Tubos Reunidos Premium Threads and Aceros Calibrados: Agreements referenced to the collective agreements of Álava and Navarre, respectively. Both companies incorporate improvements.
- Tubos Reunidos Services: Agreements linked to trade agreements in the metal sector of the provinces where their work centres are located.
- Tubos Reunidos América and RDT: Application of the US labour legislation.

In Tubos Reunidos we take care of our employees by ensuring 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.

Hence, to encourage a balance between work and personal life there are a number of measures gathered in the different agreements that go beyond those established by national legislation:

- The schedules and timetables establish the possibility of making the entries and exits more flexible during the day shift.
- Establishes the possibility of accepting a leave of absence with the reservation of the job for the care of sick family members.
- Paid permits are established, which exceed those established by the Workers' Statute, to address different circumstances in the family environment.
- Permits for accompanying under-age children or disabled family members in charge of the worker to a doctor's appointment.
- Two calendar days for accompanying disabled children to a doctor's visit.
- Promotion of women's employment and equal opportunities.

In the different TR Group companies the organisation of work is as follows:

TRI: Work shifts in the morning, afternoon and evening, and in an approximate percentage of 45% work on a calendar with inter-weekly rest [they work weekends and rest during the week]. Office staff works on split shifts.

PT: In production, work is preferably carried out in the morning, afternoon and evening shifts from Monday to Friday. Office staff works on the day shift.

TRPT: In production, work is preferably carried out in the morning, afternoon and evening shifts from Monday to Friday. Office staff works on the day shift.

TR Services: Office staff works on the day shift from Monday to Friday.

TR America: In production, work is preferably carried out in the morning, afternoon and evening shifts from Monday to Friday. Office staff works on the day shift.

ACECSA: In production, work is preferably carried out in the morning, afternoon and evening shifts from Monday to Friday. Office staff works on the day shift.

Staff turnover

In a complementary way, and in accordance with current legislation, all workers who have requested **paternity or maternity leave** have been given the opportunity to adapt them to the most convenient dates according to their preferences, in order to reconcile the permit with their labour life. The same criteria have been applied to male workers who have requested breastfeeding permits.

The following formula has been used to calculate the **absolute turnover rate**: $100 \times (\text{Total terminations in the Group} / \text{Total permanent employees in the Group})$.

Absolute Turnover Rate

2019

	New hires	Termination	% turnover
Under 30 years	9	2	3%
Between 30 and 50 years	29	23	2%
Over 50 years	3	23	7%
Men	32	47	4%
Women	9	1	1%

2018

	New hires	Termination	% turnover
Under 30 years	12	8	13%
Between 30 and 50 years	34	59	6%
Over 50 years	2	53	21%
Men	39	99	8%
Women	9	21	19%

Calculation of the turnover rate: $(\text{Termination in the company during the financial year} / \text{Total Staff}) \times 100$

Total terminations in Tubos Reunidos

2019

Less than 30 years	Between 30-50 years	Over 50 years	Men	Women	White Collar	Blue Collar	Outside of agreement
2	23	23	47	1	13	26	9

2018

Less than 30 years	Between 30-50 years	Over 50 years	Men	Women	White Collar	Blue Collar	Outside of agreement
8	59	53	99	21	38	58	24

Of the total layoffs, 6 have been as a result of dismissals.

Total layoffs

2019

Less than 30 years	Between 30-50 years	Over 50 years	Men	Women	White Collar	Blue Collar	Outside of agreement
0	6	0	5	1	2	3	1

2018

Less than 30 years	Between 30-50 years	Over 50 years	Men	Women	White Collar	Blue Collar	Outside of agreement
0	3	1	2	2	2	1	1

Tubos Reunidos communicates to the workers and their representatives the significant operational changes that could affect them at least two weeks in advance. The collective bargaining agreements specify the corresponding periods for prior notification and the provisions for consultation and negotiation.

On the other hand, given the nature of our activity and the number of people who perform such activity in the different plants, we do not have any specific policies or procedures in place regarding labour disconnection since it is not a material topic. Always bearing in mind that if this situation were to be modified, we would analyse the risks that may exist.

The number of workers who have devices (phone, tablet, laptop) belonging to the company through which they could be located outside of working hours, is small. Specifically, 178 workers have a mobile phone and around 70 laptop computers for individual use, these tools being necessary to be able to carry out their work. The Group considers that labour disconnection is sufficiently guaranteed.

Defined benefit plan obligations and other retirement plans

Some companies implement a number of retirement plans, which are all based on defined contributions and which are financed by payments to external voluntary social welfare entities (EPSV). The partners of these plans are the workers of Tubos Reunidos, Tubos Reunidos Industrial and Productos Tubulares.

Pension Plans

2019

Contributions and provisions for pensions [in thousand euros]	1,812
Number of voluntary members	1,248

2018

Contributions and provisions for pensions [in thousand euros]	1,803
Number of voluntary members	1,437

EQUALITY AND DIVERSITY

Tubos Reunidos is firmly committed to equal opportunities in business performance, something that is revealed in all the selection processes, which are carried out openly. There are non-discrimination protocols based on gender that will be reviewed and perfected throughout 2020.

The gender of the candidates does not represent any constraint or limitation, on the contrary, the presence of women is enhanced in all situations in which there is a tie between the candidates.

Most of the jobs are direct labour, that is, linked to the production processes of the steelmaking and metallurgical sector.

DIVERSITY OF GOVERNING BODIES AND EMPLOYEES [1]

In 2019 the Management Committee of Tubos Reunidos remains stable and with the same composition in terms of distribution of members by category, age and gender as in 2018.

Management Committee of Tubos Reunidos

Category	Men	%	Women	%	Total
Blue Collar	0	0%	0	0%	0
White Collar	0	0%	0	0%	0
Outside of agreement	7	87.50%	1	12.50%	8
TOTAL	7	87.50%	1	12.50%	8

[1] In order to calculate the distribution of people, the staff with permanent contract belonging to the different companies has been taken into account.

Category	< 30 years old	%	>=30 years old and <=50 years old	%	> 50 years old	%	Total	%
Blue Collar	0	0%	0	0%	0	0%	0	0%
White Collar	0	0%	0	0%	0	0%	0	0%
Outside of agreement	0	0%	4	50%	4	50%	8	100%
TOTAL	0	0%	4	50%	4	50%	8	100%

Work centres: all of Tubos Reunidos

2019

Category	Men	%	Women	%	Total
White Collar	213.06	76.93%	63.89	23.07%	276.95
Blue Collar	976.32	98.34%	16.45	1.66%	992.77
Outside of agreement	119.6	74.26%	41.45	25.74%	161.05
TOTAL	1,308.98	91.49%	121.79	8.51%	1,430.77

2018

Category	Men	%	Women	%	Total
White Collar	210	78.95%	56	21.05%	266
Blue Collar	926	98.09%	18	1.91%	944
Outside of agreement	106	75.18%	35	24.82%	141
TOTAL	1,242	91.93%	109	8.07%	1,351

2019

Category	< 30 years old	%	>=30 years old and <=50 years old	%	> 50 years old	%	Total	%
White Collar	11	4.02%	192	69.48%	73	26.50%	276	19.36%
Blue Collar	43	4.36%	762	76.75%	188	18.89%	993	69.38%
Outside of agreement	3	1.67%	104	64.78%	54	33.55%	161	11.26%

2018

Category	< 30 years old	%	>=30 years old and <=50 years old	%	> 50 years old	%	Total	%
White Collar	2	0.77%	197	75.77%	61	23.46%	260	18.17%
Blue Collar	53	5.68%	732	78.46%	148	15.86%	933	65.21%
Outside of agreement	2	1.42%	96	68.09%	43	30.50%	141	9.85%

Workers with officially recognised disabilities

Women	1
Men	6
TOTAL	7

The number of workers with recognised disabilities remains stable and with the same gender distribution in 2019 and 2018.

Given the nature of the work in the iron and steel sector, and as a Company included in Annex 1 of hazardous activity according to the regulation of Occupational Health and Safety, **Tubos Reunidos** complies with the General Disability Law, outsourcing specific jobs to special employment centres.

REMUNERATION

Average employee remuneration

The wages of Tubos Reunidos stands at a high level compared to the average wage of surrounding companies. In this financial year, the average remuneration has been around 45,187 euros/year for men and 44,424 euros/year for women. For the calculation of this average remuneration, the base salaries, seniority and other bonuses have been taken into account, including those of relief and night work. This is a factor that has been redefined for the development of this report, since in 2018 just the base salary was taken into account.

There is an increase as age increases due to the experience and know-how that these people contribute to the Company. Likewise, the remuneration increases in the most specialised and technical profiles.

Average remuneration

	2019			2018		
	Men	Women	Gap [*]	Men	Women	Gap [*]
Up to 30 years	34,243.94	28,471.25	16.86%	29,060	27,969	3.75%
From 30 to 50 years	43,925.68	45,232.11	-2.97%	36,434	44,046	-20.89%
More than 50 years	51,185.34	48,292.83	5.65%	46,538	52,796	-13.45%

[*] Salary Gap = (Salary men-salary women)/Salary men.

As we have mentioned, the variation of the data in the table in 2019 is due to the inclusion of salary items that were not taken into account for the remuneration calculations of the previous year.

It should be noted that the greatest wage gap exists within the age range of those under 30. In general, the positions occupied by men have associated bonuses for shift work, which makes them surpass other types of positions of a more administrative and management nature during day shifts, as in these positions there is a greater presence of women.

Average remuneration by professional category

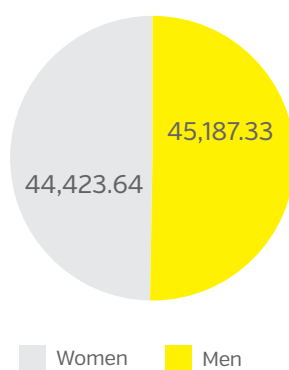
	2019			2018		
	Men	Women	Gap (*)	Men	Women	Gap (*)
White Collar	53,282.39	38,372.89	27.98%	41,451.12	32,952.09	20.50%
Blue Collar	39,280.38	27,260.49	30.60%	32,112.58	29,026.46	9.61%
Outside of agreement	78,986.17	60,529.41	23.37%	71,479.65	56,744.51	20.61%

(*) Salary Gap = (Salary men-salary women)/Salary men.

In this breakdown of the average remuneration by category, there are two variables to be taken into account to explain the gap: on the one hand, the existence of a percentage of wages that is linked to work bonuses, such as relief, which are mostly collected by men, as mentioned, and, on the other hand, seniority, which is greater in the group of men, due to being a historically masculine sector.

Average remuneration by gender

2019



In order to reduce the gender gap, at Tubos Reunidos we have established equality plans to ensure equal opportunities for men and women. Even so, we must highlight the difficulty of the task of recruiting women for the Blue Collar category as a consequence of the great lack of female professionals in this field as well as in the professional training that enable for the development of these job categories, as published repeatedly by educational administrations in their annual statistics.

Average remuneration at management level

In 2019, the best paid executive received a salary that was 6.1 times more than the average salary of workers of the Company compared to 5.20 in 2018. At the end of the financial year, the average remuneration, both of the management team and of the directors who are part of the Board of Directors, including variable remuneration, allowances, payment to the long-term savings forecast systems and any other perception, disaggregated by gender, is as reflected in the following table:

Average remuneration of Executives and Directors

2019

Executives	Female Executives	Directors	Female Directors
€188,297	€125,000	€61,857	€55,000

2018

Executives	Female Executives	Directors	Female Directors
€168,552	€125,000	€92,076	€56,500

Equal opportunities and non-discrimination

Tubos Reunidos ensures equal opportunities and non-discrimination regarding gender, as stated in the Directors' Ethical Commitment signed by the different Group companies.

In terms of the ratio of the standard initial category salary by gender compared to the local minimum wage, the remuneration of all categories is set in the agreements mentioned in the section "Collective bargaining agreements" and none of them allows any difference in remuneration by gender for the same job.

In the case of Tubos Reunidos Services the ratio has been calculated taking as a reference the figure of the lowest salary (Madrid) of the three provincial agreements that apply (Barcelona, Cádiz and Madrid).

For their part, RDT and Tubos Reunidos América are governed by the legislation of the state of Texas (United States) that stipulates a minimum wage of \$ 7.25/hour. In these companies, the minimum wage that is applied for a low skilled and inexperienced occupation is \$ 12/hour.

2019

Company	Company minimum wage 2019	Interprofessional minimum wage 2019	Ratio
TRSA	30,615	12,600	2.43
TRI	29,529	12,600	2.34
PT	29,669	12,600	2.35
TRPT	16,000	12,600	1.27
ACECSA	23,944	12,600	1.90
TR SERVICES	13,006	12,600	1.03
TRAME			
RDT			

2018

Company	Company minimum wage 2018	Interprofessional minimum wage 2018	Ratio
TRSA	30,615	10,303	2.97
TRI	29,529	10,303	2.87
PT	29,669	10,303	2.88
TRPT	16,000	10,303	1.55
ACECSA	23,944	10,303	2.32
TR SERVICES	13,006	10,303	1.26
TRAME			
RDT			

All Group companies are subject to a collective bargaining agreement that establishes remuneration by job category (post/function/task), independently of the employee's gender or any other characteristic, which prevents salary discrimination. For this reason, the base salary ratio is calculated only on the group outside the agreement and applying the following INE's formula: $100 \times (\text{Average men salaries} - \text{Average women salaries}) / \text{Average men salaries}$.

Base salary ratio men/women

2019

Total collective wage for women base salary	Total collective wage for men base salary	Base salary ratio men/women
44,424	45,187	1.69%

2018

Total collective wage for women base salary	Total collective wage for men base salary	Base salary ratio men/women
56,659	70,183	19.27%

[*] Salary Gap = $(\text{Salary men} - \text{salary women}) / \text{Salary men}$.

The data for 2018 does not include the two companies located in the United States since the item of "outside of agreement" as a specific group by the North American legislation is not comparable. Furthermore, for the calculation of wages for that financial year, only base wages were taken into account.

In 2019, a decrease in the salary gap and the levelling of average wages between men and women were observed, taking into account all groups and all wage items.

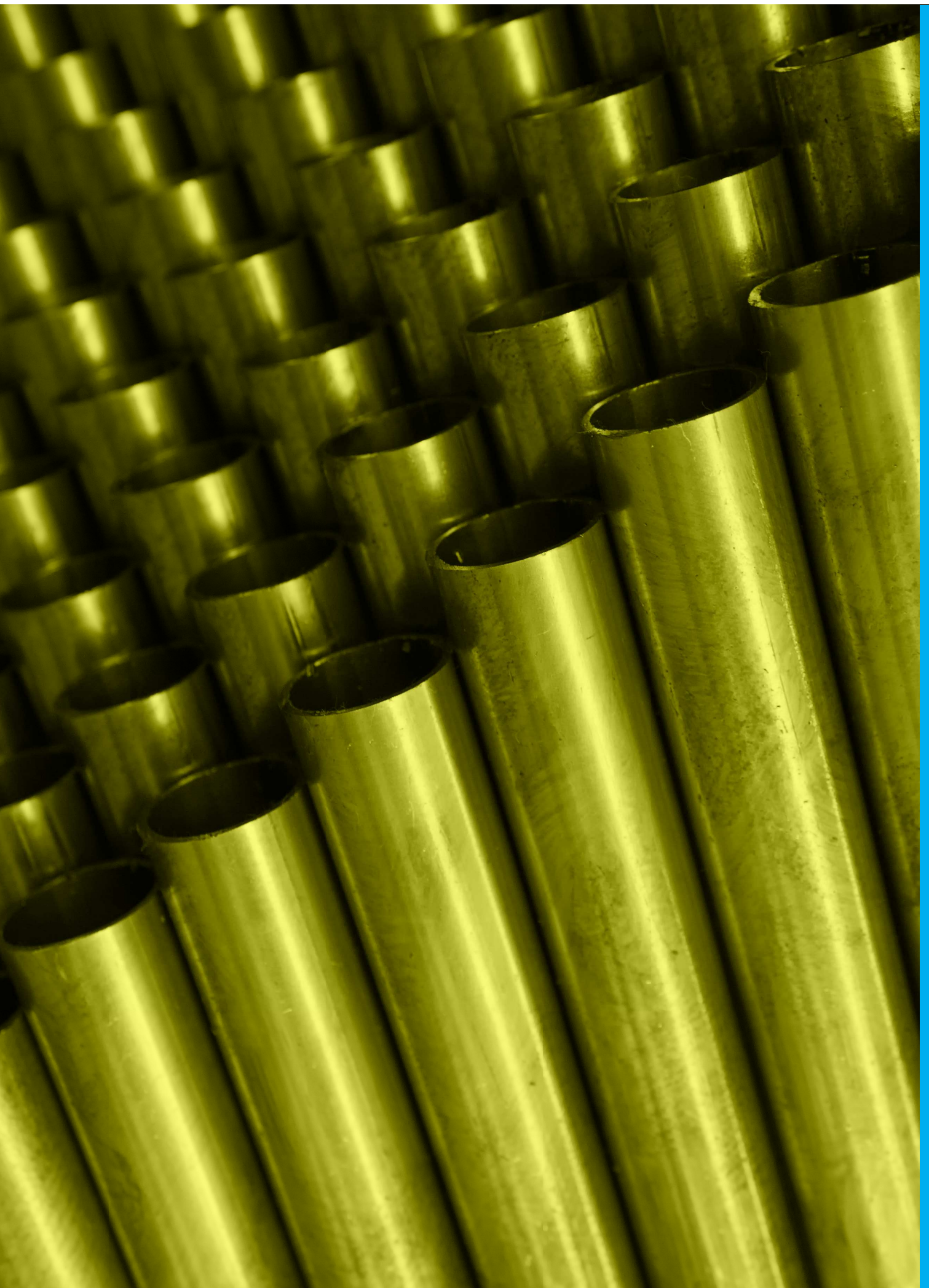
These data guarantee that the incorporation of women into high professional qualification positions in productive and technical areas, although late, has approximately begun to be carried out gradually and successfully in the last 10 years.

Finally, some of the Group companies have equality plans that strengthen the non-discrimination criteria as agreed with the workers' representatives.



COMMITMENT TO THE ENVIRONMENT





Sustainability and care for the environment are a priority for **Tubos Reunidos**. The activity of our companies is carried out in accordance with the legal requirements and other commitments reached with our different stakeholders, with meticulous care for the environment, an essential objective for an organisation that looks into the future.

ENVIRONMENTAL MANAGEMENT

MATERIAL ASPECTS AND COVERAGE

In Tubos Reunidos we undertake the commitment to seek the greatest environmental respect in developing our production. To this end, we focus our management on the following aspects: materials, energy, water, emissions, legal compliance and environmental assessment of suppliers.

We tackle the commitment made in terms of quality, environment and health and safety at work through an integrated policy.

Within the attempt to drive sustainability, our Group has also signed the “Pact for a Circular Economy - The commitment of economic and social agents 2018-2020” of the Ministries of Agriculture and Fisheries, Food and Environment, in coordination with the Ministry of Economy, Industry and Competitiveness.

MANAGEMENT APPROACH

Aware of the repercussion that our activity may have on the environment, we comply with the legal requirements and other commitments reached with our different stakeholders in this area.

In this sense, several Tubos Reunidos plants have an Environmental Management System according to the international standard ISO 14001:2015 and the main production plants -Tubos Reunidos Industrial (TRI), Productos Tubulares (PT) and Aceros Calibrados S.A.U. (ACECSA)-, also have the corresponding Integrated Environmental Authorisations, which list all the obligations to be fulfilled by said centres.

We have tools that allows us to immediately know the new legislation applicable which allows us to keep up with the financial implications and other risks and opportunities arising from climate change.

Furthermore, we participate actively, through the Union of Steel Companies (UNESID), in the development of the Best Available Techniques (BAT) and in the knowledge development of the new environmental requirements foreseen, with the aim of anticipating the necessary actions for its fulfilment as well as for the analysis of the opportunities that could arise from the same.

ASSESSMENT OF THE APPROACH

With continuous improvement in our environmental performance as a goal, we set ourselves annual compliance targets. We are also introducing requirements in the selection of suppliers and we monitor the evolution of the plants' environmental performance by means of set indicators. Furthermore, internal and external communication channels have been established to gather suggestions, opinions and complaints from stakeholders in order to be able to effectively manage them.

PRECAUTIONARY PRINCIPLE

Throughout its history, **Tubos Reunidos** has shown a strong ethical commitment. We believe that the best way to accomplish this is by establishing effective internal rules and procedures with these objectives:

- Developing our activities in accordance with strict rules of conduct and legislation currently in force.
- Preventing any negative effect of our activity on the environment.
- Minimising any repercussions that, eventually, our activity could cause by making the most appropriate means available to our workers.
- Implementing operating standards and communication control systems to stop our activities from being used for illegal purposes.
- Ensuring that all our workers observe the crime prevention policies and procedures.
- Strictly comply with environmental legislation.

The Code of Ethical Conduct for Administrators, Executives and Employees, approved on 3 May 2016, includes the Company's firm commitment to integrate environmental criteria in the management of its companies.

Alongside the strictest possible compliance with legislation, the Group undertakes to contribute towards conserving natural resources and spaces that are of ecological, scenic, scientific or cultural interest.

CERTIFICATIONS

The production plants of TRI, PT and ACECSA have certifications of their Environmental Management System under the strict requirements of the ISO 14001:2015 standard, issued by Lloyd's Register LRQA, an organisation certified and recognized worldwide, having to pass the yearly follow-up audit to be able to maintain this certification. Both plants also have the Integrated Environmental Authorisations issued by the corresponding Administration, which include all applicable legal requirements to be met, which are verified through periodic inspections.



RISK PREVENTION

Tubos Reunidos has facilities for environmental protection and improvement works and has its own staff for this purpose as well as the support of specialised external companies. All this is part of the Strategic Environmental Plan in which the Group is engaged in order to minimise the environmental risks associated with its activity, as well as to improve its management in this field.

During financial year 2019, the investments made and the accrued expenses for the protection and improvement of the environment amounted to 0 euros and 1,883,000 euros, respectively.

In accordance with the applicable legislation, TRI and PT have performed the Environmental Risks Analysis (ERA), in accordance with the Sid-MIRAT model approved by public administrations, which enables greater control of the environmental risks of the facility. In both cases, said analysis concludes with the non-obligation to establish a financial guarantee to face the environmental responsibility inherent in the responsibilities.

Nevertheless, Tubos Reunidos has taken out an environmental responsibility policy with the Chubb European entity Group Limited, valid until 31 January 2020, with a general limit of 10,000,000 euros per claim.

In 2019, none of the Group companies was fined or received significant sanctions (above 20,000 euros) for non-compliance with applicable legislation and regulations.

SELECTION OF SUPPLIERS

All suppliers that could have an impact in the environment are assessed before being added to the list of approved suppliers, and those with significant potential impact are informed of the requirements to be met to eliminate or minimise said effects.

The negative environmental impacts (potential and real) identified in the supply chain, from which suppliers are assessed, are as follows:

- **Resources:** use of natural resources and raw materials, depletion of non-renewable resources, reduction of biodiversity, etc.
- **Soil:** contamination of soil with chemical or inorganic substances, poisoning by direct or indirect contact, impact on the landscape, contamination of surface and/or ground waters, impact on flora and fauna.
- **Disturbance:** visual impact, stress, distraction, change in mood, decrease in productivity, noise, disturbance of feeding patterns and breeding of animals, interference in communication, sleep disturbance, etc.
- **Waste:** impacts on the soil from direct contact from contaminated waste, impacts on water due to leaching of hazardous substances that waste may contain, impacts on landscape from accumulated waste, impacts on the natural surroundings of the area, etc.
- **Spills:** reduction of the oxygen content in water, appearance of sediments or deposits of solids and sludges, appearance of pathogenic micro-organisms, nutrient inputs that cause massive growth of algae and lead to eutrophication, inhibition of biological processes due to toxic substances, reduced possibility of subsequent use (industrial, farming or leisure), alteration of ecosystem, poisoning from direct or indirect contact, etc.
- **Atmosphere:** acid rain, greenhouse effect, destruction of ozone layer, radioactive contamination, pollution of surrounding air, etc.

In 2019, no supplier was terminated as a result of its activities for the Group. Improvements have been agreed with all suppliers with significant potential impacts environmental risks.

Assessment of suppliers

2019	Number of suppliers assessed using environmental criteria	Number of suppliers with potential negative impacts
PT	70	27
TRI	213	32
TRPT	0	0
RDT	-	-
ACECSA	-	-
TOTAL	283	59

2018	Number of suppliers assessed using environmental criteria	Number of suppliers with potential negative impacts
PT	58	20
TRI	164	32
TRPT	1	-
RDT	-	-
ACECSA	-	-
TOTAL	223	52

SUSTAINABLE USE OF RESOURCES

The activity carried out by the Group entails a high consumption of solid and liquid materials. In order to raise awareness among all the staff on the sustainable use of resources, **Tubos Reunidos** carries out timely internal campaigns to minimise their use, as well as to communicate the measures adopted to improve efficiency and promote the use of renewable energy.

CONSUMPTION OF MATERIALS

The total consumption of materials (renewable and non-renewable) used in factories is as follows:

Renewable materials

Data in Tons	2019	2018
PT	68,766	58,582
TRI	194,232	243,124
TRPT	516	286
RDT	1	-
ACECSA	-	-
TOTAL	263,515	301,992

Data on raw materials and materials required for the manufacture of the final product (scrap metal and stainless ingots).

Non-renewable materials

Data in Tons	2019	2018
PT	6,340	4,865
TRI	47,785	43,602
TRPT	54	13
RDT	37,035	49,819
ACECSA	553	534
TOTAL	91,767	98,833

Data of the raw materials, the materials necessary for the process (oils, fats, fluxes and iron) and the packaging materials (caps, plastics, strips, cardboard, etc.).

To prepare both tables, the information has been obtained by direct measurement via dispatch notes and/or internal management reports.

ENERGY CONSUMPTION

The TRI and PT production plants undergo energy audits every four years [first audit in 2016] carried out by independent accredited companies. As a result of these audits, the appropriate actions have been established to reduce the energy consumption of said plants.

As of today, **Tubos Reunidos** does not significantly use energy from renewable sources; although, part of the energy consumed is from renewable sources, as certified by the supplier, in a percentage between 35% and 40% during financial year 2019.

The energy consumption of the plants belonging to the Group is detailed in the following tables:

Non-renewable sources [MWh]

Company	2019	2018
PT	110,061	82,750
TRI	222,639	264,434
TRPT	307	906
RDT	8,875	11,374
ACECSA	3,411	3,240
TOTAL	345,293	362,704

For this calculation, consumption from natural gas has been included as the most relevant fossil fuel used. No renewable fuels are used, such as biofuels or biomass.

Power consumption [MWh]

Company	2019	2018
PT	69,475	57,489
TRI	157,354	195,521
TRPT	1,539	1,393
RDT	14,995	17,954
ACECSA	1,135	1,049
TOTAL	244,498	273,406

Energy sources such as steam or water from urban heating or cold water plants are not used. There is no evidence of the sale of electricity, heating, cooling or steam.

Total energy consumption [MWh]

Company	2019	2018
PT	179,536	140,239
TRI	379,993	459,955
TRPT	1,846	2,299
RDT	23,870	29,328
ACECSA	4,546	4,289
TOTAL	589,791	636,110

Energy intensity [KWh/t product]

Company	2019	2018
PT	2,985	2,767
TRI	2,151	1,987
TRPT	321	208
RDT	645	589
ACECSA	1,355	1,158

The ratio includes the total energy consumption in the plants. In the case of TRI and PT, consumption is linked to the production of liquid steel, the rest is linked to the production provided by companies in t.

WATER CONSUMPTION

The total volume of water withdrawn in 2019 in our production plants amounts to 340,528 m3.

Water withdrawn by source

2019	Surface water withdrawn (m3)	Ground water withdrawn (m3)	Municipal grid water (m3)
PT	-	-	132,478
TRI	104,580	-	70,246
TRPT	-	-	521
RDT	-	26,464	-
ACECSA	-	-	6,239
TOTAL	104,580	26,464	209,484

2018	Surface water withdrawn (m3)	Ground water withdrawn (m3)	Municipal grid water (m3)
PT	-	-	113,456
TRI	165,914	-	63,483
TRPT	-	-	336
RDT	-	32,691	-
ACECSA	-	-	7,435
TOTAL	165,914	32,691	184,710

The tables reflect the total volumes of water withdrawn, broken down by surface water and water from municipal supplies or other water services, public or private. As it does not apply, the water from the rain, collected and stored, or waste water from another organisation have not been considered.

Tubos Reunidos does not cause significant conditions of any water source, having the corresponding permits and/or administrative licenses granted by the competent authority. Nor are the extractions of water masses classified as “especially sensitive”, that is, those listed in the Ramsar Convention, which have great value for biodiversity, for local communities, and indigenous peoples.

Besides the waters received via municipal water grids or other public or private services, TRI extracts surface waters from the dam of San Roque and the Pagatza reservoir (considered to be of little relevance) and from the river Izoria. For its part, RDT extracts groundwater.

Water recycled and reused [m3]

Company	2019	2018
PT	8,940,338	7,625,615
TRI	11,337,280	13,998,906
TRPT	-	-
RDT	-	-
ACECSA	-	-
TOTAL	20,277,618	21,624,521

Both TRI and PT have a recirculation system in a closed circuit to cool their production facilities. This minimises the use of this natural resource by having to provide only the evaporated water during the recirculation process.

Nevertheless, and following the recommendations of the GRI 303-3 standard, the table displays the estimated quantities of recycled and reused water.

Finally, there is no evidence that discharges caused by our activity affect water bodies, according to the GRI 306-5 standard.

CLIMATE CHANGE

RISKS AND OPPORTUNITIES

Tubos Reunidos permanently monitors greenhouse gas (GHG) emissions, the development of the trade in these emissions and how international agreements in this field may affect the Group in order to make the most appropriate decisions to minimise risk and seize opportunities.

Since the GHG emissions of Tubos Reunidos are mainly related with the consumption of gas and electricity in its operations, the actions taken to reduce said emissions are directly related to the energy efficiency measures adopted to reduce the same.

At risk level it is also worth noting that a major part of the sales of the Group are directed towards the oil sector and may therefore be affected by potential regulatory changes and/or changes in environmental policies. No other significant risks from climate change have been identified.



CONTROL OF GHG EMISSIONS

The productive activities of **Tubos Reunidos** are subject to a strict emissions control with an annual control of objectives to be met.

Direct GHG emissions (scope 1). Units t CO₂

Company	2019	2018
PT	23,208	17,839
TRI	46,166	56,019
TRPT	56	167
RDT	1,633	2,096
ACECSA	628	597
TOTAL	71,691	76,718

The data include direct CO₂ emissions issued and verified within the GHG emissions trade of the European Union (PT and TRI) and those related with the consumption of natural gas by companies not affected by the trade of such emissions.

The calculation of direct emissions from companies outside of the Trade of Emissions has been made using the Natural Gas emission factors used within emissions trading (2018: 38.22 CO₂/tj and 56.4GJ/1000 Nm³; 2019: 38.32 CO₂/tj and 56.19 GJ/1000 Nm³).

Indirect emissions when generating energy (Scope 2). Units t CO₂

Company	2019	2018
PT	18,758	16,097
TRI	42,486	54,746
TRPT	416	390
RDT	6,722	8,541
ACECSA	306	294
TOTAL	68,688	80,067

2019 IBERDROLA CLIENTES S.A.U.: not published [we hold FE 2018 of Iberdrola: 0.270 kg CO₂/Kwh since the data from 2019 is not published].

In the case of RDT, the EF used corresponds to the official data of 2016, published by ERCOT in 2018 [0.4483 kgCO₂/Kwh], since the data from 2019 has not been published.

The table includes annual electrical consumption multiplied by the emission factor (EF) published by the National Commission on Markets and Competition for each supplier company in KgCO₂/Kwh. The factor used corresponds to the last published official value.

Other indirect GHG Emissions (Scope 3)

Indirect emissions refer to those that take place as a result of activities from sources that are not owned by the Group, over which there is no control, related to our suppliers, transportation and distribution, related to business travel, etc.

Currently, there is not a sufficiently solid and reliable system to account for this type of emissions.

Intensity of GHG emissions. Units t CO₂/ t product

Company	2019	2018
PT	0.70	0.67
TRI	0.50	0.48
TRPT	0.08	0.05
RDT	0.23	0.21
ACECSA	0.28	0.24

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.

The Group has no information about the reduction of GHG emissions achieved as a result of the energy saving initiatives carried out in recent years.

POLLUTION

Tubos Reunidos maintains an ongoing commitment to adopting the necessary measures to control and reduce the pollution that our activity may produce. In this sense, it carries out actions to prevent, reduce or repair carbon emissions that impact the environment, taking into account any specific form of atmospheric pollution, including light and noise pollution.

Regarding light pollution, while the Group is not a relevant organisation in this regard, the necessary actions are being carried out to have more efficient lighting to prevent contributing to the general increase in this type of pollution.

Regarding noise pollution, the regulatory measurements required in the corresponding Integrated Environmental Authorisations are carried out to verify compliance with the emission limit values (ELV) established therein. In the event of finding any breach of said values, appropriate measures are taken to correct it.

ODS EMISSIONS

In relation to the emissions of ozone-depleting substances (ODS), the equipment in use in the production plants that contain this type of substances are replaced by equipment without them 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.

OTHER EMISSIONS

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.

In the absence of such measurements, since they are not compulsory in this financial year, they have been estimated based on the latest assessments carried out (reported to the administration in the E-PRTR 2018 report) and the hours of operation in 2019.

Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions

2019	NOx (Kg)	SOx (Kg)	COV (Kg)	PAH (Kg)	PM10 (Kg)	Others (Kg)
PT	45,699	8,669	6,330	2.06	11,816	1.326x10 ⁻⁶
TRI	60,609	12,762	4,987	5.27	35,440.79	3.360x10 ⁻¹²
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
ACECSA	1,228	5	37	-	10	-
TOTAL	107,536	21,436	11,354	7.33	47,267	1.326x10 ⁻⁶

2018	NOx (Kg)	SOx (Kg)	COV (Kg)	PAH (Kg)	PM10 (Kg)	Others (Kg)
PT	36,351	3,513	3,602	1.74	5,035	9.93x10 ⁻⁷
TRI	164,757	23,464	7,175	8.99	49,521	1.00x10 ⁻⁸
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
ACECSA	1,167	4	35	-	-	-
TOTAL	201,975	26,981	10,812	10.73	54,556	1.003x10 ⁻⁶

VOC: volatile organic compounds.

PAH: polycyclic aromatic hydrocarbons.

PM10: particles.

Other: dioxins and furans (PCDD and PCDF).

There is no data for TRPT and RDT.

CIRCULAR ECONOMY

As we mentioned at the beginning of this chapter, **Tubos Reunidos**, together with other sector companies, has also signed the “Pact for a Circular Economy - The commitment of economic and social agents 2018-2020” of the Ministries of Agriculture and Fisheries, Food and Environment, in coordination with the Ministry of Economy, Industry and Competitiveness.

The parts signing this agreement undertake to promote the transition to a circular economy through the following actions:

- Making progress in the reduction of the use of non-renewable natural resources, reusing the materials contained in waste in the production cycle as secondary raw materials, as long as the health of people and the protection of the environment is guaranteed.
- Promoting the analysis of the life cycle of products and the incorporation of ecodesign criteria, reducing the introduction of harmful substances in their manufacture, facilitating the reparability of the goods manufactured, extending their useful life and enabling their recovery at the end of the same.
- Encouraging the effective implementation of the principle of hierarchy of waste, preventing its generation, promoting reuse, strengthening recycling practices and favouring traceability.
- Promoting guidelines that increase innovation and the overall efficiency of productive processes through the adoption of measures such as the implementation of environmental management systems.
- Driving innovative forms of sustainable consumption that include sustainable products and services, as promoting the use of digital infrastructures and services.
- Promoting a responsible consumption model based on the transparency of information on the features of goods and services, as well as their duration and energy efficiency, through the use of measures such as the use of the eco-label.
- Facilitating and promoting the creation of appropriate channels to improve the exchange of information and coordination with administrations, the scientific and technological community, and economic and social players, in order to create synergies that favour the transition.
- Disseminating the importance of moving from a linear economy towards a circular economy, promoting the transparency of processes, raising awareness among citizens.
- Promoting the use of common, transparent and accessible indicators that indicate the degree of implementation of the circular economy.
- Supporting the incorporation of social and environmental impact indicators arising from the operation of companies, in order to be able to assess beyond the economic profits that are generated in the same, as a result of their commitment to the circular economy.

Within the attempt to drive the circular economy, the TRI and PT production plants have carried out the corresponding energy audits, whose recommendations actions have been taken to reduce energy consumption; such as the substitution of conventional luminaires for LED models and projects to optimise the energy consumption of furnaces.

In addition, we actively participate in the Technical Committee for Standardisation CTN 323 “Circular Economy” of the Spanish Association for Standardisation (UNE), through two boards.

WASTE PREVENTION AND MANAGEMENT

The Tubos Reunidos plants have strict measures to prevent, avoid and solve (if necessary) any incident related to waste.

WATER DISCHARGE

For the discharges of the different effluents (industrial waters, sanitary sewage and rain water) there are Emission Limit Values (ELVs), contained in the Integrated Environmental Authorisations in accordance with Law 16/2002, of 1 July of Integrated Pollution Prevention and Control and Law 5/2013, of 11 of June, that modifies it.

In the case of rain water, these do not come into contact with possible sources of contamination, hence being uncontaminated waters.

The discharges have sedimentation and purification systems used to comply with the established ELVs. Those that are made to into a water course have the appropriate permits from the competent authority.

Water discharge

2019	Discharges of water to water course [m3]	Discharges of water to a collector [m3]	Total discharges of water [m3]
PT	7,208	19,464	26,672
TRI	75,148	-	75,148
TRPT	-	521	521
RDT	-	-	-
ACECSA	-	3,904	3,904
TOTAL	82,356	23,889	106,245

2018	Discharges of water to water course [m3]	Discharges of water to a collector [m3]	Total discharges of water [m3]
PT	6,625	15,718	22,343
TRI	75,148	-	75,148
TRPT	-	324	324
RDT	-	-	-
ACECSA	-	2,664	2,664
TOTAL	81,773	18,706	100,479

There is no data for RDT.

WASTE

All the waste generated in the production centres is managed as indicated in the Integrated Environmental Authorisations in accordance with this order of priority:

1. Regeneration-reuse.
2. Assessment.
3. Destruction whenever it can be justified that valuation is not technically, economically or environmentally feasible.

The waste management or treatment company [authorised in accordance with corresponding LER code] includes the final destination of the waste in their offer.

There are currently no data on hazardous waste from the RDT plant.

Weight of hazardous waste

2019	Hazardous waste recycling (t)	Hazardous waste recovery (including the power grid) (t)	Hazardous waste dumping (t)
PT	17	862	685
TRI	-	2,745	1,950
TRPT	-	-	16
RDT	-	-	-
ACECSA	-	171	95
TOTAL	17	3,778	2,746

2018	Hazardous waste recycling (t)	Hazardous waste recovery (including the power grid) (t)	Hazardous waste dumping (t)
PT	9	758	388
TRI	-	3,337	1,682
TRPT	-	-	20
RDT	-	-	-
ACECSA	-	179	62
TOTAL	9	4,274	2,152

There is no data for RDT.

Weight of Non-Hazardous Waste

2019	Non-hazardous waste Reuse [t]	Non-hazardous waste recycling [t]	Non-hazardous waste dumping [t]	Non-hazardous waste Other actions* [t]
PT	19	15,417	882	59,870
TRI	3,338	49,506	5,420	36,507
TRPT	-	-	-	20
RDT	-	-	-	-
ACECSA	-	-	4	-
TOTAL	3,357	64,923	6,306	96,397

2018	Non-hazardous waste Reuse [t]	Non-hazardous waste recycling [t]	Non-hazardous waste dumping [t]	Non-hazardous waste Other actions* [t]
PT	2	12,058	1,007	47,993
TRI	2,329	41,537	6,840	52,570
TRPT	-	-	-	21
RDT	-	-	-	384
ACECSA	-	-	-	-
TOTAL	2,331	53,595	7,847	100,968

* Other actions: recovery in the own steelworks.

There is no data for RDT in 2019 or for ACECSA in 2018.

SPILLS

During 2019, no Group companies have generated significant spills that have forced the activation of the Emergency Plan established in the different plants.

Finally, the transportation of hazardous waste is not carried out outside national borders and, as a consequence, to member countries of the Basel Convention treaty on the control of trans-boundary movements of hazardous waste and their disposal.

BIODIVERSITY PROTECTION

The activities and operations carried out in the production plants do not have, in most cases, a direct impact on biodiversity and protected areas. Only one part of the facilities in the TRI plant is within a protection area in the bed of the Nervión river. 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 minimize any chance of a significant impact.

To assess this aspect, the following cartography and documentation have been analysed:

- Habitats of community interest.
- Green corridors.
- Distribution of threatened species of flora and fauna.
- Red Natura 2000 (LIC, ZEC, ZEPA).
- Protected spaces, biotope, RAMSAR, special trees, national parks.
- Natural areas of interest.
- Territorial Planning Guidelines of the CAPV (DOT). Space catalogue.
- Environmental Risk Analysis (ERA) Report of Tubos Reunidos Industrial dated 14 June 2019.

Tubos Reunidos has no evidence that its discharges affect bodies of water or runoffs or that they affect ecosystems.





SOCIAL COMMITMENT





We are a socially responsible Group, committed to the development of the communities in which we are present and, therefore, to the well-being of people. We aim to generate sustainable value for our customers, employees, shareholders, suppliers and society in general, aligning ethical, social and environmental criteria with our objectives and strategies.

MANAGEMENT OF THE SUPPLY CHAIN

MATERIAL ASPECTS AND COVERAGE

Tubos Reunidos integrates the improvement of competitiveness through the supply chain in the business strategy. Our objective is to streamline supplies to the maximum in terms of price, quality and delivery time in order to obtain competitive advantages within the sector.

With this purpose we develop ongoing initiatives throughout the entire chain in order to improve our products and our manufacturing processes.

The Code of Ethical Conduct establishes the foundations of the values and principles that govern contractual relationships with the suppliers. Those companies that chose to become collaborate with Tubos Reunidos have to undergo an approval process depending on how critical the activity they carry out might be.

The Group complies with the criteria of European and international management policies responsible for the supply chain of minerals from area of conflict or high risk.

MANAGEMENT APPROACH

Having adequate amounts of raw materials in competitive terms (scrap, ferro-alloys and others) is essential for the viability of the steel business. Therefore, access to critical raw materials and ensuring them ethically and sustainably become key factors in achieving an advantageous position in the market. To this end, critical supplies with potential problems or restrictions have been identified, taking appropriate measures to reduce such risks.

ASSESSMENT OF THE APPROACH

Within the framework of our objective management model, we have incorporated the following indicators to assess the effectiveness of the chain:

- **Competitive improvements** arising from management (price conditions and product quality, etc.).
- **Aspects related to quality:** monitoring and analysis of anomalies and possible claims due to errors attributable to our suppliers (stock breakage, other quality problems in raw materials and other materials, delays in deliveries, etc.) is taken into account.

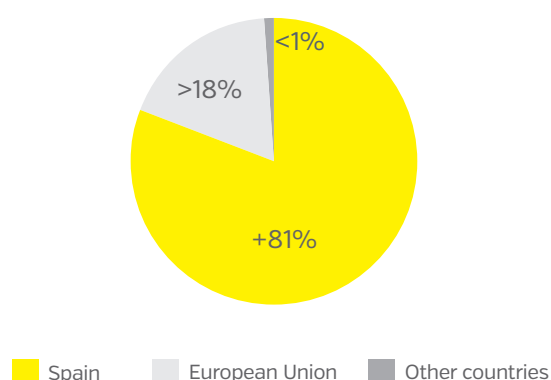
SUPPLY COMPANIES AND PURCHASES

Tubos Reunidos has over 1,500 suppliers worldwide, both national and international. Due to the nature of our activity, suppliers are closely related to the recycling and the circular economy sectors, of raw materials for steel making, etc.

The sustainability strategy of the supply chain is to contribute towards creating sustainable production environments that are efficient in the use of natural resources and energy and that also guarantees respect for human and employment rights of the suppliers' workforces.

In 2019, over 81% of the Group's purchases of goods and services were made from national companies. The rest, to European Union companies in their majority (> 18%) and a very small percentage (<1%) to other countries. In the case of the United States, with the exception of the raw material [seamless pipes] that is supplied from the main production plants located in Spain, the rest of purchases are made from suppliers in this country.

Market distribution of the global volume of purchases



Of the global volume of purchases, more than 99% have been made to companies in the European Union in 2019, which guarantees compliance with social rights.

SELECTION OF NEW SUPPLIERS

Tubos Reunidos adheres to the principles of the International Labour Organisation (ILO) in relation to social justice and decent work throughout the world, and contracts suppliers from countries where the standards promoted by that organisation are met.

Creating long-term sustainable value for our stakeholders is a key objective that inspires all of our policies, in particular those related to purchasing and outsourcing.

To guarantee social and equality rights, we make available to the employees of supplier companies and, in general, to anyone who is aware of any practice contrary to the principles and rights of the ILO, an online whistleblower channel on the corporate website so that appropriate measures can be taken. To date, no communication has been received through this channel.

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. In this sense, we request from these companies all the appropriate legal documentation. Furthermore, the workers who carry out their activity in our production plants must adapt to the Company's business policy at all levels.

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 workshops in which operations are carried out on our products that are considered critical to satisfy the quality standards required by our customers.

All companies that access the Company's facilities 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 health and safety at work policies.

IMPACTS AND MEASURES

Our Group follows a public and transparent Ethical Code of Conduct that ensures the ethical integrity of the supply chain at all levels. Any violation of its principles can be reported through the whistleblower channel.

Tubos Reunidos does not make purchases in countries in conflict. As mentioned above, almost all supply has been focused on the European Union in 2019, with more than 99% of the total volume of purchases, a fact that is a guarantee regarding the social impact that our activity generates in the supply chain.



COMMITMENT TO THE COMMUNITY

We keep a firm commitment to local communities focused on promoting their economic and social progress.

Our action is governed by the principles arising from the Universal Declaration of Human Rights, the United Nations Global Compact and those of other agreements and treaties of international bodies such as the Organisation for Economic Cooperation and Development (OECD) and the International Labour Organisation (ILO).

We believe that the challenge of the transition towards a more sustainable world will only be possible through the collaboration of the whole society and, in this context, the signing of the agreement, together with other companies, of the “Pact for a Circular Economy - The commitment of economic and social agents 2018-2020” of the Ministries of Agriculture and Fisheries, Food and Environment, in coordination with the Ministry of Economy, Industry and Competitiveness.

As part of our commitment to innovation and support for the development of the industrial sector, **Tubos Reunidos** is one of the founding members of the Innovation Centre for the Oil & Gas sector in the Basque Country - EIC Energy Advanced Engineering Foundation -, in collaboration with the Basque Government and the Provincial Council of Bizkaia, an organisation that seeks the definition and development of a collaborative infrastructure between the industries related to oil, gas and energy in general.

No investments in infrastructure and supported services have been made during 2018 and 2019.

INDIRECT ECONOMIC IMPACTS

The indirect economic impact of our activity on the progress of local economies is very significant. One of the most tangible consequences is the creation of direct jobs, collaborating with local and regional institutions to promote sustainable social and economic development. In addition, a significant number of indirect jobs in auxiliary sectors, restoration services, safety, health, transportation, and skilled labour are generated.

In the environmental field, the negative impacts classified as “significant” (potential and real), included in the corresponding chapter of the report, are related to the effects on the soil, disturbance, generation of waste, discharges and emissions to the atmosphere. Said impacts are minimised through our management models with the aim of complying with legal aspects and other requirements established by the competent authority or agreed voluntarily with our stakeholders. We also have several environmental responsibility insurance policies to cover damage that might be caused as a result of our activities.

PARTICIPATION IN THE COMMUNITY

Tubos Reunidos echoes the needs of the communities where we are present, seeking to contribute to the creation of wealth and development. Along these lines, we are committed to creating and maintaining quality, local jobs that preserve and increase that wealth and retain local talent in their communities of origin. To this end, we are in permanent contact with training institutions (universities and vocational training centres) in order to capture and retain that talent for the employment opportunities that arise in the Company.

PREVENTION OF NEGATIVE IMPACTS

Besides the strict compliance with occupational health and safety and environmental protection legislation, **Tubos Reunidos** undertakes to contribute towards conserving natural resources and spaces that are of ecological, scenic, scientific or cultural interest. To this end, best practices are established and their knowledge and adoption by the workforce is promoted. In this sense, it is necessary to underline the commitment to the objectives entered into in the voluntary agreement signed by the companies of the steel sector and the Department of Town and Country Planning of the region and the Department of the Environment of the Basque Government.

Given the importance of preventing contamination and the impacts that our activity might have, all the companies implement the following measures:

- Integrated Environmental Authorisations that establish the operating conditions of facilities in order to protect the quality of the air, water, soil and for suitable waste management.
- Establish plans and resources to reduce environmental risks from their activities by assuming full responsibility in terms of prevention repair in the event of adverse effects on the surroundings.
- The best technologies available in its processes and activities.

COMPLIANCE WITH LAWS AND STANDARDS

According to the company's Code of Ethical Conduct and its Criminal Liability Prevention Plan, the Group sets out to ensure that its conduct and that of the people related to it in any way comply with its system of corporate, ethical principles and generally accepted social responsibility, alongside the provisions of legislation currently in force.

The ethical standards of the Group establish that professional shall strictly comply with legal standards in force in the place where they carry out their activities, according to the spirit and purpose of the law and shall observe the provisions of the ethical code, the standards of corporate governance and the basic procedures that regulate the Group's activities and the society where they provide their services. They shall also fully respect the obligations and undertakings assumed in their contractual relations with third parties, along with the uses and best practices of the countries where they carry out their activities.

Tubos Reunidos will always respect and abide by the legal or administrative resolutions that are issued. However, it reserves the right to appeal decisions or rulings when it believes that they do not conform to law. The Group's management approach in this matter is fully detailed in the "Governance, Ethics and Integrity" section of the report.

In 2019, there has been no significant fine or sanction [above 20,000 euros].

PARTICIPATION IN ASSOCIATIONS AND ENTITIES

Our commitment to dialogue with the main players in the industrial sector and the business world to contribute to its promotion and development, is reflected in the participation in several local and international associations and organisations.

The relationship of entities with which we have collaborated in 2019 is indicated below:

- European Steel Tube Association (ESTA)
- Asociación de Empresas con Gran consumo de Energía (AEGE)
- SEA Empresarios Alaveses (SEA)
- Unión de Empresas Siderúrgicas (UNESID)
- Euskalit Gestión Avanzada
- Federación Vizcaína de Empresas del Metal (FVEM)
- National Association of Steel Pipe Distributors (NASPD)
- Asociación de la Industria Navarra
- Club de Marketing de Navarra
- Asociación de la Pequeña y Mediana Empresa del Metal de Navarra (APMEN)
- Asociación Española de Ensayos no Destructivos (AEND)
- CDE Vigilancia de Normas
- Asociación Análisis Químico y Siderúrgico
- Asociación de Exportadores de Equipos y Servicios para la Manipulación de Fluidos (FLUIDEX)
- Asociación Española de Exportadores de Productos e Instalaciones Siderúrgicas (SIDEREX)

Throughout 2019 we have continued to cooperate, along with 3 other complementary Basque companies –and leaders in various products and services for the oil and gas sector– with the Basque Government, the Provincial Council of Bizkaia and the EIC Foundation, of which we have been part since it was founded in 2018 to help boost this sector in the Basque Country.

In this collaborative framework, we have jointly defined the infrastructure and equipment necessary to launch the Advanced Service Centre for the Oil & Gas sector in the Basque Country during 2019. Likewise, we have outlined the collaboration agreement between the companies, the EIC Foundation and the Basque administrations for the creation, start-up, development and maintenance of said centre.

RESPECT FOR HUMAN RIGHTS

Respect for human rights, ethics, integrity and good governance are essential to **Tubos Reunidos**. Therefore, there is no place in the Company, or in our suppliers, any actions that are against said foundations.

In accordance with our principles and values, we abide by the current legislation on labour rights and remain vigilant to detect undesirable situations such as discrimination, child labour or forced labour. Similarly, most of our suppliers come from countries where these rights are protected and are aligned with our values. In 2019, no complaints related to any of these aspects were received.

Tubos Reunidos is especially committed to gender equality and Group companies have equality programmes or commitments to prepare them.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

As mentioned above, we contract suppliers from countries where the international labour standards promoted by the ILO are met and we have a whistleblower channel to guarantee social and equality rights.

All the Group companies in Spain are covered by the corresponding collective bargaining agreements (either within the company or by provincial agreements) with company committees formed after the due election processes have taken place. RDT operates under the regulatory framework of the United States.

In 2019, no disciplinary resolution or judicial or administrative decision related to any infringement of the right to freedom of association and collective bargaining in Group companies was made.

SECURITY PERSONNEL

At present the functions of surveillance and security of the manufacturing facilities in Spain are covered by subcontracted companies. The Group regularly requests from these companies the necessary documentation that is required this type of companies to access the facilities, ensuring in this way their compliance with current legislation.

TRAINING AND INVESTMENT AGREEMENTS

In 2019, there were no training sessions related to specific policies or procedures on human rights.

On the other hand, there were no significant investment agreements or contracts that could put the protection of human rights at risk or that affected the reputation of **Tubos Reunidos**.

CUSTOMERS

INCIDENCES ON HEALTH AND SAFETY

Our concern for health and safety extends not only to our own and subcontracted workers, but also to our customers. To guarantee that the products manufactured are not dangerous and are used and handled correctly and reasonably, all the substances that play a part in the manufacturing process and that form part of the end product (including lacquers and varnishes) have their own Safety Sheet in accordance with the Community legislation and regulations such as EU 453/2010 (Requirements for preparation of Safety Data Sheets) and EU 1907/2006 (on the Registration, Evaluation, Authorisation and Restriction of Chemicals [REACH]), among other, in compliance with the Quality standard ISO 9001, for which we are certified.

Both in 2019 and in previous years, there is no record of any incident or non-compliance case related to the impacts on health and safety of the categories of products and services.

INFORMATION AND LABELLING FOR PRODUCTS AND SERVICE INFORMATION, MARKETING COMMUNICATION

The **Tubos Reunidos Group** gives special importance to the accuracy and truthfulness of the information that is marked or labelled on products that are manufactured in line with what is indicated on the corresponding quality certificates. The same criterion is followed in product marketing and commercial activities.

We ensure the correct traceability of our products through the marking and labelling of each manufactured pipe. This traceability ensures its identification and information from the first data input in the mills and the documentation that is always attached (quality certificates, delivery notes, invoicing, etc.).

Given the nature of our products, its marking and labelling are carried out in accordance with international standards according to the type of product being manufactured and as per the instructions received and agreed with our customers and legislation currently in force in the countries of origin and destination.

The different certifications (API 5L, ASME, API 5CT, etc.) with which we work can be checked on the corporate website.

In the assessment period of this report, **Tubos Reunidos** has not received any fine, sanction or warning for non-compliance with regulations related to product information and labelling, nor for regulations related to communications or marketing tools used for the promotion of our products.

CLAIM MANAGEMENT

The Commercial Department is in charge of recording the claims received by all the Group companies. Depending on the reason of such claims, they are referred to the corresponding department for their timely management and solution.

In 2019, 130 claims were received, 51 in Productos Tubulares and 79 in Tubos Reunidos Industrial, compared to 47 and 70, respectively, from the previous year. All of them have been properly managed.



TAX INFORMATION

The Group companies have not made payments to their respective tax administrations for Corporation Tax purposes because, given the results obtained in 2019, none of them has accrued tax to pay for benefits.

The demand for investments in equipment and innovation that enables us to develop products with higher added value is a constant at **Tubos Reunidos**. These investments generate the deductions provided for in the tax regulations applicable to each company.

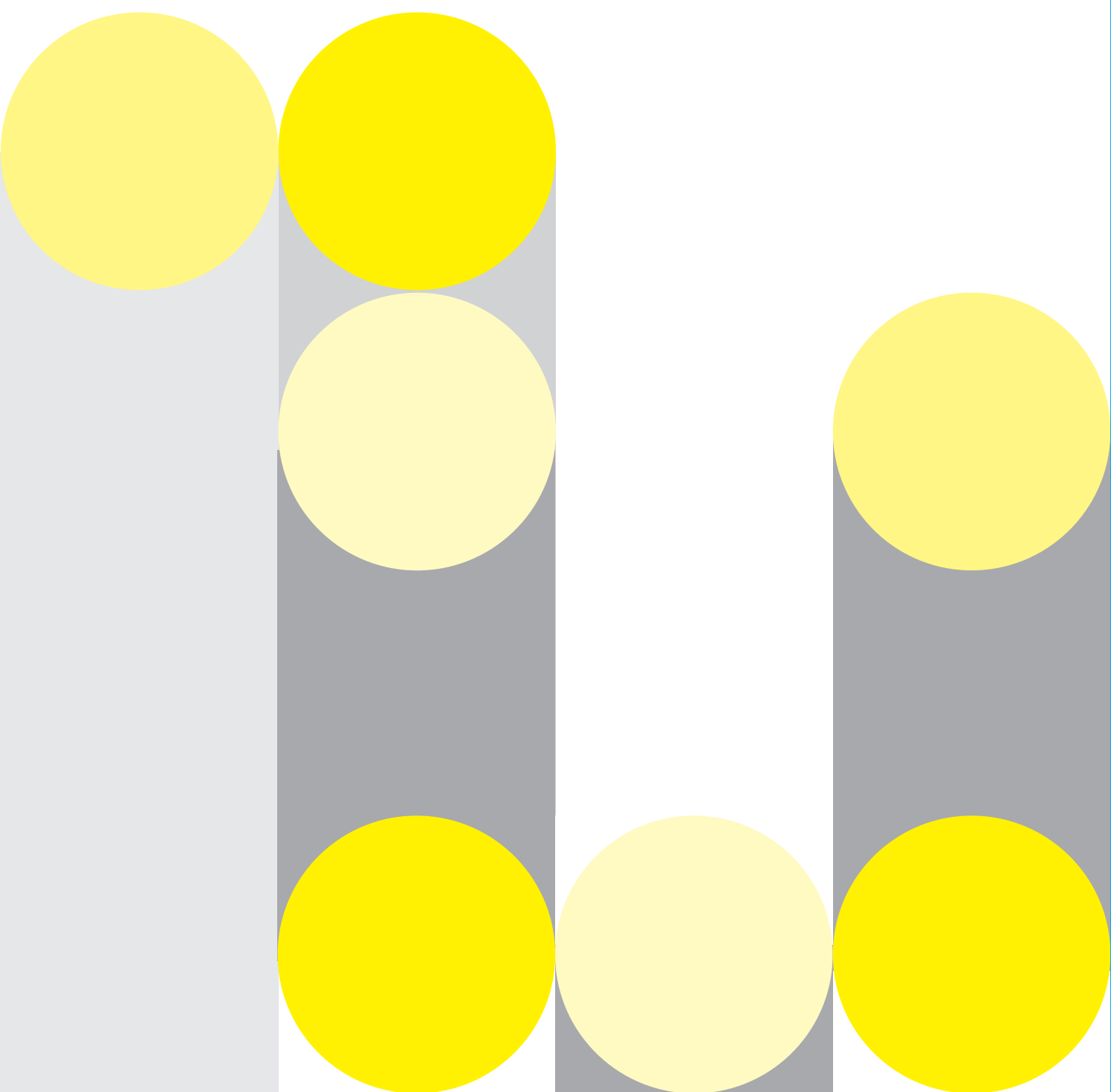
Group companies receive subsidies for the development of R&D+i projects from official organisations through the Gaitek, Hazitek and Basque Industry programmes. Likewise, public entities such as the Centre for Industrial and Technological Development (CDTI) grant subsidised loans. The sums received for these items in Spain are listed in the table below expressed in thousands of euros.

Subsidies and loans for investments and R&D+i

	2019	2018
Subsidies for R&D+i projects	195 thousand euros	928 thousand euros
CO ₂ subsidies for emission allowances	2,140 thousand euros	662 thousand euros
Other subsidies	2,236 thousand euros	68 thousand euros
Investment loans	-	-
Préstamos para inversiones	168 thousand euros	-

Emission rights are monetised at the starting price of each year according to SendeCO₂.

The Company is not aware of any public administration or government holding any of its shares. The shares of the parent company of the Group are “not nominative” and are accepted for official quotation on the Stock Exchanges of Bilbao and Madrid. Finally, there are no communications made by governments and official bodies regarding the significant participations reported to the Spanish National Securities Market Commission (CNMV).



FIGHT AGAINST CORRUPTION AND BRIBERY





Tubos Reunidos defends a business culture based on ethics, integrity and good governance. We establish mutual trust relationships with our stakeholders based on responsibility and transparency. Our Code of Ethical Conduct, the Criminal Liability Prevention Plan and an Independent Control Body represent the frame of reference and action to prevent and disrupt any conduct contrary to our principles and values.

RISK ASSESSMENT

Tubos Reunidos expresses its solid commitment in the fight against corruption and fraud in all its manifestations. The **Code of Ethical Conduct** and the **Criminal Liability Prevention Plan**, both approved by the Group's Board of Directors, set out the surveillance and control mechanisms to prevent and disrupt this type of practice. Besides, the **Independent Control Body** carries out regular and assessment of risks in order to identify situations, factors or activities that might be exposed to illegal acts or situations of corruption and fraud.

The Company develops a dynamic process to analyse and update these risks related to corruption.

COMMUNICATION AND TRAINING

The ongoing awareness and training of staff on anti-corruption policies and procedures play a basic role in achieving the key objective, which is to promote a culture of business ethics and transparency, as well as to prevent irregular or fraudulent conduct.

The Tubos Reunidos compliance system includes the preparation and implementation of training programmes on the principles and guidelines of the **Code of Ethical Conduct**, and the **Criminal Liability Prevention Plan** for legal entities.

Any ethical concern or conduct related to acts of corruption can be notified, in full confidentiality, through the whistleblower channel available on the Group's website and managed by the **Independent Control Body**, the body in charge of receiving and processing them.

PREVENTIVE MEASURES

The Group is fully committed to complying with Law 10/2010, of 28 April, on the Prevention of Money Laundering and Financing of Terrorism, and specifically contemplates money laundering in article 301 of the current Criminal Code, in point 2.9 of Annex 5.1 "Catalogue of Crimes" of its Criminal Liability Prevention Plan.

The Code of Ethical Conduct expressly establishes that **Tubos Reunidos** expects its customers to behave and manage their economic activities in accordance with the law and requests their collaboration to effectively comply with the institutional objective and social commitment to prevent Money laundering and financing of terrorist activities.

According to the specific analysis performed, which is reflected in the Prevention Plan, Annex 4, the level of risk prior to the Plan of Measures is moderate and of low probability. As a result of the adoption of said Plan, which includes the whistleblower channel, the Independent Control Body, the sanctioning procedure, personnel training, awareness actions and adherence to codes of good conduct, the final risk of this crime is reduced one level and becomes tolerable, with a minimum probability of commission.

Taking into account the existence of such risk, which is considered tolerable, **Tubos Reunidos** prevents, in good faith, with all the means at its disposal, the conducts related to the conversion or transfer of goods knowing that they originate from a criminal activity. Besides, it has control mechanisms in place that warn on the acquisition of assets whose purchase or possession has its origin in a crime as well as the financing of terrorism.

The Company establishes and applies collection and payment policies to avoid being used by criminal money laundering networks, such as avoiding cash payments, and always being cautious and using due diligence in their daily business relationship with customers and suppliers, as well as in the execution of their assets or corporate operations, to avoid the commission of crimes.

Tubos Reunidos carries out the reliable identification of the customer and the rest of the participants in any operation, of the real owner of the transaction beyond the persons who intervene on their behalf, or in the case of legal entities, the identification of the physical persons that financial year real and effective control over these, and verifies the purpose and nature of the business in which they are involved. This purpose must be consistent with the information that the customer, supplier, seller or buyer has provided about their business and professional activity. It also continuously monitors the relationship with the customer, in order to detect if there are any anomalies in their activity that make them suspicious in the participation of money laundering activities.

To date, no suspicious money laundering operations have been detected before executing them. Should this happen, the Company will refrain from moving forward in the relationship and will notify the authorities of any signs detected.

Likewise, the Independent Control Body has not record and has not been informed via established ethical channels of any court rulings related to cases of corruption during financial year 2019. No incidents or complaints have been recorded that might have led to the cancellation of orders or contracts with Group customers or suppliers.

UNFAIR COMPETITION, MONOPOLY AND FREE COMPETITION

Tubos Reunidos manages the anti-competitive behaviour responsibly matters, always respecting the provisions of national and international legislation on the matter and avoided monopoly practices and anti-competitive conduct.

In application of the Code of Ethical Conduct, in point 4.1 “Fair Competition”, any action that involves the performance of this type of practice is prohibited. The Group undertakes to ensure compliance with the anti-trust laws applicable in the countries where it carries out its activities. It therefore operates by entering into free competition with other companies of the same sector, which encourages economic efficiency and sustainable growth and it maintains a firm commitment to fair competition, favouring transparency and the rules of the free market.

Price-fixing, bid rigging, the creation of market or production monopolies, the imposition of geographical quotas and the assignment of customers, suppliers, geographical areas or product lines are strictly prohibited.

In 2019, **Tubos Reunidos** did not engage in monopolistic practices or establish obstacles to entry into its sector nor did it impede competition in any way. Neither did it abuse its position in the market, nor did it participate in any cartels or form part of any anti-competitive merger. It has not used any advertising that is false or that denigrates its competitors or third parties.

Likewise, no actions have been taken, either by the Company or its employees, that could lead to collusion with possible competitors, with the aim of limiting the effects of competition in the market. As regards the Criminal Liability of the Company, the Independent Control Body has not received any claim for infringements of the anti-trust laws by employees or executives in the current financial year.

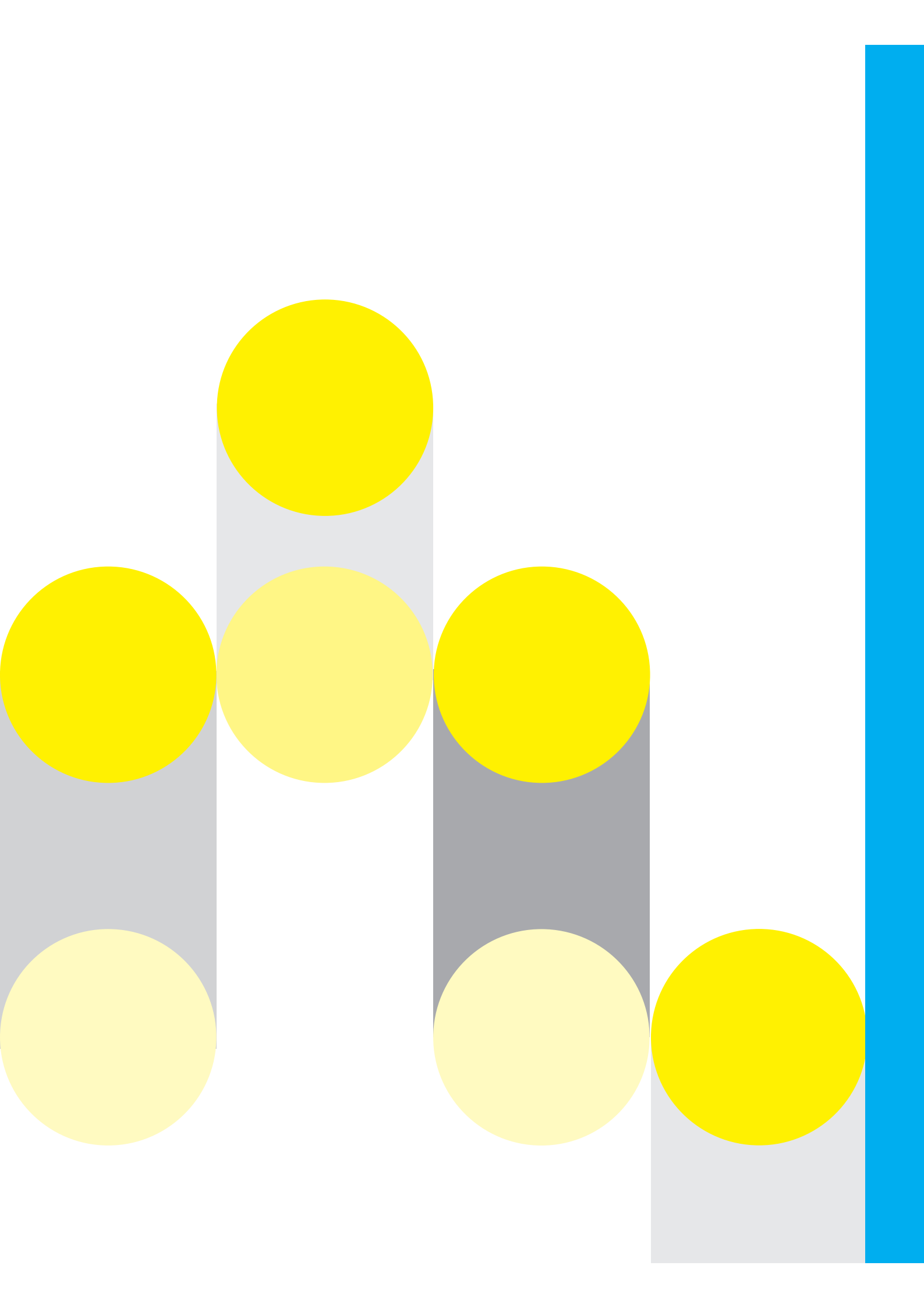
CONTRIBUTIONS TO PARTIES AND/OR POLITICAL REPRESENTATIVES

Tubos Reunidos has a firm commitment to complying with the law and the institutional respect that should mark any relations with public authorities and their representatives.

The Code of Ethical Conduct prohibits bribes to public authorities and government employees or any payment of any kind, presents, gifts or favours that do not form part of market uses or that, due to their value, their characteristics or circumstances, might reasonably alter the progress of commercial, administrative or professional relations in which its companies play a part.

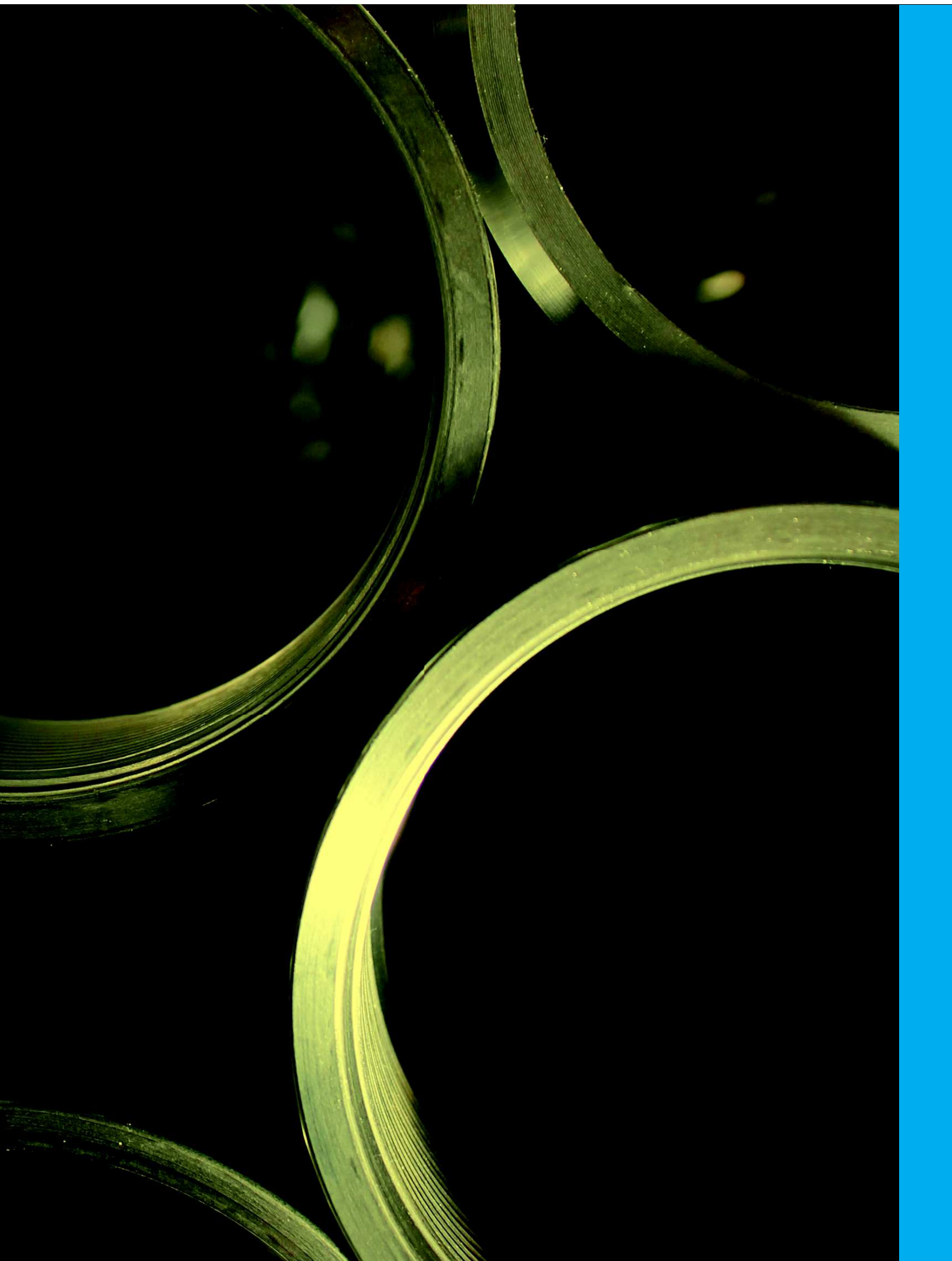
Tubos Reunidos did not make any political contributions in 2019 or in previous years.





GOVERNANCE, ETHICS AND INTEGRITY





GOVERNANCE

GOVERNANCE STRUCTURES

Tubos Reunidos is a company that is listed on the Spanish securities market (SIBE), to which the special provisions established in the Spanish Corporate Enterprises Act [CEA] on corporate governance apply. As a listed company, it is subject to the regulations and supervision of the Spanish National Securities Market Commission [CNMV]. Therefore, with regard to Corporate Governance, the Company presents and sends the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors to the CNMV and the market in general.

The General Shareholders' Meeting is the supreme governing and administrative body of **Tubos Reunidos**. Except for those matters reserved by law and the Articles of Incorporation, the Board of Directors is the maximum decision making body of the Company after the General Shareholders' Meeting.

The Board of Directors appoints and constitutes an Executive Committee as well as non-decision making Supervisory Committees: an Audit Committee and an Appointments and Remuneration Committee.

Decisions about economic, environmental and social issues correspond to the Board of Directors or, when applicable, to the Executive Committee, without prejudice to any prior analysis of specific matters and proposals by the Supervisory Committees.

Tubos Reunidos has a non-executive president and a general manager, considered as the top executive.

EXECUTIVE-LEVEL RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES

The Company has appointed a Management Committee at executive level presided by the CEO of the Group.

Since the publication of the new organisational chart of the Company, on 20 June 2019, the responsibility for the coordination of economic issues lies within the Financial Management, the coordination of environmental issues in the Management of Quality and Environment, and, within, it is undertaken by the Quality and Prevention, Environment and Certifications Systems section. For its part, the responsibility in social matters lies within the Industrial Management of Tubos Reunidos Industrial and the Industrial Management of Productos Tubulares, which undertake the operational management of each of the plants with their own productive means and with the support of its HR Directors. The persons occupying said posts regularly report to the chief executive (CEO), and also regularly report directly to the Board of Directors.

COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES

The Board of Directors consists, as of 31 December 2019, of ten members: Six proprietary directors, three independent directors and a non-director secretary.

The Executive/Delegate Committee is made up of five members.

The Audit Committee is made up of three members, with a majority of Independent Directors as required by current legislation.

For its part, the Appointments and Remuneration Committee is made up of four members, two of whom are independent.

The chairpersons of both supervisory committees are independent directors.

The composition of the Board of Directors of **Tubos Reunidos** on 31 December 2019 is shown in the table below.

Composition of the Board of Directors

Category of Board Member	Committee	Representative	Significant shareholder represented	Date of first appointment	Date of most recent re-election
Mr. Jorge Gabiola Mendieta Chairman					
Other external	Delegate and Appointments and Remuneration			30/05/2013	22/06/2017
Mr. Emilio Ybarra Aznar - Vice-chairman					
Director	Delegate		Mr. Emilio-Ybarra Churruca	16/08/1999	22/06/2017
Mr. Alfonso Barandiarán Olleros - Director					
Director			Mr. Joaquín Gómez de Olea Mendaro	27/09/2013	22/06/2017
Mr. Enrique Migoya Peláez - Director					
Director	Delegate and Audit		Banco Bilbao Vizcaya Argentaria, S.A.	31/05/2018	27/06/2019
Ms. Ana Muñoz Beraza - Director					
Independent	Appointments and Remuneration (Chairwoman) and Audit			07/05/2015	27/06/2019
Mr. Cristóbal Valdés Guinea - Director					
Director	Delegate and Appointments and Remuneration		Concerted action Zorrilla Lequerica Puig Group	27/02/2018	27/06/2018
Mr. Juan María Román Gonçalves - Director					
Independent	Audit (Chairman) and Appointments and Remuneration			22/06/2017	
Ms. Leticia Zorrilla de Lequerica Puig - Director					
Director			Concerted action Zorrilla Lequerica Puig Group	29/06/2004	22/06/2017
Mr. QMC Director Ships, S.L. - Director					
Director	Delegate	Mr. Jacobo Llanza	Alantra asset management SGIIC, S.A.	08/05/2014	27/06/2018
Ms. Inés Núñez de la Parte - Non-Director Secretary					
				27/02/2018	15/10/2018

Significant posts and/or undertakings of the Directors:

- Mr. Emilio Ybarra Aznar is Director of the listed company Elecnor, S.A.
- Ms. Ana Muñoz is a board member of the listed company Natra S.A. and individual representative of the board member Pizmargna Servicios de Consultoría S.L. in the unlisted company Laninver SHC, S.L.
- QMC Directorships, S.L. represented by Jacobo Llanza, is the managing legal entity of Cie Automotive S.A.
- Mr. Juan Maria Román Gonçalves is a director of the listed company Global Dominion Access, S.A. and of the unlisted company E. Erhardt y Cía, S.A.

The Company is not aware of any major commitment of the members of the Board of Directors, or if they are affiliated to under-represented social groups.

[The competences of each member of the Board appear in the profile of each one shown in the Company website, in the section Investors & Shareholders-Board of Directors.](#)

CHAIRMAN OF THE HIGHEST GOVERNANCE BODY

Since 15 October 2018, **Tubos Reunidos** has a non-executive chairman of the Board of Directors who has been entrusted, in addition to those provided by law, with the following functions and responsibilities:

- Promoting the proper functioning of the Board, channelling the right to information of its members.
- Promoting that the composition, size and balance of the Board are adequate.
- Getting directors to participate actively and making an effective contribution, taking into account their status of executive or external.
- Relate to institutional investors and other shareholders.
- Making the Council receive the information and proposals from the different committees in order to be able to take the appropriate decisions.
- Promoting the change, vision and strategy of the Company.
- Communicating economic results.

APPOINTMENT AND SELECTION OF THE HIGHEST GOVERNANCE BODY

The directors are appointed by the General Shareholders' Meeting, always on the suggestion of the Board of Directors, following a report from the Appointments and Remuneration Committee, or, in cases of early vacancy, by the Board of Directors by co-optation, also following a report from the Appointments and Remuneration Committee.

In accordance with article 19 of the articles of association, the Board of Directors shall consist of at least 5 members and a maximum of 14. In accordance with the regulations of the Board, the Board of Directors should ensure that candidates with recognised competence, experience and prestige are selected.

At the General Shareholders' Meeting of the Company, held on 27 June, 2019, as a result of the proposal of the previous Board of Directors and following a report from the Appointments and Remuneration Committee, the following resolutions, among others, were adopted regarding the Board of Directors, the highest governing body:

- Confirming the appointment as administrator by the co-optation system, as proprietary director, of Mr. Enrique Migoya Peláez, appointment made by the Board of Directors at its meeting of 31 May 2018, to fill the vacancy due to the cessation of Mr. Francisco Esteve Romero, and ratify the appointment of Mr. Enrique Migoya Peláez as member of the Delegate Committee and appoint him as director (proprietary director) for the maximum statutory term.
- Given that the four years of appointment have elapsed, following a suggestion from the Appointments and Remuneration Committee, to re-elect as a member of the Board of Directors, for the maximum statutory term, Mrs. Ana Isabel Muñoz Beraza, as an independent director.
- Keeping, for the time being, the vacancy in the Board of Directors due to the early cessation on 15 October 2018, of Mr. Guillermo Ulacia Arnaiz, who was appointed executive director of the Company, for the maximum term of four years provided for in the articles of association, at the General Shareholder's Meeting held on 27 June 2018.
- Establishing that the Board of Directors of Tubos Reunidos, S.A. is made up of ten members, including unfilled vacancies.

FUNCTIONS OF THE HIGHEST GOVERNANCE BODY

Pursuant to the regulations of the Company, the Board of Administration is responsible for ensuring that the corporate purpose is maintained, the general interests are protected and that value is created for the benefit of all the shareholders. Therefore, the criterion that must be applied at all times to the activities of the Board of Directors is to maximise the Company's value.

For the purposes of the above criterion, the Board should determine and review the business, commercial, industrial and financial strategies, the company planning and investment projects so as to obtain maximum profits at a reasonable risk.

However, the Board delegates' day to day management of the Company to a Management Committee presided over by the CEO, although powers that are legally or statutorily reserved for direct use by the Board or those necessary for the responsible exercise of his roles may never be subject to delegation under any circumstances.

REMUNERATION POLICIES

The Company's statutory framework sets out that the position of administrator, in his capacity as such, is remunerated.

In compliance with the statutory provision, the remuneration system of the directors for their supervisory and collegiate decision-making functions has been comprised of the following remunerations in 2019:

- Annual fixed remuneration for the role of member of the Board of Directors and proportional to the period of his/her mandate during the year.
- Annual fixed remuneration additional to the previous one for the non-executive chairman for his greater dedication [equal to that previously received as secretary/coordinator].
- Attendance fees for Board meetings and committees. In case of chairpersons for the Supervisory Committees (Audit and Appointments, and Remuneration), the amount of the allowance, due to their greater dedication and tasks assumed, is double. The non-executive chairman receives the same allowance as the chairpersons of the committees for their attendance at Board meetings, and the ordinary allowance for their attendance at committee meetings.
- A symbolic share of 0.5% of the net profits of the consolidated Group, provided that the legal reserve is covered and a minimum dividend of 4% has been recognised. This item has not been applicable since no consolidated net profit has been generated.

No compensation is foreseen for the termination of the duties of director as such, nor contributions to pension systems.

The remuneration system is understood as established for each financial year of twelve months. The accrual of the payment shall be monthly in arrears, so that the payment of each administrator shall be proportional to the time that has worked in his post for which said remuneration has been established.

The payments mentioned before are compatible and independent of the payment of fees or salaries that can be demonstrated to the Company for the provision of services or a working relationship, whatever the case may be, that is based on a contractual relationship that is different from the one deriving from the post of administrator, which shall be subject to the legal system applicable to same.

The Company has taken out a civil liability insurance policy for directors and managers.

In the development of the abovementioned statutory framework, **Tubos Reunidos** has a remuneration policy for Directors, which was submitted for review and was approved by the General Shareholders' Meeting on 27 June 2018 as a separate item from the agenda of the Board of Directors, in compliance with article 529r of the Capital Companies Act, and which, together with the specific report issued for that end by the Appointments and Remuneration Committee, was made available to shareholders on the Company's website from the call of the General Shareholder's Meeting, without prejudice to the right of shareholders to request the handing over or free delivery.

Said remuneration policy will remain in force during financial years 2019, 2020 and 2021, without prejudice to the modifications or adaptations that the General Shareholder's Meeting itself may approve, as the case may be.

Taking into consideration the development of the Company's businesses, in 2016 the Board of Directors adopted the decision to apply a 25% reduction in the amount of the remuneration of the directors for their role, a reduction that has been maintained in financial year 2019.

In accordance with the provisions of article 529 septuagies, the maximum amount of remuneration to be paid to all directors in their capacity as such, adding all the items indicated above, amounts to a maximum amount of 800,000 euros, as established by the remuneration policy approved by the General Shareholders' Meeting. This amount is set as a maximum limit that is not necessary to use fully, but which aims to cover possible changes that may occur during the validity of the remuneration policy regarding the responsibilities and services provided by each director.

This maximum amount has been stipulated according to the number of board members, so that if during the validity of the remuneration policy the number of directors increases or decreases, within the minimum and maximum foreseen in the articles of association, the abovementioned amount shall increase or decrease proportionally.

Within this amount, the determination of the remuneration of each director in his/her capacity as such shall correspond to the Board of Directors, which shall take into account the roles and responsibilities attributed to each director, the membership to the Board's committees and the other objective circumstances that it considers relevant. To this end, the Board of Directors shall take as a reference the corresponding proposal of the Appointments and Remuneration Committee.

In order to determine the remuneration policy of the Board, we have analysed the policies and criteria used by comparable listed Spanish companies, included in the remuneration reports of the directors published by two top-level consulting firms.

In 2019, no director has received any variable remuneration and the non-executive chairman of the Company has not been assigned any multi-year remuneration or annual variable remuneration other than that of the other members of the Board, nor is any compensation agreed upon in the event of cessation. The other directors currently occupying their posts do not have a compensation agreement for termination of their roles as director and do not have pension plans or benefits for retirement either.

As it is a listed company, **Tubos Reunidos** presents and submits the **annual report on the remuneration for directors** of the CNMV and general market, in which the payment policy and the specific application of same are laid out.

PROCESS TO ESTABLISH THE REMUNERATION

In accordance with the remuneration policy above, one of the advisory committees of the Board of Directors, the Appointments and Remuneration Committee, annually reviews the remuneration amounts by items, both for the directors and of the members of the Management Committee, performing the corresponding suggestions to the Board of Directors.

In its first meeting after being established, the Committee of Appointments and Remuneration agreed to contract external advisers to analyse the payments of the Board, carry out a comparative and market study and make the corresponding proposals, that represent the basis of the current remuneration system of the Board of Directors.

Likewise, the Committee conducts an annual check of compliance with the objectives established for members of the Management Committee, and the applicable variable payment, which is then submitted to the Board of Directors for approval.

STAKEHOLDERS' INVOLVEMENT IN REMUNERATION

In the Agenda of the General Shareholders' Meeting of the Company, the **annual report of the remuneration of the Board** is submitted to the Shareholders for their consideration, the text of which is made available beforehand and includes the remuneration policy of the Board and sums received individually by the Board members for each item.

Said report was submitted to a consultative vote and unanimously approved at the Meeting held on 27 June 2019.

ETHICS AND INTEGRITY

PRINCIPLES AND VALUES

We are a Group committed to ethics, good governance and transparency, pillars on which our business model is built on and which are the basis of each of the decisions that are adopted.

We aim for both the Company and the group of people related to it to respond to and comply with current legislation, the corporate governance system and the generally accepted ethical and social responsibility principles.

Tubos Reunidos' management body has adopted an organisation and management model appropriate to the Company's size and activities that includes the following tools with effective preventive measures: a Code of Ethical Conduct, a Criminal Responsibility Prevention Plan and an Internal Code of Conduct.

The Code of Ethical Conduct, approved on 3 May 2016, incorporates the compliance objectives in the strategy and brings together the set of principles, values and standards of conduct that must guide the ethical and responsible behaviour of each and every one of the Company's professionals in the development of their activities, regardless of their hierarchical level, geographical or functional location, and the company in which they provide their services. It also makes available a whistleblower channel through which anyone can communicate actions contrary to the principles and rules that inspire them.

The Independent Control Body, which is collegiate and internal, is in charge of ensuring the implementation of the code, the monitoring and compliance of the prevention model. It consists of the chairwoman (the secretary of the Board), the secretary (a member of the legal advice team), and three members (the chairman of the Audit Committee, the Financial and Control director and the Internal Audit director). Anyone may contact him to report possible illegal actions.

Also, in addition to this Code of Conduct, the Legal Compliance Programme also includes a Criminal Liability Prevention Plan, approved on 2 February 2016, which contains measures that implement in practice the concern of the Company from an ethics and legality standpoint. Its objective is to avoid the commission of crimes within the scope of the Group and satisfy the provisions of art. 31 bis of the Criminal Code approved in Organic Law 1/2015, of 30 March, regarding the exemption of criminal liability of the legal person. The Plan includes a risk map, implements measures and procedures, establishes the Independent Control Body responsible for its implementation, establishes a whistleblower channel, a disciplinary regime, and, lastly, a personnel training and awareness policy.

In addition, the Internal Code of Conduct of the Group must be complied with as of 30 September 2003, by all the directors and members of the Company's Board of Directors.

Our commitment to ethics and integrity is passed on to third parties (customers, suppliers...) through various initiatives such as the introduction of clauses in contracts with supplier companies, requiring them to have a compliance system and to abide by our Code of Ethical Conduct.

ADVICE AND ETHICAL CONCERNS MECHANISMS

Tubos Reunidos has internal and external mechanisms at the disposal of any employee or third party. Such mechanisms make it possible to request advice or report any conduct that may involve the commission of any irregularity or action contrary to the law or the standards of action contained in the Code of Ethical Conduct.

The Independent Control Body establishes, from its constitution, a global framework of action that includes the development of an ethics and compliance system in the organisation.

The main aim of the compliance system is to further the activities of the organisation in accordance with ethics and current legislation, through a set of procedures and interventions designed to prevent, detect and react to fraudulent behaviour, not in accordance with the Code or which may be illegal. It includes a periodic risk assessment, training, dissemination and communication measures, an ethical mailbox, investigation of complaints, as well as corrective and disciplinary measures.

Within the components of this system, the detection and/or monitoring mechanisms that check that the controls and prevention activities are effective are essential. Among which the whistleblower channel stands out, as established in clause 7 of the Code [Channels for Communication and Complaints], which enables conduct, actions or facts that involve infringements of the same to be reported. It is a transparent means which is accessible to anyone, anonymously and confidentially, through the corporate website, where retaliation is prohibited. Complaints should be sent to the email address canaldedenuncias@tubosreunidos.com which is managed by the Independent Control Body. The information is always available in the "Our values" section of the website.

In 2018, the whistleblower channel was given greater visibility on the websites of the companies Tubos Reunidos, Tubos Reunidos Industrial and Productos Tubulares. Throughout 2019, no communications (queries or complaints) have been received through the established channels.

CONFLICTS OF INTEREST

The Company has a Public Internal Code of Conduct, sent to the CNMV, to which the following are subject:

- The persons defined as administrators, along with the secretary and, when applicable, the vice-Secretary, whether they are administrators or not.
- The CEOs, Managers and members of the management teams.
- External advisers, understood as being those natural persons or legal entities that provide financial, legal, advisory or other services of any kind that give them access to confidential information.
- Any person included in the scope of application of the regulations by decision of the Board of Directors as a result of a proposal lodged by the secretary or any member of same.

All should inform the Secretary of the Board about any possible conflicts of interest they might have as a result of their family relations, personal assets or for any other circumstance. Family relationships whose kinship exceeds the fourth degree by consanguinity or the second degree of affinity are excluded.

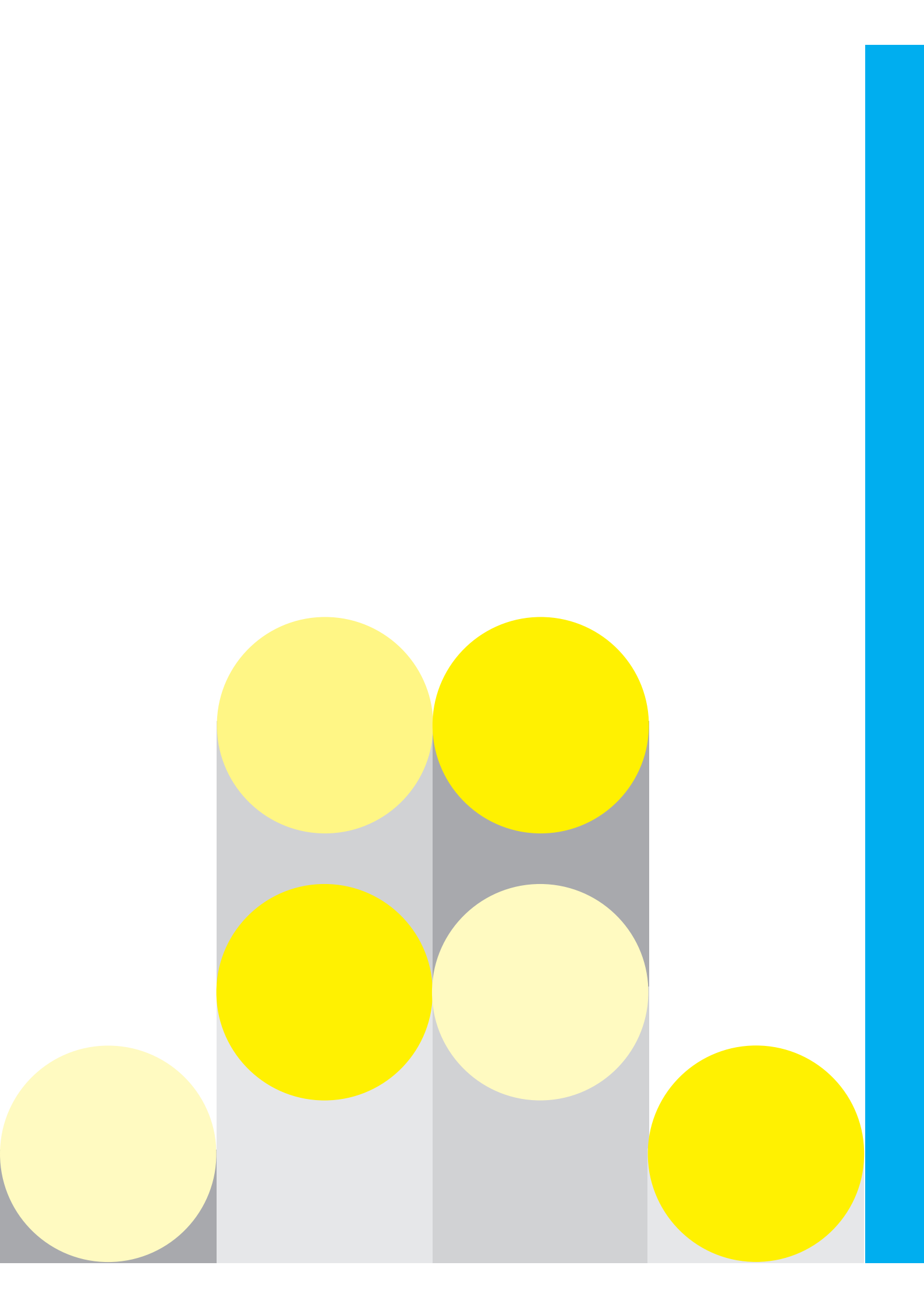
A possible conflict of interest arising from personal assets will be considered to exist when the subject person has a stake over 5% in the capital of a company.

All information must be permanently updated with any modification or cessation, or if new potential conflicts of interest arise. Information should be reported within 15 days and in all cases prior to any decision that might be affected. In the event of any doubts, the person concerned shall inform of the issue to the Secretary of the Board, who, if he deems it necessary, shall submit the matter to the Board of Directors.

The Audit Committee issues an annual report, which is part of the minutes of the meeting, on the operations with related parties implemented during the corresponding financial year.

Among other responsibilities, this Committee informs the Board of related-party transactions, as set out in the provisions of Article 21 of the Regulations of the Board, which expressly attributes said function to it. If the transaction affects persons subject to the Internal Code of Conduct, and conflicts of interest may arise, the above shall apply, and the Secretary of the Board shall raise the matter to adopt the appropriate decision in this regard, without prejudice to the role attributed to the Audit Committee.

The applicable regulations for listed companies make it mandatory to report on significant shareholders, members of the Board of Directors and Upper Management (when applicable) via different documents (Report of the Consolidated Annual Accounts, annual Report of Corporate Governance, specific notifications to the Spanish National Securities Market Commission [CNMV], etc.), for situations or operations involving a conflict of interest, related operations, share positions or dealings and what they represent in terms of participation in the Company, takeover bids, shares held by Board Members in other companies with a similar corporate purpose or in other listed companies, etc.



PARAMETERS OF THE REPORT





ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The relationship of subsidiaries of Tubos Reunidos, S.A.; all which are consolidated by the global integration method, owning a majority stake or control of the Company, are as follows:

Consolidated subsidiaries

Company	Activity	%	Holding group company
Tubos Reunidos Industrial S.L.U. [TRI]	Industrial	100	T.R.
Productos Tubulares S.A.U. [PT]	Industrial	100	T.R.
Aceros Calibrados S.A.U. [ACECSA]	Industrial	100	T.R.
Tubos Reunidos Premium Threads S.L. [TRPT]	Industrial	51	T.R.
T.R. América Inc. [TRAME]	Marketing Company	100	T.R.
Clima S.A.U. [CLIMA]	Portfolio company	100	T.R.
Aplicaciones Tubulares S.L.U. [ATUCA]	Holding	100	T.R.
RDT Inc.	Industrial	100	ATUCA
Tubos Reunidos Services S.L.U. [TRSV]	Industrial / Property	100	T.R.

REPORTING FRAMEWORK USED

Global Reporting Initiatives (GRI) standards have been used.

The Company has not been forced to restate any information from previous financial years, nor to add additional information to the 2018 financial year report.

This report, which is prepared annually, reflects the economic, social and environmental performance of **Tubos Reunidos** during 2019. No significant changes have been made to the list of material topics and coverage of topics regarding the **non-financial information statement** of the previous financial year.

Any query related to this report can be made through the Group's website www.tubosreunidos.com or at the following locations:

· **Company and corporate address:**

Barrio de Sagarribai, 2
01470 Amurrio, Álava (Spain)
Tel: [+34] 945 89 71 00
Fax: [+34] 945 89 71/54/55/56
Website: www.tubosreunidos.com/es/localizacion

· **Corporate Offices:**

Máximo Aguirre, 18, 8º
48011 Bilbao, Vizcaya (Spain)
Tel: [+34] 945 89 71 00
Fax: [+34] 94 441 74 67

TABLE OF CONTENTS OF LAW 11/18

The reporting framework used, as well as the content of selected Global Reporting Initiative standards [GRI], are detailed below for each of the contents requested by Law 11/2018 on non-financial information and diversity. The latter have been selected according to their correspondence with the matters considered relevant in the Materiality Assessment carried out by Tubos Reunidos.

Business model	Page	Reporting criteria
Description of the business model	9, 13-15, 18-21, 123	GRI 102-1, GRI 102-2, GRI 102-5, GRI 102-7, GRI 102-14, GRI 102-45
Organisation and structure	109-114	GRI 102-18, GRI 102-20, GRI 102-22, GRI 102-23, GRI 102-24, GRI 102-26
Geographical presence	16-17	GRI 102-4, GRI 102-6
Objectives and strategies	9, 19-20	GRI 102-14, GRI 102-15
Main factors and trends that affect future development	19-20	GRI 102-15
Strategy and risk management		
Description of the policies that the company applies	30, 36, 40, 48, 52, 58, 64, 66, 77, 79, 83, 88, 91, 94, 95, 102, 103, 114, 117, 119	GRI 102-35, GRI 103-1, GRI 103-2
Results of the policies that the company applies	30, 64-65, 88, 115-116	GRI 102-36, 102-37, GRI 103-3
Main risks related to issues on the company's activities	19-20	GRI 102-15
Non-financial information report profile		
Reporting Framework Used	7, 125	GRI standards
Materiality assessment	35-37	GRI 102-46, GRI 102-47

Environmental issues

Environmental management

Effective and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	64, 66	GRI 103-3, GRI 307-1, GRI 308-2
Assessment procedures or environmental certification	64-66	ISO 14001:2015
Resources dedicated to the prevention of environmental risks	66	Environmental expenses and investments based on accounting criteria
Application of the precautionary principle	66	GRI 102-11
Amount of provisions and guarantees for environmental risks	67	Law 26/2007 on Environmental Responsibility

Pollution

Measures to prevent, reduce or repair carbon emissions that seriously impact the environment	75-76	GRI 305-1, GRI 305-2, GRI 305-4
Any other forms of air pollution linked to an activity, including noise and light pollution	77-78	GRI 305-6, GRI 305-7

Circular economy and prevention and waste management

Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	68, 79-82	GRI 301-2, GRI 306-1, GRI 306-2, GRI 306-3, 306-4
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Sustainable use of resources

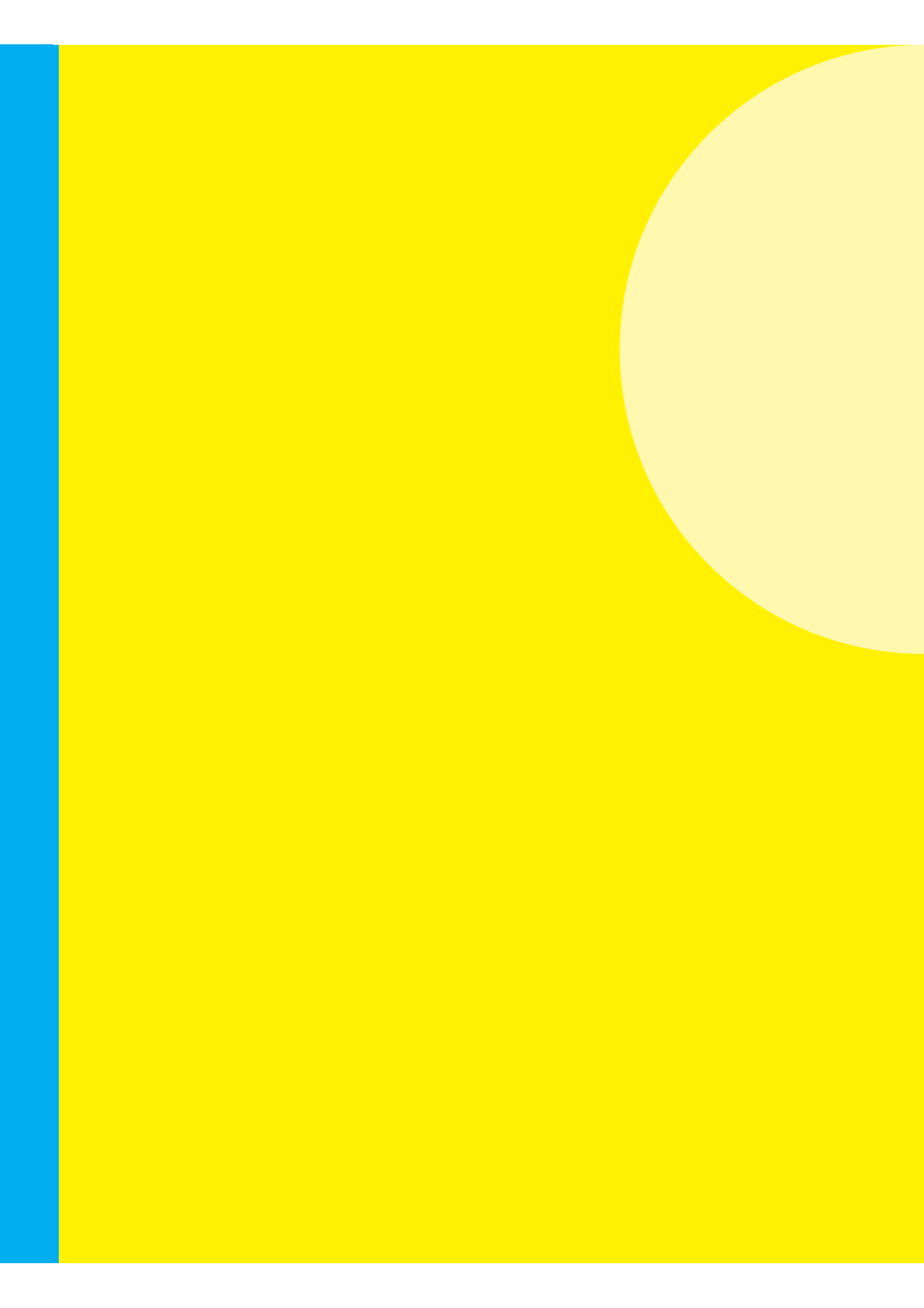
Consumption of water and water supply according to local limitations	72-73	GRI 303-1, GRI 303-2, GRI 303-3
Consumption of raw materials	68-69	GRI 301-1, GRI 301-2
Consumption of direct and indirect energy	70-71	GRI 302-1, 302-3
Measures to improve energy efficiency	64, 70-71, 74	GRI 302-4
Use of renewable energies	70	GRI 302-1

Climate change		
Emissions of greenhouse gases	75-76	GRI 305-1, GRI 305-2, GRI 305-4
Measures to adapt to climate change	74	GRI 201-2
Reduction objectives of greenhouse gases	74	GRI 305-5
Biodiversity		
Measures to preserve or restore biodiversity	83	GRI 304-2, GRI 304-3
Impact caused by the activity	83	GRI 303-2, GRI 304-1, GRI 304-2, GRI 304-3, GRI 306-5
Social and staff related issues		
Employment		
Number and distribution of employees by country, gender, age, professional classification and type of contracts	32-35	GRI 102-8
Yearly average of contracts by type of contract broken down by gender, age and professional classification	32-35, 49	GRI 102-8, GRI 401-1
Number of dismissals by gender, age and professional classification	50	GRI 401-1
Remunerations average by gender, professional classification and age	51, 53, 55-56, 58-59	GRI 201-3, GRI 202-1, GRI 405-2
Salary gap; the remuneration of equal or average jobs in the company	55-56, 59	[average salary of men - average salary of women]/ average salary of men
Average remuneration of Executives and Directors	52, 57	GRI 102-38, GRI 102-39, GRI 405-2
Implementation of work disconnect policies	50	GRI 401-2
Percentage of employees with disabilities	54	GRI 405-1

Organisation of the work		
Organisation of working time	48	GRI 102-41
Number of hours of absenteeism	44-45, 47	GRI 403-2
Measures to facilitate conciliation	48	GRI 401-2, GRI 401-3
Health and safety		
Conditions of health and safety at work	44-46	GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4
Injury rate by gender	44-45	GRI 403-2
Severity rate by gender	44-45	GRI 403-2
Occupational diseases by gender	44-45	GRI 403-2
Social relations		
Organisation of social dialogue	42-43, 51	GRI 102-41, GRI 201-3, GRI 402-1, GRI 403-1
Percentage of employees covered by collective agreements by country	48, 59,	GRI 102-41
Balance of the agreements in the field of health and safety	42-43, 46	GRI 403-1, GRI 403-4
Training		
Policies implemented in the field of training	36-39	GRI 404-2, GRI 404-3
Total number of hours of training by professional categories	37	GRI 404-1
Universal accessibility for people with disabilities	54	GRI 405-1
Equality		
Measures adopted to promote equal treatment and opportunities between women and men	52-53, 58-59	GRI 401-3, GRI 405-1, GRI 405-2
Equality plans [Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men] and measures adopted to promote employment, protocols against sexual harassment and for gender	57, 59, 94	GRI 405-1
Integration and universal accessibility for people with disabilities	54	GRI 405-1

Policies against all types of discrimination and, where appropriate, management of diversity	52, 58-59, 94	GRI 406-1
Information on respect for human rights		
Application of due diligence procedures in the field of human rights	117-118, 87, 93-94	GRI 102-12, GRI 102-16, GRI 102-17, GRI 410-1, GRI 412-1, GRI 412-2
Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed	118, 89, 94	GRI 102-17, GRI 412-2, GRI 412-3, GRI 414-1, GRI 414-2
Claims for cases of human rights violations	118, 94	GRI 102-17, GRI 406-1, GRI 408-1, GRI 409-1
Promotion and compliance with the provisions of the fundamental ILO conventions related to the freedom of association and the right to collective bargaining	89, 94	GRI 407-1, GRI 414-1
Elimination of discrimination in employment and occupation	94	GRI 406-1
Elimination of forced or compulsory labour	94	GRI 409-1
Effective abolition of child labour	94	GRI 408-1
Information related to the fight against corruption and bribery		
Measures to prevent corruption and bribery	117-118, 102, 118-119	GRI 102-16, GRI 102-17, GRI 102-25, GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1, GRI 415-1
Measures adopted to fight against money laundering	103, 117	GRI 102-16, GRI 205-3
Contributions to foundations and non-profit entities	In 2019 Tubos Reunidos, S.A. did not make significant contributions to foundations and non-profit entities	GRI 201-1
Information regarding the society		
Commitments of the company to sustainable development		
Impact of the company's activity in employment and local development	89, 91	GRI 203-2, GRI 204-1, GRI 413-1
Impact of the company's activity in local communities and territories	89	GRI 413-1, GRI 413-2
Engagement with local communities players and type of dialogue performed	23, 91-93	GRI 102-12, GRI 102-43, GRI 413-1

Actions of association or sponsorship	93	GRI 102-13
Subcontracting and suppliers		
Inclusion in the purchasing policy of social issues, gender equality and environmental issues	117, 66, 94	GRI 102-16, GRI 308-1, GRI 414-1
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	66, 89	GRI 102-9, GRI 204-1, GRI 308-1, GRI 414-1
Systems of supervision and audits and the results of the same	66, 89	GRI 308-2, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1, GRI 414-2
Consumers (our customers)		
Measures for the health and safety of consumers	95	GRI 416-1, GRI 417-1
Claim systems	96	GRI 416-2, GRI 418-1
Complaints received and their resolution	96	GRI 416-2, GRI 418-1
Tax information and transparency		
Profits obtained country by country	14	GRI 201-1
Income tax paid	97	Taxes paid on profits based on accounting criteria
Public subsidies received	97	GRI 201-4



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Independent limited assurance report on the Consolidated Statement of
Non-Financial Information for the year ended December 31, 2019

Tubos Reunidos, S.A. and subsidiaries



**Building a better
working world**

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION

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 Statement of Non-Financial Information (hereinafter NFIS) for the year ended December 31, 2019, of Tubos Reunidos, S.A. and subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFIS 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 "Table of contents of Law 11/2018", included in the accompanying NFIS.

Directors' Responsibility

The Directors of Tubos Reunidos, S.A. are responsible for the approval and content of the NFIS included in the Consolidated Management Report of the Group. The NFIS 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 section "Table of contents of Law 11/2018", included in the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFIS 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 NFIS 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 behavior.

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.

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 extent 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 NFIS, reviewing the process for gathering and validating the information included in the NFIS, 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.
- ▶ Analyzing the scope, relevance and integrity of the content included in the 2019 NFIS based on the materiality analysis made by the Group and described in section "Materiality Assessment" of the NFIS, considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2019 NFIS.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2019 NFIS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2019 NFIS and its correct compilation from the data sources.
- ▶ Obtaining a representation letter from the Directors and Management.

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 2019 NFIS of the Group for the year ended December 31, 2019 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 "Table of contents of Law 11/2018", included in the NFIS.

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.

(Signature on the original in Spanish)

Antonio Capella Elizalde

February 28, 2020