Audit Report on Financial Statements
issued by an Independent Auditor

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2023

Building a better
working world

Building a better working world

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 28)

To the shareholders of TUBOS REUNIDOS, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TUBOS REUNIDOS, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2023, the consolidated profit and loss account, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2023 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

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

Application of the going concern principle

Description Notes 1.2 and 6.1 to the accompanying consolidated financial statements describe the measures adopted in recent years by the parent company's Management and Administrative Bodies in order to ensure the proper application of the going concern principle.

In this regard, as indicated in Note 6.1 to the accompanying consolidated financial statements, on July 22, 2021, the Group's parent company signed a temporary financial support operation with the Solvency Support Fund for Strategic Companies, in the form of a participating loan in the amount of 112.8 million euros, together with a novation of the financing conditions existing on that date with the financial entities.

Both agreements enable the Group to launch the 2021-2026 Strategic Plan and the specific initiatives contemplated therein, which the Board of Directors of the Group's parent company considers necessary to restore its financial and equity position and to continue operating under the going concern principle.

We have considered this area as a key issue of our audit due to the relevance of the actions taken by the Board of Directors and Management of the parent company within the context of the Strategic Plan to ensure the continuity of its operations in the future.

Our response In relation to this area, our audit procedures have included, among others, the following:

- Identification and understanding of the reasons that may cast significant doubt on the Group's ability to continue as a going concern.
- Verification of the evaluation carried out by the Board of Directors and the Management of the parent company in relation to its capacity to continue as a going concern, once the measures adopted in the Strategic Plan for the restitution of the Group's financial and equity situation have been considered. This verification has included, among other aspects, the review of said Strategic Plan and of the financial evolution foreseen for the Group in the next twelve months.
- Review of the disclosures included in the notes to the consolidated financial statements in accordance with the applicable financial reporting regulatory framework.

Recoverability of Property, plant and equipment

Description As of December 31, 2023, the Group presents tangible assets amounting to EUR 262 million. The Management of the Tubos Reunidos Group assesses, at least on an annual basis, whether there are indications of impairment on these assets and, if so, performs certain analyses on the recoverability of the amounts recorded in the consolidated balance sheet, as broken down in Note 6 "Accounting estimates and calculations", relating to breakdowns by measure of fair value and in Note 10 "Property, plant and equipment" describing the main assumptions used in the impairment analysis.

The recoverability of the carrying amount of the indicated assets has been determined on the basis of the current value of future flows generated by the cash-generating units or, where appropriate, the best estimate of their recoverable value. Flows are calculated based on business plans approved by the Group Management. On the other hand, Management has carried out an analysis of sensitivity on key hypotheses that, based on historical experience, may reasonably vary. Its preparation requires estimates and the assessment of uncertainties that could significantly influence the amounts accounted for and, therefore, the Group's financial position and results.

We have considered this area as a key audit matter because of the importance of related amounts and the existence of significant estimates used by Management in its assessment of the recoverability of the value of tangible assets.

Our response

In relation to this area, our audit procedures have included, among others, the following:

- Understanding of the processes established by the Group Management in determining the analyses of asset impairments, including evaluating the design and implementation of relevant controls.
- Analysis of the reasonableness of the allocation of assets to the different cash-generating units.
- Review of the model used by the Group Management, in collaboration with our valuation specialists, covering, in particular, the mathematical coherence of the model, the reasonableness of projected cash flows, discount rates and long-term growth rates, as well as the results of the sensitivity analyses carried out by the Group Management. In conducting our review, we have had interviews with business leaders and used recognized external sources and other information available for the contrast of the data used by the Group Management.
- Review of the disclosures included in the notes to the consolidated financial statements in accordance with the applicable financial reporting regulatory framework.

Other information: consolidated management report

Other information refers exclusively to the 2023 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a) Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of TUBOS REUNIDOS, S.A. and subsidiaries for the 2023 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of TUBOS REUNIDOS, S.A. are responsible for submitting the annual financial report for the 2023 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 29, 2024.

Term of engagement

The ordinary general shareholders' meeting held on June 30, 2022 appointed us as auditors of the Group for an additional period of 2 years, starting from the year ended December 31, 2022.

Previously, we were appointed by resolution of the ordinary general shareholders' meeting for the initial period of 3 years and have therefore been auditing the consolidated financial statements uninterruptedly since the year ended December 31, 2019.

ERNST & YOUNG, S.L.

Signed original in Spanish

February 29, 2024

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

Consolidated annual accounts and consolidated management report for the financial year ending 31 December 2023

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

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(All documents refer to 31 December 2023 or the year ended 31 December 2023, as appropriate)

CONSOLIDATED BALANCE SHEET AS AT 31 December 2023

(thousands of euro)

ASSETS	Notes	31/12/2023	31/12/2022
Intangible assets	8	2,004	1,623
Rights of use	9	5,898	5,290
Property, plant and equipment	10	261,826	250,083
Real estate investments	10	1,238	1,295
Non-current financial assets	11	426	407
Deferred tax assets	17	32,977	21,889
Non-current assets		**304,369**	**280,587**
Inventories	13	107,818	129,464
Trade and others accounts receivable	11	16,768	22,283
Other current financial assets	11	3,226	2,463
Derivative financial instruments	11	470	5,714
Public administrations	16	4,724	7,997
Accruals		16	34
Cash and cash equivalents	11	92,573	95,105
Current assets		**225,595**	**263,060**
TOTAL ASSETS		**529,964**	**543,647**
NET EQUITY AND LIABILITIES			
Own funds	14	5,592	(50,845)
Capital		3,494	3,494
Share premium		387	387
Retained earnings		2,620	(53,692)
Shares of the parent company		(909)	(1,034)
Adjustment due to change in value		(1,980)	416
Net equity attributable to the parent company		3,612	(50,429)
Minority interests	14	738	504
Net book equity		**4,350**	**(49,925)**
Deferred income		**107**	**120**
Long-term provisions	19	5,501	3,547
Borrowings	15	362,248	361,319
Derivative financial instruments	11	3,362	122
Public administrations	16	-	4,340
Deferred tax liabilities	17	15,241	16,024
Other financial liabilities	18	7,976	7,904
Non-current liabilities		**394,328**	**393,256**
Short-term provisions	19	8,300	11,204
Borrowings	15	15,995	29,001
Derivative financial instruments	11	169	-
Public administrations	16	10,191	7,468
Other financial liabilities	18	96,524	152,523
Current liabilities		**131,179**	**200,196**
TOTAL NET EQUITY AND LIABILITIES		**529,964**	**543,647**

The attached notes to the consolidated report are an integral part of the consolidated annual accounts

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2023

(thousands of euro)

	Notes	2023	2022
Operating income		541,926	523,789
Net turnover	20	532,856	513,652
Other operating income	20	9,070	10,137
Change in inventory of finished products and products in production	13	(13,340)	23,562
Supplies	13	(162,879)	(206,888)
Staff expenses	21	(111,442)	(101,875)
Other operating expenses	22	(147,524)	(174,393)
Depreciation of property, plant and equipment	8–9–10	(16,979)	(15,834)
Impairment and results due to disposal of fixed assets	9–10	(5,459)	5,252
Other net profit/(loss)		16	352
Operating income		**84,319**	**53,965**
Financial income		406	3
Financial expenses		(28,043)	(21,511)
Changes in fair value of financial instruments	6.4–15	(5,660)	3,729
Exchange differences		(3,275)	1,767
Financial results		**(36,572)**	**(16,012)**
PROFIT/(LOSS) BEFORE TAX		**47,747**	**37,953**
Tax on profits	16	8,799	5,508
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUED OPERATIONS		**56,546**	**43,461**
Profit/(loss) attributed to the parent company		56,312	43,498
Profit/(loss) attributed to external partners	14	234	(37)
Profit/(loss) per share (expressed in euros)			
Basic	23	0.323	0.250
Diluted		0.323	0.250

The attached notes to the consolidated report are an integral part of the consolidated annual accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(thousands of euro)

	2023	2022
CONSOLIDATED RESULT	**56,546**	**43,461**
Other comprehensive income		
Foreign exchange differences	(88)	(1,381)
Cash flow hedging	(3,037)	3,734
Tax effect	729	(842)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**54,150**	**44,972**
Attributable to:		
Shareholders of the parent company	53,916	45,009
Minority interests	234	(37)

The attached notes to the consolidated report are an integral part of the consolidated annual accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023
(thousands of euro)

	Attributable to the shareholders of the parent company							
	Capital	**Share premium**	**Revaluation reserve and other reserves**	**Retained earnings**	**Shares of the parent company**	**Adjustment due to change in value**	**Minority interests**	**TOTAL**
Balance at 31 December 2021	**3,494**	**387**	**48,924**	**(146,114)**	**(1,023)**	**(1,095)**	**541**	**(94,886)**
Total consolidated recognised income and expenditure	-	-	-	43,498	-	1,511	(37)	44,972
Operations with shares from the parent company	-	-	-	-	(11)	-	-	(11)
Balance at 31 December 2022	**3,494**	**387**	**48,924**	**(102,616)**	**(1,034)**	**416**	**504**	**(49,925)**
Total consolidated recognised income and expenditure	-	-	-	56,312	-	(2,396)	234	54,150
Operations with shares from the parent company	-	-	-	-	125	-	-	125
BALANCE AS AT 31 DECEMBER 2023	**3,494**	**387**	**48,924**	**(46,304)**	**(909)**	**(1,980)**	**738**	**4,350**

The attached notes to the consolidated report are an integral part of the consolidated annual accounts

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

(thousands of euro)

	Notes	2023	2022
Cash flows from operating activities		**71,260**	**40,792**
Profit/(loss) for the year from continued operations		56,546	43,461
Adjustments to income		71,955	27,447
Taxes		(8,799)	(5,508)
Depreciation of property, plant and equipment	8–9–10	16,979	15,834
(Profit)/Loss in the sale/write-off of property, plant and equipment	8–10	-	18
Impairment of property, plant and equipment	8–10	5,456	(5,270)
Variation of provisions	12-13-19	21,896	5,389
Other expenses/(income)		(105)	(899)
(Profits)/losses in the fair value of derivative financial instruments		5,616	(1,858)
Financial income		(406)	(3)
Financial expenses		28,043	21,511
Exchange differences		3,275	(1,767)
Changes in working capital		(43,069)	(16,735)
Inventories	13	15,131	(24,435)
Customers and other accounts receivable	11–12	3,632	(11,425)
Suppliers and other accounts payable	18	(61,832)	19,125
Other cash flows from operating activities		(14,172)	(13,381)
Charges/(payments) for tax on profits	13	(2,162)	-
Other charges/(payments)		(12,010)	(13,381)
Cash flows from investment activities		**(33,185)**	**(13,531)**
Acquisition of intangible assets	8	(914)	(538)
Acquisition of tangible property, plant and equipment	10	(31,522)	(11,467)
Charges for divestments of tangible property, plant and equipment		33	637
(Investment)/divestment of financial assets		(19)	76
(Investment)/divestment in current financial assets		(763)	(2,239)
Cash flows from financing activities		**(40,607)**	**(9,763)**
Obtaining of borrowings	15	-	9,930
Reimbursement of borrowings and interest payments	15	(39,151)	(16,333)
Repayment of other debts		(1,581)	(3,349)
Disposal/(acquisition) of treasury shares		125	(11)
(DECREASE)/NET INCREASE IN CASH OR CASH EQUIVALENTS		**(2,532)**	**17,498**
Cash and cash equivalents at the beginning of the year	11	95,105	77,607
Cash and cash equivalents at the end of the year	11	92,573	95,105

The attached notes to the consolidated report are an integral part of the consolidated annual accounts

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2023
(thousands of euro)

1. GENERAL INFORMATION

1.1 Structure of the Group and activity

Tubos Reunidos, S.A. (hereinafter referred to as "TRSA", "the parent company" or "the company" interchangeably) was established, for an indefinite term, under the name "Tubos Forjados, S.A.", in Bilbao on 2 December 1892. Its registered office and tax address is currently in Amurrio (Álava, Spain).

The company is a public limited company listed on the Bilbao and Madrid Stock Exchanges. It is the head of a group of companies (hereinafter, Tubos Reunidos Group, TRSA Group or the Group, interchangeably) whose main activity in the steel industry is the manufacture and sale of seamless steel pipes, with four production plants (three in Spain and one in the USA) and an international commercial organisation with 6 own branch offices and 15 commercial agencies in the main countries and markets in which it operates.

As at 31 December 2023 and 2022, the companies that make up the TRSA Group are as follows:

Company	Registered office	Activity	Share %	Holding company
Tubos Reunidos Group, S.L.U. (TRG)	Amurrio (Álava)	Industrial	100%	Tubos Reunidos, S.A.
Tubos Reunidos Premium Threads, S.L. (TRPT)	Iruña de Oca (Álava)	Industrial	51%	Tubos Reunidos, S.A.
T.R. America, Inc. (TRAME)	Houston (Texas)	Marketing	100%	Tubos Reunidos, S.A.
RDT, Inc.	Beasley (Texas)	Industrial	100%	Aplicaciones Tubulares, S.L.U.
Tubos Reunidos Services, S.L.U. (TRS)	Amurrio (Álava)	Industrial/Real estate operation	100%	Tubos Reunidos, S.A.
Clima, S.A.U.	Bilbao (Vizcaya)	Holding company	100%	Tubos Reunidos, S.A.
Aplicaciones Tubulares, S.L.U. (ATUCA)	Bilbao (Vizcaya)	Holding	100%	Tubos Reunidos, S.A.

All companies in the group complete their annual financial year on 31 December and consolidate their financial statements using the full integration method, including TRPT, over which the Group has effective control. There were no changes to the scope of consolidation in 2023 or 2022.

Note 7 of this report contains information on the Group's operating segments.

1.2 Relevant information for the 2023 financial year

For the purposes of the consolidated annual accounts, the 2023 financial year for the Group is defined by:

- The continued positive trend from the previous year, improving on 2022's results in terms of financial figures such as operating income, earnings, operating cash flow and net debt, although with a significant difference between an outstanding first six months of the year and a second half with lower activity and prices.

- Continued achievement of important milestones in the 2021–2026 Strategic Plan, in particular the expansion of the Amurrio steel plant, where the Group's entire steel production is now concentrated. This has led to greater energy efficiency and lower future costs, and a resulting increase in investment in property, plant and equipment over the financial year.

- The generation of operating cash flow which, in addition to making the investments mentioned in the previous point, has enabled the Group to initiate a partial discounted debt buyback from financial institutions. This operation has been implemented and accounted for in 2024, as stated in note 27 "EVENTS after the reporting period".

a) Activity for the year: key figures

Operating income for the 2023 financial year amounted to EUR 541.9 million, an increase on the previous year's positive result from of EUR 523.8 million. This good performance is due to a solid initial portfolio position, with a higher average price than 2022 in all operating segments. Operating income amounted to EUR 84.3 million, 56% higher than the EUR 54.0 million in the previous year.

EBITDA[1] for 2023 amounted to EUR 106.8 million (almost 20% of revenue), a 65% rise over the EUR 64.5 million in 2022 (12% of revenue), thanks to the sales prices attained, alongside implemented cost controls.

The Group generated an operating cash flow of EUR 71.3 million, which has been allocated to comply with the investment plan set out in the 2021–2026 Strategic Plan for the 2023 financial year (with payments of EUR 32.5 million to purchase tangible and intangible fixed assets) and EUR 39.2 for reimbursement of borrowings and interest payments. This reduced net financial debt by EUR 10.3 million and led to a net financial debt/EBITDA ratio of 2.6 as of 31/12/2023. These data do not take into account the additional positive effect from the partial discounted debt buyback in January 2024 (note 27).

[1] *The definition of the Alternative Performance Measures used in these consolidated annual accounts is set forth in Appendix I of the attached management report.*

The Parent Company also performed well in 2023, ending the year with net equity at EUR 16.7 million and the following positive performance in net book equity and net equity for trading purposes for the Group's parent company (TRSA), taking into account the fact that the financing obtained from the FASEE (*Fondo de Apoyo a la Solvencia de Empresas Estratégicas* — Solvency Support Fund for Strategic Companies) is a participation loan (note 15.b):

	31/12/2023	31/12/2022
TRSA net book equity (Parent company)	**16,699**	**(11,102)**
Participation loan	119,779	115,651
THE PARENT COMPANY'S EQUITY FOR COMMERCIAL PURPOSES	**136,478**	**104,549**
TRSA's share capital	3,494	3,494
Equity/share capital ratio	39x	30x

The results for 2023 confirm the trend from the previous year and exceed forecasts in the 2021–2026 Strategic Plan approved by the Board of Directors to ensure the Group's long-term sustainability, based on energy transition and decarbonisation (note 6.1).

b) Important milestones the in 2021–2026 Strategic Plan: Expansion of the Amurrio steelworks

Expansion of the Amurrio steelworks was completed in the 2023 financial year to consolidate the Group's main plants in a single location. This is one of the fundamental pillars in the Group's Strategic Plan and one of the most important investments made by Tubos Reunidos in recent years. In addition to cost savings, this consolidation will significantly cut our greenhouse gas emissions and the Group's energy consumption.

The project was possible thanks to the dedication and personal effort of many workers at the Tubos Reunidos Group, including staff transfers from the Sestao steelworks to Amurrio which prevented any job losses. As of January 2024, the Group's entire steel production focused on pipe manufacture at the Trápaga and Amurrio plants will now take place at the Amurrio steelworks.

c) Acquisition of convertible debt

The Group's parent company implemented a buyback operation for part of its convertible debt in January 2024 through a Dutch auction. This represents a debt acquisition of EUR 106.7 million with a payout of EUR 27.5 million, generating net financial income of EUR 65 million, taking into account the carrying value of the debt on that date and discounting expenses associated with the operation. The accompanying consolidated annual accounts as of 31/12/2023 do not include the accounting impact of this operation, since it was implemented after year-end (note 27).

d) Other relevant matters

- War

The war between Russia and Ukraine that broke out in February 2022 had a limited direct effect on the Group's turnover, since customer sales volumes and orders are not significant in said countries. However, there was a noticeable indirect impact on both raw materials and energy markets through widespread instability, as well as increased competition from Ukrainian producers which, given they are deemed European Union manufacturers under specific circumstances, benefit from certain trade advantages in European markets.

The recent escalation of the war in the Gaza Strip and other conflicts have not had a major direct impact on the Group's activity. Nonetheless, instability in the Red Sea is beginning to have a certain negative effect on freight and insurance costs for routes to destinations in the Persian Gulf, Far East and Australia, where some significant markets for the Group are located. The impact that these conflicts may have on transport costs and goods mobility is managed by the Group as part of the general and inherent risks in its export activity. Nevertheless, no significant direct impacts are foreseen.

- Effects of the COVID pandemic

The direct consequences on the Group from global economic activity grinding to a halt from March 2020 as a result of the COVID pandemic generated significant operating losses and negative net earnings in 2020 and 2021. These losses led the Board of Directors of Tubos Reunidos, S.A. to update its 2021–2026 Strategic Plan and commence negotiations for additional financing in the form of a EUR 112.8 million participation loan through temporary public financial support from the *Sociedad Estatal de Participaciones Industriales* (SEPI — Spanish state-owned industrial holding company) under the FASEE mechanism, pursuant to Royal Decree Law no. 25/2020 of 3 July (hereinafter referred to interchangeably as "FASEE Loan" or "Participation Loan"). The loan agreement was signed on 22 July 2021, alongside a rollover in current financing terms with financial institutions, improving and adapting them to the Strategic Plan.

This participation loan was intended to ensure continued activity at the Group by shoring up its viability, cover cash flow requirements and enable implementation of an investment plan aimed at increasing efficiency in its manufacturing plants, boosting digitalisation and promoting ecological transition by cutting CO_2 emissions in line with European Union targets and domestic obligations related to ecological and digital transformation, including the 2050 carbon neutrality target.

1.3 Preparation of accounts

The consolidated annual accounts for 2023 were prepared by the Board of Directors of the parent company on 29 February 2024 and are pending approval by its General Shareholders' Meeting. The directors understand that they will be approved without amendments.

The consolidated annual accounts for 2022 were drawn up by the Board of Directors of the parent company on 23 February 2023 and were approved by the General Shareholders' Meeting on 29 June 2023.

2. BASIS FOR THE PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1 Bases of presentation

These consolidated annual accounts have been prepared from the individual accounting records of the companies that make up the Group, in a way that gives a true and fair image of the consolidated assets, the consolidated financial situation and the Group's consolidated results under IFRS-EU. With the aim of presenting the various items that make up the consolidated annual accounts in a homogeneous manner, the valuation principles and rules followed by the Parent Company have been applied to all companies included in the scope of consolidation, which are consistent with those applied in the previous year.

The information contained in this consolidated report relating to the previous year is presented together with information for this year solely and exclusively for the purpose of comparison.

The Group's consolidated annual accounts as at 31/12/2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for use in the European Union (IFRS-EU) and approved by the European Commission Regulations, which have been in force since 31/12/2023, and the interpretations of the IASB's Interpretations Committee (IFRIC).

The preparation of consolidated annual accounts under IFRS-EU requires the use of specific critical accounting estimates, as well as professional judgement by the management when implementing accounting policies. Note 6 discusses the areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the consolidated annual accounts. The criteria used in the judgements and estimates applied in preparing the consolidated annual accounts for 2023 are consistent with those applied in the preparation of the consolidated annual accounts for the previous year.

The accounting policies used in preparing these consolidated annual accounts are the same as those applied in the consolidated annual accounts for the year ended 31/12/2022. None of the standards, interpretations or amendments that are applicable this year for the first time and cited below have had any impact on the Group's accounting policies.

Standard, interpretation or amendment	Application date in the EU
IFRS 17 – Insurance Contracts IFRS 17 – Insurance Contracts: initial application of IFRS 17 and IFRS 9: Comparative Information	01/01/2023
Amendments to: - Definition of accounting estimates (amendments to IAS 8) - Disclosures regarding accounting policies (amendments to IAS 1 and the IFRS 2 Practice Statement) - Deferred taxes related to assets and liabilities arising from a single transaction (amendments to IAS 12) - International Tax Reform Pillar Two Model Rules (amendments to IAS 12)	01/01/2023

Below are the standards and interpretations already issued by the IASB not applicable to this year. The Group shall adopt these standards when they enter into force, although, from a preliminary analysis, it is estimated that their initial implementation will not have a significant impact on its consolidated annual accounts. The standards in question are:

Standard, interpretation or amendment	Date of publication in the Official Journal of the EU	Application date in the EU	Application date by IASB
Presentation of financial statements: Classification of liabilities as current or non-current (amendments to IAS 1)	19/12/2023	01/01/2024	01/01/2024
Lease liability in a sale and leaseback (amendments to IFRS 16)	20/11/2023	01/01/2024	01/01/2024
Supplier finance arrangement (amendments to IAS 7 and IFRS 7)	Pending	Pending	01/01/2024
Lack of exchangeability (amendments to IAS 21)	Pending	Pending	01/01/2025

2.2 Functional and presentation currency

The consolidated annual accounts are presented in thousands of euros, rounded up to the nearest thousand, which is the functional and presentation currency of the parent company.

2.3 Consolidation principles

a) Subsidiaries and associated companies

All companies over which the Group has control are considered subsidiaries, as defined in IFRS 10: Consolidated financial statements. These are consolidated from the date on which control is transferred to the Group, and are excluded from consolidation on the date that this control ceases.

After a previous standardisation process, if necessary, of the accounting policies, the balances and unrealised gains and losses on transactions between the Group companies are eliminated.

Companies over which the Group has significant influence but does not have control are considered associated companies and are accounted for using the equity method. As of 31/12/2023 and 31/12/2022, the Group had no such holdings.

b) Joint agreements

Investments in joint agreements are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor.

3. PROFIT DISTRIBUTION

The proposed distribution of 2023 profit for the parent company to be submitted to the General Shareholders' Meeting, and the distribution approved in 2022 was as follows:

	2023	2022
Allocation basis		
Result for the financial year – profit/(loss)	27,801	45,862
Distribution/(Application)		
Negative results from previous financial years	27,801	45,862

4. ACCOUNTING POLICIES AND MOST SIGNIFICANT ASSESSMENT CRITERIA

4.1 Foreign currency transactions

a) Transactions and balances

Transactions in foreign currency (understood as currency other than the Group's functional currency) are converted to the functional currency using the exchange rates on the dates of the transactions.

The profit and loss from exchange rate differences related to financial debts are presented in the profit and loss account, under the "Financial expenses" heading. The remainder of the profit and loss from exchange rate differences are presented on a net basis, under the heading "Exchange differences", except if they relate to qualified cash flow hedges, qualified net investment coverages or if they are attributable to part of the net investment in an overseas business, which differ in net equity.

Non-monetary items valued at fair value in a foreign currency are converted using exchange rates on the dates on which the fair values were determined. Exchange differences are presented as part of the profit or loss in the fair value.

b) Group entities

The results and financial position of Group entities, whose functional currency is different from the euro, are converted into the presentation currency as follows:

- Assets and liabilities of each balance sheet presented: the closing exchange rate at the balance sheet date.
- Income and expenses for each income statement: average exchange rate (unless it is not a reasonable approximation of the cumulative effect of the rates prevailing on the dates of the transaction, in which case, income and expenses are converted on the dates of the transactions).

4.2 Intangible assets

Intangible assets are recorded by their cost value, minus the cumulative amortisation and, where appropriate, the accumulated impairment loss. The amortisation of intangible assets is carried out on a straight-line basis during their estimated useful lives (4 to 8 years for computer applications and 15 years for trademarks and licences).

The costs incurred in development projects (related to the design and testing of new or improved products) are recognised as intangible assets when the project can be correctly and individually identified, it is likely to be technically and commercially successful and its costs can be reliably estimated. They are amortised from the beginning of the linear commercial production of the product during the period in which it is expected to generate profits, but not exceeding five years.

4.3 Leases

The Group recognises the rights of use at the beginning of the lease, which is the date on which the underlying asset is available for use. Rights of use are valued at cost, less cumulative amortisation and impairment losses, and are adjusted for any changes in the valuation of the associated lease liabilities.

The initial cost of use rights includes the amount of recognised lease liabilities, initial direct costs and lease payments performed before the commencement of the lease date. Incentives received, if any, are discounted from the initial cost. Unless the Group is fairly sure of obtaining ownership of the leased asset at the end of the lease term, the rights of use are amortised on a straight-line basis for the shorter term between the estimated useful life and the lease term. Rights of use are subject to impairment analyses.

At the start of the lease, the Group recognises the lease liabilities at the present value of the payments that will be made during the term of the lease. Lease liabilities also include the exercise price of a purchase option, if the Group is reasonably certain to exercise that option, and lease termination penalty payments, if relevant. Variable lease payments that do not depend on an index or rate are recognised as expenses for the period in which the event or condition that triggers the payment takes place.

For calculating the present value of lease payments, the Group uses the incremental interest rate at the start of the lease if the implicit interest rate in the lease cannot be easily determined. The lease liabilities amount is increased to show the accrual of interest and is reduced by the lease payments made.

If a modification is made to the lease term in the assessment to purchase the underlying asset or in the index or rate used to determine future payments, the lease liability shall be revalued.

To determine the lease term of the contracts with a renewal option, the lease term is considered as the non-cancellable term of the contract plus the optional lease extension periods if it is reasonably certain that this option can be exercised; this includes the periods covered by the option to terminate the lease, if it is reasonably certain that such an option will not be exercised.

Lease payments on short-term leases and leases of low-value assets are recognised as expenses over the lease term.

4.4 Tangible property, plant and equipment and real estate investments

Tangible property, plant and equipment are recognised at cost, minus the cumulative depreciation and, where appropriate, the accumulated impairment loss value. After the initial recognition of the asset, only those costs incurred that will generate future economic benefits that can be qualified as likely are capitalised and the amount of the aforementioned costs can be reliably assessed.

Costs resulting from the recurring maintenance of tangible property, plant and equipment are recorded in the income statement as they are incurred.

The replacement of elements of tangible property, plant and equipment susceptible to capitalisation imply a reduction in the carrying value of the replaced elements.

The depreciation of the elements of tangible property, plant and equipment is carried out by distributing its depreciable amount on a straight-line basis over its useful life by applying the following years of estimated useful life:

	Years of estimated useful life
Buildings	30–50
Technical installations and machinery	10–30
Other installations, tools and furniture	10
Other property, plant and equipment	6–15

The Group reviews the residual value, useful life and depreciation method of tangible property, plant and equipment at the end of each year.

At least once a year, and in any case at the close of each year, the Group estimates the recoverable value of the assets based on the discount of expected cash flows, market value indicators and/or third-party valuations. In the event that the recoverable value of an asset is less than its carrying amount, an impairment loss is recorded by the difference with a charge on the consolidated profit and loss account. If, in later years, the reasons that led to the value impairment are no longer occurring, the value impairment shall revert to the consolidated profit and loss account.

Profit and loss on the sale of tangible property, plant and equipment are calculated by comparing the proceeds obtained with the carrying amount and are included in the income statement.

Real estate investments, which comprise owned land and buildings (industrial buildings) that are held for profit or loss through sale or rental, are subject to the same accounting policies as tangible property, plant and equipment.

4.5 Financial instruments

Contracts that give rise to a financial asset in the Group and, simultaneously, a financial liability or equity instrument in another entity, or vice versa, are classed as financial instruments. A financial asset is considered to be any asset that is: cash, an equity instrument from another company, or that represents a contractual right to receive cash or other financial assets, or to exchange financial assets or liabilities with third parties on potentially favourable terms. A financial liability is considered to be any contractual obligation on the part of the Group, whether direct or indirect, to deliver cash or other financial assets or to exchange financial assets or liabilities with third parties on potentially unfavourable terms. Balances with public administrations, except balances with public companies and similar companies, are presented in a differentiated manner.

a) Financial assets

Financial assets are classed, according to the contractual terms established for cash flows and the Group's business model for managing them, into two valuation categories: assets valued at fair value and assets valued at amortised cost.

Losses and gains for assets valued at fair value are recognised in the results or other overall comprehensive income.

Conventional purchases or sales of financial assets are recognised and/or written off to accounts on the trading date or settlement date, i.e. when the contractual rights to cash flows have expired or have been transferred and the Group has substantially transferred all related risks and benefits.

At the time of initial recognition, the Group values a financial asset at its fair value plus, where appropriate, the directly attributable transaction costs.

The value correction due to losses of financial assets is based on the hypothesis of compliance risk and expected loss rates, applying information on the historical impairment losses and on existing market conditions and the forward-looking estimates at the end of the year.

Any expected losses to trade accounts receivable are recognised from their initial record. The provision for impairment is estimated by applying a coefficient based on the history of default in recent years and the amount of the collection insurance coverage taken out, adjusted for factors related to the macroeconomic environment, market and risk by customer.

b) Derivative financial instruments and hedging activity

Financial derivative instruments are initially recognised at fair value on the date on which the contract was signed and, where appropriate, adjusted to fair value later on the closing date of the year, depending on the nature of the hedged item.

At the beginning of the hedge relationship, the Group documents the financial relationship between the hedging instruments and the hedged items (including whether changes in the cash flows of the hedging instruments are expected to offset the changes in the cash flows of the hedged items) and its risk management objective and its strategy to take on its hedging transactions.

The entire fair value of a hedging derivative is classed as a non-current asset or liability if the maturity of the remaining hedged item is longer than 12 months and as a current asset or liability if the maturity is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve within net equity. The profit or loss relating to the ineffective portion is recognised under profit or loss under "Change in fair value of financial instruments".

When option agreements are used to hedge forecasted transactions, the Group designates only the intrinsic value of the option agreement as the hedging instrument. Gains or losses corresponding to the effective portion of the change in the intrinsic value of option contracts are recognised in the cash flow hedge reserve in net equity, and changes in the time value of option contracts that are related to the hedged item ("aligned time value") are recognised within other comprehensive income in the net equity hedging cost reserve.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the counted component as a hedging instrument. Gains or losses related to the effective part of the change in the counted component of forward contracts are recognised in the cash flow hedge reserve in net equity, and the change in the forward element of the contract related to the hedged item ("aligned forward element") is recognised within other comprehensive income in the net equity hedging cost reserve.

The amounts accumulated in net equity are re-classed in the financial years in which the hedged item impacts the result for the year, as follows:

- When the hedged item subsequently results in the recognition of a non-financial asset (such as inventories), both the deferred hedged profit and loss, as well as the deferred time value or the deferred forward points, if any, are included in the initial cost of the asset. The deferred amounts are finally recognised in the profit or loss for the financial year.

- The profit or loss corresponding to the effective portion of interest rate swaps that hedge variable rate loans is recognised in income within financial costs at the same time as the interest expense on the hedged loans.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred profit or loss and hedge costs deferred in net equity at that time remain in net equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the hedge instrument is no longer effective, the cumulative profit or loss and deferred hedge costs that were presented in net equity are re-classed to profit or loss for the financial year.

Derivatives that do not qualify for hedge accounting are recognised at fair value with changes in the results, and changes in their fair value are recognised, where relevant, in the income statement.

c) Implicit derivative of the debt

In the debt refinancing agreement (note 15.a), the Group has identified an implicit derivative for the mechanism of converting part of the debt into shares of the Parent Company. At the end of the financial year, the Group assesses the fair value of the option based on the most probable conversion/exchange equation established in the aforementioned agreement, which takes into consideration the potential debt to be converted on the estimated conversion date, minus the fair value (its price on the closing date) of the Tubos Reunidos, S.A. shares to be converted. The probability that the conversion option will be exercised by the financial creditors is applied to this differential, based on the probability of default on the part of the company according to its estimated credit rating (note 6.3).

d) Derivative included in a supply contract

On 7 February 2022, the Group company TRG and Statkraft Markets GmbH signed a long-term renewable power purchase agreement (PPA), under which Statkraft Markets GmbH will use its available renewable energy production portfolio to cover part of TRG's consumption over a period of 10 years.

As of 31/12/2023 and 31/12/2022, the valuation of this contract was recorded at fair value through profit or loss.

4.6 Inventories

a) Emission allowances

The emission allowances allocated to the Group are recorded as inventory and valued at fair value, calculated as the market value at the time of their allocation, with a credit to deferred income. The emission allowances acquired subsequently to meet the hedging requirements of the emission levels of gases produced by the Group are valued at their acquisition cost.

At each year-end, the valuation adjustment is made, if necessary, to measure the remaining emission allowances at the lower value between the acquisition cost and the market value.

The amount recorded as deferred income is credited to results depending on the charge to expenses for emission allowances received free of charge.

Expenses generated by the emission of greenhouse gases are recorded in accordance with the use of emission allowances, assigned or acquired, as they are consumed in the production process, crediting the provision account for environmental actions. This provision account does not represent a debt of the Group involving an outflow of funds, but rather an accounting movement that is cancelled in the following financial year.

Emission allowances recorded as inventories are cancelled, as an offsetting entry to the provision for the costs generated by the emissions made, when they are delivered to the Administration to address the obligations incurred.

b) Other inventories

Inventories are valued at their cost, which is mainly determined by the weighted average cost method, including, in the case of finished products and products in production, the costs of raw materials, direct labour, other direct costs and general manufacturing overheads based on normal operating capability.

c) Impairment of inventories

Two types of possible impairment in the value of inventories are considered: the impairment because the cost is greater than the net realisable value, understood as the estimated selling price in the normal course of business, minus the applicable variable selling costs, and the impairment due to obsolescence of the materials.

The determination of material obsolescence depends on the different types of inventories. Regular physical inspections are carried out to determine the possible depreciation of ferroalloys. The depreciation of in-production and finished products is estimated based on the expected rotation in the type of steel, the status of customer orders (fulfilled or pending) and, in the case of non-ordered materials, in accordance with the time that they have spent in warehouses (if this is longer than three months and up to a year). The amount of the deterioration depends on the in-production or finished product concerned, and is calculated in accordance with the value of the associated raw materials or, if it is deemed to be realisable, as 50% of its cost value or its levelling value.

4.7 Trade accounts receivable

The amounts due from customers for sales of goods or services made in the ordinary course of business are recorded as Trade accounts receivable and are initially recognised at their fair value and subsequently at their amortised cost. This is in accordance with the effective interest rate method, minus, where relevant, the provision for impairment losses for which the estimation of the underwritten collection insurance contracts, which cover the risk of non-payment, are considered.

Financing through discounting expenses is written off under the customers' heading on the collection date thereof, and recorded as bank financing. When the transfer of risks and benefits, as well as control, of accounts receivable is contracted with financial institutions, the transferred amount is written off from the balance sheet.

Trade accounts receivable are presented as financial assets and classed as non-current or current assets based on whether their due date is more than one year from the balance sheet closing date.

4.8 Trade accounts payable

Trade accounts payable are the Group's payment obligations for goods or services acquired from suppliers in the ordinary course of business. They are classed as financial liabilities in current liabilities if payments are due in one year or less and in non-current liabilities if this is not the case.

Trade accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

4.9 Borrowings

Borrowings are initially recognised at fair value less any transaction costs incurred. Thereafter, borrowings are valued at their amortised cost. Any difference between the amount received (net of transaction costs) and the amortised value is recognised in the income statement using the effective interest rate method.

Borrowings are classed as current liabilities unless the Group has the unconditional right to defer settlement for at least 12 months after the balance sheet date.

Financial debt is eliminated from the balance sheet when the obligation specified in the agreement has been paid, cancelled or has expired. The difference between the carrying amount of a financial liability that has been cancelled or assigned to another party and the consideration paid, including any asset assigned other than the cash or liability assumed, is recognised in the profit and loss account of the financial year as other financial income or expenses.

4.10 Current and deferred taxes

The tax expense for the financial year includes current and deferred taxes. Taxes are recognised in the income statement, except to the extent that they relate to items recognised in other comprehensive income or directly in net equity. In this case, taxes are also recognised in other comprehensive income or directly in net equity, respectively.

The current tax expense is calculated based on the legislation adopted at the balance sheet date in the countries in which the Parent Company and its subsidiaries operate and generate positive tax bases.

Deferred taxes are recognised due to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements using tax rates (and legislation) that have been approved or are about to be approved as of the date of the balance sheet. Deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, which does not affect the accounting profit or the taxable profit or tax loss.

Deferred tax assets are recognised to the extent that future taxable profits are likely to be available to offset the temporary differences.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally recognised right to offset current tax assets with current tax liabilities and when they arise from income tax levied by the same tax authority.

4.11 Employee benefits

a) Severance pay

Severance pay to employees, either as a result of the Group's decision to terminate their employment contract before the normal retirement age or when an employee voluntarily agrees to terminate their contractual relationship with the Group in return for such benefits, is recognised when there is a clear commitment to leave, in accordance with a detailed formal plan without the possibility of withdrawal, or when the costs for a restructuring within the scope of IAS 37 are recognised: Provisions, contingent liabilities and contingent assets.

When an offer is made to a group of employees, the severance pay amount is calculated based on the number of employees expected to accept the offer. If the payment is expected within 12 months of the closing date, the amount shall be updated using market discount rates.

b) Variable remuneration

A provision for variable remuneration plans is recognised based on their accrual when the Group is contractually obliged to pay them and the conditions under which they are enforceable have been met.

c) Contributions to pension plans

Part of the remuneration to employees is reflected in contributions to pension plans and external social benefits systems, in all cases of contribution that are defined and made on behalf of the worker. Contributions are recognised within staff expenses when they accrue.

The pension plans are outlined in the external Voluntary Social Welfare Entities and the Group assumes no risk in the capitalisation period of the contributions, nor does it guarantee, in any way, the participants' rights before the entities.

4.12 Provisions

Provisions for specific risks and expenses are recognised when there is an obligation present, whether it is legal or implied, as a result of past events, when there is likely to be an outflow of resources to settle the obligation and its amount can be reliably estimated.

Provisions are valued at the present value of expenditure that is expected to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense. Where applicable, probability estimates are used.

4.13 Revenue recognition

Revenue from sales and the provision of services is recognised at the fair value of the compensation received or to be received, and represents the amounts to be collected for goods sold, net of any discounts and returns.

According to IFRS 15: Revenue from Contracts with Customers, the Group carries out the following analysis:

- Differentiable pledged goods or services that should be recognised separately.

  The performance obligation is the delivery of the goods, taking into consideration the terms and conditions of sale agreed in each contract. Considering that the purpose of the transaction is to supply the product in accordance with the specifications provided by the customer, there are no pending obligations post-delivery, such as interventions in the supply, commissioning, training etc.

- Variable compensation in contracts with customers.

  The Group does not have variable price contracts in the existing contracts with customers, having the right to collect the full amount agreed for the sales of its products, once completed, in accordance with the agreed terms, the obligation to deliver the goods and the transfer of their control.

- Recognition of sales

  Sales are recognised when all significant risks and benefits resulting from ownership of the goods have been transferred, effective control is not held over said goods, the amount of revenue can be reliably measured, the revenue is likely to be received and the costs incurred, or to be incurred, in relation to the transaction can be reliably measured.

  There are no contracts in which revenue must be recognised throughout the term of the contract.

- Financing component

  The Group has no contracts where the period between the transfer date of the goods or services and the date of payment by the customer exceeds 12 months, so the transaction prices are not adjusted for this purpose.

- Incremental costs

  There are no incremental costs for obtaining customer contracts, so there are no amounts that can be considered as an asset for this item.

- Guarantees

  When it comes to the sale of products and services, the Group provides the usual guarantees for its products, in accordance with the contracts, applicable laws and typical industry practices. The guarantees given provide customers with the assurance that the product conforms to the specifications agreed in the contract and does not provide additional services. The guarantees, therefore, do not constitute a differentiated service that should be recorded as a differentiated performance obligation.

- Deferred delivery invoicing agreements

  At the end of each financial year, the Group assesses the existence of deferred delivery invoicing agreements and analyses, if any, whether the customer has the ability to direct the use of the product and obtain virtually all of its remaining benefits, even if the physical transfer of the product has not taken place. Only in cases where, upon assessing the reason for such situations, the product is separately identifiable or is ready for physical delivery to the customer and the Group cannot use the product or sell it to another customer shall it be considered that the transfer of control has taken place and, therefore, that the sale has been made.

Interest received from financial assets is recognised using the effective interest rate method and dividends. Interest and dividends on financial assets, accrued after acquisition, are recognised as income in the consolidated profit and loss account.

4.14 Environment

The expenses incurred by the Group in improving the production processes in order to reduce energy consumption, and in reducing the environmental impact of these processes, are recorded as expenditure for the year in which they were incurred. The measures taken in relation to energy efficiency, which comply with the characteristics outlined in note 4.4 for incorporation into the Group's intangible assets, are accounted for as the higher value of the intangible assets.

5. FINANCIAL RISK AND OTHER RISK MANAGEMENT POLICY

5.1 Main financial risks

The corporate risk management model is driven by the Board of Directors and management team, with the aim of providing reasonable security when it comes to achieving the Group's targets. Within this corporate risk management model, the Group's Finance Division identifies and manages risks falling under the category of financial risks, according to the guidelines and standards set by the Board of Directors.

The Group defines financial risk as that which arises from transactions involving the use of collection rights and payment obligations, as well as from the operation in financial markets, including currency other than the functional currency of the Group.

The Group's main financial risks and main aspects of its management are as follows:

a) Credit risk (the risk that one of the parties to a financial instrument will create a financial loss for the other party due to a breach of an obligation).

In order to manage credit risk arising from sales operations, the Group has established policies to ensure the maximum possible amount of sales are carried out with insurance coverage. All group customers have a corresponding risk classification and, upon receipt of the order, the solvency of each customer is analysed and risk hedging is requested from the insurance company (CESCE — *Compañía Española de Seguro de Crédito a la Exportación*), acting accordingly.

b) Liquidity risk (the risk that the Group will have difficulties in fulfilling obligations associated with financial liabilities settled through the delivery of cash or other financial assets).

Liquidity risk management involves maintaining sufficient cash and negotiable securities, the availability of sufficient funding from committed credit facilities and the capacity to settle market positions.

The Group's Finance Division aims to maintain flexibility in financing through the availability of committed credit facilities and uses financial liquidity instruments (non-recourse factoring) to maintain the liquidity levels and the working capital required in its business plans. Managing this risk involves direct control of working capital by the Finance Division, in conjunction with additional available liquidity, and ongoing monitoring of debt levels and cash generation.

c) Market risk (the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market prices).

Market risk comprises exchange rate risk, interest rate risk and other price risks, depending on market price rates that may vary. The other price risks are not significant for the Group.

Exchange rate risk: This risk primarily arises from sales made in US dollars, purchases of raw materials and other supplies made in foreign currency and net investments in foreign companies.

The Group uses derivative financial instruments (exchange insurance) to hedge or reduce the risk of exchange rate fluctuations in the operations described.

Interest Rate Risk: This risk focuses on long-term financial debt with variable interest rates.

The Finance Division maintains an ongoing monitoring policy of the development of these rates and the assessment of the effect of a hypothetical change in interest rates on the Group's consolidated annual accounts.

5.2 Risk of changes in raw material and energy prices

The Group defines this risk as the risk of significant changes in the prices of raw materials and energy that are necessary in the production process, which represent a substantial part of the production cost.

In addition to the managing commercial margins, the main management elements of this risk – which is typical of the sector to which the Group belongs and is included in its risk management model within strategic risks – include the existence of a specific and specialised area of responsibility (other than the Finance Division), the management of hedging instruments (where possible and desirable) and the management of raw material stock levels.

5.3 Risks due to international trade regulations (competition risks)

The Group's activity is purely export-based and focuses on the US market. This situation implies adherence to international regulations and the risk that any significant changes will affect the Group's competitiveness with regard to producers from other countries.

In this sense, on 31 October 2021 the United States (US) Administration and the European Union (EU) Administration announced an agreement on tariff regulations for steel and aluminium exports from the EU, amending the previous agreement from 2018 signed with the Trump Administration, whereby all exports of these products to the United States were subject to a 25% tariff. The new agreement came into force on 1 January 2022 for a two-year term and establishes a system of quotas under which exports of certain products manufactured in EU Member States, including several seamless piping varieties manufactured by the Group, are exempt from the tariff.

The Group has been successfully managing the administrative obligations arising from the tariff and quotas, and gradually adapting to them, as evidenced by business volumes for 2022 and 2023.

At the end of 2023, both administrations agreed to extend the application of the respective tariff measures for a period of 24 months. This means the system of duty-free quotas and exemptions will remain in place throughout 2024 and 2025, and exempt a sizeable chunk of sales to US customers from the 25% tariff. This situation reduces uncertainty surrounding this risk over the next two years (2024 and 2025) of the Strategic Plan (updated, see note 6.1).

5.4 Financial impact of climate change

As part of the annual update to the Group's Risk Map, sustainability risk was incorporated in 2023, including both climate change risks, as a result of its possible likely impacts, and regulatory and reporting changes in this matter.

The group's Sustainability Plan will include a detailed analysis of climate change risks (and opportunities) in two different scenarios for global warming ("optimistic" and "pessimistic"). This risk and opportunity assessment will look at the expected impact (direct and indirect consequences), and the likelihood and speed of occurrence for both physical and so-called transition risks.

Furthermore, the diversity of markets and industries that Group products target may be affected by climate change. The strategy outlined in the Strategic Plan includes scenarios where greenhouse gas-generating industries are losing ground in the energy production and supply mix for mobility and power generation. In particular, the Plan's targets have been adapted to future expectations regarding developments in the oil extraction and – with a greater lag – natural gas markets (the OCTG commercial segment) and their progressive replacement by clean energy such as geothermal energy and "green hydrogen". In the same vein, thermal plants (using coal as fuel) are expected to decline, as they are the largest greenhouse gas emitters, and their replacement by cleaner plants such as natural gas combined-cycle plants using transitional energy, nuclear and other clean technologies is expected to accelerate.

The possible positive effect on the demand for pipes used for the production of expanding nuclear energy in many countries all over the world, which was considered as clean energy by the EU, has remained in the Strategic Plan as if there were no changes to the current situation.

In adapting to the fight against climate change and within the targets of the Strategic Plan, the Group is developing certified low emission products and reached a milestone in 2023 by preparing our first Environmental Product Declarations (EPDs) for products made at the Amurrio and Trápaga plants, (breakdown our environmental footprint throughout the manufacture process). The declarations have already been verified, certified and published, as an exercise in transparency for our markets.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

6.1 The financial situation of the Group and the going concern principle

The 2021–2026 Strategic Plan is the initial roadmap defined by the Board of Directors to achieving a scenario of long-term sustainability at the Group, based on energy transition and decarbonisation. This Plan was last updated in February 2024 by the Directors of the Parent Company (note 27). The most significant changes relate to the evolution observed in sales prices and production costs, as well as changes in other regulatory and economic areas. The timeline was reset to 2028, maintaining its essential target for sustainability, digitalisation and improved competitiveness. From here on in, references to the current Strategic Plan should be understood as referring to the latest update (2021–2028 Strategic Plan (updated)).

The essential premises of the roadmap were met over the 2021–2023 period, including:

- Obtaining sufficient initial financing as set out in the Plan.

  In July 2021, the Group received a participation loan of EUR 112,800,000 from the FASEE in accordance with Royal Decree-Law 25/2020 of 3 July on Urgent Measures to Support Economic Recovery and Employment. It also received support from financial institutions to improve or convert the terms for financing operations already in place.

- Updating the Group structure

  Certain Group companies merged by absorption in 2021 and the resulting company was renamed to the current Tubos Reunidos Group, S.L.U., thus consolidating the main administrative processes at both production plants.

  In addition to this business update, the workforce was also restructured through agreed staff departures and an internal reorganisation of roles and responsibilities.

- Process efficiency and digitalisation

  Updating the Group's business structure in 2021 enabled us to consolidate cold drawing processes at the Amurrio steelworks, generating energy efficiency and reducing our carbon footprint. Moreover, the Amurrio steelworks expansion and the centralisation of the Group's steel manufacturing (merging foundry processes) were successfully completed in 2023.

  In turn, the Strategic Plan includes investments in digital transformation to optimise production processes such as support, identifying inefficiencies and implementing corrective measures which will ultimately lead to improved performance and lower costs.

The implementation of these activities and a favourable market scenario led to profit attributable to the Parent Company of EUR 56.3 million (EUR 43.5 million in 2022). This profitability and our efficiency policies resulted in an operating cash flow of EUR 112.1 million in the 2022–2023 period. Consequently, this enabled us to implement the investment approaches set out in the Strategic Plan and launch a discounted convertible debt acquisition process with a view to reducing overall debt. The acquisition was enacted in January 2024 (note 27).

The Group considers itself well-positioned to continue making progress on its Strategic Plan and attain long-term sustainability, based on the aforementioned energy transition and decarbonisation.

The Strategic Plan is subject to uncertainties inherent to the Group's business. These include the evolution in international demand for seamless tubing, which has fallen back since the beginning of 2023. This situation has led to lower Group production and required temporary layoffs at the Amurrio steelworks from 1 September 2023 to adjust the size of the workforce to the current business outlook. In turn, given the Group's exposure to the US market, the two-year extension to the current US quota and exemption scheme, alongside positive financial results of EUR 65.3 million in January 2024 thanks to the buyback of discounted debt after year-end (note 27), have eased uncertainty around attaining the targets in the Strategic Plan over the next two years.

6.2 Asset impairment

The Group verifies whether assets have been impaired at least once a year. In order to determine this recoverable value for Group assets at the end of financial year 2023, expected future cash flows from the assets or their cash generating units, where applicable, have been estimated based on the 2021–2028 Strategic Plan (updated). Moreover, an appropriate discount rate has been used to calculate present value (including the risk premium applicable to the Group and its business), as well as a growth rate that includes the estimated impacts from climate change risks on the Group's business (note 5.4).

6.3 Fair value of the implicit derivative associated with the debt

An implicit derivative was identified in the conversion mechanism of part of the financial debt outlined in the refinancing agreement (note 15.a). As of 31/12/2023 and 2022, the Directors of the Parent Company estimate that the Group will meet the targets of its Strategic Plan (note 6.1), meaning financial debt will be fully settled by its updated value at the close of the balance sheet date.

6.4 Tax on profits and deferred tax assets

The tax is calculated according to Group management's best estimates, applying the tax regulations in force at the closing date of the balance sheet and, where appropriate, its expected evolution.

The 2021–2028 Strategic Plan (updated) was used to estimate the likelihood of recovering deferred tax assets and their book entries. Based on the provisions set forth in current accounting regulations, and considering the degree of uncertainty inherent to the Group's business (note 6.1), deferred tax assets with a reasonable likelihood of recovery were recognised, in line with the forecasts for the next two years of the 2021–2028 Strategic Plan (updated).

6.5 Density of scrap in the physical stock count

A physical inventory of stock, including scrap metal, is carried out throughout the year to determine existing tonnes. In the case of scrap metal, the tonnes are determined by weight or, where this is not feasible, by applying an estimated density to the volume of the material reported during the inventory. The method of zeroing scrap stock is repeatedly applied to provide a physical count.

7. INFORMATION ON OPERATING SEGMENTS

a) Segmentation criteria

The companies that make up the Group (note 1.1) carry out various activities, which are grouped as follows, according to their nature:

Activity	Comments	Companies
Manufacturing	Includes a comprehensive production process comprising the manufacture of steel (through the fusion of raw materials) and the subsequent rolling, up to the creation of the pipe.	TRG
Transformation	Includes, for certain pre-manufactured references, specific finishing operations, depending on their final destination and customer requirements.	TRG, TRPT, RDT.
Distribution and marketing	Includes the export and import of manufactured and/or processed pipes.	TRG, TR America, RDT, TR Services.
Other activities	These include the design and development of engineering and pre-manufacturing projects, the operation of corporate properties and services, among others, without it being considered as a distinct operational segment.	TRSA, Clima, TR Services, ATUCA

Manufacturing, processing, distribution and marketing activities relate mainly to seamless steel piping.

Meanwhile, from a commercial point of view, the Group's product range is structured based on the following segments:

- Downstream, the main uses of which include processes in the petrochemical and refining industry, as well as conventional and clean electric power generation (heat exchangers, boilers, furnaces, heaters and refrigerators) for equipment.

- Midstream, the main uses of which include the transportation of onshore/offshore oil and gas from production wells to storage terminals, liquefaction (LNG) plants, as well as the piping of hydrocarbons to refineries or petrochemical compounds where they are processed.

- Upstream, the main uses of which include oil and gas drilling and extraction, also called "Oil Country Tubular Goods" (OCTG), as well as geothermal energy and capture and storage of carbon and other gases.

- Mechanical/Industrial, which, through cutting and machining processes, are used to manufacture parts for machinery and heavy industry or are assembled to form structures in singular buildings, offshore platforms, wind turbines, automotive, industrial vehicles, agricultural machinery, public works, printing, food production etc. (mostly involving high-grade thicknesses).

Given the Group's current organisational, productive and management structure, its Strategic Plan and its internal system for informing the Governing Bodies ("maximum authority in operational decision-making" in accordance with IFRS 8: Operating Segments), the Group finds that it operates in a single operating segment, "Seamless steel piping", applying the criteria of IFRS 8.

b) Information on geographic areas

The net amount of the Group's turnover allocated in accordance with the country in which the customer is located is shown below:

	2023	**2022**
USA	244,595	276,723
Germany	64,864	51,283
United Kingdom	54,415	27,974
Italy	34,779	38,400
Spain	31,109	33,885
Saudi Arabia	10,702	1,228
Mexico	10,306	5,880
South Korea	8,494	15,787
Netherlands	8,445	9,704
All other countries (over 35)	65,147	52,788
TOTAL NET TURNOVER	**532,856**	**513,652**

The Group's sales, allocated based on business segments, can be broken down as follows:

	2023	**2022**
Downstream	106,313	98,519
Midstream	108,248	81,983
Upstream	197,732	169,705
Mechanical/Industrial	93,126	127,974
Others	27,437	35,471
TOTAL NET TURNOVER	**532,856**	**513,652**

As of 31/12/2023, the Group's assets in Spain amounted to EUR 473 million (31/12/2022: EUR 491 million) and the Group's assets in the US amounted to EUR 57 million (31/12/2022: EUR 53 million).

c) Information on the main customers

The Group's sales are distributed among a sufficient number of customers, to the extent that none of them represent more than 10% of net turnover (2022: one customer represented over 10% of turnover at 15.9%).

8. INTANGIBLE ASSETS

The details and movements related to the main types of intangible assets are as follows:

	IT applications	Development expenses	Other intangible assets	Total
COST VALUE				
Balance at 31/12/2021	**5,192**	**22,330**	**986**	**28,508**
Additions	126	412	-	538
Balance at 31/12/2022	**5,318**	**22,742**	**986**	**29,046**
Additions	359	555	-	914
Exchange differences	(8)	-	-	(8)
COST VALUE AS AT 31/12/2023	**5,669**	**23,297**	**986**	**29,952**
CUMULATIVE AMORTISATION				
Balance at 31/12/2021	**(4,306)**	**(19,550)**	**(876)**	**(24,732)**
Additions	(337)	(499)	(11)	(847)
Exchange differences	(1)	-	-	(1)
Balance at 31/12/2022	**(4,644)**	**(20,049)**	**(887)**	**(25,580)**
Additions	(291)	(228)	(11)	(530)
Exchange differences	5	-	-	5
CUMULATIVE AMORTISATION AS AT 31/12/2023	**(4,930)**	**(20,277)**	**(898)**	**(26,105)**
VALUE IMPAIRMENT				
Balance at 31/12/2021	**-**	**(1,843)**	**-**	**(1,843)**
Impairment losses	-	-	-	-
Balance at 31/12/2022	**-**	**(1,843)**	**-**	**(1,843)**
Impairment losses	-	-	-	-
VALUE IMPAIRMENT AS AT 31/12/2023	**-**	**(1,843)**	**-**	**(1,843)**
INTANGIBLE ASSETS AS AT 31/12/2022	**674**	**850**	**99**	**1,623**
INTANGIBLE ASSETS AS AT 31/12/2023	**739**	**1,177**	**88**	**2,004**

9. RIGHTS OF USE

The right-of-use assets correspond to lease contracts for various buildings, machinery, vehicles and other equipment used in the Group's operations.

	Cost value	Cumulative amortisation	Net value
Balance at 31/12/2021	**6,792**	**(1,889)**	**4,903**
Additions	890	(503)	387
Withdrawals	(512)	512	-
Balance at 31/12/2022	**7,170**	**(1,880)**	**5,290**
Additions	1,246	(638)	608
Withdrawals	(323)	323	-
BALANCE AS AT 31/12/2023	**8,093**	**(2,195)**	**5,898**

The carrying amounts of lease liabilities and movements during 2023 and 2022 are as follows (note 18):

	2023	2022
Initial balance	**5,621**	**5,156**
Additions	1,246	890
Accrued financial expenses	265	259
Payments	(849)	(684)
Final balance as at 31/12	**6,283**	**5,621**
Non-current lease liabilities	5,412	4,928
Current lease liabilities	871	693

The amounts recognised in the consolidated income statement for leases in 2023 and 2022 are as follows:

	2023	2022
Depreciation of rights of use	638	503
Financial costs	265	259
Expenses related to current and low-value leases	776	272

10. TANGIBLE PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS

The details and movements related to the main types of tangible property, plant and equipment and real estate investments are as follows:

	Land and buildings	Technical installations and machinery	Other installations, tools and furniture	Advances and property, plant and equipment in progress	Other property, plant and equipment	TOTAL TANGIBLE PROPERTY, PLANT AND EQUIPMENT	REAL ESTATE INVESTMENTS
COST VALUE							
Balance at 31/12/2021	**168,277**	**608,425**	**25,926**	**-**	**25,656**	**828,284**	**5,171**
Additions	5,021	4,948	2,188	1,075	946	14,178	-
Withdrawals	-	(1,077)	(2,252)	-	(520)	(3,849)	-
Exchange differences	678	1,587	4	-	-	2,269	-
Balance at 31/12/2022	**173,976**	**613,883**	**25,866**	**1,075**	**26,082**	**840,882**	**5,171**
Additions	10,136	18,855	3,553	3,289	1,232	37,065	-
Withdrawals	-	(3,454)	(2,853)	-	(514)	(6,821)	-
Exchange differences	(405)	(1,066)	(10)	-	-	(1,481)	-
COST VALUE AS AT 31/12/2023	**183,707**	**628,218**	**26,556**	**4,364**	**26,800**	**869,645**	**5,171**
CUMULATIVE AMORTISATION							
Balance at 31/12/2021	**(62,377)**	**(466,747)**	**(3,500)**	**-**	**(16,295)**	**(548,919)**	**(758)**
Additions	(1,986)	(12,074)	(101)	-	(266)	(14,427)	(57)
Withdrawals	-	573	2	-	-	575	-
Exchange differences	(105)	(671)	-	-	-	(776)	-
Balance at 31/12/2022	**(64,468)**	**(478,919)**	**(3,599)**	**-**	**(16,561)**	**(563,547)**	**(815)**
Additions	(2,260)	(13,172)	(99)	-	(223)	(15,754)	(57)
Withdrawals	-	3,306	114	-	10	3,430	-
Exchange differences	86	491	8	-	-	585	-
CUM. AM. AT 31/12/2023	**(66,642)**	**(488,294)**	**(3,576)**	**-**	**(16,774)**	**(575,286)**	**(872)**
VALUE IMPAIRMENT							
Balance at 31/12/2021	**(1,574)**	**(29,984)**	**(125)**	**-**	**-**	**(31,683)**	**(3,061)**
Exchange differences	-	(839)	-	-	-	(839)	-
Transfers	(80)	80	-	-	-	-	-
Reversal of impairment	-	5,270	-	-	-	5,270	-
Balance at 31/12/2022	**(1,654)**	**(25,473)**	**(125)**	**-**	**-**	**(27,252)**	**(3,061)**
Impairment losses	(3,352)	(1,077)	(719)	-	(368)	(5,516)	-
Derecognition	-	25	35	-	-	60	
Exchange differences	-	175	-	-	-	175	-
Transfers	80	(80)	-	-	-	-	-
IMPAIRMENT AS AT 31/12/2023	**(4,926)**	**(26,430)**	**(809)**	**-**	**(368)**	**(32,533)**	**(3,061)**
NET VALUE AS AT 31/12/2022	**107,854**	**109,491**	**22,142**	**1,075**	**9,521**	**250,083**	**1,295**
NET VALUE AS AT 31/12/2023	**112,139**	**113,494**	**22,171**	**4,364**	**9,658**	**261,826**	**1,238**

Investments in 2023 and 2022 were aimed at improving safety for our workers and complying with the Strategic Plan. In this sense, the main increases in property, plant and equipment for 2023 come from the new consolidated steelworks at the Amurrio plant, enabling ingot manufacture for large tubes previously made in Sestao (note 1.2.), the expansion of heat treatment capacity at the US plant, replenishment and maintenance of facilities, and digitalisation processes.

The Group recorded write-offs of tooling and spare parts, included under the headings "Other technical installations, tools and furniture" and "Other property, plant and equipment", as consumption of materials under the heading "Other operating expenses" in the Consolidated Profit and Loss Account. In 2023, this amount totalled EUR 3,201,000 (2022: EUR 2,619,000).

The cost value of tangible property, plant and equipment that are fully depreciated as at 31 December 2023 and 2022 is as follows:

	2023	2022
Buildings	33,967	30,888
Technical installations and machinery	349,967	327,298
Other installations, tools and furniture	3,697	3,786
Other property, plant and equipment	15,656	15,152
TOTAL AT COST VALUE	**403,287**	**377,124**

The Group has tangible property, plant and equipment secured by mortgages for borrowings and other payables with an outstanding balance of EUR 235 million as at 31/12/2023 (31/12/2022: EUR 237 million).

The Group has taken out insurance policies that it considers sufficient to cover the risks to which its property, plant and equipment are subject.

Revenue from real estate investment income (mostly industrial buildings) in 2023 amounted to EUR 131,000 (2022: (EUR 87,000). The operating and maintenance costs of the investments during 2023 and 2022 were not material.

As at 31/12/2023, the Group has property, plant and equipment investment commitments amounting to EUR 7.5 million (31/12/2022: EUR 11.6 million).

a) Valuation of assets

- Impairment losses of assets for financial year 2023

Consolidating steelworks at the Amurrio plant (note 1.2) involves transferring all the activity that was being implemented at the Group's facilities in Sestao, which supplied steel ingots to the Trápaga manufacturing plant. Asset impairment was recorded for this facility in 2023, mainly buildings, machinery and technical facilities. The amount of said impairment recorded in the consolidated income statement for the 2023 financial year amounted to EUR 5.5 million.

- Reversal of impairment from previous years

In 2022, the Group considered including the net assets located in the United States in the analysis of CGU Tubos, given that the activity carried out by the plant in the United States (finishing and heat treatment for piping manufactured in the Tubos plant in Amurrio) does not meet the definition of a separate Cash Generating Unit as set out in IAS 36. In 2022, EUR 5.2 million were reversed, meaning impairment was only maintained for assets not in use.

The main hypotheses used for the impairment test of assets are as follows:

	AT 31/12/2023		**At 31/12/2022**	
	CGU Tubos	**CGU Productos**	**CGU Tubos**	**CGU Productos**
WACC discount rate before tax	9.3%	9.5%	9.0%	9.0%
Perpetual growth rate	0.5%	0.5%	0.5%	0.5%
Discounted terminal value of total valuation	65%	72%	56%	70%
Projected years	5	5	6	6

Management carried out a sensitivity analysis of the plan, reducing the results by 5% for both CGUs, with no impairment revealed (as at 31/12/22, no impairment was revealed either, taking into account the assumptions and hypotheses under consideration). An additional sensitivity analysis was also carried out, increasing the WACC discount rate by 0.5% and/or taking into account a perpetual growth rate of 0% for both CGUs, with no impairment revealed (no additional impairments were revealed for either CGU as at 31/12/2022, taking into account the assumptions and hypotheses under consideration).

11. ANALYSIS BY FINANCIAL INSTRUMENT CATEGORY

11.1 Financial assets

	2023			2022			
	At amortised cost	At fair value with equity adjustments	Total financial assets	At amortised cost	At fair value with equity adjustments	At fair value through profit or loss	Total financial assets
Non-current financial assets	**426**	**-**	**426**	**407**	**-**	**-**	**407**
Other financial assets	426	-	426	407	-	-	407
Current financial assets	**112,567**	**470**	**113,037**	**119,851**	**3,506**	**2,208**	**125,565**
Trade and others accounts receivable	16,768	-	16,768	22,283	-	-	22,283
Customers and other accounts receivable	*15,989*	-	*15,989*	*22,644*	-	-	*22,644*
Other debtors	*779*	-	*779*	*(361)*	-	-	*(361)*
Derivative financial instruments	-	470	470	-	3,506	2,208	5,714
Other financial assets	3,226	-	3,226	2,463	-	-	2,463
Cash and cash equivalents	92,573	-	92,573	95,105	-	-	95,105
TOTAL FINANCIAL ASSETS	**112,993**	**470**	**113,463**	**120,258**	**3,506**	**2,208**	**125,972**

Current financial derivative instruments as of 31/12/23 correspond to the estimated value of various forward USD-EUR exchange rate hedging contracts (31/12/2022: EUR 3,506,000).

During the 2023 financial year, the amount of exchange insurance contracted amounted to USD 202 million, (2022: USD 262 million), of which, as at 31/12/2023, USD 22million remained in force (31/12/2022: USD 70 million). In accordance with the levels set out in IFRS 13: Fair Value Measurement, the fair value hierarchy applied corresponds to Level 2 variables, as they are observable data distinct from quoted prices.

The cash and cash equivalents balance in foreign currency as at 31/12/2023 (mainly balances in US dollars) amounted to EUR 26,213,000 (31/12/2022: EUR 25,234,000).

11.2 Financial liabilities

	2023			2022		
	At amortised cost	**At fair value through profit or loss**	**Total financial liabilities**	**At amortised cost**	**At fair value through profit or loss**	**Total financial liabilities**
Non-current financial liabilities	**370,224**	**3,362**	**373,586**	**369,223**	**122**	**369,345**
Borrowings	362,248	-	362,248	361,319	-	361,319
Derivative financial instruments	-	3,362	3,362	-	122	122
Other financial liabilities	7,976	-	7,976	7,904	-	7,904
Current financial liabilities	**112,519**	**169**	**112,688**	**181,524**	**-**	**181,524**
Borrowings	15,995	-	15,995	29,001	-	29,001
Derivative financial instruments	-	169	169	-	-	-
Other financial liabilities	96,524	-	96,524	152,523	-	152,523
TOTAL FINANCIAL LIABILITIES	**482,743**	**3,531**	**486,274**	**550,747**	**122**	**550,869**

As of 31/12/2023, the derivative value for the long-term electricity supply contract is recorded as a financial liability (note 4.5 d), amounting to EUR 3,531,000 (31/12/2022: EUR 122,000). As of 31/12/2022, this contract recorded a current asset amounting to EUR 2,208,000.

The fair value hierarchy applied to the valuation of the derivative recorded as of 31/12/2023 and 31/12/2022 for the long-term electricity supply contract corresponds to Level 3 variables, as they are non-observable data at quoted prices.

Changes in borrowings and other debts, including lease liabilities, loans from government agencies and loans from other related companies (note 25 b), for the 2023 and 2022 financial years:

	Borrowings	**Other debts**	**Total**
Balance at 31/12/2021	**377,523**	**9,166**	**386,689**
Acquisition of financing	9,930	890	10,820
Amortisations/payments	(12,160)	(1,275)	(13,435)
Variation in accrued interest	15,027	249	15,276
Balance at 31/12/2022	**390,320**	**9,030**	**399,350**
Acquisition of financing	-	1,246	1,246
Amortisations/payments	(28,785)	(1,320)	(30,105)
Variation in accrued interest	16,708	449	17,157
BALANCE AS AT 31/12/2023	**378,243**	**9,405**	**387,648**

The proportion of the Group's financial liabilities, grouped by maturity, to be settled in accordance with the outstanding instalments as of the balance sheet date up to the maturity date stipulated in the contract, is as follows (cash flows, including interest, stipulated in the contract without discounting):

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	TOTAL
AT 31/12/2023					
Borrowings	21,037	15,983	442,857	-	479,877
Other accounts payable	101,178	684	1,401	2,189	105,452
At 31/12/2022					
Borrowings	28,592	18,202	37,746	416,398	500,938
Other accounts payable	155,598	4,782	1,337	2,687	164,404

12. CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE

	2023	2022
Gross customer balance	18,228	25,780
Impairment value of customer accounts	(2,239)	(3,136)
TOTAL CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE	**15,989**	**22,644**

As at 31/12/2023, the Group had written off EUR 36.9 million for the availability of non-recourse factoring lines (31/12/2022: EUR 39.0 million) (note 15.a). A total of 87% of the Group's sales in 2023 were insured by CESCE (2022: 88%).

The change in the impairment value of customer accounts in financial years 2023 and 2022 corresponds to the following items and amounts:

Balance at 31/12/2021	**(2,989)**
(Allocations)/Reversals	(105)
Exchange differences	(42)
Balance at 31/12/2022	**(3,136)**
(Allocations)/Reversals	520
Applications	351
Exchange differences	26
BALANCE AS AT 31/12/2023	**(2,239)**

The carrying amounts of the Group's accounts receivable in foreign currency (already converted to the Group's functional currency) are denominated in the following currencies:

	2023	2022
US dollar	9,125	10,146
Other currencies	-	40
TOTAL	**9,125**	**10,186**

The seniority of past-due balances held by the Group as of 31/12/2023 and 31/12/2022 is as follows:

	2023	2022
Balances up to 3 months overdue	6,235	4,039
Balances between 3 and 6 months overdue	22	755
Balances above 6 months overdue	117	-
TOTAL OVERDUE BALANCES	**6,374**	**4,794**

13. INVENTORIES

a) Breakdown of inventory balance

	2023	2022
Raw materials and other inventory	33,388	42,511
Products in production	25,906	36,474
Finished products	44,910	47,682
CO_2 emission allowances	3,614	2,797
TOTAL INVENTORY	**107,818**	**129,464**

b) Consumption

	2023	2022
Supplies	162,879	206,888
Purchases	153,756	211,509
Variation in raw materials inventory	8,704	(4,527)
Variation in impairment value of raw materials	419	(94)
Change in inventory of finished products and products in production	13,340	(23,562)
Change in impairment	9,624	(1,021)
Change in the value of inventory of finished products and products in production	3,716	(22,541)
TOTAL CONSUMPTION	**176,219**	**183,326**

The amount of inventory purchases in foreign currency during the 2023 financial year amounted to EUR 20 million (2022: EUR 22 million).

c) Provision for impairment of inventory

Balance at 31/12/2021	**(6,944)**
(Allocations)/Reversals	1,116
Exchange differences	(81)
Balance at 31/12/2022	**(5,909)**
(Allocations)/Reversals	(10,043)
Application	23
Exchange differences	170
BALANCE AS AT 31/12/2023	**(15,759)**

The provision for impairment in inventories recognised in 2023 have been estimated based on an individual analysis of the conditions and valuation of the various items comprising the Group's inventories, as well as the net recoverable value.

14. OWN FUNDS AND NET BOOK EQUITY

14.1 Share capital

As at 31/12/2023 and 31/12/2022, the share capital of Tubos Reunidos, S.A. was represented by 174,680,888 shares each with a par value of EUR 0.02, fully subscribed and paid up. All shares are listed on the Bilbao and Madrid stock exchanges. The quoted price as at 31/12/2023 was EUR 0.645 per share (31/12/2022: EUR 0.246 per share).

With regard to capital risk, the Group's objectives are to safeguard the Group's ability to continue to operate as a company and to ensure an adequate return for shareholders, always in the corporate interest. The Group monitors capital according to the leverage ratio, in line with industry practice.

BBVA Group informed the regulatory body in 2023 that its stake in the Company had fallen below 10%. Therefore, as of 31/12/2023, no company holds share capital equal to or greater than 10%, although BBVA Group remains a significant shareholder. As of 31/12/2022, BBVA Group through its company Pecri Inversiones, S.L. owned 21,609,000 shares in the Parent Company, representing a 12.37% equity stake and making it the main shareholder at that time.

14.2 Share premium

The share premium is freely distributable.

14.3 Other reserves and retained earnings

As at 31/12/2023, a total amount of EUR 18,073,000 in unavailable reserves was included under the heading "Other reserves" (31/12/2022: EUR 18,073,000).

14.4 Treasury shares

	No. of shares (thousand)	thousands of euros
Balance at 31/12/2021	**670**	**1,023**
Acquisitions	3,377	1,073
Sales	(3,313)	(1,062)
Balance at 31/12/2022	**734**	**1,034**
Acquisitions	5,769	3,678
Sales	(5,979)	(3,803)
BALANCE AS AT 31/12/2023	**524**	**909**

The wholly owned company Clima, S.A.U. signed a liquidity contract with Norbolsa, S.V., S.A. (an entity registered with the CNMV since 1989 with Official Registration No. 40), in order to carry out transactions with the Company's ordinary and single shares, and is the holder of the treasury shares.

On 29 June 2023, the General Shareholders' Meeting authorised the acquisition of treasury shares up to the maximum number of shares allowed under current legislation for a maximum period of 5 years.

14.5 Minority interests

	2023	2022
Initial balance	**504**	**541**
Profit/loss for the financial year	234	(37)
FINAL BALANCE	**738**	**504**

The total balance of minority interests corresponds to the company Tubos Reunidos Premium Threads, S.L., which is 51% owned by the Group (note 1).

15. BORROWINGS

	2023	2022
Non-current	**362,248**	**361,319**
Loans with credit institutions	223,613	228,855
Negotiable bonds and securities	15,008	14,981
Participation loan	119,779	115,651
Interest accrued on the participation loan	3,848	1,832
Current	**15,995**	**29,001**
Short-term share of long-term loans	10,680	14,341
Negotiable bonds and securities	748	741
Interest and other payables	4,567	13,919
TOTAL BORROWINGS	**378,243**	**390,320**

Loan balances with credit institutions as of 31/12/2023 include balances with the Group's main shareholder (note 25) amounting to EUR 72,970,000, EUR 70,652,000 of non-current debt and EUR 2,317,000 of current debt (31/12/2022: EUR 73,667,000, EUR 70,428,000 of non-current debt and EUR 3,239,000 of current debt).

The breakdown of the Group's Borrowings as at 31/12/2023 and 31/12/2022, based on its financing structure, is summarised in the following table:

	Non-current balances 31/12/2023				Current balances 31/12/2023			
	Principal outstanding	Interest accrued	Adjustments	Total non-current	Principal outstanding	Interest accrued	Adjustments	Total current
a) Refinancing agreement	**234,967**	**27,678**	**(24,250)**	**238,395**	**9,378**	**266**	**2,050**	**11,694**
Tranche A	75,609	-	(8,561)	67,048	8,757	252	1,923	10,932
A1	58,832	-	(5,730)	53,102	8,757	211	1,471	10,439
A2	16,777	-	(2,831)	13,946	-	41	452	493
Tranche B	107,647	19,906	(10,666)	116,887	-	-	-	-
Tranche C	36,904	6,044	(3,496)	39,452	-	-	-	-
Bond A	5,634	-	(672)	4,962	-	14	152	166
Bond B	9,173	1,728	(855)	10,046	621	-	(25)	596
b) Participation loan	**119,779**	**3,848**	**-**	**123,627**	**-**	**1,191**	**-**	**1,191**
Participation loan	119,779	-	-	119,779	-	1,191	-	1,191
Interest (non-participating)	-	3,848	-	3,848	-	-	-	-
Other debts	**226**	**-**	**-**	**226**	**3,110**	**-**	**-**	**3,110**
TOTAL BORROWINGS AS AT 31/12/2023	**354,972**	**31,526**	**(24,250)**	**362,248**	**12,488**	**1,457**	**2,050**	**15,995**

	Non-current balances 31/12/2022				Current balances 31/12/2022			
	Principal outstanding	Interest accrued	Adjustments	Total non-current	Principal outstanding	Interest accrued	Adjustments	Total current
a) Refinancing agreement	**244,346**	**21,110**	**(27,927)**	**237,529**	**9,246**	**189**	**2,086**	**11,521**
Tranche A	75,733	-	(13,319)	62,416	8,633	178	1,958	10,769
A1	67,589	-	(7,274)	60,315	8,633	167	1,695	10,495
A2	8,144	-	(6,043)	2,101	-	11	263	274
Tranche B	116,280	15,253	(8,879)	122,654	-	-	-	-
Tranche C	36,904	4,547	(3,973)	37,478	-	-	-	-
Bond A	5,634	-	(763)	4,871	-	11	154	165
Bond B	9,795	1,310	(995)	10,110	613	-	(26)	587
b) Participation loan	**115,651**	**1,832**	**-**	**117,483**	**-**	**1,173**	**-**	**1,173**
Participation loan	115,651	-	-	115,651	-	1,173	-	1,173
Interest (non-participating)	-	1,832	-	1,832	-	-	-	-
c) ICO financing	**5,625**	**-**	**(280)**	**5,345**	**3,750**	**20**	**-**	**3,770**
Other debts	**962**	**-**	**-**	**962**	**12,536**	**1**	**-**	**12,537**
TOTAL BORROWINGS AS AT 31/12/2022	**366,584**	**22,942**	**(28,207)**	**361,319**	**25,532**	**1,383**	**2,086**	**29,001**

Non-current balances in the "Accrued interest" column reflect the total amount outstanding at maturity of tranches B and C, and bond B or, in the case of the participation loan, interest capitalisation for accrued "PIK" ("payable in kind") interest. The "Adjustments" column includes the difference between the sum of principal and interest accrued, and the book entry at amortised cost for the refinancing agreement. As of 31/12/2023, the amount of debt recognised at amortised cost does not differ significantly from its fair value.

a) Refinancing agreement

Corresponds to the financing structure whose last novation and improvement occurred on 22 July 2021 (based on the financing structure signed on 18/12/2019 with novation in the middle of the COVID pandemic, particularly with regard to maturities and ratios, in May 2020) (note 1.2).

This structure is categorised into different types of debt, for which the main terms and conditions as at 31/12/2023 are summarised below:

	Principal outstanding 31/12/2023	Date of novation	Amortisation	First amortisation	Last maturity	Interest rate
Senior debt	**90,000**					
Tranche A	84,366					
A1	67,589	22/07/21	semi-annual	18/12/2021	22/07/2028	Euribor 12m + 3.00%
A2 (rebalance)	16,777	22/07/21	bullet	n/a	22/10/2028	Euribor 12m + 3.00%
Bond A	5,634	22/07/21	bullet	n/a	22/10/2028	Euribor 12m + 3.00%
Confirming lines	n/a	22/07/21	revolving	n/a	22/07/2028	Euribor 12m + 2.75%
Convertible debt	**154,345**					
Tranche B	107,647	22/07/21	bullet	n/a	22/06/2028	PIK 4.00% bullet
Bond B	9,794	22/07/21	semi-annual	18/12/2022	22/06/2028	PIK 4.00% bullet
Tranche C	36,904	22/07/21	bullet	n/a	22/06/2028	PIK 4.00% bullet

The guaranteed confirming lines have a limit of EUR 35.3 million, of which EUR 26.9 million was available as at 31/12/2023 (31/12/2022: EUR 31.0 million), which is recorded under the heading "Other current financial liabilities – Trade payables" on the consolidated balance sheet, to the extent that these are commercial liabilities whose liquidation is managed by financial institutions and where the Group has only transferred payment management and remains the primary obligor for payment of debts for trade payables.

The Group has guaranteed non-recourse factoring lines of EUR 34.3 million and USD 25.4 million, equivalent to EUR 23.0 million, as at 31/12/2023.

The non-recourse confirming and factoring lines have automatic annual renewals until the maturity of tranche A1.

As indicated in the above table, total debt "A", consisting of tranche A1, tranche A2 and bond A, plus the confirming lines, is considered senior debt and tranches B and C and bond B are convertible debt. Where appropriate, conversion come through the issuance of financial instruments, as approved by the Extraordinary General Shareholders' Meeting on 27/07/2019.

The financing agreement establishes three conversion scenarios, under potential debt payment scenarios or for changes in share ownership options. Two of the scenarios entail exchanging debt for a fixed percentage of capital at a fixed price, and in the third scenario debt would be exchanged for a variable number of shares at a variable price, basically at market value, up to a limit of 95% of the share capital. In this scenario, an implicit derivative (note 6.3) is identified.

Tranche B is subject to a rebalancing mechanism whereby, as tranche A1 is amortised, tranche B will be reduced and, in turn, the A2 tranche will be created or increased. The aim is to rebalance total debt "A", during the term of this financing and up to total amortisation of tranche B, for EUR 90 million. The debt amount was determined based on a standardised EBITDA amount for the Group.

The group awarded mortgage guarantees in favour of creditors totalling EUR 163.8 million and pledges on the shares of the companies comprising the Tubos Reunidos Group (except Clima) for senior debt.

The covenants refer to the fulfilment of certain financial commitments, chiefly compliance with a ratio of net financial debt to EBITDA from 2022, and a maximum level for annual CAPEX. As at 31/12/23, the Group complies with the covenants set out in the contract. Furthermore, no breaches of these financial commitments are expected to occur in the 2024 financial year.

In January 2024, the Group made a discounted purchase through a reverse auction for debt tied to tranches B and C and B bonds (note 27).

b) Participation Loan from the Support Fund for Strategic Companies

On 22 July 2021, the Group concluded a temporary public financial support operation set up as a participation loan for EUR 112.8 million.

This operation, which was authorised by the Council of Ministers pursuant to Article 2.6 of Royal Decree-Law 25/2020 of 20 July 2021, was concluded with the Solvency Support Fund for Strategic Companies ("the Fund"), established and regulated by Royal Decree-Law 25/2020 of 3 July, setting out urgent measures to support economic recovery and employment and the Agreement of the Council of Ministers of 21 July 2020 establishing its operation, published in Order PCM/679/2020 of 23 July. The Fund is managed through SEPI by a Management Board, a collegiate inter-ministerial body reporting to the Ministry of Finance and Civil Service through the Under-Secretariat of Finance.

The purpose of the loan is solely to restore the Group's viability, and it will be repaid in full on the seventh anniversary from the date of signature of the contract.

The loan is subject to an interest rate indexed to the one-year IBOR rate established by the European Commission for Spain plus a margin that will increase over time, starting at 2.5% in the first year and 7% in the last year of the contract. The loan margin in 2023 was 3.5%, increasing to 5% from July 2024. It stipulates interest periods of 12 months (except, where appropriate, for the final period) and interest accrued is capitalised at the end of each interest period by increasing the principal amount of the financing. Capitalised interest in 2023 amounted to EUR 4.1 million (2022: EUR 2.8 million) and the outstanding principal as of 31/12/2023 stood at EUR 119.8 million (31/12/22: EUR 115.7 million).

Furthermore, in the event that the Group obtains a positive pre-tax result, the loan accrues an additional 1% interest rate paid annually, known as the "participating component". In view of the fulfilment of the accrual terms, the Group recorded financial expenditure of EUR 1.2 million on the 2023 income statement (2022: EUR 1.2 million), to be settled in March 2024 (the participating component for 2022 was paid in March 2023).

The Fund's Management Board has the option (but not the obligation) to convert the participation loan in whole or in part into share capital of Tubos Reunidos S.A. In this instance, conversion will be at the average price per share of the Parent Company's quoted share price in the 15 working days prior to conversion, at a 5% discount.

As guarantees to the Fund, all companies of the Group have provided a Joint and Several Guarantee, a pledge on certain tangible and intangible assets for a total amount of EUR 62.6 million, of which EUR 24.3 million are second-ranking, and a pledge on the balance of the bank accounts related to this financing.

c) <u>ICO financing</u>

On 20 May 2020, a loan of EUR 15 million was signed, partially secured with a guarantee from ICO (*Instituto de Crédito Oficial* — Official Credit Institute) within the framework of "RDL 8/2020" and Royal Decree-Law 15/2020 of 21 April on Additional Urgent Measures to Support the Economy and Employment.

This financing was arranged in the form of bilateral loans from ten lending institutions under a framework contract and came into force on 28 May 2020, once the ICO had provided a guarantee to each of these institutions to ensure the full and timely fulfilment of seventy percent (70%) of payment obligations by the Tubos Reunidos Group. The main conditions were a one-year grace period and a five-year maturity, with a margin of 3.75%.

To obtain such financing, the Group granted mortgage guarantees in the amount of EUR 15.3 million.

In December 2023, prior to the debt acquisition transaction set out in note 27, the Group paid off the entire outstanding amount on these loans of EUR 7.5 million, plus applicable interest.

d) Other information

The average effective interest rates for the financial year were as follows:

	2023	2022
Financing entities	5.4%	4.0%

The profit or loss for the year is sensitive to the direct effects of a rate change on variable-rate financial instruments recognised in the consolidated balance sheet. The sensitivity of the Group's consolidated profit and loss account to a one-half percentage point change in interest rates represents an increase/decrease of about 5% in 2023 (2022: 8%) on current costs and would have an effect of approximately 4% on the financial cost for the 2023 financial year (2022: 5%).

The annual maturity amount of the non-current balance of Borrowings is as follows:

	2023	2022
Between 1 and 2 years	13,501	16,684
Between 2 and 3 years	22,424	13,100
Between 3 and 4 years	42,409	22,587
Between 4 and 5 years	283,914	43,968
More than 5 years	-	264,980
TOTAL BORROWINGS, NON-CURRENT BALANCE	**362,248**	**361,319**

16. PUBLIC ADMINISTRATIONS AND TAX EXPENSE

a) Balances with public administrations

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Non-current balances	**-**	**-**	**-**	**4,340**
Deferred debt	-	-	-	4,340
Current balances	**4,724**	**10,191**	**7,997**	**7,468**
Deferred debt	-	5,245	-	2,786
Current corporate income tax	-	243	-	591
Value-added tax	3,748	170	7,195	361
Personal income tax	-	1,476	-	1,411
Social welfare bodies	54	2,078	-	1,820
Withholdings and other	922	979	802	499
TOTAL PUBLIC ADMINISTRATIONS	**4,724**	**10,191**	**7,997**	**11,808**

b) Income tax expense

Since 1998, the Parent Company has filed consolidated tax returns. The 31/12/2023 and 31/12/2022 configuration of the Tax Group is made up of all companies that are part of the Group (note 1), except the companies with registered offices in the United States and TRPT.

The reconciliation between the Consolidated Group Pre-Tax Result and the Consolidated Taxable Base is as follows:

	2023	2022
Profit/(loss) before tax	**47,747**	**37,953**
Consolidation adjustments with no tax impact	(489)	(819)
Temporary differences	(4,939)	(5,312)
Permanent differences	35	16
CONSOLIDATED TAX BASE	**42,354**	**31,838**

The composition of expenses/(income) from corporate tax is as follows:

	2023	2022
Tax expense calculated at the tax rates applicable to individual companies (between 21% and 24%)	10,573	7,395
Offset of unactivated negative tax bases from previous financial years	(5,537)	(4,840)
Application of unactivated deductions from previous financial years	(3,236)	(1,906)
Adjustments from previous and other years	490	(19)
Temporary differences	(2,821)	(6,138)
Recognition/(Derecognition) of tax credits	(8,194)	-
Change in deferred income due to consolidation adjustments	(74)	-
TAX EXPENSE/(INCOME)	**(8,799)**	**(5,508)**

The financial years open for inspection in relation to taxes that apply to the Group vary for the different companies making up the Group, although they generally encompass the last three or four financial years, except for corporation tax for which the years 2018 and following are open for inspection.

As a result, among other reasons, of the various possible interpretations of current tax legislation, additional liabilities may arise as a result of an audit. In any case, the Directors deem that said liabilities, should they arise, would not significantly affect the consolidated annual accounts.

17. DEFERRED TAXES

a) Deferred tax assets

	Temporary differences	Negative tax bases	Deductions pending application	Total deferred tax assets
Balance at 31/12/2021	**546**	**10,621**	**4,584**	**15,751**
Additions	6,138	-	-	6,138
Balance at 31/12/2022	**6,684**	**10,621**	**4,584**	**21,889**
Additions	4,097	4,584	3,610	12,291
Application in the financial year	(1,203)	-	-	(1,203)
BALANCE AS AT 31/12/2023	**9,578**	**15,205**	**8,194**	**32,977**

Temporary differences relate mainly to provisions estimated to be tax deductible expenses in the future.

As of 31/12/2023, the Group companies located in Spain maintain negative tax bases for losses from previous financial years amounting to a share of EUR 69,120,000 (calculated at a tax rate of 24%) (31/12/2022: EUR 73,679,000), of which EUR 53,915,000 are unactivated (31/12/2022: EUR 63,058,000). These tax bases have the following origins and deadlines:

Year of origin	Maturity	Amount
2013	2043	6,989
2014	2044	1,548
2015	2045	34,834
2016	2046	59,596
2017	2047	39,695
2018	2048	20,884
2019	2049	22,396
2020	2050	45,911
2021	2051	56,086
2022	2052	62
Total base amount:		**288,001**

In the United States, the Group maintains taxable bases pending offset of approximately EUR 24.1 million (in basis) that are unactivated (31/12/2022: EUR 35.7 million).

The Group maintains deductions pending application in Spain as of 31/12/2023 for an amount of EUR 30,869,000 (31/12/2022: EUR 33,245,000), of which EUR 22,675,000 are unactivated (31/12/2022: EUR 28,661,000), in line with the following breakdown:

Year of origin	Maturity	35% limit	70% limit	Total deductions pending application
2009	2039	2,150	-	2,150
2010	2040	958	-	958
2011	2041	3,896	915	4,811
2012	2042	3,543	1,810	5,353
2013	2043	3,522	2,563	6,085
2014	2044	3,197	1,671	4,868
2015	2045	421	867	1,288
2016	2046	1,846	712	2,558
2017	2047	173	709	882
2018	2048	1	72	73
2019	2049	1	157	158
2020	2050	26	201	227
2021	2051	2	267	269
2022	2052	881	308	1,189
		20,617	**10,252**	**30,869**

The legislation applicable to entities subject to the Álava Provincial Regulations, which is the legislation that applies to the Group (note 16.b) and TRPT, establishes a time limit of 30 years for deductions and tax losses generated, with a limit of 50% of the positive tax base prior to compensation for tax losses, establishing, moreover, that for those existing prior to the aforementioned date, the 30-year period begins to run from the time that they were generated.

The applicable legislation for entities subject to US regulations does not set a time limit for the application of generated negative tax bases, with a limit of 80% of the positive tax base prior to this offsetting for negative tax bases after 01/01/2018 and no limit on the application of those generated before that date.

b) **Deferred tax liabilities**

The balance of deferred tax liabilities corresponds mainly to the fiscal effect of the revaluation of land by application, as of 01/01/2004, of IFRS 1: First-time Adoption of International Financial Reporting Standards.

Developments during financial years 2023 and 2022 were as follows:

Balance at 31/12/2021	**15,160**
Exchange differences	84
Temporary differences	780
Balance at 31/12/2022	**16,024**
Exchange differences	(50)
Temporary differences	(733)
BALANCE AS AT 31/12/2023	**15,241**

18. OTHER FINANCIAL LIABILITIES

The balance of Creditors and other accounts payable, which corresponds entirely to items recorded at amortised cost, is broken down as follows:

	2023	**2022**
Other financial liabilities – non-current	**7,976**	**7,904**
Lease liabilities	5,412	4,928
Other liabilities	2,564	2,976
Other financial liabilities – current	**96,524**	**152,523**
Trade payables	68,209	111,467
Advance payments from customers	3,056	13,885
Suppliers of property, plant and equipment	10,344	4,801
Remunerations pending payment	13,383	21,004
Lease liabilities	871	693
Other liabilities	661	673
TOTAL	**104,500**	**160,427**

The heading for non-current "Other liabilities" includes loans from government agencies amounting to EUR 2.3 million (31/12/2022: EUR 2.6 million) for the financing of research and development projects. The current balance for this item amounts to EUR 0.4 million (31/12/2022: EUR 0.4 million).

The annual maturities of non-current balances are as follows:

Year of maturity	2023	2022
Between 1 and 2 years	1,168	1,183
Between 2 and 5 years	2,241	2,485
More than 5 years	4,567	4,236
TOTAL	**7,976**	**7,904**

The carrying amounts of the Group's accounts payable in foreign currency (already converted to the Group's functional currency) are denominated in the following currencies:

	2023	2022
US dollar	4,422	8,920
Other currencies	34	43
TOTAL	**4,456**	**8,963**

According to Spanish Law 15/2010 of 5 July, the information on the average payment period for suppliers in commercial transactions for the 2023 and 2022 financial years is as follows:

	2023	2022
Days		
Average payment period to suppliers	86	85
Ratio of paid transactions	88	87
Ratio of transactions pending payment	75	77
Thousands of euros		
Payments made	372,441	361,903
Payments pending	66,993	95,642

	2023	2022
Number of invoices		
Total number of invoices paid	16,716	21,030
Number of invoices paid by the legal deadline	3,194	4,024
%	19%	19%
Thousands of euros		
Total amount of invoices paid	372,441	361,902
Amount of invoices paid by the legal deadline	147,377	156,050
%	40%	43%

19. PROVISIONS

	Guarantees and other commercial transactions	Strategic initiatives	Environmental activities	CO_2 emission allowances	Others	Total
NON-CURRENT PROVISIONS						
Balance at 31/12/2021	**-**	**-**	**-**	**-**	**1,898**	**1,898**
Allocations	-	-	-	-	2,692	2,692
Transfers	-	-	-	-	(1,000)	(1,000)
Applications	-	-	-	-	(43)	(43)
Balance at 31/12/2022	**-**	**-**	**-**	**-**	**3,547**	**3,547**
Allocations	-	-	2,637	-	3,750	6,387
Reversals	-	-	-	-	(2,330)	(2,330)
Transfers	-	-	-	-	272	272
Applications	-	-	-	-	(2,375)	(2,375)
BALANCE AS AT 31/12/2023	**-**	**-**	**2,637**	**-**	**2,864**	**5,501**
CURRENT PROVISIONS						
Balance at 31/12/2021	**207**	**8,446**	**-**	**4,039**	**1,130**	**13,822**
Allocations	337	-	-	6,279	1,661	8,277
Reversals	-	(4,638)	-	-	(1,190)	(5,828)
Transfers	-	(1,069)	-	-	1,456	387
Applications	(207)	(1,090)	-	(4,039)	(118)	(5,454)
Balance at 31/12/2022	**337**	**1,649**	**-**	**6,279**	**2,939**	**11,204**
Allocations	139	-	-	6,391	2,642	9,172
Reversals	-	(376)	-	-	(480)	(856)
Applications	(337)	(1,073)	-	(7,530)	(2,280)	(11,220)
BALANCE AS AT 31/12/2023	**139**	**200**	**-**	**5,140**	**2,821**	**8,300**
Total provisions as at 31/12/2021	**207**	**8,446**	**-**	**4,039**	**3,028**	**15,720**
Charges/(Credits) to income statement	337	(4,638)	-	6,279	3,163	5,141
Transfers	-	(1,069)	-	-	456	(613)
Application of provisions	(207)	(1,090)	-	(4,039)	(161)	(5,497)
Total provisions as at 31/12/2022	**337**	**1,649**	**-**	**6,279**	**6,486**	**14,751**
Charges/(Credits) to income statement	139	(376)	2,637	6,391	3,582	12,373
Transfers	-	-	-	-	272	272
Application of provisions	(337)	(1,073)	-	(7,530)	(4,655)	(13,595)
TOTAL PROVISIONS AS AT 31/12/2023	**139**	**200**	**2,637**	**5,140**	**5,685**	**13,801**

The "Other" column includes the amount of the provision for the Long-Term Incentive Plan (notes 21 and 25.c).

The provision for environmental activities recorded in the 2023 financial year includes the estimated amount for the cleaning and adaptation activities at the Sestao steelworks, after consolidating the Group's steel production at Amurrio (note 1.2).

20. OPERATING INCOME

	2023	2022
Net turnover	**532,856**	**513,652**
Sale of goods	532,856	513,652
Other operating income	**9,070**	**10,137**
Work carried out by the Group for property, plant and equipment	1,868	1,953
Operating subsidies	6,020	6,960
Others	1,182	1,224
TOTAL OPERATING INCOME	**541,926**	**523,789**

Ordinary income from external customers derives from the sale of piping to customers operating in the sectors detailed in note 7.

Foreign currency amounts invoiced to customers in 2023, amounting to EUR 279 million, were invoiced in US dollars (2022: USD 353 million).

If during financial year 2023 the euro had weakened/strengthened by 5% against the US dollar, with all other variables remaining equal, the result after tax for the year would have been higher/lower by EUR 10.3 million (2022: EUR 13.5 million).

21. STAFF EXPENSES

	2023	2022
Wages, salaries and similar	84,742	77,087
Social contributions	25,280	21,096
Net provision for the Long-Term Incentive Plan (notes 19 and 25.c).	1,420	3,692
TOTAL STAFF EXPENSES	**111,442**	**101,875**

The average number of employees in the Group by category and the number of Board of Directors members is as follows:

	2023	2022
Workers	978	972
Employees	421	433
Directors	11	11
AVERAGE TOTAL NUMBER OF PERSONNEL	**1,410**	**1,416**

The average number of hirees with a disability level greater than or equal to 33% was seven in 2023 (2022: eight people), for workers and employees combined.

As at 31/12/2023 and 31/12/2022, the breakdown by category between men and women among the Group's personnel was as follows:

	31/12/2023			31/12/2022		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Workers	22	934	956	20	957	977
Employees	110	310	420	116	322	438
Directors	4	7	11	4	7	11
TOTAL PERSONNEL	**136**	**1,251**	**1,387**	**140**	**1,286**	**1,426**

22. OTHER OPERATING EXPENSES

	2023	2022
Outsourced services	137,889	163,370
Taxes	1,683	849
Loss, impairment and variation of provisions	(520)	142
Other current operating expenses	8,472	10,032
TOTAL OTHER OPERATING EXPENSES	**147,524**	**174,393**

The lower expenditure under the heading "Outsourced services" is mainly due to the lower volume of tonnes produced compared to the previous year and, above all, to lower transport and supply costs after the peaks in 2022.

23. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to Parent Company shareholders by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares acquired.

	2023		2022	
	Ongoing operations	**Discontinued operations**	**Ongoing operations**	**Discontinued operations**
Profit/(Loss) attributable to shareholders	56,312	-	43,498	-
Weighted average number of ordinary shares outstanding (thousands)	174,087	174,087	174,022	174,022
BASIC EARNINGS/(LOSSES) PER SHARE (euro/share)	**0.323**	**-**	**0.250**	**-**

Diluted earnings/losses per share are calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of all potentially dilutive ordinary shares. The Parent Company has no potentially dilutive ordinary shares.

24. CONTINGENCIES AND GUARANTEES

As at 31/12/2023, the Group provided bank guarantees and other guarantees related to the normal course of business amounting to EUR 2.8 million (31/12/2022: EUR 2.4 million). These guarantees correspond to bank guarantees issued for the long-term renewable power purchase agreement (note 4.5.d) for an amount of EUR 2.5 million and technical guarantees to ensure compliance with commercial actions.

The heading for other current assets includes unavailable pledged funds for the aforementioned bank guarantees in the amount of EUR 2.5 million (31/12/2022: EUR 2.0 million).

Furthermore, as at 31/12/2023, the Group had other contingent liabilities amounting to EUR 214 million (31/12/2022: EUR 229 million), which correspond mainly to mortgage guarantees and pledges provided as collateral to financial institutions as a result of the refinancing described in note 15.

Lastly, the subsidiaries domiciled in the United States (note 1) have deposits provided as collateral in the amount of EUR 1.8 million, which are recorded under the cash and cash equivalents heading (31/12/2022: EUR 1.9 million). This amount is not available to the Group at the date of preparation of these consolidated annual accounts.

25. RELATED-PARTY TRANSACTIONS

a) Balances and transactions with significant shareholders

All transactions with shareholders are made at market prices similar to those applicable to unrelated third parties.

The balances as of 31/12/2023 and 31/12/2022 with BBVA Group (note 14.1), at amortised cost, were as follows:

	Thousands of euros			
	31/12/2023	**31/12/2022**	**Last period**	**Guarantees and other**
Loans	72,970	70,428	2028	Mortgage and share pledges
Non-recourse factoring	-	-	2028	Limit of EUR 2,000,000
Lease liability	1,078	-	2038	-
Non-current	1,004	-		
Current	74	-		

The amount for financial expenses accrued during the 2023 financial year for loans and non-recourse factoring contracts amounted to EUR 3.3 million (2022: EUR 3.0 million).

During 2023, a lease agreement was concluded with a BBVA Group company for a period of 15 years, whereby the balance sheet as of 31/12/2023 recorded an ROU asset at EUR 759,000 (note 9), and a lease liability of EUR 1,078,000. The expenditure incurred for this contract amounted to EUR 43,000.

b) Balances and transactions with other related companies

The minority shareholders of Tubos Reunidos Premium Threads, S.L. (note 1) granted a loan to that company in 2019. The balance plus interest accrued on this loan not due as at 31/12/2023 amounts to EUR 0.3 million (31/12/2022: EUR 0.4 million) and is recorded under other non-current liabilities and other current liabilities in the consolidated balance sheet. The financial expenses accrued in 2023 for this loan amounted to EUR 12,000 (2022: EUR 12,000).

c) Remuneration for directors of the Parent Company and for management

Directors' remuneration accrued in 2023 and 2022 by members of the Board of Directors of Tubos Reunidos, S.A. for their status as Company Directors, for all considerations, including the earnings and salaries of the Executive Directors, breaks down as follows:

	2023	2022
Remuneration for executive functions	233	621
Other remuneration	747	689
TOTAL	**980**	**1,310**

The General Shareholders' Meeting of 29 October 2020 approved, with effect from that date, a Multi-annual Variable Remuneration Plan linked to value creation by Tubos Reunidos using various assumptions and time milestones for the Executive Chair and key personnel within the organisation in their execution. In the 2023 financial year, an expense of EUR 3.7 million was recorded under "Staff expenses" against non-current provisions, corresponding to the amount of the plan for all the beneficiaries which is considered accrued for accounting purposes based on the results obtained during the financial year (notes 19 and 21). An amount of EUR 3.4 million was paid after achieving the first milestone in the plan. In turn, as a result of the Executive Chairman's voluntary resignation with effect from 31 August 2023 (meaning the suspensive condition of commitment to the company for a certain timeframe, to which the variable remuneration established in his favour was associated, has not been met; therefore, payment of this multi-year variable remuneration was not completed), the provision corresponding to remuneration that had been provisionally accrued to date for a net amount of EUR 2.3 million has been reversed.

The civil liability insurance premiums for directors accrued during financial year 2023 amounted to EUR 58,000 (2022: EUR 58,000).

In line with their duty to avoid conflicts of interest in the Parent Company during the 2023 financial year, directors who have held positions on the Board of Directors complied with the obligations set out in Article 228 of the revised text of the Spanish Capital Companies Law. Similarly, both directors and persons linked to them have refrained from engaging in conflicts of interest laid down in Article 229 of that Law, with no notification during the year of any possible conflict of interest having been recorded, directly or indirectly, to be taken into consideration by the Board of Directors of the Parent Company.

The aggregate remuneration accrued by active management staff as of 31/12 for all Group companies, 11 individuals in 2023 (2022: 12 individuals) amounted to EUR 2.9 million (2022: EUR 2.8 million). This includes fixed remuneration accrued (including contributions to the social security system made on their behalf), annual variable remuneration accrued in their favour in the 2023 financial year, and the fixed remuneration accrued in 2019, 2020, 2021 and 2022, the payment of which was postponed and consolidated in 2023. Furthermore, part of the multi-year variable remuneration accrued in their favour for the 2020–2023 period, consolidated and settled in 2023, amounted to EUR 2.9 million.

26. OTHER INFORMATION

a) Statutory auditors' fees

The fees earned by the statutory auditors for financial years 2023 and 2022 for all services are detailed below:

	2023			2022
(thousands of euro)	Company	Controlled companies	Total	Total
Auditing services	**120**	**54**	**174**	**212**
Other non-audit work	**66**	**-**	**66**	**75**
Audit-related services	35	-	35	65
Other services	31	-	31	10
TOTAL AUDITOR FEES	**186**	**54**	**240**	**287**
Amount for non-audit work/Amount for audit work (in %):	54.31%	0.0%	37.59%	35.39%

b) Environmental issues

The Group's property, plant and equipment include facilities intended for environmental protection and improvement work, many of which cannot be determined individually. Expenditure incurred during 2023 for environmental protection and improvement amounted to EUR 4,644,000 (2022: EUR 2,366,000), including the provision for the environmental activities set out in note 19, which are recorded under the heading "Other operating expenses" in the attached consolidated profit and loss account. Moreover, environmental investments were made in 2023 amounting to EUR 3,885,000 (2022: no investment) in specific assets.

The CO_2 allowances allocated and consumed by the Group in financial years 2023 and 2022 were as follows:

	2023		2022	
	Allowances assigned	Allowances consumed	Allowances assigned	Allowances consumed
Total allowances	59,824	66,542	46,569	78,838

For 2023, expenditure resulting from the consumption of emission allowances, which was recorded against the corresponding provision (note 19), amounted to EUR 5,849,000 (2022: EUR 7,292,000).

The Group's companies face no actions concerning environmental protection and improvement from which it is thought that associated contingencies may arise. Furthermore, the Group's companies did not receive any significant environmental subsidies in 2023 and 2022.

27. EVENTS AFTER THE REPORTING PERIOD

After obtaining prior authorisation from all affected financial creditors, including financial institutions, bondholders and FASEE, in January 2024 the Group's Parent Company acquired a sum of EUR 106.7 million in principal and interest on part of the debt convertible into shares for tranches B and C and B bonds, through a reverse debt auction or Dutch auction. The price paid by the Parent Company for total accepted offers was EUR 27.5 million.

As a result of this operation, financial income of EUR 65 million was generated, considering the book value of the cancelled debt on that date and discounting expenses associated with the operation. This operation was possible thanks to the Group's cash generation in 2022 and 2023, arising from fulfilment of the Strategic Plan.

The accompanying consolidated annual accounts for 2023 do not reflect the accounting impact of this transaction, since it was completed after year-end. The Management Report details its effect on key figures on the consolidated balance sheet in 2024.

On 15 February 2024, the Board of Directors approved an update to the 2021–2028 Strategic Plan (note 6.1). This update incorporates the effect of the discounted debt buyback, and updates the outlook for apparent demand, the recent evolution in sales prices and production costs, and stability over the next two years from the regulatory trade framework in the US. It also maintains the sustainability, digitalisation and improved Group competitiveness targets as key elements.

28. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of accounting principles described in Note 2.

The original consolidated Annual Accounts prepared in Spanish were signed by the Company’s Members of the Board in accordance with applicable legislation. In the event of a discrepancy, the Spanish-language version prevails.

TUBOS REUNIDOS, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(thousands of euro)

1. BUSINESS MODEL

The Tubos Reunidos Group (hereinafter "the Group" or "the Company") is a listed industry group in the steel sector, dedicated to the manufacture of seamless piping. It was founded in 1892 and celebrated 131 years of business in 2023. It currently has 4 production plants and an extensive international trade network with 6 of its own branch offices and 15 commercial agencies in the main global markets where it operates.

The Group is one of the biggest European manufacturers with the widest range of seamless carbon steel, high-alloy, stainless steel and nickel alloy piping for use in critical applications in strategic industrial sectors. It has a special focus on the energy production sector, serving both conventional and clean energy systems.

The range of products that the Group offers includes piping with external diameters ranging from 15 mm to 711 mm, with an exceptional level of flexibility and ability to adapt to customer needs. The Group's activity is focused on the following commercial segments:

Segment	**Primary use of piping**
Downstream	• Equipment and processes in the refining and petrochemicals industry • Equipment and processes of the conventional and clean electric power generation industry, such as heat exchangers, pressure equipment, furnaces, heaters and refrigerators
Midstream	• Transportation of onshore/offshore oil and gas from production wells to storage terminals, liquefaction plants (LNG) and regasification plants, as well as for the piping of hydrocarbons to the refineries or petrochemical complexes where they are processed
Upstream	• Drilling and extraction of oil and gas, OCTG ("Oil Country Tubular Goods") and mining • Geothermal energy • Capture and storage of carbon and other gases
Mechanical/Industrial	• Perforated bars, generally of high thickness, for cutting/machining and for use in the manufacture of machinery and heavy industry components, or assembled to form structures in singular buildings, offshore platforms, wind turbines, automotives, industrial vehicles, agricultural machinery, civil works, printing, food production etc.

The Group currently has four production plants carrying out the following activities:

Plant	Activity
Products (Trápaga, Bizkaia, Spain)	• Manufacture of hot-rolled seamless steel piping and pipes with outside diameters ranging from 190 mm to 711 mm (7½–28") and wall thicknesses of up to 125 mm (5"). Lengths up to 14 m. Special dimensions tailored to customers • Carbon steels, alloys, stainless steels, high nickel alloys
Pipes (Amurrio, Álava, Spain)[1]	• Manufacture of hot-rolled and cold-drawn seamless carbon steel and alloy piping with up to a 13% Cr content for the petroleum and gas, chemical and petrochemical industries, the generation of energy, heat transfer, the automotive industry, mechanics and construction. • Hot-rolled, Ø from 26.7 mm to 180 mm and lengths of up to 26 m • Cold-drawn, Ø from 15 mm to 125 mm and lengths of up to 20.5 m • Special finishing operations/conditions: U-bend piping, studded piping, finned piping, casing etc.
TRPT [1] (Iruña de Oca, Álava, Spain)	• Premium connectors for JFE-licensed steel piping for natural gas and oil wells and for storing carbon, hydrogen and other fluids
RDT [1] (Beasley, Texas, United States)	• Semi-premium connectors for steel piping for natural gas and oil wells and for storing carbon, hydrogen and other fluids. Special solutions for shale gas/oil with BTX connection (proprietary development) • WearKnot® drilling equipment • Own tools for machining, grinding, heat treatment, coating etc.

The Group is firmly committed to the ESG (environmental, social and governance) goals as pillars for sustainably building its future, while generating long-term value for shareholders and quality employment and wealth in the regions where it operates and implementing best Corporate Governance practices.

The Company exemplifies the circular economy since it uses recycled steel as its main raw material and practically all resources it consumes and produces are reusable either directly or after recovery, thus bolstering the energy transition and decarbonisation.

At the end of the 2023 financial year, the Group had a workforce of 1,376 direct, qualified and mostly stable positions, of which 91% were under permanent contract. Women made up 10% of total permanent direct employees.

[1] These plants are part of a single Cash Generating Unit because both RDT and TRPT carry out auxiliary or finishing processes on the pipes produced by the Amurrio plant.

Despite its clear export-focus, with approximately 90% of its turnover coming from sales to overseas customers, the Group's decision-making and operations centre is based in the Basque Country, where it is a significant driving force for stable employment and wealth creation. Indeed, 94.2% of the Group's workforce are located there (with 0.5% in the rest of Spain and 5.3% in the rest of the world).

The Group prioritises compliance with the highest health and safety standards by using all means at our disposal, publishing these standards over our internal communication channels and continuously updating them as applicable regulations change.

2. PERFORMANCE AND RESULTS FOR 2023

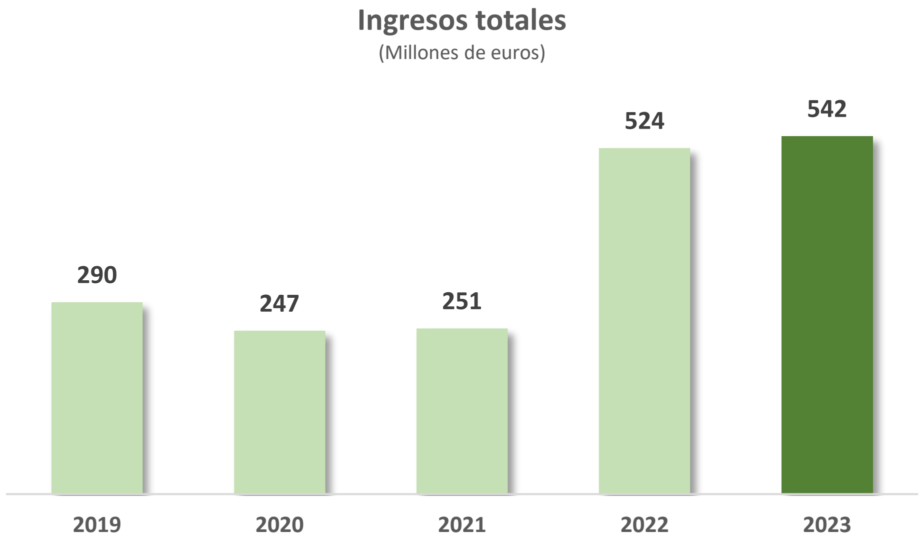
Key indicators[2]:

Millions of euro unless otherwise stated	**2023**	**2022**	**Change**	***Change (%)***
Results				
Revenue	532.9	513.7	19.2	*3.7%*
EBITDA	106.8	64.5	42.3	*65.6%*
EBITDA/turnover margin	*20.0%*	*12.6%*	7.5%	
Net income	56.6	43.5	13.1	*30.1%*
Cash flow and debt				
Cash flow from operations	71.3	40.8	30.5	*74.8%*
Net cash flow	(2.5)	17.5	(20.0)	-
Net financial debt	282.4	292.8	(10.4)	*(3.6%)*
Net financial debt/EBITDA	*2.6x*	*4.5x*	-	-
Cash and cash equivalents	92.6	95.1	(2.5)	*(2.6%)*
Others				
Order book	100	303	(203)	*(67.0%)*
CapEx	38.0	14.7	23.3	*161.8%*
Consolidated net equity	3.6	(50.4)	54.0	-
Net equity for trading purposes[3]	136.5	104.5	32.0	*30.6%*

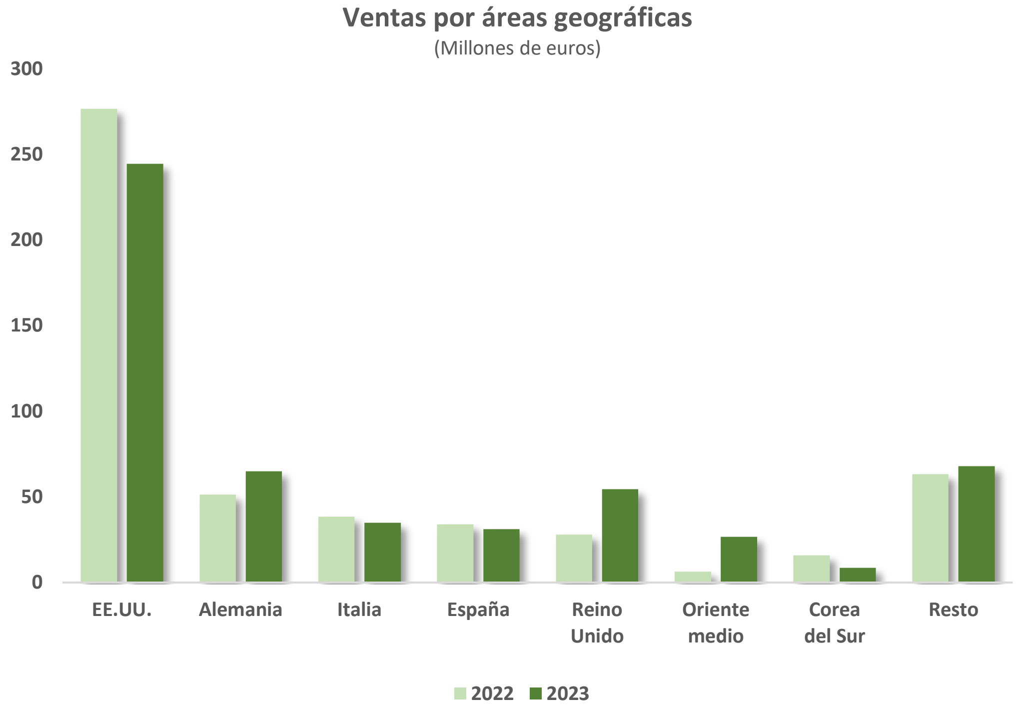
[2] The indicators are defined in the section "Alternative Performance Measures"
[3] Of the Group's parent company

2.1 Sales

The positive trend that began in 2022 continued into 2023, enabling the Group to end the year with consolidated revenues of EUR 541.9 million and a turnover of EUR 532.9 million.



The year was defined by an early kick-start to the year that saw extraordinary order book levels, both in terms of volume and average price. This enabled sustained high production and turnover in the first few months. In turn, we noted a slowdown in demand since the first quarter, which had actually been in place from early 2022, due to high inventory levels across the supply chain up to final finishing, and higher costs caused by inflation and high interest rates, leading to delays in the awarding of many energy transformation projects planned for this year. In any event, we consider this to be a temporary effect until excess stock levels normalise. In 2023, sales in the Oil & Gas segment had a lower relative weighting, given their higher exposure to increased stock on the market.



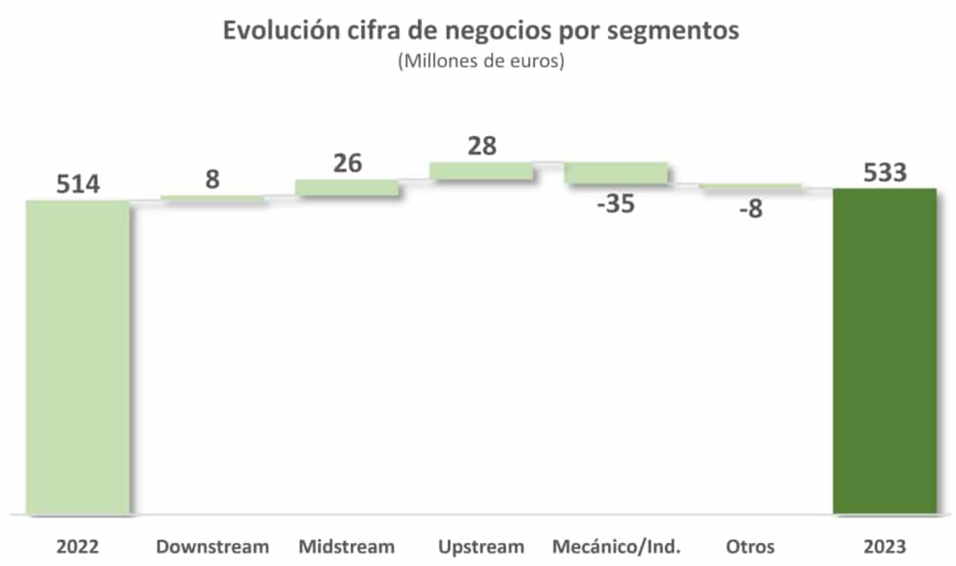
By geographic area, sales to North America of EUR 245 million remain a highlight (2022: EUR 277 million), representing 46% of the Group's total turnover, compared to 54% in 2022. High oil and gas prices, slow recovery in the local supply of pipes in the US and the need to carry out investments after several years of reduced activity all boosted orders from distributors and end companies in 2022, after which there was a pause in tube consumption. The sharp rise in imports to the United States from all producer markets attracted by price levels and the aforementioned difficulty of local manufacturers in meeting the sharp increase in demand should also be noted.

In 2023, the US Administration continued to apply the system of quarterly tariff-free quotas by country and product for steel and aluminium imports, agreed with the European Union at the end of 2021, in addition to certain additional exemption mechanisms. On 28 December 2023, the US Administration approved to extend this system until 31 December 2025, on the basis that imports of steel and aluminium from the European Union do not pose a threat to its national security. This ensures we continue to benefit from an access mechanism to the main OCTG market without the extra costs arising from tariffs. Anti-dumping measures remain in place against pipe imports from certain producer countries, including China, Argentina, Mexico, South Korea and Russia.

All these factors have enabled us to maintain a high volume of sales to North American customers, both through direct shipments of pipes manufactured and treated at the Amurrio and Trápaga plants and through pipes for which the final finishing phase has been carried out by our RDT plant in Texas. It is also worth mentioning the positive performance of the TRPT plant, which has also seen strong production of pipes with premium connections that the Group operates with its Japanese partners.

The remaining markets performed very positively and saw growth over an already excellent 2022, with higher sales in Europe (especially due to high price levels), the Middle East and Africa standing out.

In Europe, it is worth noting the strength of sales to Germany and the United Kingdom, with a slight decline in Italy and, to a lesser extent, in the Spanish domestic market. Outside this area, the Group was able to successfully focus its commercial efforts on Saudi Arabia, the United Arab Emirates and South Africa, all with double-digit growth compared to 2022. However, we are still to see a revival in other areas. China remained sluggish in the first few months of the year due to the impact from Covid. Meanwhile, South Korea showed some weakness.



By segment, sales of pipe for extraction and piping increased since the price effect on the initial portfolio translated into turnover. On the contrary, piping for mechanical-industrial applications saw a downturn, which was only to be expected after reaching an extraordinarily high price level in 2022.

As for pipes over 8" in diameter, which are produced in the Trápaga plant, we had an exceptional 2023 thanks to high demand for mechanical piping, together with a good performance for special carbon pipes, which have been used as structural piping in projects where the required sizing enabled us to maintain attractive prices. Stainless steel pipe production has been lower, although with a high profit margin despite the lower volume. It should be noted that high inflation and high financial costs delayed the award of projects in the energy sector, which affected the sales of some "premium" downstream products.

The average price increased significantly to over EUR 3,000 per tonne, compared to EUR 2,148 in 2022. However, as the financial year progressed, we saw increased price pressure as a result of market saturation and a slowdown in costs compared to the previous year's peaks. Moreover, economic uncertainty and high interest rates since the summer also influenced investment decisions and weakened the pace of orders.

2.2 Order book

The Group started 2023 with a substantial order book, which allowed it to tackle the start of the year with a very high load level in the production plants. The portfolio was concentrated in oil and gas piping, especially in the small OCTG tube range, and pipes for mechanical and industrial applications in the large tube range, with very high prices thanks to strong demand in the second half of 2022.

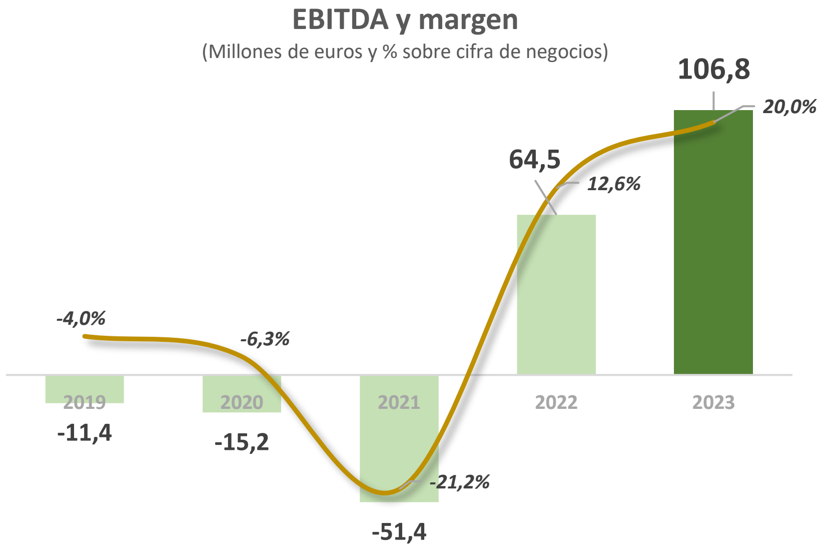
This demand pressure generated excess stock in the warehouses of distributors and end customers, which led to a slowdown in orders throughout 2023 affecting the entire industry. However, underlying demand remains strong and market trends predict growth in seamless pipe consumption over the next few years. On this basis, we hope that in 2024 the overstocking situation will be resolved and demand will recover.

The larger tube range is being affected by competition from Chinese and Ukrainian producers, with a major impact on certain categories such as mechanical tubes, where there is a strong trend towards price stabilisation following the peaks reached in recent months. In turn, the declining number of European producers following the closure of the Vallourec plants in Germany offers growth opportunities in this market segment.

2.3 Consolidated results

Millions of euros	**2023**	**2022**	***% difference***
Net turnover	532.9	513.7	*3.7%*
Other operating income	9.0	10.1	*(10.9%)*
Operating income	**541.9**	**523.8**	***3.5%***
Change in inventory of finished products and products in production	(13.3)	23.6	-
Supplies	(162.9)	(206.9)	*(21.3%)*
Staff expenses	(111.4)	(101.9)	*9.3%*
Other operating expenses	(147.5)	(174.4)	*(15.4%)*
Other net profit/(loss)	-	0.4	-
EBITDA	**106.8**	**64.5**	***65.6%***
Turnover margin	*20.0%*	*12.6%*	-
Depreciation of property, plant and equipment	(17.0)	(15.8)	*7.6%*
Impairment and results due to disposal of fixed assets	(5.5)	5.3	-
Operating income	**84.3**	**54.0**	***56.1%***
Turnover margin	*15.8%*	*10.5%*	-
Financial results	(36.6)	(16.0)	*128.8%*
Tax on profits	8.8	5.5	*60.0%*
Profit/(loss) attributed to external partners	(0.2)	0.0	-
Profit/(loss) attributed to the parent company	**56.3**	**43.5**	***30.1%***
Turnover margin	*10.6%*	*8.5%*	

The combination of turnover combined with some moderation in the main manufacturing costs, as well as savings from the efficiency activities set out in the Strategic Plan, enabled us to surpass 2022's results. The Group therefore achieved EBITDA of EUR 106.8 million, 65.6% higher than the previous year, with a 20.0% margin on sales. The Group's consolidated earnings amounted to EUR 84.3 million compared to EUR 54.0 million in the previous year, up 56% with a highly positive margin.



Although production costs remained high, this increase was largely passed down to sales prices. Furthermore, cost management and price-fixing agreements with suppliers were implemented and enabled us to make efficiencies, resulting in the aforementioned improved margins. Finally, the progressive decline in energy prices boosted profitability, although it remains a factor for future consideration due to its weight in the production structure.

The chapter on staff expenses increased due to the pace of production and salary rises in line with the CPI stipulated in bargaining agreements.

Millions of euros	**2023**	**2022**
Net financial expenses	(27.6)	(21.5)
Changes in fair value of financial instruments	(5.7)	3.7
Exchange differences	(3.3)	1.8
Financial results	**(36.6)**	**(16.0)**

Net debt interest expenses and the use of the current financing facilities increased to EUR 27.6 million (2022: EUR 21.5 million) as a result of the increase in interest rates affecting a part thereof, which is linked to variable rates. Of this, EUR 7.9 million corresponds to the equity loan from the FASEE (*Fondo de Apoyo a la Solvencia de Empresas Estratégicas* — Solvency Support Fund for Strategic Companies), including EUR 1.2 million of equity interest which accrues only in the event that the Group obtains positive results, and the remainder, for the most part, corresponds to the various tranches of syndicated financing with various entities. The dollar's depreciation against the euro, although not sharp, had a negative impact on exchange differences amounting to EUR 3.3 million (2022: Positive EUR 1.8 million). Finally, the change in fair value of financial instruments reflects the impact from monthly settlements and the carrying value at fair value for the long-term renewable electricity supply contract of EUR -5.7 million, compared to EUR 3.7 million in 2022. This reflects the decline in the futures of electricity prices.

Consolidated corporation tax revenue is due to recognition of deferred tax assets with a reasonable likelihood of recovery, considering the degree of uncertainty inherent to the Group's business. This is in line with the forecasts for the next two years of the Strategic Plan. This section also includes expenditure for current tax in 2023 for Group companies. Total corporation tax paid in 2023 in the countries where the Group operates, Spain and the US, rose to EUR 2.2 million.

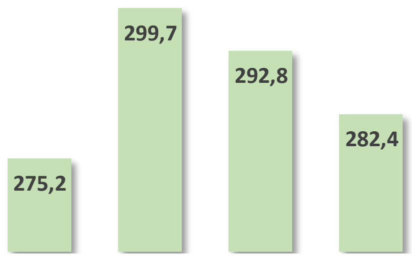
Net consolidated attributable profit for the year stood at EUR 56.3 million (2022: EUR 43.5 million). This means that in the first two full years following the last refinancing and receipt of the FASEE loan, the Group strengthened its consolidated net worth by almost EUR 100 million.

2.4 Financial situation

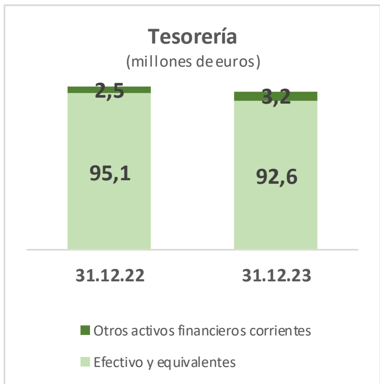
Net financial debt stood at EUR 282.4 million as of 31/12/2023 (31/12/2022: EUR 292.8 million). This represents a reduction of EUR 10.4 million in the year.

The Group generated an operating cash flow of EUR 71.3 million in the year, which has allowed it to pay for investments amounting to EUR 33.2 million and, in addition, to amortise EUR 18.6 million of principal of the syndicated financing, including the early cancellation of all ICO funding received in 2020, which represents an improvement in terms of compliance with the repayment schedule agreed with the entities in the most recent loan rollover in 2021. The Group also ended the year with a solid cash position, leading to lower use of current financing facilities and improved net financial debt.

The evolution in net financial debt over the last four years and the net financial debt/EBITDA index is as follows:



Millones de euros	**2020**	**2021**	**2022**	**2023**
Deuda Bruta	296,5	377,5	390,3	378,2
Efectivo y equivalentes y otros activos financieros corrientes	21,3	77,8	97,5	95,8
Deuda Financiera Neta	**275,2**	**299,7**	**292,8**	**282,4**
Deuda Financiera Neta / EBITDA	*n/a*	*n/a*	*4,5x*	*2,6x*



Overall, gross debt fell by EUR 12.1 million in 2023, due to the combined net effect of debt repayment over the year, the PIK interest accrual on the FASEE loan and convertible debt.

As detailed in note 27 of the Group's consolidated annual accounts for 2023, in January 2024 the Group acquired convertible debt from its creditor institutions through a Dutch discount auction. In particular, it acquired principal and interest on tranches B and C and B bonds (note 15.a in the consolidated annual accounts) worth a total amount of EUR 106.7 million for a payment of EUR 27.5 million, with an average discount of 74%. This repurchase represents a reduction in net financial debt of EUR 65.3 million, compared to net debt of EUR 282.4 million as of 31/12/2023 and financial income in 2024, net of operating expenses, of EUR 65.3 million (due to the difference between the payment flow and the book amount for the debt buyback).

As of 31/12/2023, the Group is in compliance with the covenants established in the financing agreements: net debt/EBITDA and maximum authorised CapEx ceiling.

2.5 Investments

We ended 2023 by commissioning the extension of the Amurrio steelworks to produce ingots for large pipes, which until that point had been manufactured in Sestao. In October, the first steel ingot units for the Trápaga plant were produced. All production is expected to take place in the new steelworks from the first quarter of 2024. This work is one of the pillars of the Strategic Plan, as it makes it possible to unify the first phase of the pipe manufacturing process in a single location, with the resulting cost efficiencies. Furthermore, the new facilities will make it possible to extend the size range of large pipes manufactured to 30".

The RDT plant in Texas also installed a new line to double its annual threading capacity. This line is equipped with the latest technology to produce high-quality threaded tubes with BTX proprietary connections, offering superior performance and reliability in harsh environments. Furthermore, investment has begun in the plant that will also allow the heat treatment of pipes to be doubled compared to the capacity of the current facilities. In the first phase, completed at the end of 2023, the handling equipment was installed. The second phase in 2024 will see a new induction line open. This increase in heat treatment capacity is essential in a phase of the process in which there is a significant concentration of supply and which has become one of the main limiting factors in reaching US customers.

Finally, in line with the funds received and the framework of the Strategic Plan, the execution of various projects aimed at driving the Company's transformation is ongoing, aligning it with ecological transition targets, reorientating its commercial approach, designing future investments to improve operational, energy and environmental efficiency, bolstering ESG objectives, and improving the Group's management.

2.6 Significant changes to accounting policies and the Group's structure

The accounting policies applied in 2023 were those used to prepare the Group's Consolidated Annual Accounts for the previous financial year, as there were no regulatory changes with any significant effect on them.

There were no significant changes to the scope of consolidation in financial year 2023.

3. OUTLOOK FOR FINANCIAL YEAR 2024

After an exceptional 2023 financial year, albeit one that saw a gradual decrease in the order book throughout the year, we anticipate that 2024 will see a normalisation of volumes and prices, with the financial year being characterised by a first half of lower activity and a gradual recovery in demand throughout the year, although it is difficult to envisage prices recovering to reach the levels seen in the last year.

The main factor characterising early 2024 is high uncertainty. Several areas of the world are in conflict and the macroeconomic environment remains defined by relatively high inflation and a commitment to maintaining high interest rates longer than expected, especially in the Eurozone. In Europe, the German economy has still not fully recovered, which may have a negative impact on other EU economies. Moreover, the significant inflow of pipes imported at low prices from China and Ukraine is a factor to consider, insofar as it adds additional pressure to a sluggish market.

At sector level, Vallourec's definitive closures of its seamless tube rolling plants in Germany in October 2023, a direct competitor to us, undoubtedly open up opportunities of which we are already starting to catch a glimpse. In turn, we will have to look at the implications of corporate operations in the United States, such as the possible absorption of US Steel by Nippon Steel, and the recent integration into Tenaris of OCTG processor, Republic Tube LLC.

In the US, the focus will be on the November 2024 elections, the outcome of which will determine whether the current scenario is likely to continue or whether there will be a possible return to a policy focused on the domestic market that again adopts protectionist measures favouring local industry. In any event, the agreement signed with the European Union in December 2023 to maintain the scheme of duty-free quotas and exemptions for steel and aluminium imports until December 2025 is positive news, enabling us to embrace the next two years with reasonable optimism. Furthermore, demand for pipes used in drilling and carrying is expected to recover as current stock surpluses held by both distributors and end customers are reduced.

What seems clear is the global environmental agenda, as evidenced at the recent COP in Abu Dhabi, and the growing commitment to cut CO_2 and sustainable expansion enables us to glimpse opportunities for relaunching investments to underpin the energy transition. In this respect, Tubos Reunidos' commitment to being a major player in producing low-emission pipes places us in a prominent position in the minds of customers who are increasingly aligned with this transition. A portion of our production in 2024 will focus on low-emission pipes, in order to generate value for our customers on their pathway towards decarbonisation and to strengthen a segment that will undoubtedly be one of the key areas of growth and value generation in the near future.

4. MAIN RISKS AND UNCERTAINTIES

As a listed company, Tubos Reunidos publishes an Annual Corporate Governance Report ("ACGR"), included in a separate section of this Management Report. This ACGR is reported to the Spanish Securities and Exchange Commission (Comisión Nacional del Mercado de Valores, CNMV), and provides an in-depth explanation of the company's governance system and how it works in practice. Specifically, Section E sets out the Group's risk control systems, including taxation, and outlines the Group's main risks and uncertainties, with regard to the outlook described in Section 3 above.

To avoid duplication between this Management Report and the attached ACGR, reference is made to the information on principal risks and uncertainties in Section E of the ACGR.

5. R&D&i ACTIVITY[4]

The Group attaches particular importance to promoting R&D&i projects with a view to improving processes and products. In this sense, activities over the year focused on the value chain for hydrogen and making progress in decarbonisation, including:

- The expansion of tube size ranges manufactured at the Trápaga plant: We have managed to see continued growth up to 28" (711 mm) in tube hot rolling, a milestone that enables us to be more competitive in this product segment.

- Rolling of austenitic stainless steel tubes at the Amurrio plant with satisfactory competitive results.

[4] See NFIS.

- Hydrogen and new applications:
  - Alongside other sector companies, we applied for a PERTE (Strategic Project for Economic Recovery and Transformation) in renewable energy, renewable hydrogen and storage for our H2SALT project, which aims to undertake research and development into the technological solutions required for the safe, efficient and cost-effective underground storage of hydrogen in salt caverns.
  - Project TUSAND, the main objective of which is to manufacture seamless piping in austenitic stainless steel, austenitic-ferritic steel and nickel base grades for fluid carrier applications in subsea applications and liquid H2 storage applications, and in ureas as a carrier medium.
- For our Upstream market, we validated new steel products with a higher chromium composition than our current steel grade. Specifically, 7% chromium has excellent properties for drilling pipe requirements.
- Furthermore, for the Downstream segment, grade T115 was finally incorporated into our small tube range product portfolio. This grade is 11% Cr for boilers, an evolution of the successful 9% Cr (P/T9, P/T91 and P/T92).

Our R&D&i approach supports process improvement, whereby we believe that defining digital twins of our facilities is key. We modelled our large tube drilling machine to test different conditions for finite elements, applying the results to the demanding real-world scenario for our drilling machine. We plan to continue working on this digital twin concept for other key machines.

6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GOALS

6.1 Governance measures

The Company has a solid corporate governance system aligned with best practices, ensuring corporate bodies and management operate correctly, proper management and control, legally compliant business development, transparency and non-negotiable ethical principles and integrity.

A fundamental governance milestone was the adaptation of the compliance system to the recent Act 2/2023 of 20 February on the Protection of Persons who Report Regulatory Violations and the Fight Against Corruption.

After consultation with worker representatives, Tubos Reunidos has implemented a new internal information system since 13 June 2023 to receive enquiries and complaints. This required that the Board of Directors approve a Corporate Policy on the Internal Information and Whistleblower Protection System and new Ethics Channel regulations, in addition to appointing an individual to supervise the system. Moreover, the Board adapted all rules within the compliance system to the new law, specifically:

- The new Criminal Risk Prevention and Compliance Corporate Policy
- The new Code of Ethical Conduct
- The new Gifts and Invitations Policy
- The new Regulations for the Independent Supervisory Body (ISB)
- The new Criminal Risk Prevention Manual

The new compliance system is published on the corporate website and has been circulated to Group staff through training activities held throughout the year. It should be noted that at the Ordinary General Shareholders' Meeting on 29 June 2023, the Executive Chairman expressly informed shareholders about the two alternative channels available to them in order to report any possible serious or very serious criminal or administrative offences committed within Tubos Reunidos of which they become aware. In this regard, the Board of Directors prepared a brief report that was made available to shareholders on the company website sufficiently in advance, along with the other documentation regarding the General Meeting.

Moreover, and given the importance of cyber risks to the Group's industrial business, the Board of Directors approved a Corporate Policy on Information Systems Security in April 2023.

The Board of Directors also approved the Audit Committee Regulations incorporating the highest standards applicable to listed companies and regulating the operation of said committee within the scope of the internal regulatory framework. The regulations establish the basic rules of organisation and implementing provisions included in the Board Regulations, in compliance with the recommendations of Technical Guide 3/2017 on Audit Commissions published by the CNMV (Spain's National Securities Market Commission) in June 2017. The text of the Audit Committee Regulations has been made available to shareholders and the general public via the company website.

As part of the activities aimed at improving its compliance system, the Board of Directors also approved a Code of Ethical Conduct for the Tubos Reunidos Group's suppliers. The code extends the Group's commitment to business ethics and integrity, the defence of human, social and labour rights, health and safety, occupational hazard prevention, environmental protection and quality to all suppliers. The code is mandatory and will apply to all suppliers, contractors, consultants and other collaborating companies at any TR Group company.

The Board of Directors also supervised the Protocol for Prevention and Action against Harassment, adapted to the new Act 2/2023, in relation to responsibilities in the field of compliance, and approved its implementation in 2024 at all TR Group companies, as evidence of their commitment to zero tolerance of harassment.

Lastly, as regards corporate bodies, it is worth noting that the roles of Non-Executive Chairman and Chief Executive have been separated, in line with best corporate governance practices and with the aim of strengthening the Board of Directors' independence. Thus, following the voluntary resignation of former Executive Chairman Mr Francisco Irazusta, the Board decided to separate the roles of Non-Executive Chairman and Chief Executive, and ratify the appointment of Mr Carlos López de las Heras as Chief Executive of the Tubos Reunidos Group with effect from 31 August 2023. Similarly, on 21 December 2023, Mr Josu Calvo Moreira was appointed as an Independent Director of the Company by means of co-optation, as well as Non-Executive Chairman of the Board of Directors.

6.2 Sustainability

Under EU Taxonomy Regulation 2020/852 (a classification system for identifying economic activities as environmentally sustainable based on objective criteria), our steel manufacturing business is eligible and aligned with climate change mitigation, as detailed in our Annual Non-Financial Information Statement.

This year we established an ESG Strategic Committee, which rolls out sustainability policies, and a cross-cutting Operational Committee for the entire organisation, which kick-starts activities to implement the policies. The latter meets on a monthly basis and is chaired by the corporate director for the area.

The Sustainability Division is charged with developing a Sustainability Master Plan (SMP) as the backbone to these policies. The SMP is a fundamental pillar in the company's Strategic Plan and will be presented to the Board of Directors for approval in the first quarter of 2024. This initial SMP aims to promote GTR's sustainable transformation and value chain, over the 2024–2028 period.

One of the main activities the Operational Committee worked on in 2023 is calculating environmental footprint per product, according to International Life Cycle Analysis standards (LCA). In turn, GTR's initial two Environmental Product Declarations (EPD) were prepared and have been certified by an independent auditor. They are available on the company website and the Environdec platform. The environmental footprint for both products has lower total values than comparable companies in the sector.

Another strategic project in this area is to prepare the design and registration of a low-emission seamless steel pipe. This would be a key piece in supporting our customers' transition towards a decarbonised economy.

As an initial step and in cooperation with a specialised digitalisation company, we have designed a tool to calculate the organisational carbon footprint with scope 1 and 2, based on the ISO 14064 methodology to hypothesise calculations and then validate data in a standardised approach. The tool also underpins the creation of an automatic data capture system for our reporting systems, ensuring the process is secure. We are currently working on an expanded design to enable us to calculate the carbon and environmental footprint for our processes and products through a life cycle analysis. The system will enable us to progressively generate environmental declarations for all our products in a more agile, autonomous manner.

We continued to make progress on being an example of the circular economy in 2023. We return 100% of the scrap steel we generate to the pipe manufacturing process, making it the main raw material used and generated in our production. This, alongside recycling other materials, allows us to maintain a total recycling level of over 95%.

Likewise, the waste generated in the process is segregated and managed according to the best assessment and reuse techniques available.

As set out in our SMP, we are working to improve our energy efficiency. One top initiative is to promote self-generating clean energy sources. Installation of a solar panel plant began at the Amurrio site in 2023. The Trápaga plant is set to follow in 2024. The entire project involves installing around 32,000 solar panels on an area covering approximately 64,000 m^2. When finalised, the self-generation renewable energy project will provide around 8% of our electricity requirements.

A major milestone in the company's sustainable transformation was ending 2023 with the consolidation of both steelworks into a single, more powerful and efficient site from an operational and environmental standpoint.

Moreover, we worked on a complete dossier in the latter half of 2023 to submit a tractor project to the Ministry of Industry's PERTE for decarbonisation, whose initial call was launched in January 2024. The idea is to garner support to fund certain critical investments included in the Strategic Plan that are necessary to move forward in expanding and improving our range of products and manufacturing them in a more sustainable way.

6.3 Social aspects

The collective bargaining agreements for the Group's two main production centres of Amurrio and Trápaga were successfully concluded in 2023. These agreements cover nearly 85% of the Group's workforce. The new agreements are valid until 2027 and ensure stability over the coming years, while maintaining or improving employee conditions.

In turn, and as part of the consolidation processes included in the Strategic Plan, staff at the Sestao steelworks were transferred the new consolidated Amurrio plant throughout the year. The new plant will be responsible for all steel production from January 2024.

The year was also characterised by temporary redundancies (ERTE) at the Amurrio plant from 1 September 2023. The step was taken to tackle the fall in demand and production in the latter part of the year.

At the end of the 2023 financial year, our workforce stood at 1,376 people, 91% of whom are permanent employees, thus consolidating our commitment to stable, quality employment.

7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2024, the Parent Company acquired debt amounting to EUR 106.7 million from its financial creditors, corresponding to tranches B and C and B bonds in the 2019 Refinancing Agreement. From this amount, EUR 90.4 million correspond to the principal and EUR 16.3 million to interest accrued not due at that date. This buyback was carried out in a Dutch auction with an average discount of 74.2 cents for every euro of debt. The total payment stood at EUR 27.5 million, representing a reduction in net financial debt and a financial result of approximately EUR 65 million which will be entered into the 2024 annual accounts.

The transaction was months in the planning and is one of the initiatives included in the 2021–2028 Strategic Plan to reduce Group debt. It was possible thanks to the cash flow generated by the Group in 2022 and 2023, in line with the aforementioned Plan.

Alongside the full payment of loans in December 2023 with ICO guarantees awarded during the pandemic for EUR 7.5 million, this operation has enabled the Group to reduce its gross financial debt by more than EUR 110 million, shoring up its balance sheet and boosting net assets through the financial income injection. These transactions were made after all Tubos Reunidos, S.A. financial creditors granted their approval, including financial institutions, bondholders and the FASEE.

The impact of the discounted debt buyback on the main sections of the consolidated balance sheet, taking the Group's consolidated annual accounts as of 31/12/2023 as a baseline, is as follows:

Millions of euros	Annual Accounts 31/12/2023	Debt buyback	Values after buyback
Net equity attributable to the parent company	3.6	65.3	68.9
Gross financial debt	378.2	(97.8)	280.4
Net financial debt	282.4	(65.3)	217.1
EBITDA in 2023	106.8	-	106.8
NFD/EBITDA ratio	2.64x	-	2.04x

These figures are important to provide proper interpretation of the Group's financial and equity situation, as well as its financial leverage at the beginning of 2024.

Similarly, on 15 February 2024 the Board of Directors approved an update to the 2021–2028 Strategic Plan (note 6.1). This update incorporates the effect of the discounted debt buyback, and updates the outlook for apparent demand, the recent evolution in sales prices and production costs, and stability over the next two years from the regulatory trade framework in the US. It also maintains the sustainability, digitalisation and improved Group competitiveness targets as key elements.

8. SHARE CAPITAL AND TREASURY SHARES

During the 2023 financial year, all operations involving treasury shares fell within the framework of the Liquidity Contract signed with NORBOLSA, Sociedad de Valores, S.A. (an entity registered with the CNMV since 1989 with Official Registration No. 40). Specifically, 5,769,000 treasury shares were purchased and 5,979,000 were sold, maintaining a treasury shareholding of 524,000 shares as of 31/12/2023, representing 0.3% of total company shares.

9. AVERAGE PAYMENT PERIOD TO SUPPLIERS

The average payment period to suppliers in 2023 is shown in note 18 to the Consolidated Annual Accounts.

ANNEX I: ALTERNATIVE PERFORMANCE MEASURES

On 5 October 2015, the European Securities and Markets Authority (ESMA[6]) published, via its website, the "Guidelines on Alternative Performance Measures" (APM[7]), which are mandatory for all issuers whose securities are admitted to trading on an official market and who are required to publish regulated information pursuant to the Transparency Directive 2004/109/EC.

These Guidelines aim to promote the usefulness and transparency of those APMs included in prospectuses or regulated disclosures. Compliance with the Guidelines is intended to promote the usefulness and transparency of the information provided to the market, improving its comparability, reliability and comprehensibility.

The APM Guidelines refer to those financial measures of the Group's past or future financial performance, financial situation or cash flows that are not defined or set out in the financial reporting framework applicable to it (in Grupo Tubos Reunidos' case, the International Financial Reporting Standards, IFRS).

The Tubos Reunidos Group considers that including certain non-financial performance measures and other financial measures relevant to business management, in addition to the APMs set out in the criteria of the ESMA Guidelines, contributes to the aforementioned objective of compliance with the Guidelines, though this information should be understood as complementary to, rather than a substitute for, the APMs featured in the Guidelines.

The indicators referred to in Law 11/2018 of 28 December on non-financial information and diversity are included in the Annex to the Non-Financial Information Statement (NFI).

[6] *European Securities and Markets Authority*
[7] *Alternative Performance Measures*

Definitions and individual usefulness of Performance Measures

A. Economic and financial measures

Measure	Definition/purpose
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	Profit/loss for the financial year after deducting financial result, income tax, impairment and gains or losses on disposals of property, plant and equipment, and the depreciation of property, plant and equipment. It is a measure used commonly to assess the profitability of a company, and serves as a basis for comparisons and other performance measures.
EBITDA LTM	EBITDA for the last 12 months ("last twelve months"). It is calculated by adding together the last 12 monthly EBITDAs. It is useful in finding the EBITDA for the year, for periods that do not coincide with the calendar year.
CapEx (Investments)	The abbreviated form of "Capital Expenditures", this is calculated as the sum of the additions of intangible assets and property, plant and equipment during the period.
OpEx (Operating Expenditures)	The abbreviated form of "Operational Expenditures", this is calculated as the sum of consumption (supplies and changes in stocks of finished goods and work in progress), staff expenses and other operating expenses. It excludes the amount of Other operating income and Other net profit/(loss).
Gross financial debt	The sum of current and non-current borrowings as set out in note 15 to the accompanying consolidated annual accounts. It is used to analyse the Group's level of indebtedness, as well as to benchmark it against alternative measures such as EBITDA or to determine the level of leverage (by reference to total consolidated Group net assets and debt).
Net financial debt (NFD)	Gross Financial Debt, less cash and cash equivalents and other current financial assets. This is used to analyse the Group's level of indebtedness, as well as benchmarking it against alternative measures such as EBITDA, to determine net leverage, and as a tool to manage liquidity risk.
NFD variation	Difference between net financial debt balances at the beginning and end of the reporting period.
NFD as of 31/12/2023 following the debt buyback	NFD as of 31/12/2023 incorporating the impact from the discounted debt buyback finalised in January 2024. This is used instead of NFD due to the significant impact of the buyback operation on the figures used to analyse the Group's debt levels.
Available liquidity	The sum of cash and cash equivalents, the limit of undrawn committed credit facilities (short and long term) at the end of the reporting period and the limits of undrawn factoring lines, net of any drawdown limitations.

	It establishes the ability to meet short-term payment commitments and as such is a key tool in liquidity risk management.
Cash flow or net cash flow	Change in the amount of cash and cash equivalents at the beginning and end of the reporting period.
Working capital	Result of the amount of stocks and trade and other receivables, less trade payables, customer prepayments, outstanding remuneration and balances payable to public administrations (excluding deferred debt)
Working capital variation	Difference between the working capital balances at the beginning and end of the reporting period.
Net equity for trading purposes	The sum of the net book assets of the Group's parent company, Tubos Reunidos, S.A. and the amount of loans deemed as participating loans, on the data reference date. As such, those loans that could be viewed as participating loans under certain assumptions that are not fulfilled on that date are excluded.

B. Operational measures

Measure	**Definition/purpose**
Sales by business segment	Sales of seamless piping based on product type and destination, according to the usual standards in the seamless piping manufacturing industry: downstream, midstream, upstream and mechanical/industrial.
Sales by geographic area	Seamless steel pipe sales based on the country of the requesting customer. Potentially, the final destination of the materials may be another country, or the place of delivery may even differ from the customer's country, particularly in the event of projects involving pipe integration. However, for operational reasons, sales are considered by geographical area according to customer country.
Order book	Volume of firm orders likely to be subject to future recognition under the heading "Net turnover" of the consolidated profit and loss account. An order is considered firm only when it generates obligations between the Group and the customer.
Subcontracting	Total sales volume for the year plus change in the amount of the order book.
DDP adjustment	Amount of sales to customers that have been invoiced but, based on the product delivery Incoterms, could not be reported in the period, since they do not meet the change in control criteria laid down by IFRS 15.
Tons cast	Tons of scrap melted together with ferroalloys and other materials in the steel mill to produce billets or ingots, which are the primary building blocks of the Group's pipe production.
Tons rolled	Tons of steel that have completed the rolling process within the Group's production cycle.
Tons sold	Tonnes of steel piping that have been sold to customers.

C. Stock market indicators

Measure	Definition/purpose
Average share price for the year	Average daily closing share price during the financial year
Share price at year-end	The last share price on the day closest to financial year-end
Market capitalisation at year-end	The value obtained by multiplying (i) the number of shares comprising the Parent Company's share capital issued on the stock exchange at financial year-end by (ii) the share price at financial year-end. It shows the value of the Group on the stock exchange on the given date.
Annual volume of shares traded	Volume of shares traded in the annual reporting period

Reconciliation of Alternative Performance Measures to the Annual Financial Accounts for financial years 2023 and 2022

A - Medidas económico-financieras

Miles de euros, en su caso	2023	2022
Resultado del ejercicio	56.546	43.461
Resultado financiero	36.572	16.012
Impuesto sobre beneficios	(8.799)	(5.508)
Deterioro, reversión y resultado por enajenaciones del inmovilizado	5.459	(5.252)
Amortización del inmovilizado	16.979	15.834
EBITDA	**106.757**	**64.547**
Adiciones de inmovilizado material	37.065	14.178
Adiciones de inmovilizado inmaterial	914	538
CAPEX	**37.979**	**14.716**
Aprovisionamientos	162.879	206.888
Variación de existencias de productos terminados y en curso de fabricación	13.340	(23.562)
Gastos de personal	111.442	101.875
Otros gastos de explotación	147.524	174.393
OPEX	**435.185**	**459.594**
Recursos ajenos no corrientes	362.248	361.319
Recursos ajenos corrientes	15.995	29.001
Deuda Financiera Bruta	**378.243**	**390.320**
Efectivo y otros equivalentes	(92.573)	(95.105)
Otros activos financieros Corrientes	(3.226)	(2.463)
Deuda Financiera Neta (DFN)	**282.444**	**292.752**
Efectivo y otros equivalentes	92.573	95.105
Líneas de crédito no dispuestas	736	39
Líneas de factoring no dispuestas	17.349	6.846
Efectivo no disponible (nota 24)	(1.828)	(1.880)
Liquidez disponible	**108.830**	**100.110**
Deuda Financiera Neta al inicio del ejercicio	292.752	299.692
Deuda Financiera Neta al cierre del ejercicio	282.444	292.752
Variación de la DFN	**10.308**	**6.940**
Existencias	107.818	129.464
Clientes y otras cuentas a cobrar	15.989	22.644
Acreedores comerciales	(68.209)	(111.467)
Anticipos de clientes	(3.056)	(13.885)
Remuneraciones pendientes de pago	(13.383)	(21.004)
Saldos acreedores con Administraciones Públicas	(4.946)	(4.682)
Capital Circulante	**34.213**	**1.070**
Capital circulante al inicio del ejercicio	1.070	(18.747)
Capital circulante al cierre del ejercicio	34.213	1.070
Variación del Capital circulante	**(33.143)**	**(19.817)**
Capital Social de la Sociedad matriz	3.494	3.494
Patrimonio Neto contable de la Sociedad matriz	16.699	(11.102)
Préstamos participativos	119.779	115.651
PATRIMONIO NETO a efectos mercantiles de la Sociedad matriz	136.478	104.549
Patrimonio neto / Capital Social	**39,06**	**29,92**

B - Medidas operativas

Miles de euros	2023	2022
Ventas zonas geográficas		
España	27.428	30.556
Resto Unión Europea	182.390	151.241
Norte América	230.225	252.034
Oriente Medio y Africa	28.746	31.192
Lejano Oriente	25.541	6.348
Otros	11.089	6.810
Total ventas	**505.419**	**478.181**
Ventas por segmento		
Generación de energía, refino y petroquímica (Downstream)	106.313	98.519
Petróleo y Gas - OCTG (Upstream)	197.732	169.705
Petróleo y Gas - Conducciones (Midstream)	108.248	81.983
Construcción, Mecánico, Industrial	93.126	127.974
Total ventas	**505.419**	**478.181**

C - Indicadores Bursátiles

	2023	2022
Cotización media del ejercicio (euros)	0,628	0,322
Cotización al cierre del ejercicio (euros)	0,645	0,246
Capitalización bursátil (miles de euros)	112.669	42.971
Acciones negociadas anuales (miles de acciones)	437.999	96.815

CNMV
SPANISH NATIONAL SECURITIES MARKET

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED LIMITED LIABILITY COMPANIES

ISSUER'S IDENTIFICATION DETAILS

End date of relative financial year: 31/12/2023

CIF (tax ID no.): A-48011555

Company name:

TUBOS REUNIDOS, S.A.

Registered office:

BARRIO SAGARRIBAI, S/N°, (AMURRIO) ÁLAVA, SPAIN

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the allocated share capital and voting rights, including, where applicable, those related to loyalty voting shares, at year-end:

Indicate whether the Corporate By-laws contain the loyalty double vote provision:

[ ] Yes
[√] No

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
30/06/2022	3,493,617.76	174,680,888	174,680,888

Indicate whether there are different types of shares with different rights associated:

[ ] Yes
[√] No

A.2. List the direct and indirect owners of significant stakes at the end of the financial year, including directors with significant stakes:

Name or company name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	3.35	2.73	0.00	0.00	6.08
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	10.22	0.00	0.00	0.00	10.22
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	0.00	5.96	0.00	0.00	5.96

In January 2023, the company was notified of the dissolution and liquidation of the company Elguero, S.A., which as of 31 December 2022 directly held a significant stake of 3.33% of share capital. After the aforementioned dissolution and liquidation, the 5,819,474 shares in Tubos Reunidos S.A. held by Elguero S.A. were distributed equally among the four partners of the company, the Ybarra Aznar siblings, with each receiving 25%.

On 19 October 2023, significant shareholder Mr Joaquin Gomez de Olea Mendaro transferred 2,029,671 shares representing 1.16% of Tubos Reunidos S.A. to the company BARANGO, S.L., where he is a shareholder and has a controlling stake. BARANGO S.L. has been incorporated into the Barandiarán Group Concerted Action.

Breakdown of indirect stakes:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	PECRI INVERSIÓN S.L. UNIPERSONAL	5.96	0.00	5.96
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MR ALFONSO BARANDIARÁN OLLEROS	0.91	0.00	0.91
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MR GUILLERMO BARANDIARÁN OLLEROS	0.33	0.00	0.33
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MS MARÍA BARANDIARÁN OLLEROS	0.33	0.00	0.33
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MS ALEJANDRA LUCA DE TENA OYARZUN	0.00	0.00	0.00
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	GESLURAN SL	0.00	0.00	0.00
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	BARANGO S.L.	1.16	0.00	1.16
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS LETICIA ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS MERCEDES PUIG PÉREZ DE GUZMÁN	5.82	0.00	5.82
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS MERCEDES ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MR ALFONSO ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	MS PILAR ZORRILLA DE LEQUERICA PUIG	1.10	0.00	1.10

Indicate the most significant transactions in the share structure over the financial year:

Most significant transactions

In addition to the information in section A.1 above, the most significant changes to shareholder structure in 2023 were as follows:

BBVA's significant stake decreased gradually throughout 2023, falling from 12.37% of share capital on 1 January 2023 to 5.96% as of 31 December 2023. As at the date of issue of this Report, BBVA holds an indirect stake of 5.21% of share capital.

A.3. Outline, whatever the percentage, the stake at the end of the year of the members of the Board of Directors who are holders of voting rights attributed to shares in the company or through financial instruments, excluding the directors identified in section A.2 above:

Name or company name of the director	% voting rights attributed to shares (including loyalty votes)		% voting rights through financial instruments		Total % of voting rights	Of the total % of voting rights attributed to shares, indicate, where applicable, the % of additional votes attributed that correspond to loyalty voting shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR EMILIO YBARRA AZNAR	1.53	0.00	0.00	0.00	1.53	0.00	0.00
MS LETICIA ZORRILLA DE LEQUERICA PUIG	1.10	0.00	0.00	0.00	1.10	0.00	0.00
MR ALFONSO BARANDIARÁN OLLEROS	0.91	0.01	0.00	0.00	0.92	0.00	0.00
MR JORGE GABIOLA MENDIETA	0.27	0.01	0.00	0.00	0.28	0.00	0.00

Total % of voting rights held by members of the Board of Directors	3.83

In 2023 the stake of proprietary director Mr Emilio Ybarra Aznar increased from 0.70% on 31 December 2022 to 1.53% today, as a result of the dissolution and liquidation of the significant shareholder Elguero S.A.

Likewise, during the 2023 financial year the direct stake of independent director Mr Jorge Gabiola Mendieta increased from 0.14% on 31 December 2022 to 0.27% today.

Breakdown of indirect stakes:

Name or company name of the director	Name or company name of the direct shareholder	% voting rights attributed to shares (including loyalty votes)	% voting rights through financial instruments	Total % of voting rights	Of the total % of voting rights attributed to shares, indicate, where applicable, the % of additional votes attributed that correspond to loyalty voting shares
No data					

Outline the total % of voting rights represented on the Board:

Total % of voting rights represented on the Board of Directors	24.37

The percentage of share capital represented on the Board of Directors amounts to 24.37%, broken down as follows:

10.22% held by the Zorrilla Lequerica Group Concerted Action
6.08% held by the Barandiarán Group Concerted Action (controlling shareholder: Mr Joaquín Gómez de Olea Mendaro)
5.96% held by BBVA
1.53% held by Emilio Ybarra Aznar
0.28% held by Jorge Gabiola Mendieta
0.30% held by Clima S.A. (a holding company)

A.4. Indicate, where appropriate, the family, commercial, contractual or company relations that exist between owners of significant stakes, inasmuch as they are known by the company, unless they are of little relevance or arise from the regular line of business, except those included in section A.6:

Related name or company name	Type of relationship	Brief description
No data		

A.5. Indicate, where appropriate, the commercial, contractual or company relations that exist between owners of significant stakes and the company and/or its group, unless they are of little relevance or arise from the regular line of business:

Related name or company name	Type of relationship	Brief description
No data		

A.6. Describe the relationships, unless they are of little relevance for the parties, that exist between the significant shareholders or those represented on the Board and the directors, or their representatives, in the case of legal entity administrators.

Explain, where applicable, how significant shareholders are represented. Specifically, please indicate which directors were appointed on behalf of significant shareholders, those whose appointment was put forward by significant shareholders, or those who are related to significant shareholders and/or entities of their group, specifying the nature of such relationships. In particular, please state, where appropriate, the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the management body, or their representatives, in companies which hold significant stakes in the listed company or in entities of the group of such significant shareholders:

Name or company name of the related-party director or representative	Name or company name of the related-party significant shareholder	Company name of the significant shareholder's group company	Description of relationship/position
MR ALFONSO BARANDIARÁN OLLEROS	MR JOAQUÍN GÓMEZ DE OLEA MENDARO	MR JOAQUÍN GÓMEZ DE OLEA MENDARO	Family. The director is a second-degree collateral relative of Mr Joaquín Gómez de Olea Mendaro by marriage and holds shares in the significant shareholder Barandiarán Group Concerted Action.
MS LETICIA ZORRILLA DE LEQUERICA PUIG	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Family. The director is a member of the Zorrilla-Lequerica family and holds shares in the significant shareholder Zorrilla Lequerica Puig Group Concerted Action.
MR CRISTÓBAL VALDÉS GUINEA	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Family. The director is related by marriage to the persons holding shares in the significant shareholder Zorrilla Lequerica Puig Group Concerted Action.

Name or company name of the related-party director or representative	Name or company name of the related-party significant shareholder	Company name of the significant shareholder's group company	Description of relationship/position
MR ENRIQUE MIGOYA PELÁEZ	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	PECRI INVERSIÓN S.L. UNIPERSONAL	Professional. The director is an executive of the significant shareholder, with the post of Head of Industrial and Real Estate Equity Holdings (Strategy & M&A), and the legal representative and Chairman of the Board of Directors of the direct shareholder.

At year-end 2023, the shareholders with significant stakes represented on the Company's Board of Directors were as follows:

1.- The Zorrilla-Lequerica Group has two representatives, Ms Leticia Zorrilla de Lequerica and Mr Cristóbal Valdés.

2.- The Barandiarán Group has one representative, Mr Alfonso Barandiarán.

3.- BBVA has one representative, Mr Enrique Migoya.

It should be noted that the significant shareholder BBVA maintains its indirect position in the Company through the indirect shareholder PECRI Inversión S.L. Unipersonal, a company wholly owned by BBVA.

A.7. Indicate whether the company has been informed of any shareholders' agreements that affect it according to the provisions of Articles 530 and 531 of the Spanish Capital Companies Act. If so, briefly describe them and list the shareholders linked to the agreement:

[ ] Yes
[√] No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, briefly describe them:

[√] Yes
[ ] No

Participants in the concerted action	% of share capital affected	Brief description of the concerted action	Expiry date of the concerted action, if applicable
MR JOAQUÍN GÓMEZ DE OLEA MENDARO, MR ALFONSO BARANDIARÁN OLLEROS, MR GUILLERMO BARANDIARÁN OLLEROS, MS MARÍA BARANDIARÁN OLLEROS, MS ALEJANDRA	6.08	BARANDIARÁN GROUP TACIT CONCERTED ACTION	None

Participants in the concerted action	% of share capital affected	Brief description of the concerted action	Expiry date of the concerted action, if applicable
LUCA DE TENA OYARZUN, GESLURAN SL, BARANGO S.L.			
MR ALFONSO ZORRILLA DE LEQUERICA PUIG, MS MERCEDES PUIG PÉREZ DE GUZMÁN, MS MERCEDES ZORRILLA DE LEQUERICA PUIG, MS LETICIA ZORRILLA DE LEQUERICA PUIG, MS PILAR ZORRILLA DE LEQUERICA PUIG	10.22	ZORRILLA-LEQUERICA PUIG GROUP TACIT CONCERTED ACTION	None

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year:

There was no significant amendment to or termination of concerted actions in 2023.

There was only one change in the composition of the Barandiarán Group Concerted Action (which did not change the significant stake it holds in the company). This change is the result of the transfer on 19 October 2023 by Mr Joaquín Gómez de Olea Mendaro of 2,029,671 shares representing 1.16% of Tubos Reunidos S.A. to the company BARANGO, S.L., which has been integrated into the Barandiarán Group Concerted Action.

A.8. Indicate whether any individual or legal entity currently exercises control or could exercise control over the company in accordance with Article 5 of the Spanish Securities Market Act. If so, identify them:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's treasury shares:

At the end of the financial year:

Number of direct shares	Number of indirect shares(*)	Total % of share capital
	524,487	0.30

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
CLIMA, S.A.	524,487
Total	524,487

Explain the significant changes during the financial year:

Explain the significant changes

A) ON 4 APRIL 2023, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE FIRST QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 1,746,768 SHARES AND THE SALE OF 1,812,429 SHARES
B) ON 4 JULY 2023, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE SECOND QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 1,443,726 SHARES AND THE SALE OF 1,605,440 SHARES
C) ON 4 OCTOBER 2023, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE THIRD QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 1,220,533 SHARES AND THE SALE OF 1,193,639 SHARES
D) ON 4 JANUARY 2024, THE COMPANY'S TREASURY SHARE TRANSACTIONS FROM THE FOURTH QUARTER OF THE YEAR WERE REPORTED TO THE CNMV. THESE TRANSACTIONS INVOLVED AN ACQUISITION OF 1,357,780 SHARES AND THE SALE OF 1,367,037 SHARES

A.10. Detail the conditions and term of the existing mandate from the Shareholders' Meeting to the Board of Directors to issue, buy back or transfer treasury shares:

The General Shareholders' Meeting, held on 29 June 2023, authorised the direct purchase of treasury shares by the Company or through Group companies, using any method of purchase, up to the maximum number of shares permitted by commercial legislation currently in force for a price equivalent to the price listed on the date each transaction takes place, granting said authorisation for a period of five years from the date of approval of this agreement, i.e., until 29 October 2028.

At said Meeting, it was agreed to render null and void, in relation to those agreements not executed, the authorisation granted at the General Shareholders' Meeting on 30 June 2022, and it was expressly agreed that the derivative acquisition operations of treasury shares would be carried out observing the conditions established in the applicable legislation and the commitments assumed by the Company at all times.

A.11. Estimated floating capital:

	%
Estimated floating capital	75.63

A.12. Indicate whether there are any restrictions (statutory, legislative or otherwise) on the transfer of securities and/or if there are any restrictions on the right to vote. In particular, please report the existence of any type of restriction that may hinder the takeover of the company through the acquisition of its shares on the market, as well as any prior authorisation or notification regimes applicable to the acquisition or transfer of the company's financial instruments under sectoral regulations:

[ ] Yes
[√] No

A.13. Indicate whether the General Shareholders' Meeting has agreed to adopt neutralisation measures in the event of a public takeover bid pursuant to the provisions of Law 6/2007:

[ ] Yes
[√] No

Where applicable, explain the approved measures and terms under which the restrictions shall become ineffective:

A.14. Indicate whether the company has issued securities that are not traded on a regulated EU market:

[ ] Yes
[√] No

Where applicable, indicate the different classes of shares and the rights and obligations that each class of shares confers:

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate and, where applicable, describe whether there are any differences with the minimum regime provided for in the Spanish Capital Companies Act with regard to the quorum required to constitute the General Shareholders' Meeting:

[ ] Yes
[√] No

B.2. Indicate and, if applicable, describe whether there are any differences with the regime provided for in the Capital Companies Act for the adoption of corporate resolutions:

[ ] Yes
[√] No

B.3. Indicate the rules applicable to modification of the Corporate By-laws. In particular, describe the majorities established to amend the Corporate By-laws and, where appropriate, the rules set forth for the protection of shareholders' rights when the Corporate By-laws are amended:

The rules applicable to the modification of the Corporate By-laws are those provided for in the Spanish Companies Act with no special feature in this regard.

B.4. Indicate the attendance figures for the General Shareholders' Meeting held in the financial year to which this report refers and those for the previous two financial years:

	Attendance figures				
General shareholders' meeting date	% attending in person	% by proxy	% by absent voting: Electronic vote	% by absent voting: Others	Total
29/06/2016	32.26	30.17	0.00	0.00	62.43
Of which floating capital	0.97	9.25	0.00	0.00	10.22
22/06/2017	34.87	28.91	0.00	0.00	63.78
Of which floating capital	6.50	5.04	0.00	0.00	11.54
27/06/2018	35.53	23.45	0.00	0.00	58.98
Of which floating capital	2.50	7.82	0.00	0.00	10.32
27/06/2019	25.80	26.98	0.00	0.00	52.78
Of which floating capital	2.07	3.20	0.00	0.00	5.27
27/07/2019	17.00	36.78	0.00	0.00	53.78
Of which floating capital	0.09	11.04	0.00	0.00	11.13
29/10/2020	23.80	22.00	1.70	0.25	47.75
Of which floating capital	0.00	2.62	1.70	0.25	4.57
30/06/2021	23.61	19.16	0.47	4.14	47.38
Of which floating capital	0.00	2.94	0.47	4.14	7.55
28/10/2021	23.75	23.14	0.47	0.35	47.71
Of which floating capital	0.00	6.79	0.47	0.35	7.61
16/12/2021	23.75	22.96	0.00	0.01	46.72
Of which floating capital	0.00	6.60	0.00	0.01	6.61
30/06/2022	23.96	22.98	0.01	0.02	46.97
Of which floating capital	0.23	6.64	0.01	0.02	6.90
29/06/2023	18.67	22.48	0.04	0.01	41.20
Of which floating capital	3.29	3.87	0.04	0.01	7.21

In order to carry out a comparative analysis of the attendance figures for the General Shareholders' Meetings that took place in 2023 and the previous two years, it must be taken into account that, exceptionally, due to the restrictions imposed by the risk to public health caused by the Covid-19 pandemic, the 2021 Ordinary General Shareholders' Meeting was held with exclusively remote attendance. Furthermore, the two Extraordinary General Shareholders' Meetings held in October and December 2021 to approve the merger of three subsidiary companies and the appointment of two independent directors, respectively, were held solely with remote attendance. The physical attendance percentage for the meetings held in 2021 derives from the fact that the directors were counted as physically present.

B.5. Indicate whether at the General Shareholders' Meetings held during the year there have been any items on the agenda that, for whatever reason, have not been approved by the shareholders:

[ ] Yes
[√] No

B.6. Indicate whether there is any statutory restriction establishing a minimum number of shares required to attend the General Shareholders' Meeting, or to vote absently:

[ ] Yes
[√] No

B.7. Indicate whether certain decisions, other than those established by law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval by the General Shareholder's Meeting:

[ ] Yes
[√] No

B.8. Indicate the address and mode of access on the company's website to information on corporate governance and other information on General Shareholders' Meetings that must be made available to shareholders through the Company's website:

The address of the company's website is www.tubosreunidosgroup.com, and information on Corporate Governance and other information on General Shareholders' Meetings that must be made available to shareholders is included in the Shareholder and Investor Information section of the website.

The video of the Ordinary General Shareholders' Meeting that took place on 29 June 2023 is available in the Ordinary General Shareholders' Meeting section at the following link: https://www.tubosreunidosgroup.com/en/investors/ordinary-general-shareholders-meeting

C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Corporate By-laws and the number set by the General Shareholders' Meeting:

Maximum number of directors	14
Minimum number of directors	5
Number of directors set by the General Shareholders' Meeting	11

The number of directors was set at 11 by resolution of the Extraordinary General Shareholders' Meeting held on 16 December 2021.

C.1.2 Complete the following table with the board members' details:

Name or company name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS MARÍA SICILIA SALVADORES		Independent	DIRECTOR	16/12/2021	16/12/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JORGE GABIOLA MENDIETA		Independent	INDEPENDENT COORDINATING DIRECTOR	30/05/2013	29/10/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA		Independent	DIRECTOR	30/01/2020	29/10/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR EMILIO YBARRA AZNAR		Proprietary	DEPUTY CHAIRMAN 1	16/08/1999	30/06/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR ALFONSO BARANDIARÁN OLLEROS		Proprietary	DIRECTOR	27/09/2013	30/06/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MS ANA ISABEL MUÑOZ BERAZA		Independent	DIRECTOR	07/05/2015	29/06/2023	GENERAL SHAREHOLDERS' MEETING RESOLUTION

Name or company name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS LETICIA ZORRILLA DE LEQUERICA PUIG		Proprietary	DIRECTOR	29/06/2004	30/06/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MS TERESA QUIRÓS ÁLVAREZ		Independent	DIRECTOR	16/12/2021	16/12/2021	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR CRISTÓBAL VALDÉS GUINEA		Proprietary	DIRECTOR	27/02/2018	30/06/2022	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR ENRIQUE MIGOYA PELÁEZ		Proprietary	DIRECTOR	31/05/2018	29/06/2023	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JOSU CALVO MOREIRA		Independent	CHAIRMAN	21/12/2023	21/12/2023	CO-OPTATION

Total number of directors	11

Indicate any stepping down from the Board of Directors during the reporting period, whether due to resignation or by resolution of the General Shareholders' Meeting:

Name or company name of the director	Category of the director at the time of the stepping down	Date of last appointment	Date of departure	Specialised committees of which they were a member	Indicate whether they left before the end of their term of office
MR FRANCISCO IRAZUSTA RODRIGUEZ	Executive	29/10/2020	31/08/2023	He was a member of the Executive Committee only	YES

Reason for stepping down, if before the term of office comes to an end and other remarks; information on whether the director has sent a letter to the other board members and, in the case of non-executive directors stepping down, an explanation or opinion from the director who has been removed by the General Shareholders' Meeting
As communicated to the market via Inside Information Communication dated 14 July 2023, the Board of Directors of Tubos Reunidos S.A. acknowledged on that date the notification sent on 13 July 2023 by Mr Francisco Irazusta Rodriguez, in which he communicated on his voluntary resignation as Executive Chairman of the Company and as a member of the Board of Directors, effective from 31 August 2023, to take on a new professional challenge at an international company outside Spain.

With regard to the reason for his resignation, Mr Francisco Irazusta stated the following in his letter concerning his decision to tenure his voluntary resignation:

"I have received a proposal for personal and professional international development outside Spain that is very important to me and my family. We have decided to embark on a new adventure and have therefore made this decision. I am confident that the Company's current situation has improved compared to when I joined in April 2020. I believe that both the great work the Board is doing and the great effort being put in by the management team will enable Tubos Reunidos to successfully implement its ambitious Strategic Plan."

In accordance with the Tubos Reunidos S.A. By-laws and the Regulations of the Board of Directors, from 31 August 2023 when Mr Irazusta effectively resigned from his duties, Deputy Chair Emilio Ybarra Aznar temporarily took over duties as chair until a new non-executive chair of the Board of Directors was appointed, and Mr Carlos López de las Heras remained on the executive management team as Managing Director.

On 27 June 2023, the Board of Directors formally approved the separation of the posts of non-executive chairman and chief executive, in line with best good corporate governance practice and with the aim of strengthening the Board of Directors' independence.

Mr Josu Calvo Moreira was appointed Independent Director at the Company by co-optation on 21 December 2023, as well as Non-Executive Chairman of the Board of Directors. The market was notified of this by means of a communication of Other Relevant Information on 21 December. Tubos Reunidos therefore strengthened its Board of Directors and its corporate governance model with a non-executive chairman, in order to navigate the demanding challenges facing the Group in the coming years.

Mr Josu Calvo Moreira does not have any executive powers at Tubos Reunidos and will maintain his current position as CEO of Gonvarri Industries.

The Board of Directors expressly thanked the Deputy Chairman Mr Emilio Ybarra Aznar for his huge contribution to the Company when temporarily acting as Chairman.

C.1.3 Complete the following tables on the board members and their different categories:

EXECUTIVE DIRECTORS		
Name or company name of the director	Post in the company organisation chart	Profile
No data		

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or company name of the significant shareholder they represent or who has proposed their appointment	Profile
MR EMILIO YBARRA AZNAR	MR EMILIO YBARRA AZNAR	He holds a degree in Law from the Complutense University of Madrid, a certificate in Business Administration from Harvard University in Boston and a Senior Management Programme certificate from IESE. In his professional activity, he has combined international and national experience, and has held various positions of responsibility in listed companies and financial institutions. He began his career as a Corporate Finance analyst at JP Morgan in Madrid, New York and London. In 1993, he joined the international expansion area of Prisa Group in Madrid and began a career in the communications sector, which continued when he moved to Vocento in 1995, where he stayed for 20 years. At Vocento he held responsibilities in the sales and marketing area. He was Managing Director of the daily newspapers La

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or company name of the significant shareholder they represent or who has proposed their appointment	Profile
		Rioja and El Correo (Bilbao) and assistant to the Managing Director of the newspaper ABC. He was also Chairman of CMVocento and Managing Director of Communications for the group. He is founding partner of and currently runs Kemet Corner, a strategic communications, brand image and public relations consultancy firm. He is Chairman of the Board of Directors of Mezouna S.L., and independent director of Elecnor, S.A., where he was a member of the Audit Committee until May 2022 and is currently Chairman of the Appointments, Remuneration and Sustainability Committee.
MR ALFONSO BARANDIARÁN OLLEROS	MR JOAQUÍN GÓMEZ DE OLEA MENDARO	Graduate in Law from the University of Deusto in Bilbao. MBA from the University of Houston, Texas. Creating Value Through Financial Management Program, University of Pennsylvania, The Wharton School. He began his professional career in 1995 at Tafisa in the financial department, moving in 1997 to the French consulting firm Cap Gemini and Gemini Consulting in the strategy area. At the beginning of 2005 he joined the start-up Secosol as Director of National and International Expansion, and he joined Kroll at the end of 2005 as Managing Director for Spain and Portugal until 2012. For more than two decades, he has been a director of several subsidiaries of the Elecnor Group. Furthermore, since 2005 he has sat on various boards of directors, having been a director of Santa Ana de Bolueta. He is currently a director of Tasdey S.A. (financial investment), Gapara S.L. (real estate), Geslurán (financial investment) and Effective Seaborne Engineering Solution, S.L. (a start-up linked to container shipping). As well as these positions, he is Chairman of the Board of Mapex, a production control technology company, Chairman of Inversiones Berrueco (search fund investment) and Chairman of Mapex (a leading company in the MES sector in Spain) and also holds the position of patron of the Gondra Barandiarán Foundation.
MS LETICIA ZORRILLA DE LEQUERICA PUIG	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Degree in Law from the University of Deusto in Bilbao. MBA from the Pontificia de Comillas University, ICADE Madrid. She began her professional career as a corporate banking manager at Santander Central Hispano. In 2000, she joined Payma Móviles. In 2003, she joined Euroquality as a sales consultant and Boxnox in 2005 as head of organisation and sales.
MR CRISTÓBAL VALDÉS GUINEA	ZORRILLA LEQUERICA PUIG GROUP CONCERTED ACTION	Mr Cristóbal Valdés holds a degree in law and a certification in economics from the University of Deusto (Bilbao) and an MBA from the Instituto de Empresa. He has extensive industrial and international experience. He began his professional career at companies such as

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or company name of the significant shareholder they represent or who has proposed their appointment	Profile
		Carrefour Spain, Leroy Merlin Spain, where he was Purchasing Director, and the Adeo Group in France, where he was International Product Director. In 2008, he joined Bergé Marítima as Chief Executive Officer for seven years, also managing the companies in which the Group has holdings and sitting on eight Boards of Directors linked to the Group. He was also Deputy Chairman of the port employers' association ANESCO. From 2015 to 2020, he was the Chairman of Venanpri Tools, the Tools division of the Venanpri Group, a Canadian-owned multinational group resulting from the merger of the former Ingersoll Tillage Group and Corporación Patricio Echevarría, which has more than 1,400 employees and a significant presence in Europe, North America (main market) and Latin America. He was a member of the Executive Committee of ADEGI (Employers' Association of Guipuzkoa). From 2020 to 2023 he was Managing Director and Sole Administrator of Jealsa Corporación Alimentaria, the second largest European manufacturer of canned food and other food products, with its own fleet and plants in Spain, Brazil, Chile and Guatemala. He is currently CEO of Alvic Group, a leading global corporation in the design, production and marketing of kitchen, bathroom, office and general decoration furniture, fixtures and fittings, owned by KKR, Arta Capital and the founding family. It has eight industrial plants in Spain, France and the United States and a commercial presence in over 100 countries. He is also Chairman of STRATAGEM, S.A.S.
MR ENRIQUE MIGOYA PELÁEZ	PECRI INVERSIÓN S.L. UNIPERSONAL	Mr Enrique Migoya Peláez holds a degree in Economics and Business Administration from the Autonomous University of Madrid; Management Development Programme and Corporate Management Programme at IESE. He is currently the Head of Industrial and Real Estate Equity Holdings (Strategy & M&A) at BBVA, where he manages the bank's investment portfolio. His professional career has been developed mainly in M&A activity, for seven years at the investment bank Goetzpartners, and the last 16 years in various positions at BBVA in both private equity and industrial portfolio management. He represents the bank as a director on several boards, including Informa D&B (where he is Chairman of the Audit Committee), CESCE, S.A. (where he is Chairman of the Appointments and Remuneration Committee), Corporación IBV Participaciones Empresariales S.A. (where he is Chairman of the Board of Directors), Neotec Capital Riesgo SCR, Coinversón Neotec SCR, Momentum Social Investment Holding S.L., PECRI Inversión S.L. (where he is Chairman of the Board of Directors), Inverahorro S.L. (where he is the Joint Administrator) and Crea Madrid Norte, S.A., and has participated on other boards such as at

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or company name of the significant shareholder they represent or who has proposed their appointment	Profile
		Occidental Hoteles or Textil Textura. He is also a Director of listed company METROVACESA, S.A.

Total number of proprietary directors	5
% of the total of the Board	45.45

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the director	Profile
MS MARÍA SICILIA SALVADORES	Degree in Law from the Complutense University and in Business Administration from San Pablo-CEU University, a Master's degree in Public and Economic Policy from the National Institute of Public Administration/ENA and the London School of Economics and Political Science (LSE), respectively, and she also has executive training from Harvard Business School. She has worked at Iberdrola Renovables as Head of Regulatory Foresight in 23 countries and as Deputy Director General of Energy Planning with the Spanish Government. She is currently Director of Strategy and Planning at Enagás, a global gas infrastructure company listed on the IBEX35, and is also an independent director of Soltec Power Holdings, and a proprietary director at the French company DualMetha, representing Enagás Emprende (a subsidiary of Enagás S.A.).
MR JORGE GABIOLA MENDIETA	A lawyer holding a law degree from the University of Deusto, he began his professional career in the audit division of Arthur Andersen, later moving to the legal and tax department at the same firm. In 1986, he joined Tubos Reunidos, where he assumed various responsibilities until 1996, when he was appointed Secretary of the Board of Directors of the parent company, a position he held from 2009 until 15 October 2018 as an independent freelancer with no employment or executive relationship with the Company. He has been a director of Tubos Reunidos S.A. since 30 May 2013, and was appointed Non-Executive Chairman of the Board of Directors on 15 October 2018. On 28 April 2020, he stepped down from his position as Non-Executive Chairman and was appointed Coordinating Director of Tubos Reunidos, S.A. He has also been the Secretary and a Member of the Board of Directors of Group companies such as Productos Tubulares and Almacenes Metalúrgicos. He is registered in the Official Registry of Auditors (ROAC) as non-practising. He is currently a Director of the company Vicinay, S.A. and Vicinay Marine, S.L. He is also a Director of Inmobiliaria del Club de Campo de la Sociedad Bilbaina, S.A.
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Mr Pérez Rodriguez-Urrutia has extensive experience of over 36 years in management roles in large companies, working as a CEO, Managing Director and Finance Director. Throughout his long professional experience, he has been Chairman of BNPP Real Estate in Spain, CEO of Occidental Hotels, CFO of Metrovacesa, Corporate Managing Director of Ence Group and CEO

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the director	Profile
	of Planeta DeAgostini, as well as CFO and Company Secretary at Abengoa. Within his leadership responsibilities in his executive functions, he has extensive experience working with financial institutions, regulators, investors and public institutions. He has also led corporate transformation processes in coordination with financial institutions, managing their financial and operational restructuring to recover profitability. He has extensive experience on boards of directors, having sat on the boards of Abengoa, Befesa, Telvent, Logista, French real estate investment trust Gecina, GMP, Levantina de Mármoles and Denarius, among others. He was also Senior Advisor at BNPRE and a member of Schindler's Advisory Board. He is currently a director of the companies Project Qsar Investments and Alto Minerals, S.L.U, and also leads the Circle of Entrepreneurs of Southern Spain (CESUR) in Madrid.
MS ANA ISABEL MUÑOZ BERAZA	Degree in Economics from the University of Zurich (Switzerland). Executive MBA from the University of Chicago. Member of the Advisory Committee of the University of Chicago. Member of the IWF Board (International Women's Forum) and Member of the Advisory Council of Spain Start Up. She has completed training courses for directors and corporate governance at the Instituto de Consejeros y Administradores (IC-A), as well as the High Performance Boards course at IMD in Switzerland. She has spent her career in the financial markets working at Merrill Lynch in Switzerland, England, the United States and Spain. She has led teams and sat on the Steering Committee in both Zurich and Madrid. Subsequently, she managed a Family Office in Spain. As a result of her international career, she speaks seven languages. She has been an independent director and Chairwoman of the Audit Committee of NATRA, S.A. and the representative of the corporate advisory company PIZMARGNA SERVICIOS DE CONSULTORIA S.L., in the unlisted company LANINVER S H C, S.L. She is currently an independent director of the company Ernesto Ventos, S.A.
MS TERESA QUIRÓS ÁLVAREZ	Degree in Economics and Business from the Faculty of Economics at Málaga University (1976–1981), the IESE Directors Programme (April–July 2021), the Executive Programme for Women in Senior Management at ESADE (October 2014–June 2015), the Executive Program at Harvard (May 2013), PDD at IESE (January–May 2010). The W2W Program (PWC) to help women in senior management become directors (October 2017–June 2018); she has been connected to the electricity industry, carrying out various duties at RED ELECTRICA CORPORACIÓN, where she has been CFO for the past seven years, and a member of the board and committees at various subsidiaries, carrying out duties related to risk management, administration and accounting, strategy and management control. She has also served as a director and Chairwoman of REE Finance BV, an independent director and a member of the Audit Committee of Grenergy Renovables, and an independent director and Chairwoman of the Audit Committee of Singular People, S.A. She is currently an independent director and a member of the Audit Committee at Corporación Acciona Energías Renovables S.A. (Acciona Energía) and an independent director, Chairwoman of the Audit Committee and member of the Sustainability Committee at Promotora de Informaciones, S.A. (PRISA).
MR JOSU CALVO MOREIRA	Mr Josu Calvo Moreira studied Economics and Business Studies at the University of the Basque Country, holds a Master of Arts in Economics of the European Community from the University of Exeter, United Kingdom and has several postgraduate degrees, including IESE's PDG (*Programa Dirección General* — General Management Programme). He started his career in 1993 as Senior Industrial Operations Consultant at Andersen Consulting, after which he joined

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the director	Profile
	Gonvarri Industries in 1997 as deputy to the Managing Director of Gonvarri Burgos. Since then, he has held various managerial positions at Gonvarri, including COO in 2008. Since 2010, he has been Chief Executive Officer (CEO) of Gonvarri Industries. In turn, he is currently a member of the Fundación SERES Board of Trustees and a member of the Board of Directors at Unesid. He also collaborates as an academic at IE Business School. He has vast experience on boards of directors in the industrial sector: he served as a proprietary director of Logesta from 2008 to 2010 and is currently a board member of several subsidiaries and investee companies of Gonvarri Industries, including Joint Ventures Internacionales, as well as Joint CEO of the company Green Cold Storage, S.L.

Total number of independent directors	6
% of the total of the Board	54.55

Indicate whether any director classified as independent receives from the company, or from its group, any amount or benefit for anything other than director's remuneration, or maintains or has maintained, during the last financial year, a business relationship with the company or with any company in its group, either in their own name or as a significant shareholder, director or senior executive of a company that maintains or has maintained such a relationship.

Where appropriate, please include a reasoned statement by the Board as to why it considers that such director is able to perform their duties as an independent director.

Name or company name of the director	Description of the relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS			
Please identify the other external directors and detail the reasons why they cannot be considered as proprietary or independent directors and specify their relationships, whether with the company, its executives or its shareholders.			
Name or company name of the director	Reasons	Company, director or shareholder with whom the relationship is maintained	Profile
No data			

Total number of other external directors	N/A
% of the total of the Board	N/A

Indicate the changes, if any, that have taken place in the category of each director over the period:

Name or company name of the director	Date of change	Previous category	Current category
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	23/02/2023	Other External	Independent

The director Mr Jesús Pérez Rodriguez was confirmed as independent by agreement of Board meeting that took place on 23 February 2023, based on a favourable report from the Appointments and Remuneration Committee. Prior to that date, and since his appointment as director on 30 January 2020 until 22 February 2023, he was classified as "Other External".

C.1.4 Complete the table below with the information about the number of female directors at the end of the last four financial years and the status of such directors:

	Number of female directors				% of total directors of each category			
	2023 Financial Year	2022 Financial Year	2021 Financial Year	2020 Financial Year	2023 Financial Year	2022 Financial Year	2021 Financial Year	2020 Financial Year
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	20.00	20.00	20.00	20.00
Independent	3	3	3	1	50.00	75.00	75.00	33.33
Other External					0.00	0.00	0.00	0.00
Total	4	4	4	2	36.36	36.36	36.36	20.00

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors, with respect to issues such as age, gender, disability or professional training and experience. Small and medium-sized enterprises, in accordance with the definition contained in the Accounts Audit Act, will have to report, as a minimum, on the policy that they have established in relation to gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

If yes, describe these diversity policies, their objectives, the measures and the way in which they have been implemented and their results in the financial year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors should also be indicated.

In case the company does not apply a diversity policy, explain the reasons why this is the case.

Description of the policies, objectives, measures and way in which they have been implemented, as well as the results obtained

Article 10.8 of the Regulations of the Board, approved on 27 January 2022 and which was reported to the General Shareholders' Meeting on 30 June 2022, establishes that the Board shall ensure that the selection procedures for directors favour diversity regarding gender, experience and knowledge that facilitate the selection of female directors and generally are free from implicit biases that may imply discrimination on the basis of gender, age, origin, religion, disability and sexual orientation. Article 26.A.b) thereof establishes that the Appointments and Remuneration Committee (ARC) should promote desirable diversity on the Board when it comes to gender by setting a representation objective for the least represented gender on the Board and develop guidelines and diversity policies on how to achieve this objective.

In years prior to 2022, the Company adopted an unwritten diversity policy within the Board, as demonstrated by the appointment of two female directors in December 2021. This meant that female representation increased significantly, rising from 20% to 36.36% of the total number of directors.

In 2022, the Board of Directors went a step further by establishing a Corporate Policy for the Selection of Directors and Diversity on the Board of Directors, which was approved by the Board of Directors on 27 October 2022 and is part of the Tubos Reunidos Group's corporate governance system.

The Policy aims to clearly set out the operational principles to be followed by the Board of Directors and the ARC for the selection, appointment and re-election of directors, both male and female. It also aims to promote an appropriate, balanced and diverse composition of the Board of Directors, without any discrimination, in order to achieve greater transparency, efficiency, momentum, supervision and control in the functions of management, oversight and representation of the Company that the Board performs.

The Policy explains that the necessary balance and diversity among directors enriches analysis and decision-making, and adds a variety of viewpoints and opinions to discussions about the matters within their remit. This promotes decision-making that takes into account the nature and complexity of the business, as well as the social and environmental context, and aims to ensure that the Board of Directors enjoys maximum independence, whilst complying with legal requirements and good governance recommendations regarding the composition and suitability conditions required for membership of the various Internal Supervisory Committees of the Board of Directors.

The Policy is guided by the following Core Values:
- Solvency, knowledge, competence and experience,
- Diversity of experience, knowledge and gender in the composition of the Board of Directors as a whole,
- Non-discrimination and equal treatment in the selection procedures for candidates for the position of member of the Board of Directors, whether on the basis of sex, age, origin, religion, disability, sexual orientation or for any other reason,
- Transparency in the selection of candidates for the position of director, providing all the necessary information that may be deemed appropriate in this regard to parties with a legitimate interest,
- Ethics and integrity requirements for candidates for the position of director.
- Compliance, supervision and monitoring of the applicable regulations and the principles of good governance, and adopting best practices in these matters.

The measures that the Policy establishes to achieve diverse balance of directors are the following: To achieve a balanced composition:

- To seek a large majority of non-executive directors with an appropriate balance between proprietary and independent directors, also ensuring that independent directors are adequately represented on the Board of Directors. In any event, as many independent directors as necessary will be appointed so that both the Audit Committee and the Appointments and Remuneration Committee can include the minimum number of independent directors required by law, who have the legally required skills and experience.
- Within the total number of external directors, the relationship between the number of proprietary directors and the number of independent directors shall, as far as possible, reflect the relationship between the proportion of the Company's capital that is represented by the proprietary directors and the remaining capital.
- In the proposal for the appointment of proprietary directors, the Board will consider the size in absolute and comparative terms of any significant stakes, as well as the degree of commitment and future relationships of the holders of such significant stakes.

To achieve a diverse composition:
- The selection procedures for directors will promote diversity regarding gender, experience and knowledge that facilitate the selection of female directors and generally are free from implicit biases that may imply discrimination on the basis of gender, age, origin, religion, disability and/or sexual orientation.
- Increasing the representation of the underrepresented gender within the Board of Directors will be encouraged, in line with the good governance recommendations.

The Policy was applied in practice in 2023 due to the need to fill a vacancy on the Board of Directors. In application of this corporate diversity policy, the search mandate granted in 2023 by the ARC to an external headhunting firm for the post of non-executive chairman of the Board of Directors placed special emphasis on including female candidates with the appropriate profile in the process.

C.1.6 Explain any measures that the Appointments Committee has agreed on to ensure that the selection procedures do not have implicit biases that hinder the selection of female directors and that the company deliberately seeks and includes women who meet the professional profile sought, and who enable the achievement of a balanced presence of women and men, among the potential candidates. Also indicate whether these measures include encouraging the company to have a significant number of senior female managers:

Explanation of the measures

The Appointments and Remuneration Committee has been expressly delegated the power to ensure gender equality in all processes of hiring new members to the Board of Directors, and this is reflected in practice with the latest additions to the Board, which took place on 16 December 2021. As a measure to ensure that the selection procedure was free from any type of implicit bias that would hinder the selection of female directors, the Appointments and Remuneration Committee gave specific instructions to the headhunting firm to deliberately search for women with the appropriate profile. Again in 2023, the Appointments Committee deliberately sought to include women with the appropriate professional profile as candidates in the selection process, as part of its mandate to find a non-executive chair.

The Appointments and Remuneration Committee also encourages the appointment of women to senior management roles, and has adopted the same measure in the selection processes carried out in 2023: Give specific instructions to the headhunting firm to deliberately search for women who match the appropriate profile.

When, despite the measures that may have been adopted, there are few or no female directors or senior managers, explain the reasons for this:

Explanation of the reasons

The Appointments and Remuneration Committee, chaired by a woman, has expressly stated its position in this respect, and has recorded in the minutes and informed the Board that it always ensures that, when filling new vacancies, both on the Board and in senior management, when the case arises, the selection process does not have implicit biases that hinder the selection of women. The percentage of female directors was 36.36% in 2023, the same level as in 2022. The percentage of women within the management body of the Group's most important subsidiary is 50%, and the percentage of female senior managers is 9.1% versus 8.33% in 2022. The Committee believes that this percentage is still low and upholds its objective of gradually achieving a higher percentage, and always keeps in mind the need to continue increasing gender diversity in its governing and management bodies and to expressly promote diversity of knowledge, experience and gender in the composition of the Board and senior management in every selection process, until a balanced composition is achieved, with an increasing proportion of women on the Board.

C.1.7 Explain the conclusions of the Appointments Committee on the verification of compliance with the policy aimed at favouring an appropriate composition of the Board of Directors.

The Appointments and Remuneration Committee has expressly stated its position in this respect, and has recorded in the minutes and informed the Board that it will always ensure that when filling new vacancies on the Board and in senior management, where appropriate, the selection process is free from implicit biases that hinder the selection of women.

The percentage of female directors increased significantly in 2021, from 20% in 2020 to 36.36% in 2021. To achieve this, the Committee carried out an orderly selection process, under the supervision of an independent third party, specifically an independent international headhunting firm specialising in the selection of directors, with a consensus that the most suitable candidates were Ms Teresa Quirós for the Audit Committee position and Ms María Sicilia for the position of Energy Sector/ESG. Consequently, following the selection process and the assessment of the candidates, the committee concluded that both have the knowledge and a professional profile that is qualified and suitable to carry out the functions of the position of independent director of the Company. It was deemed that their knowledge and experience offered the Board greater diversity when it came to profiles, and their appointment as independent directors enabled an increase in the number of members of this category on the Board, both of which were aligned with the good governance recommendations of listed companies.

The Company's Appointments and Remuneration Committee concluded that the most recent female director appointments complied with the Policy for the Selection of Directors and Diversity on the Board of Directors, and the appointment of both female directors has brought skills to the Board deemed valuable when it comes to the development of the Company's activity on the path towards energy transition and decarbonisation.

In 2023, the need to fill a vacancy on the Board arose and the Appointments and Remuneration Committee verified compliance with the Policy for the Selection of Directors and Diversity on the Board of Directors with a favourable conclusion. The Committee takes into account the need to comply with the aforementioned Policy in order to prepare the Board's succession plan.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital:

Name or company name of the shareholder	Reason
No data	

Indicate whether any formal requests for representation on the Board have been rejected by shareholders whose stake is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, give reasons why they were not accepted:

[ ] Yes
[√] No

C.1.9 Indicate the powers and authorities, if any, delegated by the Board of Directors, including those related to the possibility of issuing or buying back shares, to directors or Board committees:

Name or company name of the director or committee	Brief description
DELEGATE COMMITTEE	The Delegate Committee, also known as the Executive Committee, has general decision-making powers and, therefore, has express delegation of all powers that can be legally or statutorily delegated, unless decided otherwise when it is established or at a later time, which has not taken place. The participatory structure of the categories of directors on the Delegate Committee is similar to that of the Board itself, and the chair and secretary are the same as those of the Board of Directors. The Delegate Committee should keep the Board updated on matters dealt with and the decisions it makes. All members of the Board shall receive copies of the minutes of the Committee's meetings. The same rules of procedure apply to the Delegate Committee as to the Board of Directors. Notwithstanding the establishment of the Executive Committee, the Executive Committee may not exercise its functions or hold meetings if the Board considers that it is not necessary in the context of the Company's activity if considered so by the majority of the directors. The Delegate Committee did not meet in 2023.

C.1.10 Indicate the members of the Board, if any, who hold office as administrators, representatives of administrators or executives in other companies belonging to the listed company's group:

Name or company name of the director	Company name of the group entity	Position	Do they have executive powers?
No data			

C.1.11 Outline the positions of director, administrator or executive, or representative thereof, that the directors or representatives of directors who are members of the company's Board of Directors hold at other entities, whether or not they are listed companies:

Identification of the director or representative	Company name of the entity, whether it is listed or not	Position
MR EMILIO YBARRA AZNAR	ELECNOR, S.A.	DIRECTOR
MR JORGE GABIOLA MENDIETA	VICINAY, S.A.	DIRECTOR
MR JORGE GABIOLA MENDIETA	VICINAY MARINE, S.L.	DIRECTOR
MS TERESA QUIRÓS ÁLVAREZ	PROMOTORA DE INFORMACIONES, S.A. PRISA	DIRECTOR
MS TERESA QUIRÓS ÁLVAREZ	CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.	DIRECTOR
MS MARÍA SICILIA SALVADORES	SOLTEC POWER HOLDINGS, S.A.	DIRECTOR
MS MARÍA SICILIA SALVADORES	DUALMETHA	DIRECTOR
MR ENRIQUE MIGOYA PELÁEZ	METROVACESA, S.A.	DIRECTOR
MS ANA ISABEL MUÑOZ BERAZA	ERNESTO VENTOS, S.A.	DIRECTOR
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	ALTO MINERALS, S.L.U.	DIRECTOR
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	PROJECT QUASAR INVESTMENTS 2017, S.L.	DIRECTOR
MR ALFONSO BARANDIARÁN OLLEROS	INVERSIONES BERRUECO, S.L.	CHAIRMAN
MR ALFONSO BARANDIARÁN OLLEROS	ENGINYERIA MAPEX, S.L.	CHAIRMAN
MR ENRIQUE MIGOYA PELÁEZ	CREA MADRIDNUEVO NORTE, S.A.	DIRECTOR
MR EMILIO YBARRA AZNAR	MEZOUNA, S.L.	CHAIRMAN
MR JOSU CALVO MOREIRA	GONVARRI CORPORACION FINANCIERA S.L.	CEO
MR CRISTÓBAL VALDÉS GUINEA	GRUPO ALVIC FR MOBILIARIO, S.L.	CEO
MR CRISTÓBAL VALDÉS GUINEA	GRUPO ALVIC HOLDCO, S.L.	CEO
MR CRISTÓBAL VALDÉS GUINEA	STRATAGEM, S.A.S.	CHAIRMAN
MR EMILIO YBARRA AZNAR	THE KEMET CORNER, S.L.	SOLE ADMINISTRATOR
MR JOSU CALVO MOREIRA	GREEN COLD STORAGE, S.L.	CEO

Director Mr Enrique Migoya Peláez represents BBVA as a proprietary director on various boards of directors, including Informa D&B, S.A., CESCE, S.A., Corporación IBV Participaciones Empresariales S.A., Neotec Capital Riesgo SCR, Coinversión Neotec SCR, Momentum Social Investment Holding S.L., the indirect shareholder PECRI Inversión S.L. and Inverahorro, S.L.

Indicate, where appropriate, the other paid activities of the directors or representatives of the directors, regardless of their nature, other than those indicated in the table above.

Identification of the director or representative	Other paid activities
No data	

All the directors' remunerated activities are described above in section C.1.3) of this report.

C.1.12 Indicate and, if applicable, explain whether the company has established rules on the maximum number of company boards that its directors can sit on and, if applicable, where it is regulated:

[√] Yes
[ ] No

Explanation of the rules and identification of the document where it is regulated

Article 12. "Incompatibilities" sub-paragraph a) of the Board Regulations adopted on 27 January 2022 states that Directors who exercise the position of administrator in more than five companies whose shares are admitted to trading on domestic or foreign stock exchanges may not be appointed. Companies belonging to the same group shall be considered as one company.

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Remuneration accrued in the year in favour of the Board of Directors (thousands of euro)	980
Amount of funds accumulated by current directors through long-term savings systems with consolidated economic rights (thousands of euro)	
Amount of funds accumulated by current directors through long-term savings systems with unconsolidated economic rights (thousands of euro)	
Amount of funds accumulated by old directors through long-term savings systems (thousands of euro)	80

The amount of funds accumulated by former directors through long-term savings plans corresponds to the Executive Chairman until 31 August 2023, Mr Francisco Irazusta.

C.1.14 Identify the members of senior management who are not executive directors and indicate the total remuneration that they have accrued during the financial year:

Name or company name	Position/s
MR CARLOS LÓPEZ DE LAS HERAS	CEO
MR JAGOBA HERNÁNDEZ ARBULU	SUPPLY CHAIN DIRECTOR
MR SERGIO SAENZ SOLANO	DIGITAL TRANSFORMATION OFFICER
MR ANTON PIPAON PALACIO	DIRECTOR OF SUSTAINABILITY AND BUSINESS DEVELOPMENT
MR ALBERTO SANTAMARÍA RUBIO	INTERNAL AUDIT DIRECTOR
MR ANDONI JUGO ORRANTIA	INDUSTRIAL DIRECTOR, TUBOS PLANT
MS INÉS NÚÑEZ DE LA PARTE	SECRETARY GENERAL AND SECRETARY OF THE BOARD/DIRECTOR OF LEGAL COUNSEL

Name or company name	Position/s
MR FRANCESC RIBAS COLLELL	DIRECTOR OF TUBOS REUNIDOS AMERICA
MR JON BIKANDI ITURBE	INDUSTRIAL DIRECTOR, PRODUCTOS PLANT
MR PEDRO RODRIGUEZ SALOR	SALES DIRECTOR
MR IGNACIO BARON LÓPEZ	CHIEF FINANCIAL OFFICER

Number of women in senior management	1
Percentage of total members of senior management	9.10

Total remuneration of senior management (in thousands of euro)	5,813

Mr Pedro Rodriguez Salor was appointed on 1 March 2023.

Total remuneration includes part of the multi-year variable remuneration accrued in favour of certain members of senior management during the 2020–2023 financial years, vested and settled in the 2023 financial year and amounting to EUR 2.9 million. The aggregate remuneration accrued by senior management amounts to EUR 2.9 million, and includes the fixed remuneration accrued (including contributions to the social security system made on their behalf), the annual variable remuneration accrued in their favour in 2023, and the fixed remuneration accrued in 2019, 2020, 2021 and 2022, payment for which was in arrears and vested in 2023.

C.1.15 Indicate whether any modifications have been made to the Board Regulations during the financial year:

[√] Yes
[ ] No

C.1.16 Indicate the procedures for selecting, appointing, re-electing and removing directors. Describe the competent bodies, the processes followed and the criteria employed in each procedure:

Directors are appointed by the General Shareholders' Meeting in accordance with the provisions outlined in law, or provisionally by the Board of Directors in situations of co-option.

The Board of Directors shall endeavour, within the scope of its respective competences, to ensure that the appointment of candidates is carried out by persons of known ability, experience and prestige.

The Appointments and Remuneration Committee is assigned the following functions, amongst others, by the Board:
a) Report the proposals for appointments and re-election of directors and formulate the proposals of independent directors.
b) Report the proposals for the dismissal of members of the Board.
c) Verify the character of each director.
d) Assess the competencies, knowledge and experience required on the Board.

The proposals for the appointment and re-election of directors, which the Board submits to the General Shareholders' Meetings and the decisions regarding appointment to be taken by the Board, in accordance with the legally attributed powers of co-optation, shall be preceded by the corresponding proposal from the Appointments and Remuneration Committee in the case of independent directors, or by the aforementioned committee's supporting report, in the case of the other directors.

The proposals and reports from the Appointments and Remuneration Committee shall expressly assess the proposed candidate's worthiness, suitability, solvency, competence, experience, merits, qualification, training, availability to effectively perform their duties and commitment to their role. For this purpose, the Appointments and Remuneration Committee shall assess the availability based on the estimated dedication time, depending, among other elements, on the number of annual meetings scheduled for the non-executive directors, hereby recording the result in the corresponding report or proposal.

When the Board deviates from the Appointments and Remuneration Committee's report, it shall provide reasons for its action and shall record its reasons in the minutes.

When accepting their position, directors shall expressly recognise their commitment to defending the company's interests, which shall prevail over any other interest, whether private or related to third parties, and shall state whether they have any relationship with shareholders that hold a significant stake in the Company and report on any conflict of interest.

The re-election procedure is the same as the appointment procedure, with the exception of the co-option system, which does not apply.

Directors shall leave office at the end of the term for which they were appointed, unless they are re-elected, without prejudice to the powers of the General Shareholders' Meeting to remove them and the provisions of the Board Regulations.

C.1.17 Explain to what extent the annual assessment of the Board has given rise to major changes in its internal organisation and to the procedures applicable to its activities:

Description of modifications

The result of the Board's annual assessment in 2023 was satisfactory (the responses obtained to the issues raised by the external expert assessor to the directors were highly positive, showing great support and confidence in the work carried out by the Board, which is deemed effective). Therefore, no significant changes have been made to the organisation or procedures applicable to the activities of the Board of Directors for 2024, although possible areas for improvement have been identified to enhance the efficiency of the Board, its committees and positions, to consolidate and optimise strengths, and incorporate best practice and trends in corporate governance.

The external expert assessor has prepared action proposals and, based on these proposals, an Action Plan for 2024 has been prepared and approved to strengthen the value contribution of the Board of Directors to Tubos Reunidos.

It should be noted that preparation of meetings and information made available to directors is deemed highly positive and directors positively value the degree of knowledge that the Tubos Reunidos Board has on corporate governance and positively value the maintenance of a comprehensive and up-to-date corporate governance system. Although the structure, composition and size of the Board are deemed appropriate, the Board remains committed to forging ahead with a diverse and balanced composition, with a higher number of female directors.

Describe the assessment process and the areas assessed carried out by the Board of Directors assisted, where applicable, by an external consultant, with respect to the operation and composition of the Board and its committees and any other area or aspect subject to assessment.

Description of the assessment process and the areas assessed

The Board of Directors assessed the overall operation and effectiveness of the Board and its committees, and conducted an individual assessment of the coordinating director and the secretary of the Board, as professionals in the service of good corporate governance in 2023, with the help of an independent firm specialised in board assessment, Deloitte Legal, S.L.P. (hereinafter "Deloitte Legal"). The firm was appointed as an external expert to support the Board and its committees in assessing their activity in the 2023 financial year, in line with the Code of Good Governance (CGG) Recommendation no. 36, the scope of which has been extended by Technical Guide 1/2019 on Appointments and Remuneration Committees ("ARC Technical Guide") (section 7).

This evaluation was carried out through the comprehensive analysis of corporate information (minutes of the Board and committees, internal regulations, policies, other relevant information) and input by members of the Board through comprehensive questionnaires and in-person interviews with all Board members and the secretary.

The responses obtained from both the in-person interviews and the questionnaires were subsequently aggregated in order to analyse the conclusions obtained from a qualitative, quantitative and statistical standpoint. The information collected was processed anonymously, confidentially, jointly and in aggregate for the sole purpose of preparing the assessment report for the Board, its committees and posts. The questions asked both in the interviews and questionnaires were limited to the following assessed areas:

1) The quality and efficiency of the operation of the Board and its committees, including the effective use by the Board and its committees of member contributions.
2) The size, composition and diversity of the Board and its committees.
3) The performance of the coordinating director and the secretary/legal advisor.
4) The directors' performance and contribution, paying close attention to those responsible for the different Board committees.
5) The frequency and duration of meetings.
6) The content of the agenda and the adequacy of the time spent addressing the different matters according to their importance (taking into account examples or specific cases).
7) The quality of the information received.
8) The breadth and openness of discussions, avoiding group thinking.
9) Whether the decision-making process on the Board is dominated or strongly influenced by a member or a small group of members.
10) Functioning of the positions of the Board.

The assessment process has been carried out by the Appointments and Remuneration Committee with support from the secretary of the Board and with the expert help of Deloitte Legal. The assessment identified the strengths and possible areas for improvement of the Board (as a collegiate body) and its committees and positions, and an Action Plan was drawn up to strengthen the Board of Directors' value contribution to Tubos Reunidos in order to guarantee its growth and future sustainability, establishing the necessary metrics for subsequent assessments.

The operation of the Delegate Committee was not assessed since it did not meet in 2023, nor was the chairman individually assessed since he joined the Board on 21 December 2023.

The objective of the assessment is to ensure an efficient, cohesive and sustainable management body that is aligned with the Tubos Reunidos strategy.

The assessment process of the Board of Directors of Tubos Reunidos was based on the CNMV's recommendations and technical guidelines, on international codes of good governance and on best practice currently applied in this field, taking the latest trends and studies in national and international corporate governance into consideration. It also considered the new powers conferred on each body in the Board Regulations, the Audit Committee Regulations, the ARC Regulations and the new duties of directors imposed by said internal regulations.

C.1.18 For those years in which the assessment has been assisted by an external consultant, please break down the business relationships that the consultant or any company in its group has with the company or any company in its group.

The assessment on the operation of the Board, its committees and positions in 2023 was carried out with the support of Deloitte Legal S.L.P. as an expert external consultant.

The business relationships that Deloitte Legal or any company in its group maintained with the Company or any company in the Tubos Reunidos Group are as follows:

- Advice by Deloitte Advisory, S.L. on drafting the 2022 Non-Financial Information Statement and on taxonomy.
- Advice by Deloitte Advisory, S.L. for the Cybersecurity Project.
- Review by Deloitte Advisory, S.L. of the Internal Control over Financial Reporting (ICFR) system.
- Advise by Deloitte Legal S.L.P. to adapt the internal reporting system to the new Law 2/2023.
- Advice by Deloitte Advisory, S.L. on drafting the application for PERTE industrial decarbonisation subsidies.

C.1.19 Indicate the situations in which directors are obliged to resign.

Article 15 on "Resignation, separation and departure" of the Board Regulations adopted on 27 January 2022 establishes the following:

The directors shall leave their position when the period for which they were appointed has elapsed or when the General Shareholders' Meeting so decides.

The directors should report and, where appropriate, resign when situations arise affecting them, whether or not related to their actions in the Company itself, which could damage the credit and reputation of the Company and, in particular, they should inform the Board, via its secretary, of any criminal proceedings of which they are under investigation, as well as the procedural events thereof. Having been informed of or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board shall examine the case as soon as possible and, in view of the specific circumstances, shall decide, after a report from the Appointments and Remuneration Committee, whether or not to adopt any measure that is appropriate when it comes to the Company's interests, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. The Company shall report on the adoption of such measures in the annual corporate governance report.

The directors shall tender their resignation from the Board of Directors and formalise, at the Board's request, the corresponding resignation, in the following cases:

a) Where, due to unexpected circumstances, they are subject to any of the legally provided disqualifications and conflicts.

b) Where, due to acts or conduct that are attributable to the director, serious damage has been caused to the Company's equity or the reputation and credit of the Company or if the Company or any of the Group companies are facing the risk of criminal liability.

c) When they are convicted of a criminal offence or are subject to disciplinary sanctions due to serious or very serious misconduct as a result of proceedings conducted by the supervisory authorities.

d) When they lose the integrity, suitability, solvency, competence, availability or commitment to their role that is necessary to be a Company director.

e) In particular, where the activities carried out by the director, or the companies which they directly or indirectly control or the natural persons or legal entities who are shareholders or who are linked to a shareholder, may compromise their independence or suitability.

f) When they are reprimanded by resolution of the Board for having seriously violated their duties as directors, due to a reasoned agreement adopted by a majority of at least two-thirds of the directors, prior to the proposal and report from the Appointments and Remuneration Committee.

g) Where their position on the Board may put at risk for any reason, directly, indirectly or through the individuals associated with them, the fair and diligent exercise of their functions in accordance with the Company's interests.

h) When no more reasons exist for their appointment and, in particular, in the case of proprietary directors, when the shareholder or shareholders who proposed, demanded or determined their appointment, sell or transmit all of part of their stakes with the consequence of losing this condition of being significant or sufficient to justify the appointment, or decrease it by a percentage that would recommend a reduction in the number of external proprietary directors proposed by the shareholder. In the case of executive directors when they cease to exercise the posts, responsibilities or functions associated with their appointment.

i) When an independent director unexpectedly incurs in any of the circumstances that may prevent them from continuing to be considered as such, in accordance with the provisions of the law.

The members of the committees and the chief executive officers shall automatically cease to hold their position when they cease to be directors.

C.1.20 Are qualified majorities, other than legal majorities, required for any type of decision?

[ ] Yes
[√] No

If applicable, describe the differences.

C.1.21 Explain whether there are specific requirements, other than those relating to directors, to be appointed chairman of the Board of Directors:

[ ] Yes
[√] No

C.1.22 Indicate whether the By-laws or Board Regulations establish an age limit for directors:

[ ] Yes
[√] No

The Board Regulations, adopted on 27 January 2022, do not set limits and have removed the issue of age as a cause for making the position of director available. Previously, the age limit was 70 for external directors and 65 for executive directors.

C.1.23 Indicate whether the By-laws or Board Regulations establish a limited mandate or other additional more stringent requirements to those legally set for independent directors other than those included in the regulations:

[ ] Yes
[√] No

C.1.24 Indicate whether the By-laws or Board Regulations establish specific rules for delegating votes on the Board of Directors in favour of other directors, how it is done and, in particular, the maximum number of delegations a director may have and if any limitation has been established with regard to the categories that can be delegated to, beyond the limitations imposed by legislation. Where applicable, give a brief description of the rules.

In accordance with Article 29 of the Board Regulations, directors must attend the Board's meetings and, where they cannot do so personally, they must delegate their representation in writing in favour of another director, together with the exact instructions for voting. Therefore, directors may be represented on the Board by other directors in the customary manner and there is no maximum number of proxies or limitation on the category of director that may be appointed as proxy, with one exception: Non-executive directors may only delegate to another non-executive director.

On the other hand, representation may not be delegated in relation to matters in respect of which the director finds themselves in any situation involving a conflict of interest.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate the number of times the Board has met without the chairman in attendance. Representations with specific instructions shall be regarded as attendance for the purposes of the calculation.

Number of Board meetings	15
Number of Board meetings without the chairman in attendance	5

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or proxy representation of any executive director:

Number of meetings	6

Indicate the number of meetings held by the various Board committees during the year:

Number of AUDIT COMMITTEE meetings	7
Number of APPOINTMENTS AND REMUNERATION COMMITTEE meetings	6
Number of DELEGATE COMMITTEE meetings	0

In 2023, five meetings of the Board of Directors (the ordinary meetings of September, October, November and December and the extraordinary meeting in September) took place without the chairman in attendance, due to the voluntary resignation of the previous Executive Chairman, Mr Francisco Irazusta. At those meetings, the Deputy Chairman, Mr Emilio Ybarra Aznar, by virtue of the resolution of the Board of Directors dated 27 July 2023 and the provisions of Article 18 of the Regulations of the Board of Directors, temporarily replaced the Chairman of the Board of Directors, with all his powers and responsibilities.

The coordinating director's contact with the other directors is fluid and permanent, and it has not been necessary for this to take place in formal Board meetings in the absence of the executive director. However, in the exercise of their functions, the coordinating director has held meetings and discussions, in person and remotely, with different directors, and especially with the chairs of the supervisory committees, to find out their concerns.

C.1.26 Indicate the number of meetings held by the Board of Directors over the year and the data on attendance of its members:

Number of meetings attended in person by at least 80% of the directors	15
Attendance in person as a % of total votes during the financial year	100.00
Number of meetings with in-person attendance or proxies appointed with specific instructions, of all the directors	15

% of votes cast with attendance in person and proxies appointed with specific instructions, out of total votes during the financial year	100.00

C.1.27 Indicate whether the individual and consolidated annual accounts presented to the Board for preparation have been previously certified:

[√] Yes
[ ] No

Identify, where applicable, the person(s) who has/have certified the Company's individual and consolidated annual accounts, for their preparation by the Board:

Name	Position
MR CARLOS LÓPEZ DE LAS HERAS	CEO
MR IGNACIO BARON LÓPEZ	CHIEF FINANCIAL OFFICER

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the annual accounts submitted by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

Throughout the year, the Audit Committee continuously monitors the processes for preparing the Financial Information and the Internal Control System.

• The Internal Control over Financial Reporting System is updated to include all the aspects necessary for preparing the Financial Information (including regulatory changes).

• The external auditor submits the planning and progress of their work to the Audit Committee and the Board of Directors, as well as the draft of their audit report on the individual and consolidated accounts prior to the formulation of the accounts.

• In the event of possible qualifications in the draft auditors' report, the Board of Directors will take all possible measures to make up for them.

C.1.29 Is the secretary of the Board a director?

[ ] Yes
[√] No

If the secretary is not a director, complete the table below:

Name or company name of the secretary	Representative
MS INÉS NÚÑEZ DE LA PARTE	TUBOS REUNIDOS, S.A.

C.1.30 Indicate the specific mechanisms established by the Company to preserve the independence of external auditors, as well as the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions were implemented in practice.

One of the Audit Committee's functions is to guarantee the independence of the statutory auditor. To this end, it carries out the following specific activities:

• Recurring meetings with the statutory auditor, both in the presence of members of the company's management and alone, in which, among other issues, monitoring is carried out to ensure that there are no issues that would jeopardise the Auditor's independence in relation to the Company.

• Meetings with the auditor within the Audit Committees, where their independence was specifically addressed.

• The Audit Committee must authorise all services contracted to the auditor, regardless of their nature.

• Analysis and authorisation of the auditor's fees, by all the items.

• Receipt and analysis of an annual written confirmation from the auditor in relation to their independence, in accordance with the Technical Auditing Standard (*Norma Técnica de Auditoría*) (NIA – ES) 260 (revised) and Article 529 of the Spanish Capital Companies Act.

• Issuance, by the Audit Committee, of a detailed report on the work carried out in connection with the analysis of the external auditor's independence, which is presented to the General Shareholders' Meeting.

C.1.31 Indicate whether the Company has changed external auditors over the year. If so, indicate the outgoing and incoming auditor:

[ ] Yes
[√] No

In the event that there were disagreements with the outgoing auditor, explain the content of these:

[ ] Yes
[√] No

C.1.32 Indicate whether the audit firm performs other non-audit work for the Company and/or its Group and, if so, state the amount of fees received for such work and the percentage that the above amount represents of the fees invoiced for audit work to the Company and/or its Group:

[√] Yes
[ ] No

	Company	Group companies	Total
Amount for non-audit work (thousands of euro)	66	0	66
Amount for non-audit work/Amount for audit work (in %)	54.31	0.00	37.59

C.1.33 Indicate whether the audit report of the previous year's annual accounts is qualified. If applicable, indicate the reasons given to the shareholders at the General Shareholders' Meeting by the chair of the Audit Committee to explain the content and scope of such qualifications:

[ ] Yes
[√] No

C.1.34 Indicate the number of financial years in which the current audit firm has been consecutively carrying out the audit of the Company's individual and/or consolidated annual accounts. Likewise, indicate how many years the current firm has been auditing the annual accounts as a percentage of the total number of years over which the annual accounts were audited:

	Individual	Consolidated
Number of consecutive financial years	5	5

	Individual	Consolidated
No. of financial years audited by the current auditing firm/No. of financial years the Company or its Group has been audited (%)	12.82	12.82

C.1.35 Indicate and, where appropriate, provide details of whether there is a procedure to ensure that directors have the necessary information to prepare for meetings of the governing bodies in sufficient time:

[√] Yes
[ ] No

Describe the procedure

Article 31 of the Board Regulations establishes that directors must have sufficient and adequate information to exercise their duties and, in order to obtain this information, they are vested with the widest powers to inform themselves about any aspect of the Company, examine its books, records, documents and other records relating to the Company's operations, inspect all of its facilities and communicate with members of the Company's senior management. These powers extend to subsidiaries of the Group, whether domestic or foreign.

In order not to disrupt the day-to-day management of the Company, the exercise of the aforementioned powers is channelled in advance through the secretary of the Board of Directors, who will act on behalf of the chairman and may directly provide the information or offer the appropriate interlocutors.

The chairman may restrict, only exceptionally and temporarily, access to specific information, only when, in his duly motivated view, it is unnecessary or detrimental to the Company's interests, except where such a request comes from at least one-third of the members of the Board. In any event, the chairman shall communicate this to the other members of the Board.

The Board or any of its members may, through the secretary of the Board, organise and request presentations in connection with the Company's business, as well as request that specific spaces be allocated, within the Board's sessions, for the presentation of issues of relevance to the Group.

The agenda for Board meetings should clearly state those points on which the Board is to adopt a decision or resolution so that the directors can study or obtain the information necessary for its adoption beforehand.

All information is channelled by the secretary of the Board and distributed to the directors through a specific computer platform that guarantees the information's security and confidentiality, and facilitates the performance of the directors' duties and powers related to information, as well as access to training materials aimed at the directors. This implementation, which is administered by the secretary of the Board of Directors, incorporates information that is deemed appropriate for the preparation of the meetings of the Board and its committees.

The documentation corresponding to the items on the meeting agendas shall be sent to the members of the Board and, where appropriate, to the committees, sufficiently in advance to be able to prepare for the meetings. Likewise, the director may obtain, with the broadest powers, the information and advice that they may require on any aspect of the Company, provided that this is necessary for the performance of their duties.

C.1.36 Indicate whether the Company has established rules obliging directors to inform and, where appropriate, to resign when situations arise that affect them, whether or not related to their actions in the Company itself, which could damage the credit and reputation of the Company:

[√] Yes
[ ] No

Explain the rules

The Company has established rules obliging directors to inform and, where appropriate, to resign when situations arise that affect them, whether or not related to their actions in the Company itself, which could damage the credit and reputation of the Company.

Article 15.3) of the Board Regulations establishes that directors should report and, where appropriate, resign whenever situations that affect them arise, whether or not they are related to their actions in the Company itself, that could damage the credit and reputation of the Company and, in particular, they should inform the Board, via its secretary, of any criminal proceedings in which they are under investigation, as well as the procedural events thereof.

C.1.37 Indicate, unless special circumstances have arisen which have been recorded in the minutes, whether the Board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to their performance in the Company itself, which could damage the credit and reputation of the Company:

[ ] Yes
[√] No

C.1.38 List any significant agreements entered into by the Company which come into force, are amended or terminate in the event of a change of control in the Company following a takeover bid, and their effects.

The Company has not entered into any agreement in 2023 as set out in this section.

C.1.39 Identify individually in the case of directors, and in aggregate form in all other cases, and give details of any agreements between the Company and its directors, management or employees that provide for indemnities, guarantee or golden parachute clauses when they resign or are dismissed without just cause or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries	0
Type of beneficiary	Description of the agreement
None	None of the directors in office as of 31 December 2023 or as of the date of this report had or have agreed to any indemnification in the event of termination, early retirement or cessation of their directorship. There are no indemnity, guarantee or golden parachute clauses in favour of senior management members when they resign or are dismissed without just cause or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Indicate whether, apart from the cases provided for in regulations, these agreements must be reported to and/or approved by the bodies of the Company or its Group. If applicable, specify the procedures, the circumstances envisaged and the nature of the bodies responsible for approving or communicating those agreements:

	Board of Directors	General shareholders' meeting
Body that authorises the clauses	√	

	Yes	No
Is the General Shareholders' Meeting informed about the clauses?	√	

C.2. Committees of the Board of Directors

C.2.1 List all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that form part of them:

AUDIT COMMITTEE		
Name	Position	Category
MS MARÍA SICILIA SALVADORES	MEMBER	Independent
MR JORGE GABIOLA MENDIETA	MEMBER	Independent
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	MEMBER	Independent
MS TERESA QUIRÓS ÁLVAREZ	CHAIRMAN	Independent
MR ENRIQUE MIGOYA PELÁEZ	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	20.00
% of independent directors	80.00
% of other external directors	0.00

Explain the duties, including, if applicable, those additional to those provided for by law, attributed to this Committee; and describe its procedures and rules of organisation and operation. For each of these duties, indicate its most important actions during the financial year and how each of the duties attributed to it, either by law or in the Corporate By-laws or other corporate resolutions, have been carried out in practice.

The Audit Committee is a body with information, advice and proposal-related powers and has the following non-executive functions: Inform the Board of matters within its remit and, specifically, those related to financial information and the management report, as well as mandatory non-financial information; and creating and acquiring holdings in special purpose entities or entities domiciled in tax havens.
Inform the Board as to operations with related parties, both those that are to be approved by the General Shareholders' Meeting and the Board of Directors, verifying their fairness and transparency, and supervising the internal procedure established for those operations whose approval has been delegated.
Monitor and assess the preparation process and integrity of the mandatory financial and non-financial information, reviewing compliance with regulatory requirements, the appropriate limit of the scope of consolidation and the correct application of accounting criteria.
Monitor the effectiveness of internal control systems, internal auditing, as well as financial and non-financial risk management systems (including systems related to tax and reputation, corruption and fraud, and operational, technological, legal, social, environmental and politically related systems).
Review the risk policy and, where appropriate, propose its modification and update.
Guarantee the independence of the internal audit unit, receive information on its activities and ensure that senior management takes into account its findings and recommendations.
Monitor the activity and effectiveness of the Compliance and Internal Audit areas and guarantee their independence.
Propose the selection, appointment, re-election and termination of Compliance and Internal Audit managers and Internal Control and Risk Management managers; propose their budgets; approve the annual guidance and work plan, receive information on their activities and ensure that senior management takes into account conclusions and recommendations.
Establish and supervise a mechanism to communicate potential significant irregularities, including financial and accounting irregularities.
Submit to the Board, for its submission to the General Shareholders' Meeting, proposals for the selection, appointment, re-election and replacement of the statutory auditor, as well as the terms of their recruitment and relations with them, taking responsibility for the selection process, and receive regular information on the audit plan and its implementation, and monitor and preserve their independence.
Propose to the Board the policy relating to selection, recruitment and relations with the statutory auditor.
Establish appropriate relationships with the statutory auditor to receive information on issues that may jeopardise their independence and any other audit-related matters, and, where appropriate, the authorisation of other services.
Ensure that the statutory auditor's remuneration does not compromise their quality or independence and, in the event of resignation, examine the circumstances that led to the resignation and monitor the content of the mandatory communication to the CNMV.
Ensure that the statutory auditor holds an annual meeting with the Board to inform it of the work performed and the development of the Company's accounting and risk situation.

Receive annually from the external auditor the declaration of their independence, as well as detailed and individualised information on additional services of any kind that have been provided and the corresponding fees collected in accordance with the provisions of the regulations governing statutory audit activity.
Issue an annual report on the independence of the statutory auditor.
Propose to the Board the appointment of the verifier of the mandatory sustainability information.
Ensure that the annual accounts submitted by the Board to the General Shareholders' Meeting are drawn up in accordance with the accounting rules, reporting on the outcome of the audit on the annual accounts and, where the auditor has included any qualifications in the report, the Audit Committee's views on its content and scope.
Inform the General Shareholders' Meeting of the matters raised by shareholders, within their remit.
As long as the Board has not formally delegated this power to another specific committee that has been constituted for this purpose, monitor compliance with the Company's policies and rules on environmental, social and corporate governance aspects.
Analyse the structural and corporate changes that the Company plans to make regarding economic conditions and accounting impact for prior reporting to the Board and, where appropriate, regarding the proposed exchange equation.
During 2023, the Audit Committee's most important activities were related to: a) supervision of biannual financial information, b) audit of the annual accounts for the financial year, c) control of operational risks d) updating of the Corporate Risk Map, e) internal control over financial reporting system (ICFR) and f) adaptation of regulatory compliance activity and regulations to the new Law 2/2023 of 20 February on the Protection of Persons Who Report Regulatory and Anti-Corruption Infractions.
The Audit Committee met on seven occasions in 2023.

Identify the directors who have been appointed to the Audit Committee on the basis of their knowledge and experience in accounting and/or auditing and provide information on the date of appointment of the chair of the Audit Committee.

Names of directors with experience	MS MARÍA SICILIA SALVADORES / MR JORGE GABIOLA MENDIETA / MR JESÚS PÉREZ RODRIGUEZ-URRUTIA / MS TERESA QUIRÓS ÁLVAREZ / MR ENRIQUE MIGOYA PELÁEZ
Date of appointment as chair	16/12/2021

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MS MARÍA SICILIA SALVADORES	MEMBER	Independent
MS ANA ISABEL MUÑOZ BERAZA	CHAIRMAN	Independent
MR CRISTÓBAL VALDÉS GUINEA	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties, including, if applicable, those additional to those provided for by law, attributed to this Committee; and describe its procedures and rules of organisation and operation. For each of these duties, indicate its most important actions during the financial year and how each of the duties attributed to it, either by law or in the Corporate By-laws or other corporate resolutions, have been carried out in practice.

The Appointments and Remuneration Committee (ARC) consists of a minimum of three and a maximum of five directors, all non-executive. At least two are independent and are designated taking into account the necessary knowledge, skills and experience and the tasks of the Committee. Its main mission is to contribute to the attraction and retention of talent, ensuring that the Company has the best professionals on its governing bodies and in senior management. It shall verify selection and remuneration policies' consistency with the Company's strategy, including sustainability, diversity, long-term profitability and risk-taking, notifying the Board if any inconsistencies are found.

The Board shall appoint the chair of the Appointments and Remuneration Committee, who shall be independent. The Appointments and Remuneration Committee independently exercises the following functions:

Assess the competencies, knowledge and experience required on the Board. For these purposes, it will define the necessary duties and skills of the candidates to fill each vacancy and assess the precise time and effort required for them to effectively fulfil their duties.

Promote desirable gender diversity on the Board by setting a representation target for the least represented gender and developing diversity guidelines and policies on how to achieve this, and verify compliance with these policies on an annual basis.
Formulate and submit to the Board proposals for the appointment of independent directors via co-optation or their submission to the General Shareholders' Meeting for approval, as well as proposals for the re-election or separation of directors by the General Shareholders' Meeting.

Report on the proposals for the appointment of the remaining directors by co-optation on to the Board or for their submission to the Board for approval, as well as the proposals for their re-election or separation by the Board.
Report on or formulate proposals for the appointment of the Board's internal positions as well as for the members of the committees, checking and approving that the necessary knowledge and experience are met.
Verify the character of each director and establish whether they meet the requirements for appointment as executive director, independent external director, external proprietary director or, where appropriate, other external director.
Report on the proposals for the appointment and separation of the secretary of the Board and senior managers and propose the basic conditions of their contracts.
Consider the application of any director to consider potential candidates to fill director vacancies.
Review and organise the succession of the chairman and other Board positions, as well as the chief executive of the Company and the rest of the executive management, and, where appropriate, make proposals to the Board for the aforementioned succession to take place in an orderly and planned manner, in accordance with the succession plan approved by the Board.
Propose to the Board and regularly review the remuneration policy of the directors, senior management, the committees of the Board or the chief executive officers, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring that they are observed.
Check the application and observance of the directors' and the senior management's remuneration policy established by the Company and ensure that the individual remuneration of each director and/or senior manager is in proportion to the remuneration paid to the other directors and senior managers of the Company.
Coordinate the assessment on the operation of the Board and its committees, and submit the results of said assessment together with a proposal for an action plan, if appropriate.
Ensure any conflicts of interest do not prejudice the independence of its external advisers.
Verify the information on the remuneration of the directors and senior managers contained in the various corporate documents, including the annual report on directors' remuneration.

In order to carry out its functions optimally, the Appointments and Remuneration Committee may seek the advice of external professionals.

During 2023, the Appointments and Remuneration Committee's most important actions were related to:
a) The closure of remuneration for 2022 and proposal for 2023; b) The targets of the management team for 2023; c) The assessment on the operation of the Board and its committees in 2022; d) The selection of the new sales director; and e) The selection of the non-executive chairman.

The Appointments and Remuneration Committee met six times in 2023.

DELEGATE COMMITTEE		
Name	Position	Category
MR JORGE GABIOLA MENDIETA	MEMBER	Independent
MR EMILIO YBARRA AZNAR	MEMBER	Proprietary
MR CRISTÓBAL VALDÉS GUINEA	MEMBER	Proprietary
MR ENRIQUE MIGOYA PELÁEZ	MEMBER	Proprietary
MR JOSU CALVO MOREIRA	CHAIRMAN	Independent

% of executive directors	0.00
% of proprietary directors	60.00
% of independent directors	40.00
% of other external directors	0.00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9, and describe the committee's procedures and rules of organisation and operation. For each of these duties, indicate its most important actions during the financial year and how each of the duties attributed to it, either by law or in the Corporate By-laws or other corporate resolutions, have been carried out in practice.

The Delegate Committee has general decision-making powers and, therefore, has express delegation of all the power that can be legally or statutorily delegated, unless otherwise decided when it is established or at a later time, which has not taken place.

In the Delegate Committee, also called the Executive Committee, the participatory structure of the different categories of directors is similar to that of the Board itself, and the chair and secretary are the same as those of the Board of Directors. The same rules of procedure apply to the Delegate Committee as to the Board of Directors.

The Delegate Committee did not meet in 2023.

C.2.2 Complete the following table with information about the number of female directors on the committees of the Board of Directors at the close of the last four financial years:

	Number of female directors							
	2023 Financial Year		2022 Financial Year		2021 Financial Year		2020 Financial Year	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	2	40.00	2	40.00	1	33.33	1	33.33
APPOINTMENTS AND REMUNERATION COMMITTEE	2	66.66	2	66.66	1	33.33	1	33.33
DELEGATE COMMITTEE	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 Indicate, where applicable, the existence of regulations governing the Board committees, where they are available for consultation, and any amendments made during the financial year. Also indicate whether any voluntary annual report on the activities of each committee has been prepared:

The Board Committees are regulated by the Regulations of the Board of Directors, which are available on the Company website, (www.tubosreunidos.com) in the "Shareholders and Investors" section. The Regulations can also be consulted on the website of the Spanish National Securities Market Commission (CNMV).

On 27 January 2022, the Board approved the new consolidated text of the Regulations of the Board of Directors, which was communicated to the CNMV and duly registered in the Commercial Registry of Álava.

Complying with the objective set in 2022 of improving the company's corporate governance, the Board of Directors expanded its internal regulatory framework in line with best practice and approved the new Audit Committee Regulations on 21 December 2023, which specifically regulate the operation of the committee and establish the basic rules for its organisation. Said regulations were made available to shareholders on the Company's website, in the Shareholders and Investors section: www.tubosreunidosgroup.com/es/ investors/reglamento-de-la-comision-de-auditoria.

Moreover, after the close of the 2023 financial year, the Board approved the Appointments and Remuneration Committee Regulations on 25 January 2024, which specifically set out the basic rules of its organisation, powers, guiding principles, the system for its operation and duties, as well as the rules governing the relationship with other Company bodies and members of Management, in addition to the obligation to assess their performance.

A voluntary annual report on the activities of the Audit Committee was prepared and, for the first time in 2023, an annual report on the activities of the Appointments and Remuneration Committee was prepared on a voluntary basis. Both reports were made available to shareholders sufficiently in advance of the General Shareholders' Meeting.

D. RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1. Explain, where applicable, the procedure and competent bodies for approving related-party and intra-group transactions, indicating the general internal criteria and rules of the entity that regulate the affected directors' or shareholders' obligations to abstain and outlining the internal procedures on information and regular controls established by the Company in relation to those related-party transactions whose approval has been delegated by the Board of Directors.

Article 25.8(c)(f) of the Board Regulations and Article 7(e)(b) of the recently approved Audit Committee Regulations establish that the Audit Committee must report in advance to the Board on transactions with related parties, both those that are to be approved by the General Shareholders' Meeting and the Board, verifying their fairness and transparency, and supervising the internal procedure established by the Company for any transactions for which approval has been delegated.

Article 6.5(q) of said Regulations reserves the Board's direct knowledge of the approval, prior to the report from the Audit Committee, of related-party transactions (as defined by law) whose amount or value is less than 10% of the total items of the asset according to the last approved annual balance sheet, and the submission of the proposal to the General Shareholders' Meeting for the approval of related-party transactions that exceed that percentage.

The Audit Committee is responsible for ensuring that related-party transactions are fair and reasonable from the Company's perspective and, where appropriate, from the perspective of shareholders other than the related party. In the case of related-party transactions whose approval may be delegated in accordance with the provisions of the Board Regulations, a prior report from the Committee shall not be required. Nonetheless, the Committee shall be involved in the regular internal information and control procedure established by the Board in relation to said transactions, in order to ensure the fairness and transparency of such transactions and, where appropriate, ensure compliance with the legal criteria applicable for implementing the aforementioned delegation.

The Board may delegate the approval of related-party transactions between companies that form part of the Group that are carried out under the scope of day-to-day management and under market conditions, as well as those transactions that are concluded under contracts whose standardised conditions are applied together to a large number of customers, and carried out at prices or rates established on a general basis by the party acting as the supplier of the goods or service concerned, the amount of which does not exceed 0.5% of the Company's net turnover.

Furthermore, if the related-party transaction affects related individuals who are subject to the Internal Rules of Conduct, the provisions of section D.6, the applicable procedure related to conflicts of interest arising from the aforementioned related-party transactions, shall apply.

The Company reports that Article 7.E.b) of the recently approved Audit Committee Regulations establishes that the Audit Committee shall prepare, within the first six months following the close of each financial year at the Company, a report on the related-party transactions for which it issued a report, which shall be made available to shareholders on the Company's corporate website for when the Ordinary General Shareholders' Meeting is called. It is also established that the Committee shall inform the Appointments Committee of any related-party transactions that may affect the category to which the directors are assigned.

D.2. Individually report transactions that are significant due to their amount or that are relevant due to their subject area carried out between the Company or its dependent entities and the shareholders that hold 10% or more of the voting rights or that are represented on the Company's Board of Directors, indicating which competent body authorised their approval and whether any shareholder or director concerned abstained. If the Board has the jurisdiction, indicate whether the proposal for an agreement was approved by the Board without the vote against from the majority of the independent directors:

	Name or company name of the shareholder or any of their subsidiaries	% Holding	Name or company name of the company or subsidiary	Amount (thousands of euro)	Approving body	Identification of the significant shareholder or director who would have abstained	The proposal to the General Shareholders' Meeting, if any, was approved by the Board without a vote against from the majority of the independent directors
(1)	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	5.96	TUBOS REUNIDOS, S.A.	74,048	GENERAL SHAREHOLDERS' MEETING AND BOARD OF DIRECTORS		YES

	Name or company name of the shareholder or any of their subsidiaries	Nature of the relationship	The type of operation and other information necessary for its assessment
(1)	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	Contractual	FINANCING OPERATIONS AND LEASE LIABILITIES

D.3. Individually report transactions that are significant due to their amount or that are relevant due to their subject area carried out between the Company or its dependent entities with the administrators or executives of the Company, including those transactions carried out with entities that the administrator or executive controls or jointly controls, indicating which competent body authorised their approval and whether any shareholder or director concerned abstained. If the Board has the jurisdiction, indicate whether the proposal for an agreement was approved by the Board without the vote against from the majority of the independent directors:

Name or company name of the administrators or executives or the entities that they control or that are under joint control	Name or company name of the company or subsidiary	Relationship	Amount (thousands of euro)	Approving body	Identification of the significant shareholder or director who abstained	The proposal to the General Shareholders' Meeting, if any, was approved by the Board without a vote against from the majority of the independent directors
No data						

Name or company name of the administrators or executives or the entities that they control or that are under joint control	Nature of the transaction and other information necessary for its assessment
No data	

No transactions that are significant due to their amount or that are relevant due to their subject area were carried out between the Company or its dependent entities and the administrators or executives of the Company in 2023.

D.4. Individually report intra-group transactions that are significant due to their amount or that are relevant due to their subject area carried out by the Company with its parent company or with other entities belonging to the parent company's group, including the listed company's own dependent entities, unless no other related party from the listed company has interests in such dependent entities or they are wholly owned, directly or indirectly, by the listed company.

In any event, provide information about any intra-group transaction conducted with entities established in countries or territories that are regarded as tax havens:

Company name of the group company	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euro)
No data		

D.5. Individually report transactions that are significant due to their amount or that are relevant due to their subject area carried out by the Company or its dependent entities with other related parties that are in accordance with the International Accounting Standards adopted by the EU, which have not been reported under the above headings.

Company name of the related party	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euro)
MARUBENI-ITOCHU TUBULARS EUROPE, PLC	INTEREST ON LOAN GRANTED	12

D.6. Set out the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or its Group, and its directors, executives, significant shareholders or other related parties.

Article 26.C. (j) of the Board Regulations provides that directors (and members of senior management and key personnel, to whom this also applies) have a duty to take the necessary measures to avoid entering into situations in which either their own interests or those of others may conflict with the corporate interest and their duties toward the Company. In particular, the duty to avoid conflict of interest situations obliges directors and their related persons to refrain from engaging in the conduct set out in said article.

Furthermore, Article 36 of said Regulations specifically regulates in detail the possible conflicts of interest within the Board. Conflict of interest situations are governed by the following rules:

When a director is aware of being involved in a conflict of interest situation, they must notify the Board in writing, through its secretary, as soon as possible. The secretary of the Board must then pass on copies of notifications received to the Appointments and Remuneration Committee, through the latter's secretary. The notification must contain a description of the situation giving rise to the conflict of interest, stating whether it is a direct conflict of interest or an indirect conflict of interest through a related person, in which case the latter must be identified. The description of the situation should specify the objective and main conditions of the transaction or proposed decision, including its amount or approximate economic evaluation.

If the situation that generates the conflict of interest is a related-party transaction, the notification must also identify the department or individual within the Company or of any of the Group's companies with which the corresponding contact was initiated.

The Appointments and Remuneration Committee must then acknowledge the situation described by the secretary and propose to the Board the measures to be taken. Any doubt as to whether or not the director might be in a conflict of interest scenario should be referred to the secretary of the Board, and said director should refrain from taking any action until the doubt is resolved.

If the conflict of interest situation results from any operation, transaction or circumstance requiring any kind of operation, report, decision or acceptance, the director concerned must refrain from any action until the Board considers

the matter and adopts and informs them of this relevant decision. As such, the director must be absent from the meeting during deliberation and voting upon those matters with which they or a related person is involved in a conflict of interest, be this direct or indirect, the sole exception being for agreements that impact upon their position as a director.

In cases where the conflict of interest is of such a nature as to constitute a structural and permanent conflict of interest between the director (or related persons or, in the case of a proprietary director, additionally, the shareholder or shareholders they represent or persons directly or indirectly related to them) and the Company or companies within the Group, it shall be understood that the director is not, or is no longer, suitable to hold the post.

Article 7.C.d) of the recently approved Appointments and Remuneration Committee Regulations specifically establishes that it is the responsibility of the ARC to analyse and inform the Board of any conflicts of interest within the Board and senior management notified to it by either the secretary or by those who become aware of them through other means.

Finally, it should be noted that the Company has a Code of Ethical Conduct, an internal regulation that expressly imposes upon all employees the duty to act exclusively in the interests of the Tubos Reunidos Group and to avoid conflicts of interest. The code provides that where a conflict of interest is detected, it will be communicated to the head of the Internal Reporting System via the Ethics Channel. The head of the Internal Reporting System will resolve the matter as determined in the Ethics Channel Regulations, available on the corporate website at the following link: https://www.tubosreunidosgroup.com/es/canal-etico.

D.7. Indicate whether the Company is controlled by another entity pursuant to Article 42 of the Code of Commerce, whether listed or not, and whether it has, directly or through its subsidiaries, business relations with that entity or one of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Financial and Non-Financial Risk Control and Management System, including for tax risk:

The Risk Management System (RMS) of the Tubos Reunidos Group operates holistically, encompassing all significant risks of any nature to which the Group may be exposed.
Corporate risk management means the set of processes designed to identify potential events that may affect the organisation and manage any risks, within the thresholds defined by the Board of Directors, in order to provide a reasonable level of security in attaining its targets. Risk is defined as events that may hinder or impede achievement of the objectives in the Strategic Plan, including those that may have a negative impact on the Group's assets, financial situation or results, whether or not the risk-causing factors are financial in nature.

In turn, internal control is defined as the process carried out by the Board of Directors, management and other employees of the organisation, designed to provide reasonable assurance regarding the achievement of targets within the categories of operational effectiveness and efficiency, reliability of financial reporting, compliance with regulations applicable to the Company and safeguarding assets. For this reason, some of the risk response and oversight plans are designed to strengthen the Group's internal control.

Risk management focuses on the risks identified using a specific methodology, without prejudice to the day-to-day management of circumstances affecting budget compliance and short-term objectives. The risk identification process covers all possible risks, based on the five categories set out in the Corporate Risk Control and Management Policy approved by the Board of Directors on 29 April 2021 and published on the website, which did not need to be updated in 2023.

The RMS is in continuous operation. According to the aforementioned corporate policy, risks requiring greater attention are prioritised in levels, depending on their impact, likelihood of occurrence and reaction speed. These risks, also known as Level 1 risks, are regularly monitored in the Steering Committee and supervised directly by the Audit Committee on an ongoing basis.

The Group has identified a number of relevant ongoing risk management activities that are grouped into three types: risk identification activities, system effectiveness monitoring activities, and system update and continuous improvement activities.

Moreover, specific elements of risk management are in place, including the allocation of specific risks to organisational areas responsible for managing them, analysis by third parties from outside the Group, development of dedicated management systems for certain risks (such as regulatory compliance, financial reporting and climate change) and the undertaking of assurance tasks by third parties.

In 2023, the Risk Map was updated (an annual activity at the Group) through an internal comparison and search for best practice (benchmarking). In this process, we specifically analysed (i) information on risks at benchmark and sector companies; (ii) specific reports from specialist third parties and studies based on questionnaires at national and international companies; and (iii) public statements and projections from regulators and official bodies. We also considered events relevant to the Group for the year, which include both internal control events and regulatory changes, as well as other external factors in the industry, such as developments in demand for steel, oil prices, interest and exchange rates, reduced uncertainties for supplies and freight etc.

As a result of this analysis, the risks identified in the previous financial year's Risk Map were maintained although their relative order was changed, and (i) liquidity and going concern risks, (ii) cybersecurity risks and (iii) sustainability and climate change risks were moved to the top three positions, from their respective positions of 2nd, 9th and 11th in 2022. This change corresponds to a variation in the associated inherent risk, despite improved management.

The results of the above analysis were contrasted in the Steering Committee and the resulting Risk Map was proposed to the Audit Committee, which assessed and submitted it for approval by the Board of Directors on 27 July 2023.

The ten risks on the updated Risk Map are assigned to different managers, all of whom are members of the Steering Committee. During the 2023 financial year, all risk owners (and, therefore, all Level 1 risks) were explained in detail to the Audit Committee by their managers (ten risks, eight managers over five Audit Committee meetings).

E.2. Identify the corporate bodies responsible for the development and implementation of the Financial and Non-Financial Risk Control and Management System, including tax risk.

As set out in its Regulations, "the fully convened Board of Directors reserves the right to approve the Company's general policies and strategies, and, in particular, the risk control and management policy, including tax risk, and regular monitoring of internal information and control systems".

Without prejudice to other tasks assigned to it by the Board, the Audit Committee is, as set out in its own regulations, responsible for "continuously overseeing the effectiveness of the internal control systems at the Company and its Group, as well as its financial and non-financial risk management systems, including tax and reputational risks and those related to corruption and fraud, in addition to operational, technological, legal, social, environmental and political risks, so that the main risks are properly identified, managed and reported", and for "reviewing the Risk Policy at least once a year and, where appropriate, proposing any amendment and update thereof to the Board".

As set out in the previous section, the main risks are identified in a map that is updated at least once a year, and said risks are assigned to the management team depending on their organisational responsibilities. The management team then identifies, measures and assesses risks, conveys the culture associated with risks and defines, establishes and/or modifies the response to risk, approving and implementing (with its teams) plans to address the risks, and reporting to the Board of Directors through the Audit Committee. Within the Steering Committee, the main risks and risk factors are discussed, as well as the deviation of indicators from the parameters set, whether or not they are included in the budget.

The risk owners define indicators and action plans for Level 1 risks, which are monitored by the Audit Committee through the Internal Audit Division (which reports to the Committee itself and acts independently). These indicators and action plans are multi-disciplinary in organisational terms, so that the risk owners are aware of and agree with the actions that are being carried out in relation to their risks by other areas of responsibility.

E.3. Indicate the main financial and non-financial risks, including tax risks and, whenever they are significant, risks arising from corruption (the latter understood within the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives.

The main risks identified in the updated map as of 31/12/2023, organised by categories, are:

• In terms of strategic risks: (i) sustainability and climate change risks; (ii) risks associated with raw material and energy prices and supply; (iii) risks associated with the deployment of the Commercial Plan; (iv) defence of competition risks, including changes in the international regulatory framework for the sector in which the Group operates; (v) the external representation model (one of the factors that define the Group); and (vi) continuity of industrial activity (given the nature of the Group).

• In terms of financial risks: (vii) liquidity and going concern risks are the main focus.

• In terms of operational risks: (viii) cyber risks; (ix) the talent and commitment of our people to the Group and its strategic targets, and risks associated with (x) digital transformation, which is a specific strategic goal set out in the 2021–2028 Strategic Plan.

• In terms of regulatory compliance and governance risks, no Level 1 risks were identified.

E.4. Identify whether the entity has risk tolerance levels, including for tax risk.

The Board of Directors, through the Audit Committee, undertakes detailed monitoring of the specific risks, establishing the guidelines for action and, accordingly, the level of tolerance for each risk. The general position is conservative as regards the Group's exposure to risk. Different scales are taken into account for their assessment, namely primarily the following:

• Assessing various scenarios for detailed operations.
• Materiality as defined by the external auditor for issuing its reports.
• An impact scale for the consideration of strategic risks, where risks are considered high based on the following characteristics:

o Impact on the objectives of the Strategic Plan: More than one of the targets in the Strategic Plan - Economic Impact (impact on EBITDA and Sales) is not met: 1.8 M–2.4 M
o Reputational impact: Nationwide media coverage with significant impact on image and brand
o Regulatory impact: Requires limited investigation by external authorities and regulatory bodies
o Management's time incurred: Significant (>=10%)

In any event, the Board of Directors deems a risk to be significant when the effect of its occurrence could be considered by a reasonable investor to constitute a relevant change to the information made public by the Group for its decision-making or if, while not having an effect on such information, it could substantially affect the Group's ability to create short-, medium- or long-term value.

E.5. Indicate which financial and non-financial risks, including tax risks, have materialised during the year.

Volatility levels seen in previous years persisted throughout the 2023 financial year. Widespread global uncertainty continues to make even short-term forecasts difficult. Nevertheless, in 2023 the Group is managing this scenario of uncertainty, maintaining the level of management results obtained in the previous year.

EU and US authorities reduced the level of commercial regulatory uncertainty at end of the financial year, extending the structure of tariff-free exclusions and quotas in force during 2022 and 2023 for the 2024 and 2025 financial years. This provides some stability to the Group's activity over the next two financial years (compared with other possible alternatives such as tightening the regulatory conditions for the Group's marketing activity in the United States).

With regard to liquidity and going concern risk, the economic and financial results in 2022 and 2023, achievement of the milestones in the 2021-2028 Strategic Plan (particularly those related to process consolidation, efficiency and digitisation) and a satisfactory partial discounted buyback of financial debt prepared in 2023 and implemented on 12 January 2024 are lowering uncertainties, notwithstanding the fact that those inherent to the Group's business remain in place.

Since the beginning of the financial year, there has been a decline in apparent demand in the seamless piping market, understood as the combination of current demand (which has remained more stable) and demand from the distribution channel. This decrease was mainly due to stock optimisation in the distribution channel after an excess stockpiling period, compared to the general level of uncertainty in 2022 (with a significant effect on the seamless piping sector), which originated due to the conflict between Russia and Ukraine, both major suppliers of raw materials and energy. As a result of the decline in production resulting from this drop in apparent demand and the forecasts for the second half of the year, the Group needed to implement temporary redundancies at its Amurrio plant in July. This plant was the most affected by the imbalance in international demand. Alongside this, efficiency measures in expenses and investments were implemented aimed at adapting to this situation in the short term so as not to affect implementation of the Strategic Plan.

In April, information systems were targeted in a cyberattack and, in addition to the relevant legal actions, this required urgent and immediate management of the incident, which was successful in neutralising its potential direct consequences. This direct response meant a speedier implementation of certain measures than had been planned in relation to this risk. The following stand out: (i) a protection plan for equipment, both servers and personal (in light of equipment being identified that did not support the designed protection measures or was not compatible with them); (ii) a Network Protection Plan (including equipment inventories and network infrastructure audits); (iii) the contracting of SOC (Security Operation Centre) services; (iv) updating the Security Master Plan; and (v) standardising the use of two-factor authentication (both for local and remote access via VPN).

With regard to the talent and commitment risk, on 14 July 2023 the Board of Directors acknowledged and announced the voluntary resignation of the Company's executive chairman, with effect from 31 August. This involved adapting the Group's organisational structures to the new situation and served to strengthen its corporate governance, replacing the role of executive chairman with a non-executive chairman, and assigning the duties of group chief executive to the managing director. On 21 December 2023, Mr Josu Calvo Moreira was appointed as independent director and Non-Executive Chairman.

E.6. Explain the response and monitoring plans for the entity's major risks, including tax risks, as well as the procedures followed by the Company to ensure that the Board of Directors responds to new challenges.

In respect of the main risks identified by the Group in its Risk Map (mentioned in section E.3 above), the risk owners submit their action plans to the Audit Committee at least once a year. These Action Plans are subject to subsequent monitoring and form the basis of risk management supervision. The actions are aimed at both improving the detection of aspects that may affect inherent risk or response capacity, as well as risk management, i.e. reducing residual risk.

The Audit Committee requires the action plans be directly integrated into and form part of the ongoing management that the risk owners conduct on their own areas of responsibility, thus generating efficiencies and resulting in risk management that is as effective as possible. The Group's remuneration policy is determined by incorporating risk management objectives.

The action plans for the 2023 financial year, many of which were initiated in previous years, include those related to cybersecurity mentioned in section E.5, the development of a 2024–2028 Sustainability Plan, detailed analysis of climate change risks and the launch of low-emission products, the definition of a new overseas commercial and representation strategy, the monitoring of industrial plant assets (preventive and predictive maintenance programmes, identifying the most important facilities and critical elements, developing strategic investment and replacement plans).

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that comprise the risk control and management systems in relation to your entity's financial reporting process (ICFR).

F.1. Control environment of the entity.

Specify at least the following components with a description of their main characteristics:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its oversight.

The Company's Board of Directors is responsible for the existence and maintenance of the ICFR system. The Audit Committee, a permanent advisory body to the Board of Directors without executive powers, is responsible for overseeing the effectiveness of the Group's ICFR. The Committee has an Internal Audit Division that is responsible for carrying out this task. The Division reports to and is overseen by the Committee.

The Steering Committee, in particular the Finance Division, is responsible for the design, implementation and effectiveness of the ICFR. The Systems Division is responsible for establishing and implementing appropriate internal control policies and procedures on reporting systems in general and, specifically, those that support the relevant processes to prepare and publish financial reporting (hereinafter, FR, indistinctly). These policies include those related to access security, change control, operation, operational continuity and segregation of duties, all related to the Group's systems.

On 27 April 2023, the Board of Directors, following a favourable report from the Audit Committee, approved an Internal Security Policy for Information Systems which:

• Defines seven general principles applicable to information security: (i) compliance with current regulations and the Code of Ethical Conduct; (ii) limited access/confidentiality; (iii) integrity; (iv) availability; (v) classification of information; (vi) robustness; and (vii) awareness.
• Establishes the nine main lines of development of the policy itself, namely: (i) organisation; (ii) asset management; (iii) access control; (iv) cryptographic controls; (v) physical and environmental security; (vi) IT operations security; (v) telecommunications security; (vi) security in systems development and maintenance; (vii) supplier security; (viii) incident management, business continuity and (ix) awareness among personnel.

The aforementioned responsibilities related to the ICFR system are set out in the "Corporate Policy on Internal Control over the Financial Reporting System", approved by the Board of Directors of Tubos Reunidos, S.A. at its meeting held on 27 October 2022, as proposed by the Audit Committee. It is accessible on the Group's website under the corporate governance documentation section. This Policy applies to all companies comprising the Group and all individuals within it, and includes the mandate of the Board of Directors to the entire organisation for the deployment, development and maintenance of an adequate and effective ICFR system and how the main elements mentioned in this section of the Annual Corporate Governance Report should be implemented.

F.1.2 Whether the following elements exist, especially with regard to the financial reporting process:

· Departments and/or mechanisms in charge of: (i) design and review of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and responsibilities; and (iii) ensuring there are sufficient procedures for its correct circulation at the entity:

One of the powers that the Board of Directors cannot delegate is the approval of the definition and amendment of the Group's organisational chart and the appointment and dismissal of its senior managers. It is therefore the Board that designs and reviews the Group's senior organisational structure, as proposed by the chief executive and based on a report on the matter from the Appointments and Remuneration Committee (a permanent advisory body of the Board of Directors without executive powers, like the Audit Committee). This applies to defining the lines of responsibility and authority in relation to ICFR, and to adequately distributing and segregating tasks and functions.

In addition to the group's organisational chart, the main lines of responsibility and authority defined by the Board of Directors are reflected in the Internal Policy on Proxies approved by the Board of Directors (after a favourable opinion from the Audit Committee and Appointments and Remuneration Committee) on 16 December 2021, and successively updated when there have been significant organisational changes. The internal policy, which is not published on the Company's website for confidentiality purposes, establishes the general principles of the Group's power structure. It explicitly sets out the responsibilities and obligations of the people with powers of attorney based on their responsibilities within the Group and internal transparency is provided regarding delegated powers and responsibilities, serving as a basis for the formalisation of these delegations.

The Steering Committee, in particular the Finance Division and Human Resources Division, is responsible for ensuring that the Group's organisational structure in general, and specifically in relation to the ICFR, is appropriate for complying with the objectives of providing financial reporting reliability and that the lines of responsibility and authority, e.g. the distribution of tasks, functions and ICFR control activities, are defined in suitable procedures. These procedures must be consistent with the policies outlined by the Board of Directors.

Specifically, responsibilities in relation to the ICFR system are defined in the Corporate Policy on Internal Control over the Financial Reporting System, which is published on the Group's website.

In relation to the process of preparing financial information, the Finance Division itself sends the necessary instructions to the different areas of the Group, compiling, standardising and reviewing the information received. The Finance Division also coordinates the involvement of independent experts and third parties outside the Group in relation to any financial reporting. To manage ICFR controls, the Group has a specific IT tool that circulates specific instructions to those responsible for implementing and overseeing recurring reminder controls to ensure compliance.

In 2022, the Finance Division, in collaboration with an independent expert and at the request of the Audit Committee, took charge of updating the Group's ICFR system in view of the organisational changes and relevant structural adaptations that had taken place. The result of this update involved the main areas of the Group.

The Group is also in the midst of a digital transformation process where various relevant procedures for financial reporting preparations are being updated. These procedures include those linked to the aforementioned information systems, cybersecurity and procurement and investment. In this regard, the Board of Directors approved a new Internal Security Policy for Information Systems on 27 April 2023 and a new Corporate Policy for Procurement, Investments and Contracting of Services on 27 July, after receiving a favourable report from the Audit Committee.

These new policies are being deployed throughout the organisation respectively by the Digital Transformation and Supply Chain areas (second line of defence), under the supervision and coordination of the Audit Committee (through Internal Audit).

- Code of conduct, approval body, degree of circulation and instruction, principles and values included (indicating if there are specific references to the recording of operations and preparation of financial information), the body in charge of analysing breaches and suggesting corrective actions and sanctions:

The Group has a Code of Ethical Conduct, updated and approved by the Board of Directors on 25 May 2023 (having been adapted to Law 2/2023 of 20 February on the Protection of Persons Who Report Regulatory and Anti-Corruption Infractions), which relates to members of the Board of Directors, managers, employees of the Group and all of its companies, branches and agents, regardless of their geographical location. The Code of Ethical Conduct establishes the values upon which the actions of the above groups are based, including (i) respect for individual dignity and their inherent rights; (ii) respect for people's equality and diversity; (iii) efficiency; (iv) value creation; (v) respect for the environment; (vi) occupational health and safety; (vii) quality; and (viii) strict legal compliance. The section on strict legal compliance includes the duties of reporting and preparing financial information. This Code of Conduct has the status of corporate policy within the Group's corporate governance documentation framework, so it has been circulated and is available on the website for consultation.

The Group's compliance system has an essential pillar, the Code of Ethical Conduct mentioned above, and an Internal Reporting System adapted to Law 2/2023 of 20 February on the Protection of Persons Who Report Regulatory and Anti-Corruption Infractions. Detailed public information about this can be found on the corporate website.

The body responsible for the regular development and review of the compliance system, overseeing its implementation and formulating observations or proposals for amendments for the Board of Directors is the Independent Control Body for compliance (hereinafter, ICB), which reports to the Audit Committee and/or to the Board of Directors itself. At the end of the 2023 financial year, the ICB comprised the secretary of the Board of Directors (who chairs the body), the Finance Division, the Human Resources Division, the Internal Audit Division (non-voting member) and a member of Legal Counsel (as secretary of the ICB).

The composition of the ICB remains up to date, adapting to the organisational changes within the Group and respecting its structure in the event of temporary vacancies. The activities of the ICB in 2023 included updating the compliance system in line with the aforementioned Law 2/2023, circulating the Code of Ethical Conduct and ensuring adherence to said code by the Group's employees, through an ethical commitment that covers a greater or lesser extent depending on their responsibilities (a summarised version is available to facilitate this, depending on the individuals in question).

In addition to the Code of Ethical Conduct, other relevant documents that may affect the financial reporting preparation processes and which are defined and administered by the ICB are the "Commitment to the appropriate use of proxy powers" (intended for the Group's legal representatives) and the "Commitment to the appropriate use of credit cards" (intended for those who possess this corporate means of payment).

In 2023, the TR Group's Board of Directors appointed the secretary of the Board and chair of the ICB as the natural person responsible for the internal reporting system and, as the system manager, they perform their duties independently and autonomously with regard to other bodies at the company, and they may not receive instructions of any kind in the exercise of their duties. The system manager is responsible for analysing breaches of the Code of Conduct and, after consulting with the ICB, for proposing corrective actions and sanctions.

· Whistleblower channel, enabling the Audit Committee to be informed of irregularities of a financial and accounting nature, in addition to possible breaches of the Code of Conduct and irregular activities in the organisation, informing, where appropriate, whether this is of a confidential nature and whether it is permissible to report anonymously to respect the rights of the whistleblower and the accused party.

As a result of the adaptation to the aforementioned Law 2/2023, the Board of Directors approved a new Corporate Internal Reporting System and Whistleblower Protection Policy on 25 May 2023, which introduced changes to the Whistleblower Channel Regulations, renamed to the Ethics Channel. These changes were implemented in 2023. The Ethics Channel is the sole channel established by the ICB, on behalf of the Board of Directors, to receive information about possible violations of the Code of Ethical Conduct and/or the Law, including irregularities of a financial and accounting nature. In this regard, it should be noted that through the Ethics Channel, "any suspicious event, behaviour, action or activity within the organisation must be reported, regardless of its magnitude, which by its nature may constitute a violation of the law, including (...) public or private corruption, accounting offences, tax offences and fraud".

Whistleblowers on the Ethics Channel may decide whether or not to identify themselves when making a complaint. Anonymous complaints are therefore permitted. In any event, the whistleblower's identity is guaranteed to remain strictly confidential. As a measure to ensure such confidentiality, it is expressly stated that the accused party exercising their right of access does not imply access to the whistleblower's identity, and such identity may only be disclosed to administrative and judicial authorities, where legally appropriate. The whistleblower's identity is only known to the persons in charge of managing the system and investigating the complaint, as well as the areas that, where appropriate, are strictly necessary to investigate the facts and resolve the complaints made. These individuals are personally bound to keep all information to which they have access confidential.

During the 2023 financial year, the ICB reported the above changes made to the Ethics Channel and the Code of Ethical Conduct to the organisation. Ten complaints were received during the financial year and there were no enquiries. Of the complaints received, none were reported by an anonymous whistleblower, and none of the issues cited were connected to financial reporting. (Financial year 2022: two enquiries and one complaint, none related to financial reporting).

· Training and periodic refresher programmes for the staff involved in preparing and reviewing the financial information, as well as assessing the ICFR system, including, at least, accounting rules, auditing, internal control and risk management:

In addition to specific training programmes aimed at covering certain needs that may arise for employees in the Finance Area, the Group involves external advisers and auditors in updates on accounting, legal and tax matters that may affect it. No uncovered training needs have been identified related to financial reporting and ICFR.

F.2. Financial reporting risk assessment.

Indicate at least the following:

F.2.1 What the main features of the risk identification process are, including those of error or fraud, in terms of:

·Whether the process exists and is documented:

The Group considers financial reporting risks as a type of risk and therefore section E of this Annual Corporate Governance Report is generally applicable. However, and as part of the ICFR system itself, a specific assessment of the risks in preparing financial reporting is carried out to determine and/or update the control activities to be defined, implemented and highlighted. In fact, the ICFR update carried out in 2022 updated the risk assessment procedure and the specific risk matrix of the ICFR. Moreover, the three-year ICFR supervisory plan, as explained below, carried out a risk assessment to prioritise cycles under review.

The process for determining financial reporting risks takes into account both quantitative criteria (mainly applying the concept of materiality) and qualitative criteria (which take into account the high-value transactions in the processes, the degree to which they are automated, the complexity of the transactions and the applicable accounting standards etc.).

For reporting systems and applications relating to financial reporting, the Systems Area, in collaboration with the Finance Area, conducts a specific risk analysis.

The financial reporting risk identification process includes both routine transactions and less frequent and potentially complex operations that occur.

In all instances, the recommendations and comments of the external auditor are taken into consideration to assess financial reporting risk.

- Whether the process covers the full range of financial reporting objectives (existence and occurrence; completeness; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often:

The process covers all financial reporting objectives included in the "Internal Control over Financial Reporting at Listed Companies" document (hereinafter the Internal Control Document) published by the CNMV in June 2010. It includes across the board potential fraud (meaning intentional acts committed by one or more individuals within management, employees or third parties, including the use of deceit to gain an illegal or unfair advantage). Review of the various cycles, in addition to updating the risk assessment process, considers additional specific risks, such as risk of error factors (in the sense of accidental or intentional acts whereby incorrect information may be omitted or submitted so that financial reporting is not presented in accordance with applicable preparation standards).

Furthermore, meetings with the external auditors in relation to their planning of external audit work, which culminate with a presentation of the External Audit Plan to the Audit Committee, incorporate an updated and verified assessment of financial reporting risks that includes specific events that may have occurred in any of the Group companies and any regulatory changes. This assessment is taken into account by the Finance Area in order to include changes to the ICFR oversight activities, where appropriate.

- The existence of a process for identifying the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental entities or special purpose vehicles:

The Group's current corporate structure is simple. On a quarterly basis, the Finance Division reports to the Audit Committee on what the scope involves. Controls are in place to ensure that Group companies cannot participate in companies and change the scope of consolidation.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental etc.) to the extent that they affect the financial statements:

The risk management model comprehensively analyses all types of risk and includes an analysis of possible impacts on financial reporting. The qualitative criteria of the financial reporting risk assessment include verification of the possible effect that both level 1 risks (corporate risk matrix) and the risks arising during the course of the year may have on financial reporting. In particular, within the financial reporting risk identification process, particular account was taken in 2023 of liquidity and going concern risk (in the financial risks category), cybersecurity, risks related to prices and supplies of raw materials and energy, climate change and sustainability and, especially, free competition (due to possible changes in the international regulatory framework), in the strategic risks category.

- Which of the Company's governing bodies oversees the process:

The Audit Committee oversees the financial reporting preparation process and, therefore, the assessment of its risks, and informs the Board of Directors of its actions. The Committee has an Internal Audit Division that is responsible for carrying out this oversight.

Planning for Audit Committee meetings includes specific and recurrent points for assessing and monitoring risks in general and those specific to financial reporting, as well as specific points on of particularly sensitive accounting aspects, such as accounting judgements and estimates. Issues relating to financial reporting risks are also covered in the regular meetings that take place between the Audit Committee and the external auditor, as are changes to the applicable regulations and the external auditor's opinion on the most relevant aspects of the audit and the approach to be adopted regarding them.

Paragraph F.5.1. in this report summarises the Audit Committee's actions in respect of ICFR oversight for 2023 and those planned for subsequent financial years. A report on the Audit Committee's activities is also prepared each year. This report is made public on the corporate website as part of the information for the Ordinary General Shareholders' Meeting.

F.3. **Control activities.**

Report, stating its main characteristics, whether it has at least:

F.3.1 Procedures for reviewing and authorising the financial information and the description of the ICFR system, to be published in the securities markets, indicating the relevant managers, as well as descriptive documentation of the flows of activities and controls (including those related to risk of fraud) of the different types of transactions that may materially impact the financial statements, including the accounting closing procedure and the specific review of the relevant judgements, estimates, valuations and projections.

Financial and general information about the Group that may have an external impact is checked in advance by the Audit Committee. The information reported (regularly or otherwise) to the securities market is prepared by the Finance Area, which carries out specific control activities during the preparation procedure aimed at guaranteeing its reliability. Once it has completed its analysis, the Audit Committee informs the Board of Directors of the most relevant transactions that could affect the financial reporting through a range of measures, such as monitoring the Business Plan and budget, as well as the most significant accounting estimates and judgements used to prepare them.

A reporting schedule and delivery deadlines are set, which are known to all those involved in the process, in accordance with legal requirements. In addition to the accounting closing procedure, and prior to the process of preparing and reviewing the financial information, the Group has control procedures and activities in the most relevant areas in the process of preparing the financial information, in order to ensure the proper recording, valuation, presentation and breakdown of transactions, as well as to prevent and detect fraud.

The Finance Area monitors the operation of the ICFR by periodically informing the Audit Committee of the results obtained. The Audit Committee, through its chair, passes on this information to the Board of Directors, which is ultimately responsible for approving the information for its subsequent publication to the market.

Every time the effectiveness of the control activities of the different ICFR cycles is evaluated, the documents outlining the various different flows of activities and controls are updated and, if the need for relevant changes come to light, they are reported to the Audit Committee.

F.3.2 Internal control policies and procedures for information systems (including, but not limited to, access security, change control, system operation, business continuity and segregation of duties) that support the entity's relevant processes in relation to the preparation and publication of financial information.

The companies that make up Tubos Reunidos Group use certain information systems to maintain an adequate record and control of their operations. As part of the risk management process regarding financial reporting, the Group identifies, in its main components, which systems and applications are relevant in each of the main areas or processes. The Group is refining its system security procedures defined at the level of the most significant components and aimed at achieving an adequate level of security. The aim is to adopt the organisational, technical and documentary measures necessary to ensure the target level of security.

In this regard, work is taking place in the following areas: (i) Access control and user management (ii) Change management (iii) Backup and recovery (iv) Physical security and (v) Control of outsourced activities. A specific "IT environment" cycle has been defined in the Group's ICFR system risks and controls matrix, including four processes entitled "User applications", "Access control", "Change management" and "Operations and data processing centre". These processes include 30 control activities (19 preventive and 11 investigative). Furthermore, the Systems Area has an important and specific role in the corresponding ICFR controls.

F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those assessment, calculation or valuation aspects entrusted to independent experts, which may materially affect the financial statements.

The areas with the highest level of activities outsourced to third parties with a possible material impact on financial information are the Information Systems and Tax areas. Particularly for the financial year 2023, a specific assessment of climate change risks was carried out with the help of a third party, assessing their potential impact on financial reporting. Other activities outsourced to third parties and related to financial reporting include operational advice and training support on how to use a tool for labelling financial reporting and generating the corresponding files under ESEF regulations (and subsequent submission to the CNMV).

The contracting of these services involves the heads of the Systems Division and Finance Division, respectively, ensuring the competence, independence and technical and legal training of the professionals hired.

With regard to actions in relevant transactions requested from independent experts, Tubos Reunidos always maintains responsibility for the information.

F.4. Information and communication.

Report, stating its main characteristics, whether it has at least:

F.4.1 A specific role charged with defining and keeping accounting policies up to date (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communication with those responsible for operations in the organisation, as well as an updated accounting policy manual communicated to the units through which the entity operates.

Responsibility for defining and keeping the Group's accounting policies up to date is assigned to the Finance Division, which, to this end, carries out specific activities, including holding meetings with the external auditors prior to the closing date in order to update new accounting developments and new breakdowns of information in the annual accounts, consult on specific matters when necessary, update the most important points of the audit, coordinating with the subsidiaries' administrative managers to inform them of the main accounting developments and resolving any accounting and financial reporting questions that may arise.

The Group is in the process of updating its Accounting Policies Manual, in collaboration with a third party, in order to have a single document that can be circulated within the entire organisation, and contains and explains all financial reporting preparation standards and how they should be applied to their specific operations, based on the applicable standards (IFRS and PGC), covering all transaction types and an ICFR Manual that explains the relevant system details.

F.4.2 Mechanisms for the capture and preparation of financial information in standardised formats, applied and used by all units of the entity or group, which support the main financial statements and notes, as well as the detailed information on the ICFR system.

The Group's current structure is simple, making the process of information capture substantive and direct, spearheaded by the consolidation department. Nevertheless, the Group's reporting and consolidation process is the responsibility of the Finance Division.

At the beginning of each financial year, the head of Consolidation sends a monthly reporting calendar to the administrative managers of the various Group companies, in order to ensure that the information is received in sufficient time to enable the preparation of the consolidated financial statements in due time and form. Information from the subsidiaries is reported using a standardised "Consolidation Reporting Package" that enables the subsidiaries to submit information in a standardised format. The Group has a consolidation application that facilitates the process of consolidating core financial statements for financial reporting, which, due to its simplicity, also incorporates manual entries.

F.5. Monitoring of system performance.

Report, stating its main characteristics, whether it has at least:

F.5.1 The ICFR monitoring activities performed by the Audit Committee and whether the entity has an internal audit function whose responsibilities include supporting the committee in its oversight of the internal control system, including ICFR. Please also provide information on the scope of the ICFR assessment carried out in the financial year and the procedure by which the person in charge of implementing the assessment communicates its results, whether the entity has an action plan detailing possible corrective measures, and whether its impact on financial information has been considered.

The Audit Committee continuously monitors the reliability of the Group's financial reporting and current ICFR system, as a recurrent activity at its regular meetings (seven held in the 2023 financial year, in addition to other working meetings on specific topics; six meetings held in the 2022 financial year). It also receives regular reports on compliance with the system from the Finance Division and Internal Audit.

The Group has an Internal Audit function that reports to the Audit Committee and is responsible for reviewing the ICFR, among other such responsibilities, in accordance with the Annual Internal Audit Plan approved and subsequently evaluated by the Committee. The results of any ICFR-related incidents, together with any proposed corrective actions, are reported to the Audit Committee. The implementation of these measures is subject to subsequent monitoring by the internal audit function and reporting to the Committee. As a result of the ICFR oversight conducted by the Audit Committee, the Committee itself required the ICFR to be updated, noting that it was out of date, mainly due to organisational and structural changes within the Group.

In 2022, the Audit Committee promoted an update of the ICFR system and a change of the software tool that supports operational control activities deployed by the organisation. The result of this project, spearheaded by the Finance Division, was used in 2023 to report on control implementation.

In 2023, the Audit Committee initiated the implementation of a draft review of around one third of the cycles comprising the Group's ICFR system by Internal Audit, with the collaboration of an independent expert, and the commencement of an update to the Accounting Policies Manual under the terms described in point F.4.1.

The review of the 2023 cycles highlighted the need to implement a series of additional controls to those already defined and the need to improve evidence supporting some controls already in place. This has led to a plan for the Finance Division to implement these recommendations, structured by cycle and quarter, which will be monitored in 2024.

F.5.2 Whether a discussion process is in place whereby the statutory auditor (in accordance with the provisions of the Technical Auditing Standards), the internal audit role and other experts can inform senior management and the Audit Committee or administrators of the entity of any significant internal control weaknesses identified during the review of the annual accounts or any other processes entrusted to them. Please also inform whether an action plan is in place that seeks to correct or mitigate the weaknesses observed.

The statutory auditor attended the Audit Committee meetings to report on aspects related to the performance of its work, including financial reporting regulatory and risk assessment aspects. This attendance is included in the annual planning for the Audit Committees, without prejudice to these meetings being adapted to any needs that may arise during the financial year.

The Board of Directors and the Audit Committee maintain a fluid and ongoing professional relationship with the external auditor, respecting their independence of action and judgement, pursuant to the Corporate Policy on Contracting and Relations with the Statutory Auditor, approved by the Board and Directors on 28 April 2022, and available on the corporate website. This policy sets out the General Principles of the Relationship with the Statutory Auditor (independence, fluid and ongoing communication, and transparency), and the bases for the relationship between the statutory auditor and the Group which, among other matters, define the procedure by which any weaknesses in internal control that the auditor detects are shared and also lists prohibited services.

Internal Audit's activity is reported directly to the Audit Committee and includes plans to mitigate any weaknesses in internal control and a follow-up of action plans. The Audit Committee approves the Annual Internal Audit Plan and assesses the quality of the work carried out on a yearly basis. Internal Audit's activities include assessing the extent to which any internal control recommendations are implemented in various areas, including the ICFR system, an activity included systematically and regularly on the agenda for Audit Committee meetings.

F.6. Other relevant information.

There is no additional relevant information.

F.7. External auditor's report.

Report:

F.7.1 Whether the ICFR information disclosed to the markets has been reviewed by the external auditor, in which case the entity should include the relevant report as an annex. Otherwise, it should report its reasons.

The ICFR information was not reviewed by the external auditor for the purposes of issuing a specific report on the matter, given that the Group's ICFR was assessed in 2023, as described in section F.5.1, and given the fact that having the ICFR reviewed by the external auditor is not mandatory.

G. DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the Company's compliance with the recommendations of the Code of Good Governance for Listed Companies.

In the event that any recommendation is not followed or partially followed, a detailed explanation of the reasons for this decision should be included so that shareholders, investors and the market in general have enough information to assess the Company's behaviour. Explanations of a general nature shall not be acceptable.

1. The Corporate By-laws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, nor should they contain other restrictions that make it difficult to take control of the company through the acquisition of its shares on the market.

   Complies [X]   Explain [ ]

2. When the listed company is controlled, pursuant to Article 42 of the Code of Commerce, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should publicly and precisely disclose the following:

   a) The respective areas of activity and any business relationships between the listed company or its subsidiaries, on the one hand, and the parent company or its subsidiaries, on the other.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Complies [ ]   Partially complies [ ]   Explain [ ]   Not applicable [X]

3. During the Ordinary General Shareholders' Meeting, as a complement to the written circulation of the Annual Corporate Governance Report, the chairman of the Board of Directors should verbally inform shareholders, in sufficient detail, of the most relevant aspects of the Company's corporate governance and, in particular:

   a) Of the changes that have taken place since the previous Ordinary General Shareholders' Meeting.

   b) Of the specific reasons why the Company does not follow any of the recommendations of the Code of Corporate Governance and, if they exist, the alternative rules that it applies in this area.

   Complies [ ]   Partially complies [X]   Explain [ ]

During the General Shareholders' Meeting, the chairman verbally informs the shareholders of the most significant changes, if any, in corporate governance since the previous General Shareholders' Meeting.

Nevertheless, the chairman does not explain the specific reasons why some of the recommendations of the Code of Corporate Governance are not complied with because, in general, the instances of total or partial non-compliance are exceptional and not of particular importance.

4. The Company should define and promote a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the Company, as well as with proxy advisors, which fully respects the rules against market abuse and treats shareholders in the same position on an equal footing. The Company should make this policy public on its website, including information on how the policy has been put into practice and identifying the parties or persons responsible for implementing it.

   Without prejudice to the legal obligations to disclose inside information and other types of regulated information, the Company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels that it deems appropriate (media, social networks or other channels) that helps to maximise the circulation and quality of the information available to the market, investors and other stakeholders.

   Complies [X]   Partially complies [ ]   Explain [ ]

5. The Board of Directors should not submit to the General Shareholders' Meeting a proposal to delegate powers, to issue shares or convertible securities, excluding pre-emptive subscription rights, for an amount exceeding 20% of the capital at the time of delegation.

   When the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive subscription rights, the Company should immediately publish on its website the reports on such exclusion referred to in the commercial legislation.

   Complies [X]   Partially complies [ ]   Explain [ ]

6. The listed companies that prepare the reports listed below, whether mandatory or voluntary, should publish them on their website sufficiently in advance of the Ordinary General Shareholders' Meeting, even if their circulation is not mandatory:

   a) Report on the independence of the auditor.

   b) Reports on the performance of the Audit Committee and the Appointments and Remuneration Committee.

   c) Audit Committee report on related-party transactions.

   Complies [ ]   Partially complies [X]   Explain [ ]

The Company publishes the report on the independence of the auditor and the report on the activities of the Audit Committee on its website sufficiently in advance of the Ordinary General Shareholders' Meeting.

Furthermore, for the first time in 2023, the company published a specific report on the operation of the Appointments and Remuneration Committee sufficiently in advance of the General Shareholders' Meeting.

The Audit Committee report on related-party transactions is not published, as these are not significant and are reported in the Report on the Annual Accounts for the year and in section D of this report.

7. The Company should broadcast the General Shareholders' Meetings live on its website.

The Company should have mechanisms that enable proxy voting and voting by electronic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Shareholders' Meeting.

Complies [X]   Partially complies [ ]   Explain [ ]

The Company broadcast the General Shareholders' Meeting of 29 June 2023 live on its website and had mechanisms in place that enabled proxy-granting, attendance and voting by electronic means.

8. The Audit Committee should ensure that the annual accounts submitted by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. In cases where the statutory auditor has included a qualification in their audit report, the chair of the Audit Committee should clearly explain the opinion of the Audit Committee on its content and scope at the General Shareholders' Meeting. A summary of this opinion should be made available to shareholders at the time that the meeting is called, together with the other proposals and reports from the Board.

Complies [X]   Partially complies [ ]   Explain [ ]

9. The Company should publish on its website, on a permanent basis, the requirements and procedures that it will accept for accrediting ownership of shares, the right to attend the General Shareholders' Meeting and the exercise or delegation of voting rights.

Such requirements and procedures should be conducive to shareholder attendance and the exercising of their rights and applied in a non-discriminatory manner.

Complies [X]   Partially complies [ ]   Explain [ ]

10. When any shareholder entitled to do so has exercised, prior to the General Shareholders' Meeting being held, the right to complete the agenda or to submit new proposals for resolutions, the Company should:

a) Immediately disseminate such supplementary items and new proposals for resolutions.

b) Disclose the model attendance card or proxy or absentee voting form with the necessary amendments to enable new items on the agenda and alternative proposals for resolutions to be voted on in the same terms as those proposed by the Board of Directors.

c) Put all such items or alternative proposals to a vote and apply the same voting rules to them as to those proposed by the Board of Directors, including, in particular, presumptions or deductions as to the direction of the vote.

d) After the General Shareholders' Meeting, communicate the breakdown of the votes on such supplementary items or alternative proposals.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

The Company complies in practice with the recommendation because, neither in 2023 nor in previous financial years, has there ever been any request in this regard and so no legitimate shareholder has ever exercised, prior to the General Shareholders' Meeting being held, the right to supplement the agenda or submit new draft resolutions other than those formulated by the Board itself.

The Company understands that, if this has not been the case, the Company complies with the recommendation. In any event, where the situation arises, the Company will also comply with the recommendation, given that it has traditionally facilitated exercising of the rights to participate in the General Shareholders' Meeting under equal conditions and maintains a flexible interpretation of the requirements necessary for active participation.

In accordance with the provisions of the Spanish Capital Companies Act, the Company safeguards the irrevocable right of the minority to request the inclusion of supplementary items and, each financial year, reminds its shareholders, in the Agenda of the Ordinary General Shareholders' Meeting that accompanies the call to the meeting, of their right to request an addendum to the call and to propose new resolutions, which can be done by shareholders representing at least three percent of the share capital, "by means of a reliable notification to be received at the registered office at Barrio Sagarribai, s/n, 01470 Amurrio (Álava), Spain, within the five days following the publication of the call". The Company therefore ensures the effectiveness of the minority's right to the addendum to the call.

11. In the event that the Company plans to pay attendance premiums to the General Shareholders' Meeting, it should establish, in advance, a general policy on such premiums and ensure that said policy is stable.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

12. The Board of Directors should perform its duties with unity of purpose and independence of judgement, treat all shareholders in the same position equally and be guided by corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and the maximisation of the economic value of the company.

    In the pursuit of the corporate interest, in addition to respect for laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted customs and good practices, it should seek to reconcile its own corporate interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and on the environment.

    Complies [X] Partially complies [ ] Explain [ ]

In 2023 the Board of Directors performed its duties, guided at all times by the corporate interest, reconciling it with the legitimate interests of all affected stakeholders and with the impact on the community and the environment.

In 2023, the Board focused its efforts on ensuring continuity, profitability and maximising value for the Company, by fulfilling the Company's Strategic Plan while simultaneously protecting the health and safety of workers.

13. The size of the Board of Directors should be sufficient for effective and participatory operation, which makes it advisable for it to have between 5 and 15 members.

    Complies [X] Explain [ ]

14. The Board of Directors should adopt a policy aimed at encouraging an appropriate composition of the Board of Directors and that:

    a) Is specific and verifiable.

    b) Ensures that proposals for appointment or re-election are based on a prior analysis of the competencies required by the Board of Directors.

    c) Encourages diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the Company to have a significant number of female senior managers are considered to be conducive to gender diversity.

    The result of the prior analysis of the skills required by the Board of Directors should be included in the Appointments Committee's explanatory report published when convening the General Shareholders' Meeting, at which the ratification, appointment or re-election of each director is to be submitted.

    Compliance with this policy shall be verified annually by the Appointments Committee and reported in the Annual Corporate Governance Report.

    Complies [X] Partially complies [ ] Explain [ ]

15. Proprietary and independent directors should constitute an ample majority of the Board of Directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by executive directors in the company's share capital.

    The number of female directors should account for at least 40% of the members of the Board of Directors by the end of 2022 and thereafter, and not less than 30% prior to that.

    Complies [ ] Partially complies [ ] Explain [X]

The composition of the Board is balanced and diverse, 54.54% of the total number of directors are independent (compared to 36.36% in 2022) and 36.36% of the directors are women, with this percentage increasing to 41.67% if the secretary of the Board is included.

The Company is committed to diversity in its governing bodies, as demonstrated by the fact that the specialised committees of the Board (Audit Committee and Appointments and Remuneration Committee) are chaired by female directors and the role of secretary general of the Board of Directors is also held by a woman, and that women make up 50% of the members of the management body of the Group's most representative company (TR Group S.L.U.), consisting of two co-administrators — one woman and one man.

The Company has the objective of exceeding 40% of female directors in mind for future appointments.

16. The percentage of proprietary directors out of the total number of non-executive directors should not be greater than the proportion between the capital of the company represented by such directors and the rest of the capital.

    This criterion may be mitigated:

    a) In large cap companies in which there are few stakes that are legally considered significant.

    b) In the case of companies in which there is a plurality of shareholders represented on the Board of Directors and they are not related to each other.

    Complies [X] Explain [ ]

17. The number of independent directors should represent at least half of the total number of directors.

    Nevertheless, when the company is not a large cap company or when, even if it is a large cap company, it has one or more shareholders acting in concert who control more than 30% of the share capital, the number of independent directors should represent at least one third of the total number of directors.

    Complies [X] Explain [ ]

18. The companies should make public through their website and keep updated the following information about their directors:

    a) Professional and biographical profile.

    b) Other boards of directors to which they belong, whether listed companies or not, as well as other paid activities that they perform, whatever their nature may be.

    c) Indicate the category of director to which they belong, detailing, in the case of proprietary directors, the shareholder they represent or with whom they have ties.

    d) Date of their first appointment as a director in the Company and subsequent re-elections.

    e) Company shares, and options thereon, held by them.

    Complies [X]   Partially complies [ ]   Explain [ ]

19. In the Annual Corporate Governance Report, after verification by the Appointments Committee, the reasons why proprietary directors have been appointed at the request of shareholders whose stake is less than 3% of the capital should be explained; as should the reasons why, where appropriate, formal requests have been denied for attendance on the Board from shareholders whose stake is equal to or greater than that of others at whose request proprietary directors have been appointed.

    Complies [ ]   Partially complies [ ]   Explain [ ]   Not applicable [X]

20. The proprietary directors should submit their resignation when the shareholder they represent transfers their entire stake. They should also do so, in the corresponding number, when such shareholder reduces their stake to a level that requires a reduction in the number of their proprietary directors.

    Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

The Board of Directors understands the significant shareholder BBVA gradually reducing its stake in the 2023 financial year from 12.37% of capital on 1 January 2023 to 5.96% as of 31 December 2023, does not imply that the Board require proprietary director Mr Enrique Migoya, BBVA representative, submit his resignation.

21. The Board of Directors should not propose the removal of independent directors before the expiry of the tenure for which they were appointed, except where just cause is found by the Board of Directors, based on a report from the Appointments Committee. In particular, just cause shall be deemed to exist when the director takes up new posts or incurs new obligations that prevent them from devoting the necessary time to the performance of the duties inherent to the post of director, fails to fulfil the duties inherent to their post or comes under any of the circumstances that cause them to lose their independent status, in accordance with the provisions of the applicable legislation.

    The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate operations involving a change in the capital structure of the company, when such changes in the structure of the Board of Directors are prompted by the proportionality criterion set out in Recommendation 16.

    Complies [X]   Explain [ ]

22. Companies should establish rules obliging directors to report and, where appropriate, resign when situations arise affecting them, whether or not related to their actions in the Company itself, which could damage the credit and reputation of the Company and, in particular, obliging them to inform the Board of Directors of any criminal proceedings in which they are under investigation, as well as the procedural events thereof.

    Having been informed of or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide, after a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. This should be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the Company must disclose, where appropriate, when the relevant measures are taken.

    Complies [X]   Partially complies [ ]   Explain [ ]

23. All directors should clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the Company's interests. In particular, independent and other directors who are not affected by the potential conflict of interest should likewise do so in the case of decisions that may be detrimental to shareholders not represented on the Board of Directors.

    When the Board of Directors makes material or reiterated decisions about which a director has expressed serious reservations, the director should draw the pertinent conclusions and, if they choose to resign, explain the reasons in the letter referred to in the next recommendation.

    This recommendation also applies to the secretary of the Board of Directors, even if they do not have the status of a director.

    Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

24. When, either by resignation or by resolution of the General Shareholders' Meeting, a director leaves before the end of their term of office, they should sufficiently explain the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons behind removal by the Board, in a letter to be sent to all members of the Board of Directors.

    This should all be reported in the Annual Corporate Governance Report, and, if it is relevant for investors, the Company should publish an announcement of the departure as quickly as possible, including sufficient reference to the reasons or circumstances provided by the director.

    Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

25. The Appointments Committee should ensure that non-executive directors have sufficient time available to adequately perform their duties.

    The Board Regulations should establish the maximum number of company boards on which its directors may sit.

    Complies [X]   Partially complies [ ]   Explain [ ]

The annual Work Plan of the Appointments and Remuneration Committee includes an annual review of directors' commitment and their other professional obligations.

The understanding is that the question is asked in relation to listed companies and the Company has indeed established rules on the number of boards of listed companies to which directors may belong. No limits are set for non-listed companies, since the impact on the time available to perform their duties at the Company will depend on the level of occupation and the positions that the director in question holds on other boards, which will be analysed by the Committee in each instance.

26. The Board of Directors should meet with the necessary frequency to perform its duties effectively and at least eight times a year, following the schedule of dates and matters established at the beginning of the year, with each director having the right to propose other items on the agenda that were not initially foreseen.

    Complies [X]   Partially complies [ ]   Explain [ ]

27. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. When they do occur, proxies should be granted with instructions.

    Complies [X]   Partially complies [ ]   Explain [ ]

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, they should, at the request of the person expressing them, be recorded in the minutes.

    Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

29. The Company should provide suitable channels for directors to obtain the advice they need to carry out their duties, including, if the circumstances so require, external advice at the Company's expense.

Complies [X]   Partially complies [ ]   Explain [ ]

30. Regardless of the knowledge required of directors for the performance of their duties, companies should also offer directors refresher programmes when circumstances so dictate.

Complies [X]   Explain [ ]   Not applicable [ ]

31. The agenda for Board meetings should clearly indicate the points on which the Board of Directors is to adopt a decision or resolution, so that directors can study or obtain the information necessary for its adoption beforehand.

When, exceptionally, for reasons of urgency, the chairman wishes to submit decisions or resolutions not appearing on the agenda for approval by the Board of Directors, prior express consent from the majority of the directors present shall be required, which shall be duly recorded in the minutes.

Complies [X]   Partially complies [ ]   Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the opinions of significant shareholders, investors and rating agencies on the Company and its Group.

Complies [X]   Partially complies [ ]   Explain [ ]

33. The chairman, as the person responsible for the effective operation of the Board of Directors, in addition to the duties assigned by law and the Corporate By-laws, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the Board and, where appropriate, the Company's chief executive officer; be responsible for the management of the Board and the effectiveness of its operation; ensure that sufficient time is given to the discussion of strategic issues; and approve and review refresher programmes for each director, when circumstances so advise.

Complies [X]   Partially complies [ ]   Explain [ ]

34. Where there is a coordinating director, the By-laws or Board Regulations should grant them the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and vice-chairmen, if any; to give voice to the concerns of non-executive directors; to maintain contacts with investors and shareholders to hear their views in order to form an opinion on their concerns, particularly in relation to the company's corporate governance; and to coordinate the chairman's succession plan.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

35. The secretary of the Board of Directors should take special care to ensure that, in its actions and decisions, the Board of Directors takes into account the recommendations on good governance set forth in this Code of Good Governance that are applicable to the company.

Complies [X] Explain [ ]

36. The Board of Directors in plenary session should assess, once a year, and adopt, where appropriate, an action plan to remedy identified deficiencies with respect to:

a) Operational quality and efficiency of the Board of Directors.

b) The functioning and composition of its committees.

c) The diversity in the composition and competences of the Board of Directors.

d) The performance of the chairman of the Board of Directors and the chief executive of the Company.

e) The performance and contribution of each director, paying close attention to those responsible for the different Board committees.

In order to carry out the assessment of the different committees, the report that they submit to the Board of Directors shall be used, and for the assessment of the latter, the one submitted by the Appointments Committee.

Every three years, the Board of Directors shall be assisted in the evaluation by an external consultant, whose independence shall be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group has with the Company or any company in its Group should be broken down in the Annual Corporate Governance Report.

The process and the areas assessed will be described in the Annual Corporate Governance Report.

Complies [X] Partially complies [ ] Explain [ ]

For continuous information between the Board and committees, all the members of the Board have sufficient knowledge and criteria to perform the assessment in accordance with the process indicated in this Corporate Governance Report.

37. When there is an Executive Committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the secretary of the Board of Directors.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

The participation structure of the different categories of directors is similar to that of the Board of Directors itself, and its secretary is the secretary of the Board.

The Executive Committee did not meet in 2023.

38. The Board of Directors should always be informed of the matters dealt with and decisions made by the Executive Committee, and all members of the Board of Directors should receive copies of the minutes of the Executive Committee's meetings.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

The Executive Committee did not meet in 2023.

39. The members of the Audit Committee as a whole, and especially its chair, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Complies [X]   Partially complies [ ]   Explain [ ]

40. Under the supervision of the Audit Committee, there should be an internal audit unit to ensure the proper functioning of the internal information and control systems, reporting functionally to the non-executive chairman of the Board or the chair of the Audit Committee.

Complies [X]   Partially complies [ ]   Explain [ ]

As reported in sections E and F above, following best good corporate governance practices, the Company has an Internal Audit Director who oversees the proper functioning of the internal control and information systems. This director reports functionally to the chair of the Audit Committee.

The "Internal Audit Charter" approved by the Board of Directors in 2019 defines the purpose, authority and responsibility of the internal audit.

The internal audit director is responsible for identifying the division's objectives and proposing its action plans to the Committee. In this regard, at its meeting on 21 February 2023, the Audit Committee approved the internal audit plan for said financial year.

41. The head of the unit responsible for the internal audit division should present the annual work plan to the Audit Committee for approval by said committee or by the Board, report directly to it on its implementation, including any incidents and limitations in the scope arising in the course of its implementation, the results and follow-up of its recommendations, and submit an activities report to it at the end of each financial year.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

42. In addition to those provided for by law, the following functions should correspond to the Audit Committee:

1. With regard to the information and internal control systems:

   a) Oversee and evaluate the preparation process and integrity of financial and non-financial information, as well as the financial and non-financial risk control and management systems relating to the Company and, where appropriate, the Group—including operational, technological, legal, social, environmental, political, reputational and corruption-related risks—reviewing compliance with regulatory requirements, the appropriate limit of the scope of consolidation and the correct application of accounting criteria.

   b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for that service; approve or propose approval by the Board of the annual internal audit guidelines and work plan, ensuring that its activity is primarily focused on relevant risks (including reputational risks); receive regular information on its activities; and ensure that senior management takes into account the conclusions and recommendations of its reports.

   c) Establish and supervise a mechanism that enables employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially important irregularities, including financial and accounting irregularities or those of any other nature related to the Company, that they may notice within the Company or its Group. This mechanism must guarantee confidentiality and always enable reports to be made anonymously, while respecting the rights of both the whistleblower and the accused party.

   d) Ensure, in general, that the established internal control policies and systems are effectively implemented in practice.

2. With regard to the external auditor:

   a) In the case of resignation of the external auditor, examine the circumstances that may have motivated such a decision.

   b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.

   c) Oversee that the Company reports the change of auditor to the CNMV accompanied by a statement of any possible disagreements with the outgoing auditor and, if they exist, their content.

   d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to inform it of the work performed and the development of the accounting and risk situation of the Company.

   e) Ensure that the Company and the external auditor comply with existing rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other rules on auditor independence.

Complies [X]   Partially complies [   ]   Explain [   ]

All of the above duties are assigned to the Audit Committee by the Regulations of the Board of Directors adopted on 27 January 2022 and by the Audit Committee Regulations which were approved by the Board of Directors on 21 December 2023.

43. The Audit Committee should be able to summon any employee or manager of the Company, and even order their appearance without the presence of any other manager.

Complies [X] Partially complies [ ] Explain [ ]

44. The Audit Committee should be informed of any structural and corporate changes that the Company plans to make in order to analyse them and report to the Board of Directors beforehand on their economic conditions and accounting impact and, in particular, where appropriate, on the proposed exchange equation.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

45. The risk control and management policy should identify or determine at least:

a) The different types of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational, along with those related to corruption) that the Company faces — with contingent liabilities and other off balance-sheet risks included among the financial or economic risks.

b) A tiered risk management and control model, including a specialised risk committee where sectoral rules so provide or where the Company so deems appropriate.

c) The level of risk that the Company deems acceptable.

d) The measures planned to mitigate the impact of the risks identified, should they materialise.

e) The internal information and control systems that will be used to control and manage the above-mentioned risks, including contingent liabilities or off balance-sheet risks.

Complies [X] Partially complies [ ] Explain [ ]

46. Under the direct supervision of the Audit Committee or, as the case may be, of a specialised committee of the Board of Directors, there should be an internal risk control and management function exercised by an internal unit or department of the Company with the following functions expressly attributed to it:

    a) Ensure the proper functioning of the risk control and management systems and, in particular, ensure that all important risks that affect the Company are properly identified, managed and quantified.

    b) Actively participate in establishing the risk strategy and in important decisions on risk management.

    c) Ensure that risk control and management systems mitigate risks adequately within the framework of the policy defined by the Board of Directors.

    Complies [X] Partially complies [ ] Explain [ ]

The function is carried out by the Internal Audit Department.

47. The members of the Appointments and Remuneration Committee—or of the Appointments Committee and the Remuneration Committee, if they are separate—should have the knowledge, skills and experience appropriate to the duties they are called upon to perform, and the majority of such members should be independent directors.

    Complies [X] Partially complies [ ] Explain [ ]

48. Large-cap companies should have a separate Appointments Committee and Remuneration Committee.

    Complies [ ] Explain [ ] Not applicable [X]

49. The Appointments Committee should consult with the chairman of the Board of Directors and the chief executive of the Company, especially on matters relating to executive directors.

    Any director should be able to request that the Appointments Committee consider potential candidates to fill director vacancies on the Board, if it deems them suitable.

    Complies [X] Partially complies [ ] Explain [ ]

50. The Remuneration Committee should perform its functions independently and have the following functions in addition to those assigned by law:

   a) Propose to the Board of Directors the basic terms and conditions of the contracts of senior management.

   b) Check compliance with the remuneration policy set by the Company.

   c) Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration schemes and their implementation, and ensure that their individual remuneration is proportionate to that paid to other directors and senior management of the Company.

   d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the committee.

   e) Verify the information on the remuneration of the directors and senior managers contained in the various corporate documents, including the annual report on directors' remuneration.

Complies [X]   Partially complies [ ]   Explain [ ]

All of the above duties are assigned to the Appointments and Remuneration Committee by the Regulations of the Board of Directors approved on 27 January 2022 and by the Appointments and Remuneration Committee Regulations, which were approved by the Board of Directors on 25 January 2024.

51. The Remuneration Committee should consult with the Company's chairman and chief executive, especially on matters relating to executive directors and senior management.

Complies [X]   Partially complies [ ]   Explain [ ]

52. The rules for the composition and operation of the supervisory and control committees should be set out in the Board of Directors' Regulations and be consistent with those applicable to legally binding committees in accordance with the above recommendations, including:

   a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

   b) They should be chaired by independent directors.

   c) The Board of Directors should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the duties of each committee, deliberate on their proposals and reports, and report on their activities at the first Board of Directors' plenary session following their meetings, and be accountable for the work carried out.

   d) The committees should seek external advice when they so deem necessary to perform their duties.

   e) Minutes of the meetings should be recorded and made available to all directors.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

53. Oversight of compliance with the Company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the Board of Directors, which may be the Audit Committee, the Appointments Committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the Board of Directors, in exercise of its powers of self-organisation, has decided to create. Such a committee should be composed solely of non-executive directors, the majority of whom should be independent, and should be specifically attributed the minimum duties indicated in the following recommendation.

Complies [X]   Partially complies [ ]   Explain [ ]

Supervision of compliance with the Company's rules on environmental, social and corporate governance matters and internal codes of conduct is assigned to the Audit Committee (pursuant to Article 21 of the Board Regulations and Article 7.D) of the Audit Committee Regulations), which solely comprises non-executive directors, the majority of which are independent.

With regard to sustainability and corporate governance, supervision of compliance with the Company's policies and rules on environmental, social and corporate governance matters includes:

i. Overseeing and monitoring compliance with corporate governance rules and the Company's internal codes of conduct, ensuring that the corporate culture is aligned with their aims and values.

ii. Overseeing the implementation of the general policy on economic-financial, non-financial and corporate reporting, as well as communication with shareholders and investors, proxy advisers and other stakeholders. The way in which the entity communicates and relates to small and medium-sized shareholders will also be monitored.

iii. Assessing and periodically reviewing the corporate governance system and the Company's environmental and social policy, to fulfil the mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.

iv. Ensuring that the Company's environmental and social practices align with the set strategy and policy.

v. Overseeing and assessing relationships with the various stakeholders.

It is also the responsibility of the Audit Committee to propose to the Board of Directors the appointment of the independent verification service provider charged with verifying mandatory sustainability information, checking that non-financial information published on the Company's corporate website is permanently up to date and matches the information prepared by the Board of Directors and published on the website of the Spanish National Securities Market Commission, and reporting in advance on the Group's risks to be included in the Company's Annual Corporate Governance Report and submitting its conclusions to the Board of Directors for consideration.

54. The minimum duties referred to in the above recommendation are as follows:

a) Overseeing compliance with corporate governance rules and the Company's internal codes of conduct, ensuring that the corporate culture is aligned with their aims and values.

b) Overseeing the implementation of the general policy on economic-financial, non-financial and corporate reporting, as well as communication with shareholders and investors, proxy advisers and other stakeholders. The way in which the entity communicates and relates to small and medium-sized shareholders will also be monitored.

c) Assessing and periodically reviewing the corporate governance system and the Company's environmental and social policy, to fulfil the mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d) Ensuring that the Company's environmental and social practices align with the set strategy and policy.

e) Overseeing and assessing relationships with the various stakeholders.

Complies [X]　Partially complies [ ]　Explain [ ]

55. Social and environmental sustainability policies should identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal conduct.

b) The methods or systems for monitoring compliance with policies, the associated risks and their management.

c) The supervision mechanisms of non-financial risk, including those relating to ethics and business conduct.

d) The communication, participation and dialogue channels with stakeholders.

e) Responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Complies [X]　Partially complies [ ]　Explain [ ]

56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and reward the dedication, qualifications and responsibility that the post demands, but not so high as to compromise the independence of non-executive directors' judgement.

Complies [X]　Explain [ ]

57. Variable remuneration linked to the Company's performance and personal performance, as well as remuneration in the form of shares, options or rights over shares or instruments indexed to the value of the share and long-term savings schemes such as pension plans, retirement schemes or other social welfare schemes, should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The foregoing shall not apply to the shares that the director needs to transfer, if any, to satisfy the costs related to their acquisition.

Complies [X] Partially complies [ ] Explain [ ]

Following the amendment of the By-laws and the Directors' Remuneration Policy approved by the General Shareholders' Meeting on 30 June 2022, with effect from 2022, the small variable remuneration equal to 0.5% of the consolidated net profit paid to all directors has been withdrawn, in line with the principles of good corporate governance, so that variable remuneration in 2023 is limited exclusively to the executive director up to 31 August, Mr Francisco Irazusta Rodríguez.

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure that such remuneration reflects the professional performance of the beneficiaries and not merely the general progress of the markets or the Company's sector of activity or other similar circumstances.

And, in particular, the variable remuneration components should:

a) Be linked to performance criteria that is predetermined and measurable and which considers the risk undertaken to obtain a result.

b) Promote the Company's sustainability and include non-financial criteria that are suitable for long-term value creation, such as compliance with the Company's rules and internal procedures and its risk management and control policies.

c) Be based on a balance between meeting short-, medium- and long-term goals that allow remuneration for sustained performance for a period of time sufficient to appreciate contribution to sustainable value creation, so that the items that measure such performance do not just revolve around one-off, occasional or extraordinary events.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

The terms of the contract for the executive chairman up to 31 August 2023 and the current Remuneration Policy in force do ensure that variable remuneration that may be accrued reflects the executive chairman's professional performance and does not derive solely from the general evolution of the markets or the Company's sector of activity, but that it is linked to performance criteria that are predetermined and measurable, and these criteria consider the risk assumed to achieve a result, promote the Company's sustainability and include non-financial criteria such as compliance with the Code of Ethical Conduct and these criteria are appropriate for the creation of long-term value.

Variable remuneration for the executive chairman up to 31 August 2023 aimed to link the former executive chairman with the creation of value for the Company for the benefit of all its stakeholders (shareholders, employees, financial institutions, customers, suppliers etc.), and the creation of value is precisely the basis for quantification of the multi-year incentive, by means of a system that is embodied in the Remuneration Policy approved by the General Shareholders' Meeting on 30 June 2022. Variable remuneration for the executive chairman up to 31 August 2023 was configured based on a balance between meeting short-, medium- and long-term objectives, allowing remuneration for sustained performance for a period of time sufficient to appreciate contribution to sustainable value creation, so that the items that measure such performance do not just revolve around one-off, occasional or extraordinary events.

The executive chairman up to 31 August 2023 did not accrue any variable remuneration in 2023.

59. The payment of variable components of remuneration should be subject to sufficient verification that the performance or other pre-determined conditions have been effectively met. Entities shall include, in the annual directors' remuneration report, the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

Entities should also consider establishing a malus clause based on the deferral, for a sufficient period of time, of the payment of a part of the variable components that entails their total or partial loss should an event occur prior to the time of payment that makes it advisable to do so.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

60. Remuneration linked to the Company's results should take into account any qualifications stated in the external auditor's report and reduce those results.

Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

61. A relevant percentage of the variable remuneration of executive directors should be linked to the provision of shares or financial instruments referenced to their value.

Complies [ ]   Partially complies [ ]   Explain [ ]   Not applicable [X]

Not applicable as of 31 December 2023.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, executive directors may not transfer ownership or exercise them until at least three years have elapsed.

An exception is made where the director maintains, at the time of the transfer or exercise, a net economic exposure to changes in the share price of a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of in order to meet the costs related to their acquisition or, subject to the favourable opinion of the Appointments and Remuneration Committee, to meet extraordinary situations that so require.

Complies [ ]   Partially complies [ ]   Explain [ ]   Not applicable [X]

Not applicable as of 31 December 2023.

63. Contractual arrangements should include a clause allowing the company to claim reimbursement of variable remuneration components where payment has not been in line with performance conditions or where they have been paid based on data subsequently found to be inaccurate.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

Not applicable as of 31 December 2023.

64. Payments for termination or expiry of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the Company has been able to verify that the director has complied with the criteria or conditions established for their receipt.

For the purposes of this recommendation, contractual termination payments should include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the director's contractual relationship with the Company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

H. OTHER INFORMATION OF INTEREST

1. If there are any relevant aspects of corporate governance in relation to the Company or the entities of the Group that have not been included in the other sections of this report, but which it is necessary to include in order to provide more complete and reasoned information on the structure and practices of governance in the Company or its Group, briefly describe them.

2. Within this section, you may also include any other information, clarification or details related to the previous sections of the report insofar as they are relevant and not repetitive.

   Specifically, indicate whether the Company is subject to corporate governance legislation other than in Spanish law and, if so, include the information that it is mandatory to provide and which differs from that required in this report.

3. The Company may also indicate whether it has voluntarily adhered to other codes of ethical principles or good practices, whether international, sectoral or otherwise. As the case may be, the code in question and the date of accession should be identified. In particular, please state whether the Code of Good Tax Practices of 20 July 2010 has been adhered to:

The Company considers that the operation of its governing and administrative bodies is adequate, although it has a clear intention to continue making progress in the area of good corporate governance, to which end it has gradually adopted the best practices recommended in the June 2020 version of the Unified Code of Good Governance for listed companies (CGG), and will continue to do so in the current year, because, although these recommendations are voluntary, the Company believes that they are an essential factor for value creation at the Company, improving economic efficiency and enhancing investor confidence.

It should be noted that having considerably improved its corporate governance in 2021, the Company continued to make significant progress during 2022 and 2023 in its level of compliance with good governance recommendations. During the 2023 financial year and up to the date of publication of this report, the Tubos Reunidos Group made the following significant progress in corporate governance at the Company and the entities of the Tubos Reunidos Group:

1) With regard to CORPORATE BODIES:

• Separation of the positions of non-executive chairman and chief executive, in line with best good corporate governance practice and with the aim of strengthening the independence of the Board of Directors. On 27 July 2023, following the voluntary resignation of the former Executive Chairman Mr Francisco Irazusta on 13 July 2023, with effect from 31 August 2023, the Board of Directors, as announced to the market via an Inside Information Communication on 14 July 2023, decided to separate the positions of non-executive chairman and chief executive and ratify the appointment of Mr Carlos López de las Heras as Chief Executive of the Tubos Reunidos Group with effect from 31 August 2023.

• On 21 December 2023, Mr Josu Calvo Moreira was appointed Independent Director of the Company by co-optation, as well as Non-Executive Chairman of the Board of Directors, which was communicated to the market in an Other Relevant Information communication on the same day. In addition to increasing the percentage of independent directors, Tubos Reunidos therefore strengthened its Board of Directors and its corporate governance model with a non-executive chairman, in order to navigate the demanding challenges facing the Group in the coming years. Mr Josu Calvo Moreira does not have any executive powers at Tubos Reunidos and retains his current position as CEO of Gonvarri Industries.

2) With regard to the INTERNAL REGULATORY FRAMEWORK:

The Company continued to take great strides towards a solid corporate governance system aligned with best practice. The internal regulatory framework was extended and refined through approval of a new governance standard for a corporate body by the Board of Directors on 21 December 2023: The Audit Committee Regulations, which are a specific standard incorporating the highest standards applicable to listed companies and regulate the operation of said committee, establishing the basic rules for its organisation and implementing the provisions of the Board Regulations, in accordance with the recommendations of Technical Guide 3/2017 on Audit Committees published by the CNMV in June 2017. The text of the Audit Committee Regulations was made available to shareholders and the general public on the Company's website.

Furthermore, with the aim of achieving sustainable and ethical development for the Group's businesses, the Board approved new CORPORATE POLICIES that expand the internal regulatory framework and have been circulated by publication on the corporate website, www.tubosreunidosgroup.com, in the Shareholders and Investors section, under the sub-section Corporate Policies.

• Approval of the Information Security Policy on 27 April. This policy forms part of the Company's Internal Control and Risk Management System, implements the Corporate Risk Control and Management Policy, and sets out general principles that apply to the Group's IT security in order to ensure effective management thereof.

• Approval on 27 July of the Corporate Policy for Procurement, Contracting Services and Investments, which establishes the general rules regarding the contracting of goods and services with third parties by the Group, and those regarding relationships with suppliers and other stakeholders related to the process of overseas procurement and contracting, ensuring the company's interest is pursued at all times and mitigating risks.

3) As regards STRATEGIES, the Board of Directors undertook three important actions:

• Approval by the Board on 21 December of the basic and general structure of the Sustainability Master Plan, with a timeline of five years (2024–2028). It will be subject to implementation in 2024 and has been set up as one of the basic pillars of the TR Group Strategic Plan.

• Provide more resources to the Sustainability Division.

• Approval on 27 July by the Board of Directors of the Updated Corporate Risk Map, which reorganises risks and raises the level of cyber risks and sustainability, among others.

4) With regard to the COMPLIANCE SYSTEM, the Board of Directors made a significant effort in 2023. After consulting the employees' legal representatives, the Board thoroughly revised and reformulated its entire compliance system to adapt it by the deadline to the requirements of the new Law 2/2023 of 20 February on the Protection of Persons Who Report Regulatory and Anti-Corruption Infractions.

In 2023, the TR Group internally implemented and circulated a new Internal Reporting System that is designed, established and managed in a secure manner, which:

a) Guarantees that the identity of the whistleblower and any third party mentioned in the communication remains confidential, as do the actions that take place, ensures data protection, preventing access by unauthorised employees.

b) Enables written or verbal communications, or both.

c) Integrates the different internal information channels within the company.

d) Sets out the guarantees to protect whistleblowers.

e) Establishes a procedure for managing the information received.

For all these reasons, on 25 July the Board of Directors obtained a certificate from Deloitte Legal on the suitability of the compliance system and its correct adaptation to the new law.

The comprehensive reform of the compliance system was communicated transparently to shareholders at the General Shareholders' Meeting held on 29 June 2023, as item 9 under 'Matters for information'. In particular, shareholders were informed of the reporting channels available to them in accordance with the new Law 2/2023, to notify the Company of any actions or omissions within the Tubos Reunidos Group of which they are aware and may constitute serious or very serious criminal or administrative violations, including those involving financial losses for the Public Treasury and/or Social Security.

This comprehensive reform required the following specific actions taken by the Board in 2023:

1) Appointment on 30 March of the secretary of the Board of Directors as the person responsible for the Internal Reporting System (which forms part of the compliance system).

2) Approval on 25 May of the new Code of Ethical Conduct of the Tubos Reunidos Group, with a new revised text adapted to the new Law 2/2023, replacing and rendering null and void the previous version approved in April 2021.

3) Approval on 25 May of the Corporate Internal Reporting System and Whistleblower Protection Policy, which sets out the general principles relating to the Internal Reporting System and has been duly published within the organisation. The policy was published on the homepage of the corporate website, in a separate and easily identifiable section, as required by Article 25 of Law 2/2023.

4) Approval on 25 May of the Ethics Channel Regulations, which include the Privacy Policy as Appendix I and the Non-Retaliation Protocol as Appendix II. The Protocol and its appendices constitute the new information management procedure, which replaces the Whistleblower Channel Regulations approved in April 2021 and is published on the homepage of the corporate website, in a separate and easily identifiable section, as required by Article 25 of Law 2/2023.

5) Approval on 25 May of the new ICB Regulations, replacing those adopted on 29 April 2021.

6) Approval on 25 May of the Tubos Reunidos Group's new Gifts and Invitations Policy, which replaces the policy approved on 29 April 2021.

7) Approval on 29 June of a new Corporate Criminal Risk Prevention and Compliance Policy adapted to Law 2/2023, replacing the policy approved on 29 April 2021.

8) A new Criminal Risk Prevention Manual (General Section) adapted to Law 2/2023 was approved on 29 June, replacing the manual approved on 29 April 2021.

9) Three additional documents remained at Audit Committee level and were overseen with a favourable opinion in July:

• Criminal Risks Prevention Manual (Specific Section)
• Ethical Commitment of Administrators, Directors and Employees.
• Review of the adaptation of the new ethical commitment models.

Finally, as the last activity for financial year 2023 aimed at improving the compliance system, the Code of Ethical Conduct for Suppliers of the Tubos Reunidos Group was approved on 21 December, in line with best practice in the matter, in order to extend the Company's commitment to ethics and integrity in business, the defence of human, social and labour rights, health and safety, occupational hazard prevention, quality and protecting the environment, to all suppliers. The Code is mandatory and will bind all suppliers, contractors, advisors and other collaborating companies of any of the TR Group companies.

Moreover, with regard to compliance, on 21 December, the Board of Directors supervised the Protocol for the Prevention and Action against Harassment adapted to the new Law 2/2023, in relation to its compliance duties, and approved its implementation in 2024 at all TR Group companies, as evidence of their commitment to zero tolerance on situations of harassment.

It should also be noted that the new Internal Reporting System was circulated to staff in 2023 and specific compliance training was held aimed at the Human Resources Division. The training emphasised certain aspects, such as the ban on retaliation against whistleblowers and the safeguarding of personal data, ensuring that our personnel are duly prepared to maintain the highest ethical standards in all areas of the organisation.

The Internal Reporting System was established to communicate or report ethical and/or legal violations, and one of its main guiding operational principles is to protect people who report any serious or very serious administrative or criminal violations in good faith. The Tubos Reunidos Group's Ethics Channel can be accessed via the corporate website, and is available not only to staff but also to any person outside the Company.

In short, thanks to the changes and reforms to the governance system carried out in 2021, 2022 and 2023, the Tubos Reunidos Group's Corporate Governance System is robust and effective, and constitutes a solid structure for business to develop properly, in line with the highest standards and best practice within Spain and around the world. Tubos Reunidos S.A. has achieved a high level of compliance with the Code of Good Governance for Listed Companies compared with that of other listed entities of its size in the same sector. Nonetheless, the Company's Board of Directors is firmly committed to continuing to improve corporate governance and make progress in the area of good corporate governance in the 2024 financial year, adopting the following measures that will help to enhance good governance at the TR Group:

1) Update and formalise, as best practice defined by the CNMV, the existing procedures within the Group aimed at promoting better compliance, by employees and administrators, with the legal obligations and prohibitions relating to market abuse, through a new Internal Code of Conduct for Securities Markets.

2) Formal adherence by the Company to the United Nations Global Compact.

3) Implementation of the Protocol for the Prevention and Action against Harassment, adapted to the new Law 2/2023, at all TR Group companies.

BEST TAX PRACTICE IN LINE WITH THE CODE OF 20 JULY 2010. The Company has not formally adhered to the Code of Good Tax Practices of 20 July 2010 by agreement of the Board of Directors because the objective of that Code is to promote a reciprocally cooperative relationship with the Spanish State Tax Administration Agency (Agencia Estatal de Administración Tributaria), and the taxation of the Company is subject to Basque regional regulations, since it has its registered office in Álava. Notwithstanding the foregoing, the Company maintains a relationship with the Tax Authorities (mainly the local treasuries of Álava and Biscay) based on the principles of transparency and mutual trust, and always in accordance with the principles of good faith and loyalty between the parties. The Company has a Corporate Tax Policy that includes Tubos Reunidos Group's tax strategy and its commitment to implementing best tax practice. By virtue of this policy, the Group's compliance with its tax obligations and its relations with the Tax Authorities are governed by the following principles:

1. Apply and comply with current tax regulations in all territories in which the Group operates.
2. Promote responsible tax behaviour that seeks to prevent tax risk, through the following practices:
3. Maintain a relationship with the tax authority based on the principles of good faith, collaboration and transparency.
4. Ensure that the Company's Board of Directors is aware of the main tax implications of all its decisions and effectively and fully complies with its non-delegable powers in tax matters.

This Annual Corporate Governance Report has been approved by the Company's Board of Directors at its meeting dated:

[29/02/2024]

Indicate whether there have been any directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

SPANISH NATIONAL SECURITIES MARKET

ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF LISTED LIMITED LIABILITY COMPANIES

ISSUER'S IDENTIFICATION DETAILS

End date of relative financial year: 31/12/2023

CIF (tax ID no.): A-48011555

Company name:

TUBOS REUNIDOS, S.A.

Registered office:

BARRIO SAGARRIBAI, S/Nº (AMURRIO) ÁLAVA, SPAIN

A. COMPANY REMUNERATION POLICY FOR THE FINANCIAL YEAR IN PROGRESS

A.1.1 Explain the current directors' remuneration policy applicable to the current financial year. To the extent that it is relevant, certain information may be included referencing the remuneration policy approved by the General Shareholders' Meeting, provided that the incorporation is clear, specific and precise.

The specific determinations for the current financial year should be described in terms of directors' remuneration for their capacity as such and the performance of their executive functions, which the Board should have completed in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting.

In any case, the following aspects, at a minimum, must be reported:

a) A description of the procedures and company bodies involved in determining, approving and implementing the remuneration policy and its conditions.

b) An indication and, where appropriate, explanation as to whether comparable companies have been taken into account when establishing the Company's remuneration policy.

c) Information on whether any external adviser has been consulted and, if so, the external adviser's identity.

d) Procedures covered by the current directors' remuneration policy in order to apply temporary exceptions to the policy, the conditions under which such exceptions may be invoked and components that may be subject to exceptions according to the policy.

The remuneration policy for Tubos Reunidos directors that applies to the current financial year is outlined in its statutory regime and in the "Directors' Remuneration Policy", approved by the General Shareholders' Meeting.

The statutory regime that applies to the directors' remuneration is outlined in Article 26 of the Corporate By-laws, the latest text of which was approved by the General Shareholders' Meeting held on 30 June 2022. Moreover, in order to adapt it to this statutory framework, the Appointments and Remuneration Committee (hereinafter, ARC), established on 5 May 2022, prepared the new "Directors' Remuneration Policy" and put it to the Board of Directors, which submitted it for review and approval at the General Shareholders' Meeting on 30 June 2022 as a separate item on the agenda. Together with the specific report issued by the ARC, it was made available to shareholders on the Company's website at the same time as the General Shareholders' Meeting was called. At the time the proposed policy was prepared, the ARC comprised the following directors:

Chairwoman: Ms Ana Muñoz (Independent)
Members: Mr Cristobal Valdés (Proprietary) and Ms Maria Sicilia (Independent).

The General Shareholders' Meeting approved the current policy by a large majority (over 99%) on 30 June 2022, for application from its approval date thereafter. It will remain valid throughout 2022, 2023 and 2024.

The general principles comprising the remuneration policy are based on the provisions of Article 217.4 of the Spanish Capital Companies Act, which establishes directors' remuneration must be reasonably proportional to the size of the Company, its current financial situation and market standards for comparable companies. The policy must also pursue long-term profitability and sustainability at the Company and incorporate the necessary precautions to prevent excessive risk-taking and reward for unfavourable results. Based on this legal provision, the general principles of the remuneration policy are as follows:

a) Alignment with the interests of shareholders, as a factor for the creation of long-term and sustainable value for the Company, and with their values.
b) Moderation, balance and prudence, so that the level of responsibility assumed, qualification and actual dedication are suitably rewarded, taking into account market benchmarks according to public information on this matter regarding companies that are comparable due to their capitalisation, size, ownership structure and international presence.
c) Competitiveness, serving as an incentive to attract and retain the highest calibre of professional, in terms of level of responsibility and career path, without this affecting their independence.
d) Ensuring that remuneration contributes to the achievement of the Company's strategic objectives.
e) Low weighting of variable components for external directors (proprietary and independent), allowing for prudent risk management in decision-making.
f) Transparency in the remuneration policy.

Application of the Directors' Remuneration Policy aims to generate long-term value for shareholders and, in turn, ensure the sustainability of the Company's results and activity. The compensation established in favour of the directors is based on the usual remuneration items for boards of listed Spanish companies.

With regard to the criteria used and the composition of the groups of comparable companies whose remuneration policies have been examined when establishing the policy, the Company reports that the remuneration policies of comparable listed Spanish companies included in the directors' remuneration reports published by two top-rated consulting firms were examined, and that corporate governance best practices were taken into account when preparing the remuneration policy.

No external advisers participated in preparing the policy, although it is based on the remuneration system initially proposed to the Board of Directors by the Appointments and Remuneration Committee on 15 April 2009, having then received external advice from Seeliger and Conde. Russell Reynolds also advised the Board in 2020 to determine the remuneration items of the then executive director.

The policy contributes positively to Tubos Reunidos' business strategy, creating value and long-term interests and sustainability of the Company, and does not consider temporary exceptions to its application, nor conditions under which such exceptions may be invoked nor the components that may be subject to exceptions.

Taking developments to the Company's businesses into account, in 2016 the Board took the decision to apply a 25% reduction to the remuneration of the directors in their capacity as such. This reduction was upheld in the 2023 financial year. With regard to financial year 2024, as proposed by the ARC, the Board specifically determined on 25 January 2024 that the remuneration of directors in their capacity as such should be updated in accordance with the favourable business context in recent years (which has enabled the Company to return to positive results) and in accordance with market standards for comparable listed companies. The difference in remuneration in 2023 shall be accrued but may not be paid until 75% of the financial support granted to the Company by the Solvency Support Fund for Strategic Companies has been repaid. The amount of this updated remuneration is stated in section A.1.3. of this report.

A.1.2 The relative importance of variable remuneration items in relation to fixed items (remuneration mix), as well as which criteria and objectives will apply, were taken into account when setting the remuneration and in order to guarantee an adequate balance between its fixed and variable components. In particular, outline the actions taken by the Company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the Company's long-term goals, values and interests. This includes, where appropriate, reference to the measures envisaged to ensure that the remuneration policy addresses the Company's long-term results, the measures taken in relation to those staff categories whose professional activities have a tangible impact on the Company's risk profile and measures envisaged to avoid any conflicts of interest.

Likewise, outline whether the Company has established any period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, a period of deferment in the payment of amounts or delivery of the financial instruments that have been already accrued and vested, or if any deferred remuneration malus clause has been agreed and not yet been vested or forces the director to pay back the remuneration received, where such remuneration has been based on data whose inaccuracy has subsequently been clearly demonstrated.

In 2023, no directors accrued any variable remuneration and shall not accrue any variable remuneration in the current year. The Executive Chairman up to 31 August 2023 did not accrue annual or multi-year variable remuneration for the 2023 financial year due to his voluntary resignation.

Directors, in their capacity as such, receive remuneration comprising two cumulative items: 1) a set amount and 2) fees for attending meetings of the Board of Directors and Committees of the Board.

By means of the June 2022 amendment to the Remuneration Policy applicable to 2022, 2023 and 2024, which was approved on 30 June 2021, and in line with good governance recommendations for listed companies, the only variable remuneration item for non-executive directors of the Company was removed. This item previously consisted of a 0.5% stake in consolidated net profit provided that the legal reserve was covered and shareholders had been paid a minimum dividend of 4%.

A.1.3 The amount and nature of the fixed components expected to be accrued during the year by the directors in their capacity as such.

The Appointments and Remuneration Committee meeting held on 23 January 2024 proposed to update the remuneration of directors in their capacity as such, for the reasons indicated above in section A.1.1. of this report. The proposal subsequently received unanimous approval by the Board of Directors at its meeting on 25 January 2024 (submitted for consideration by Sociedad Estatal de Participaciones Industriales).

In 2024, the current Directors' Remuneration Policy, approved on 30 June 2022 by the General Shareholders' Meeting and available on the Company website at https://www.tubosreunidosgroup.com/es/investors/politicas-corporativas, will be applied. The fixed remuneration of directors in their capacity as such (amount of the cash compensation accrued by the director for membership of the Board of Directors and its committees, and for the positions held on the Board) is specified in section 4.1. "IN THEIR CAPACITY AS SUCH" of this policy, which stipulates the following:

In compliance with statutory provisions, the remuneration system for directors in their capacity as such, i.e. for their supervisory and joint decision-making functions, consists of:

a) Annual fixed remuneration for the capacity of member of the Board of Directors and proportional to the period of their mandate during the year.
b) Fixed remuneration for the Chairman of the Board of Directors in his capacity as director and which includes all remuneration items as such.
c) Fixed annual remuneration in addition to the foregoing for certain external directors for their greater dedication.
d) Attendance fees for Board and committee meetings, except for the Chairman of the Board of Directors, as set out in point b) above. In the case of the Chairs of the Supervisory Committees (Audit and Appointments and Remuneration), the fee for their positions is double.
e) No compensation is foreseen for the termination of the functions of director as such, nor contributions to pension systems.

Consequently, the amount of fixed components expected to be accrued in the 2024 financial year by the directors in their capacity as such is as follows:

a) Fixed remuneration: EUR 40,000 gross per year (compared to 32,500 in 2023; the difference of EUR 7,500 per year will not be paid until 75% the financial support granted by the Solvency Support Fund for Strategic Companies is repaid).

b) Attendance fees:

b.1.) Attendance at Board meetings amounts to EUR 2,500 gross per meeting (compared to EUR 1,500 in 2023; the difference of EUR 1,000 per meeting will accrue but not be paid until 75% of the financial support granted by the Solvency Support Fund for Strategic Companies is repaid). The amount is double for the Chairman, at EUR 5,000 (compared to EUR 3,000 in 2023; again, the difference of EUR 2,000 per meeting will be accrued but not paid until 75% of the financial support granted by the Solvency Support Fund for Strategic Companies is repaid).

While the current Remuneration Policy foresees fee payments "with the exception of the Chairman of the Board", as proposed by the ARC, the Board has interpreted and considered that the exception, which was included in the policy when the Chairman was an executive post and consequently received salary for executive functions, should not apply to a non-executive Chairman, following the same criteria applied in 2019 with the then Non-Executive Chairman.

b.2) Attendance at committee meetings of EUR 2,500 per meeting for all members (compared to EUR 1,500 in 2023; the difference of EUR 1,000 per meeting will be accrued but not paid until 75% of the financial support granted by the Fund for Solvency Support of Strategic Companies is repaid). The amount doubles for committee chairs, i.e. EUR 5,000 (compared to 3,000 in 2023; again, the difference of EUR 2,000 per meeting will accrue but not be paid until 75% of the financial support granted by the Solvency Support Fund for Strategic Companies is repaid).

c) Additional fixed remuneration to the previous remuneration of EUR 37,500 for the Coordinating Director Mr Jorge Gabiola, for his greater dedication.

d) Additional fixed annual remuneration of EUR 20,000 for the member Mr Jesús Pérez Rodriguez-Urrutia, for his greater dedication to controlling and monitoring fulfilment of the financial obligations assumed by the Company.

e) Annual fixed remuneration for the non-executive Chairman Mr Josu Calvo Moreira, amounting to EUR 100,000, for his role as Chairman of the Board.

A.1.4 The amount and nature of the fixed components to be accrued in the year for the executive directors' performance of senior management functions.

No directors are expected to perform executive functions in the 2024 financial year.

A.1.5 The amount and nature of any component related to remuneration in kind to be accrued in the year including, but not limited to, insurance premiums paid in favour of the director.

No remuneration-in-kind component is expected to accrue in 2024 for any directors.

Nevertheless, Tubos Reunidos has taken out third-party liability insurance for its directors and senior executives.

A.1.6 The amount and nature of the variable components, differentiating between those established in the short and long term. Financial and non-financial parameters, including those related to society, the environment and climate change, selected to determine the variable remuneration in the current financial year, an explanation of the extent to which such parameters relate to the performance, of both the director and the company and with its risk profile, and the methodology, time required and techniques envisaged to be able to determine, at the end of the year, the effective degree of compliance with the parameters used in the design of the variable remuneration, with an explanation of the criteria and factors that apply regarding the time required and methods to verify that the performance conditions or any other conditions to which the accrual and consolidation of each variable remunerative component was linked have been effectively met.

Indicate the range in monetary terms of the various variable components according to the degree of compliance with the established objectives and parameters, and whether there is any maximum monetary amount in absolute terms.

Pursuant to the Directors' Remuneration Policy, no directors are expected to accrue variable remuneration in 2024.

A.1.7 Main features of the long-term savings systems. Among other information, the contingencies covered by the system will be indicated, whether it is a defined contribution or benefit system, the annual contribution to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefits plans, the conditions for the consolidation of economic rights in favour of the directors and their compatibility with any kind of payment or indemnification due to the early resolution, cessation or termination of the contractual relationship, as provided, between the Company and the director.

Indicate whether the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the director's short- and long-term performance.

In 2024, the directors do not have a long-term savings or benefits system in place. Consequently, the Company has not undertaken any defined contribution or benefit commitment in any system and will not make any contributions in the current fiscal year.

A.1.8 Any kind of payment or indemnification due to the early resolution or termination of the contractual relationship in the terms provided between the Company and the director, whether the termination is at the will of the Company or the director, as well as any type of agreements, such as exclusivity, post-contractual non-competition and commitment or loyalty that entitle the director to any kind of payment.

No directors in office as of the date of this report have agreed to any indemnification in the event of termination, early retirement or cessation of their directorship.

Likewise, no directors in office as of the date of this report had or have agreed to any indemnification resulting from agreements related to exclusivity, post-contractual non-competition agreements, or commitment or loyalty agreements.

A.1.9 Indicate the conditions to be respected in the agreements of those individuals who exercise senior management roles, such as executive directors. Among others, the duration, the limits on the amounts of indemnification, minimum commitment clauses, notice periods and payment as a replacement for the aforementioned notice period, and any other clauses relating to contracting premiums, shall be reported as shall any indemnification or golden-parachute payments due to the early resolution or termination of the contractual relationship between the Company and its executive directors. Include, among others, non-competition, exclusivity, commitment or loyalty agreements and post-contractual non-compete agreements, unless they have been explained in the previous section.

No directors are expected to perform executive functions in the 2024 financial year.

A.1.10 The estimated nature and amount of any other additional remuneration to be accrued as compensation by the directors in the current year related to services provided other than those related to their position.

In 2024, no additional remuneration is expected to accrue to directors as compensation for services other than those related to their position.

A.1.11 Other remuneration items such as derivatives, where relevant, from the Company granting advances, credit and guarantees and other remuneration to the directors.

In 2024, no other remuneration resulting from the granting of advances, loans or guarantees to directors is expected.

A.1.12 The estimated nature and amount of any other additional remuneration not covered by the preceding sections, whether this is satisfied by the entity or other entity from the Group, to be accrued by the directors in the current year.

In 2024, no additional remuneration is expected to accrue to directors that has not been included in the preceding sections.

A.2. Explain any relevant changes to the remuneration policy that apply to the current year resulting from:

a) A new policy or policy modification already approved by the General Shareholders' Meeting.

b) Relevant changes in the specific determinations established by the Board for the current year of the current remuneration policy with respect to those applied in the previous financial year.

c) Proposals that the Board of Directors may have agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and that have been proposed to be applied to the current financial year.

As of the date of this report, no changes have been made to the applicable remuneration policy, which was approved by the General Shareholders' Meeting on 30 June 2022.

The Board of Directors does not intend to submit an amendment to the Directors' Remuneration Policy to the General Shareholder's Meeting for approval.

With regard to the specific determinations established by the Board for the current year, the only change compared to 2023 is the updated remuneration referred to in sections A.1.1. and A.1.3. of this report.

A.3. Show the direct link to the document that sets out the Company's current remuneration policy, which must be available on the Company's website.

Since its approval on 30 June 2022, the text of the Directors' Remuneration Policy has been available on the Company's website at www.tubosreunidosgroup.com/es/investors/politicas-corporativas

A.4. Explain, taking into account the information provided in section B.4, how account has been taken of shareholders' vote at the General Shareholders' Meeting to which the annual remuneration report for the previous financial year was submitted for a vote in an advisory capacity.

The shareholders' affirmative vote at the General Shareholders' Meeting held on 29 June 2023 regarding the Annual Remuneration Report for financial year 2022 with a majority of 99.95% (votes in favour from 71,425,181 shares present or represented versus a total of 71,457,706 shares present or represented with the right to vote) was interpreted as virtually unanimous shareholder support for the current Remuneration Policy and its application by the Board of Directors. This support was highly valued by the Appointments and Remuneration Committee and the Board of Directors, and taken into account to maintain the essential elements of the Company's Remuneration Policy for 2022, 2023 and 2024.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED IN THE LAST FINANCIAL YEAR

B.1.1 Explain the process followed to apply the remuneration policy and determine individual remuneration reflected in section C of this report. This information shall include the role played by the Remuneration Committee, the decisions taken by the Board of Directors and,
where appropriate, the identity and role of external advisers whose services were used in the process to apply the remuneration policy in the last financial year.

In accordance with the provisions of the Tubos Reunidos Group's Corporate Governance System, the Board of Directors, as proposed by the Appointments and Remuneration Committee, sets the remuneration of directors pursuant to the Directors' Remuneration Policy, which must always be approved by the General Shareholders' Meeting.

The Appointments and Remuneration Committee, at its meeting held on 13 February 2023, agreed to propose to the Board of Directors, which gave its approval at its meeting of 23 February 2023, to maintain the following remuneration for the 2023 financial year, pursuant to the Company's remuneration policy:

a) Fixed remuneration: EUR 32,500 gross per year.
b) Attendance fees: EUR 1,500 gross per meeting and EUR 2,250 gross per meeting of the Delegate Committee. The Chairs of the Audit and Appointments and Remuneration Committees are to receive EUR 3,000 gross per meeting.
c) Regarding the Coordinating Director Jorge Gabiola, the additional amount is maintained for his greater dedication (EUR 37,500).
d) Additional annual fixed remuneration of EUR 20,000 for the member Mr Jesús Pérez Rodriguez-Urrutia for his greater dedication to controlling and monitoring fulfilment of the Company's financial obligations.

The individual remuneration of the Executive Chairman up to 31 August 2023 was determined by the contractual obligations of the Company in respect of the Service Contract signed on 28 April 2020, and was agreed by the Appointments and Remuneration Committee on 23 April 2020 and subsequently unanimously approved by the Board of Directors on 28 April 2020, and by the ratification and partial novation of the terms of his contract agreed by the Appointments and Remuneration Committee on 26 May 2021, which was subsequently unanimously approved by the Board of Directors on 26 May 2021. This remuneration was as follows:

Total fixed remuneration for Executive Chairman Mr Francisco Irazusta of EUR 325,000 per year for his executive functions and EUR 75,000 per year for his post as Chairman of the Board, contribution to a benefits plan and annual variable remuneration of up to 60% of his total remuneration
if the targets set by the Board as proposed by the Appointments and Remuneration Committee were achieved, and the multi-year variable remuneration based on meeting financial targets.

The accrual of annual or multi-year variable remuneration in 2023 for the non-executive Chairman is not applicable until 31 August 2023, as the latter terminated his relationship with the Company via voluntary resignation, submitted on 13 July 2023.

With regard to the remuneration of the non-executive Chairman since 21 December 2023, Mr Josu Calvo Moreira, at its meeting on 18 December 2023, the Appointments and Remuneration Committee agreed to propose to the Board of Directors, which gave its approval at its meeting of 21 December 2023, his remuneration for 2023 and 2024 be set in application of the Company's remuneration policy, comprising fixed remuneration of EUR 100,000 gross per year plus attendance fees for attending Board of Directors meetings.

No external advisers were involved in the process of implementing the remuneration policy for the 2023 financial year.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that arose during the financial year.

In the 2023 financial year, there were no deviations from the procedure established to apply the remuneration policy.

B.1.3 State whether any temporary exceptions were applied to the remuneration policy and, if so, explain the exceptional circumstances that led to the application of those exceptions, the specific components of the remuneration policy concerned and the reasons why the Company considers that any such exceptions were necessary in order to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability. In turn, quantify the impact that the application of these exceptions had on the remuneration of each director for the financial year.

No temporary exceptions to the remuneration policy were applied in the 2023 financial year.

B.2. Explain the different actions taken by the Company in relation to the remuneration system and how these contributed to reducing exposure to excessive risks and to adjusting it to the Company's long-term targets, values and interests, including reference to the measures taken to ensure that the accrued remuneration was aligned with the long-term results of the Company and struck an appropriate balance between the fixed and variable components of remuneration. Also explain which measures were taken in relation to those categories of staff whose professional activities have a material impact on the Company's risk profile, and what measures were taken to avoid conflicts of interest, where applicable.

The Company did not take any specific action in the 2023 financial year nor the current financial year in relation to the remuneration system for external directors in order to reduce excessive risks, since it is based primarily on fixed components (fixed remuneration and attendance fees) without any exposure to risks.

With regard to the measures taken concerning the remuneration system for the sole executive director in 2023, Mr Francisco Irazusta, who tendered his voluntary resignation effective from 31 August 2023, the aim was to reduce exposure to excessive risks and bring it into line with the Company's long-term targets, values and interests. His contract included the remuneration items reported in the Annual Directors' Remuneration Report (ADRR) for 2022 financial year and, in accordance with the recommendations and rules of good corporate governance, the lock-up and claw-back clauses were applicable. In determining the variable components of the Executive Chairman's remuneration up to 31 August 2023, the objective of incentivising success in the smooth running and viability of the Company and contributing to the achievement of the strategic objectives was considered. In order to ensure an adequate balance between the fixed and variable components, the criterion followed for the Executive Chairman was that the annual variable remuneration could in no case exceed 60% of his fixed remuneration.

It should be noted that in 2023 no amount was accrued or paid in favour of the Executive Chairman up to 31 August 2023 under the multi-year variable remuneration plan linked to the creation of value for Tubos Reunidos in different cases and provisional milestones since, despite attaining the goals set out in the plan, the accrual was subject to a suspensive condition for a certain period during which he would remain at the Company. This condition was not met due to Mr Irazusta voluntarily resigning before the set deadline.

The Company has not taken any special measures in relation to those categories of staff whose professional activities have a tangible impact on the Company's risk profile, without prejudice to the generally established risk control measures, including possible conflicts of interest, if any.

B.3. Explain how the remuneration accrued and consolidated in the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the sustainable and long-term performance of the Company.

Likewise, report on the relationship between the remuneration obtained by directors and the Company's short- and long-term results or other performance measures, explaining, where appropriate, how variation in the Company's performance has had a bearing on variation in directors' remuneration, including accrued remuneration for which payment was deferred, and how that contributes to the Company's short- and long-term results.

The remuneration accrued and vested in the 2023 financial year fully complies with the provisions set forth in the current Directors' Remuneration Policy and contributes to the sustainable and long-term performance of Tubos Reunidos.

The general principles that make up the Remuneration Policy of the Board of Directors of Tubos Reunidos are as follows:
a) Alignment with the interests of shareholders, as a factor for the creation of long-term and sustainable value for the Company, and with their values.
b) Moderation, balance and prudence, so that the level of responsibility assumed, qualification and actual dedication are suitably rewarded, taking into account market benchmarks according to public information on this matter regarding companies that are comparable due to their capitalisation, size, ownership structure and international presence.
c) Competitiveness, serving as an incentive to attract and retain the highest calibre of professional, in terms of level of responsibility and career path, without this affecting their independence.
d) Ensuring that remuneration contributes to the achievement of the Company's strategic objectives.
e) Low weighting of variable components for external directors (proprietary and independent), allowing for prudent risk management in decision-making.
f) Transparency in the remuneration policy.

Furthermore, in the case of executive directors, the Remuneration Policy sets out the following objectives for the performance of their executive functions:
a) Aligning the remuneration policy with the Company's strategy so that the variable part rewards the achievement of the Company's strategic objectives.
b) Providing competitive remuneration that will allow the Company to attract, retain and motivate the most suitable professionals to achieve these strategic objectives.
c) Setting in place remuneration based on objective criteria in terms of individual performance and the attainment of the business objectives of the Company and the Group.
d) Striking a reasonable balance between the various remuneration components, i.e. short-term fixed remuneration, annual variable remuneration and longer-term incentives.

The remuneration accrued and vested in 2023 complies with the provisions of these principles. The remuneration of external directors consists exclusively of fixed components (fixed remuneration and attendance fees), which rewards their level of responsibility, qualification and actual dedication and, in terms of the amount, this remuneration was contrasted with market benchmarks as these appear in third-party reports published on the remuneration of boards of directors for listed companies in Spain.

In the 2022 financial year, the variable component of remuneration for external directors was removed. This contributes to sustainable performance and prudent risk management in decision-making, without conditional factors derived from company performance measures that could affect their independence and professionalism.

With regard to the sole Executive Director currently in office in 2023, Mr Francisco Irazusta, who tendered his voluntary resignation effective from 31 August 2023, he did not accrue annual variable remuneration in 2023.

B.4. Report on the outcome of the advisory vote at the General Shareholders' Meeting on the annual remuneration report for the previous year, indicating the number of abstentions, votes against, and blank votes and votes in favour cast:

	Number	% of total
Votes cast	71,457,706	40.91

	Number	% of votes cast
Votes against	2,525	0.01
Votes in favour	71,425,181	99.95
Blank votes		0.00
Abstentions	30,000	0.04

Observations

B.5. Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion for each director and how these varied from the year before.

The fixed components accrued and vested during the 2023 financial year by the directors in their capacity as such were determined as follows:

a) Fixed remuneration:
a.1. In general, EUR 32,500 gross per annum accrued in proportion to the duration of each director's term of office during the year. This figure has been applied since 2017.
a.2. Coordinating Director: an additional EUR 37,500 per annum for increased commitment and functions. Same figure as in previous years.
a.3. Executive Chairman: EUR 50,000 gross (corresponding to 8 months of 2023)
a.4. Independent director Mr Jesus Pérez Rodriguez-Urrutia, an additional EUR 20,000 per year for his greater dedication. Same figure as in the previous year.

b) Attendance fees:
b.1. In general: EUR 1,500 gross for each member per Board meeting and Supervisory Committees meeting (EUR 975 net). Same figure since 2017.
b.2. Chairs of the Audit and Appointment and Remuneration Committees: EUR 3,000 per meeting (EUR 1,950 net) for their greater dedication

and prior preparation. This figure has been applied since 2017.

There are no changes from the previous year in determining the accrued and vested fixed components.

B.6. Explain how the salaries accrued and vested during the last year were determined for each of the executive directors for the performance of management functions, and how these changed from the previous year.

The salary accrued during the 2023 financial year by the sole Executive Director, Mr Francisco Irazusta, until his voluntary resignation on 30 August 2023, was determined in application of and pursuant to the contract concluded with the Company and the Directors' Remuneration Policy, approved by the General Shareholders' Meeting on 30 June 2021 (amended on 30 June 2022).

The terms of this Contract were approved by the Board of Directors of Tubos Reunidos on 28 April 2020 as proposed by the Appointments and Remuneration Committee, which analysed and proposed the aforesaid remuneration to the Board after its meeting on 23 April 2020, in accordance with Article 249.3 of the Spanish Capital Companies Law.

On 23 April 2020, the Committee was composed of the following directors:
Chairwoman: Ana Muñoz (Independent)
Members: Mr Jorge Gabiola (Independent), Mr Cristóbal Valdés (Proprietary) and Mr Juan Maria Román (Independent)

The remuneration conditions for the Executive Director applied in 2023 were also approved by the General Shareholders' Meeting on 30 June 2022.

B.7. Explain the nature and main characteristics of the variable components of the accrued and vested remuneration systems in the last year.

Specifically:

a) Identify each of the remuneration plans that determined the different variable remuneration earned for each of the directors during the last year, including information on their scope, date of approval, date of implementation, vesting conditions, earning and validity periods, criteria used for performance evaluation and how this had an impact on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be in office in order to adequately measure all stipulated conditions and criteria. Provide a detailed explanation of the criteria and factors that were applied in terms of the time required and methods to verify that performance or other conditions to which the accrual and vesting of each variable remuneration component was linked were actually met.

b) In the case of stock option plans or other financial instruments, the general characteristics of each plan must include information on the conditions for both acquiring unconditional entitlement (vesting) and for exercising such options or financial instruments, including the price and period of exercise.

c) Each of the directors and their category (executive directors, external proprietary directors, independent external directors or other external directors) who are beneficiaries of remuneration systems or plans that incorporate variable remuneration.

d) Where applicable, specify the payment accrual or deferral periods applied and/or retention/unavailability periods for shares or other financial instruments, where these exist.

Explain the short-term variable components of the remuneration systems:

No directors accrued variable short-term remuneration during the 2023 financial year.

In 2023, no stock option plans or other financial instrument plans were granted to any of the directors.

Explain the long-term variable components of the remuneration systems:

No directors accrued long-term variable remuneration during the 2023 financial year.

The Executive Chairman up to 31 August 2023, Mr Francisco Irazusta, is the only board member who had long-term variable remuneration under the terms and conditions already described in this report, as established in his contract and in the remuneration plan approved by the General Shareholders'
Meeting. However, Mr Irazusta did not accrue any long-term variable remuneration in 2023 as the suspensive condition for remaining with the company for a certain time period was not met.

B.8. Indicate whether certain accrued variable components were subject to malus or clawback when, in the first instance, payment of non-vested amounts was deferred or, in the second instance, amounts were vested and paid, based on data that was subsequently clearly demonstrated to be inaccurate. Describe the amounts reduced or clawed back by applying the reduction (malus) or return (clawback) clauses, why they were executed and the years to which they correspond.

There was no malus or clawback of any variable components in the 2023 financial year.

B.9. Explain the main features of the long-term savings plans whose equivalent annual amount or cost are listed in the tables in section C, including pension and any other survival benefits, which are partially or fully funded by the Company, whether endowed internally or externally, and indicate the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies it covers, the conditions for the consolidation of economic rights in favour of directors and their compatibility with any kind of indemnification for early resolution or termination of the contractual relationship between the Company and the director.

In general, the directors do not have a long-term savings or benefits plan in place that is funded in whole or in part by the Company. Consequently, no contribution was made in 2023, except as follows:

The Executive Chairman up to 31 August 2023 had a benefits plan, under terms and conditions that are very similar to those for Steering Committee members, the annual cost to the Company of which amounted to EUR 15,817 in 2023 (a contribution met by the Company of 7.3% of the fixed remuneration for his executive functions during the first eight months of the year).

The Executive Chairman's benefits plan up to 31 August 2023 was a defined contribution plan. The collection of the benefit or the exercise of the redemption right is only possible in the event of any occurrence of the contingencies or liquidity assumptions stipulated in the benefits plan regulations. The value of vested rights, benefits and liquidity assumptions depends on the market value of the assets in the benefits plan. Vested rights are intended to cover contingencies such as retirement, disability, death and dependency, and certain liquidity scenarios, so as to complement social benefits protection.

The plan was compatible with any kind of payment or indemnification for early resolution or termination of the contractual relationship that could arise under the terms set out in the Executive Chairman's contract up to 31 August 2023.

B.10. Explain, where appropriate, the indemnification or any other type of payment arising from early departure, whether at the initiative of the Company or the director, or termination of the contract, under the terms set out therein, accrued and/or received by the directors during the last financial year.

No indemnification or payments were accrued or received as a result of early departure of members of the Board of Directors in 2023.

B.11. Indicate whether there were any significant changes made to the contracts of executive directors who perform senior management duties and, if so, explain these changes. In turn, explain the main terms of any new contracts signed with executive directors during the financial year, unless these were explained in section A.1.

In 2023, no significant changes were made to the contract of the sole executive director, the Executive Chairman up to 31 August 2023, Mr Francisco Irazusta.

No new contracts were signed with executive directors during the 2023 financial year.

B.12. Explain any additional remuneration accruing to directors in exchange for services rendered other than those inherent in their role.

No additional remuneration was paid to the directors accrued as compensation for services other than those related to their role in 2023.

B.13. Explain any remuneration resulting from the granting of advances, loans and guarantees, stating the interest rate, its essential characteristics and the amounts ultimately returned, as well as the obligations assumed in respect thereof as surety.

No remuneration was paid to directors arising from the granting of advances, loans or guarantees, nor were any obligations assumed on their behalf by way of surety in 2023.

B.14. Detail any remuneration in kind accrued by the directors during the year, briefly setting out the nature of the various salary components.

The directors did not accrue any remuneration in kind during the 2023 financial year, except for the premium from inclusion of the sole executive director in 2023, the Executive Chairman up to 31 August 2023, Mr Francisco Irazusta, in the life and accident insurance policy, the amount of which was totally inconsequential and less than the minimum unit of EUR 1,000 used in section C of this Report.

B.15. Explain any remuneration accrued by a director based on payments made by the listed company to a third-party entity for which the director provides services, when such payments are intended to remunerate the services of the director within the Company.

In 2023, no remuneration was accrued on the basis of payments made by the Company to a third-party entity for which the directors provide services.

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration item other than the above, whatever its nature or the group entity that pays it, including any benefits in any form, such as when considered to be a related-party transaction or, specifically, when it significantly affects the faithful picture of the total remuneration accrued by the Director. Specify the amount paid or pending payment, the nature of the remuneration received and the reasons why it would not have been considered, where applicable, to constitute remuneration for the director in their capacity as such or for the discharging of their executive functions, and whether or not it was considered appropriate to include it among the amounts accrued in the "Other items" section of section C.

There were no remuneration items in 2023 other than those already mentioned in this report.

C. BREAKDOWN OF INDIVIDUAL REMUNERATION FOR EACH DIRECTOR

Name	Type	Accrual period 2023 financial year
MR JOSU CALVO MOREIRA	Independent Chairman	From 21/12/2023 to 31/12/2023
MR EMILIO YBARRA AZNAR	Proprietary Deputy Chair	From 01/01/2023 to 31/12/2023
MR JORGE GABIOLA MENDIETA	Coordinating Director	From 01/01/2023 to 31/12/2023
MR ENRIQUE MIGOYA PELÁEZ	Proprietary Director	From 01/01/2023 to 31/12/2023
MR CRISTÓBAL VALDÉS GUINEA	Proprietary Director	From 01/01/2023 to 31/12/2023
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Proprietary Director	From 01/01/2023 to 31/12/2023
MR ALFONSO BARANDIARÁN OLLEROS	Proprietary Director	From 01/01/2023 to 31/12/2023
MS ANA MUÑOZ BERAZA	Independent Director	From 01/01/2023 to 31/12/2023
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Independent Director	From 01/01/2023 to 31/12/2023
MS TERESA QUIRÓS ÁLVAREZ	Independent Director	From 01/01/2023 to 31/12/2023
MS MARIA SICILIA SALVADORES	Independent Director	From 01/01/2023 to 31/12/2023
MR FRANCISCO IRAZUSTA RODRIGUEZ	Executive Chairman	From 01/01/2023 to 31/08/2023

C.1. Complete the following tables regarding the individual remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the financial year.

a) Remuneration of the Company covered by this report:

i) Remuneration accrued in cash (in thousands of euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2023 financial year	Total 2022 financial year
MR JOSU CALVO MOREIRA	3								3	
MR EMILIO YBARRA AZNAR	33	28							61	
MR JORGE GABIOLA MENDIETA	70	31							101	
MR ENRIQUE MIGOYA PELÁEZ	33	31							64	
MR CRISTÓBAL VALDÉS GUINEA	33	25							58	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	33	21							54	
MR ALFONSO BARANDIARÁN OLLEROS	33	21							54	
MS ANA MUÑOZ BERAZA	33	38							71	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	53	31							84	
MS TERESA QUIRÓS ÁLVAREZ	33	41							74	
MS MARIA SICILIA SALVADORES	33	40							73	
MR FRANCISCO IRAZUSTA RODRIGUEZ	50			217					267	

Observations

ii) Table of movements of share-based remuneration plans and gross earnings from vested shares or financial instruments.

Name	Name of the plan	Financial instruments at the beginning of the 2023 financial year		Financial instruments granted during the 2023 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2023 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MR JOSU CALVO MOREIRA	Plan							0.00				
MR EMILIO YBARRA AZNAR	Plan							0.00				
MR JORGE GABIOLA MENDIETA	Plan							0.00				
MR ENRIQUE MIGOYA PELÁEZ	Plan							0.00				
MR CRISTÓBAL VALDÉS GUINEA	Plan							0.00				
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Plan							0.00				
MR ALFONSO BARANDIARÁN OLLEROS	Plan							0.00				
MS ANA MUÑOZ BERAZA	Plan							0.00				
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Plan							0.00				
MS TERESA QUIRÓS ÁLVAREZ	Plan							0.00				
MS MARIA SICILIA SALVADORES	Plan							0.00				

Name	Name of the plan	Financial instruments at the beginning of the 2023 financial year		Financial instruments granted during the 2023 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2023 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MR FRANCISCO IRAZUSTA RODRIGUEZ	Plan							0.00				

Observations

No member of the Board of Directors has a share-based remuneration plan in place.

iii) Long-term savings plans.

Name	Remuneration through the vesting of rights to savings plans
MR JOSU CALVO MOREIRA	
MR EMILIO YBARRA AZNAR	
MR JORGE GABIOLA MENDIETA	
MR ENRIQUE MIGOYA PELÁEZ	
MR CRISTÓBAL VALDÉS GUINEA	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	
MR ALFONSO BARANDIARÁN OLLEROS	
MS ANA MUÑOZ BERAZA	

Name	Remuneration through the vesting of rights to savings plans
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	
MS TERESA QUIRÓS ÁLVAREZ	
MS MARIA SICILIA SALVADORES	
MR FRANCISCO IRAZUSTA RODRIGUEZ	16

Name	Contribution for the year by the Company (thousands of euro)				Amount of accumulated funds (thousands of euro)			
	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year
MR JOSU CALVO MOREIRA								
MR EMILIO YBARRA AZNAR								
MR JORGE GABIOLA MENDIETA								
MR ENRIQUE MIGOYA PELÁEZ								
MR CRISTÓBAL VALDÉS GUINEA								
MS LETICIA ZORRILLA DE LEQUERICA PUIG								
MR ALFONSO BARANDIARÁN OLLEROS								
MS ANA MUÑOZ BERAZA								

Name	Contribution for the year by the Company (thousands of euro)				Amount of accumulated funds (thousands of euro)			
	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA								
MS TERESA QUIRÓS ÁLVAREZ								
MS MARIA SICILIA SALVADORES								
MR FRANCISCO IRAZUSTA RODRIGUEZ								

Observations
No member of the Board of Directors has a long-term savings plan in place, although the Executive Chairman up to 31 August 2023 had a benefits plan with terms similar to those of senior management members under which the Company contributed EUR 15,817 in 2023.

iv) Breakdown of other items

Name	Item	Remuneration amount
MR JOSU CALVO MOREIRA	Item	
MR EMILIO YBARRA AZNAR	Item	
MR JORGE GABIOLA MENDIETA	Item	
MR ENRIQUE MIGOYA PELÁEZ	Item	

Name	Item	Remuneration amount
MR CRISTÓBAL VALDÉS GUINEA	Item	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Item	
MR ALFONSO BARANDIARÁN OLLEROS	Item	
MS ANA MUÑOZ BERAZA	Item	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Item	
MS TERESA QUIRÓS ÁLVAREZ	Item	
MS MARIA SICILIA SALVADORES	Item	
MR FRANCISCO IRAZUSTA RODRIGUEZ	Item	

Observations
There is no remuneration for any other type of remunerative item.

b) Remuneration to the directors of the listed company for their membership of the governing bodies of their dependent companies:

i) Remuneration accrued in cash (in thousands of euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2023 financial year	Total 2022 financial year
MR JOSU CALVO MOREIRA										
MR EMILIO YBARRA AZNAR										
MR JORGE GABIOLA MENDIETA										

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2023 financial year	Total 2022 financial year
MR ENRIQUE MIGOYA PELÁEZ										
MR CRISTÓBAL VALDÉS GUINEA										
MS LETICIA ZORRILLA DE LEQUERICA PUIG										
MR ALFONSO BARANDIARÁN OLLEROS										
MS ANA MUÑOZ BERAZA										
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA										
MS TERESA QUIRÓS ÁLVAREZ										
MS MARIA SICILIA SALVADORES										
MR FRANCISCO IRAZUSTA RODRIGUEZ										

Observations

No member of the Board accrued remuneration for membership on boards or governing bodies of other Group companies.

ii) Table of movements of share-based remuneration plans and gross earnings from vested shares or financial instruments.

Name	Name of the plan	Financial instruments at the beginning of the 2023 financial year		Financial instruments granted during the 2023 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2023 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MR JOSU CALVO MOREIRA	Plan							0.00				
MR EMILIO YBARRA AZNAR	Plan							0.00				
MR JORGE GABIOLA MENDIETA	Plan							0.00				
MR ENRIQUE MIGOYA PELÁEZ	Plan							0.00				
MR CRISTÓBAL VALDÉS GUINEA	Plan							0.00				
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Plan							0.00				
MR ALFONSO BARANDIARÁN OLLEROS	Plan							0.00				

Name	Name of the plan	Financial instruments at the beginning of the 2023 financial year		Financial instruments granted during the 2023 financial year		Financial instruments vested during the financial year				Expired and non-exercised instruments	Financial instruments at the end of the 2023 financial year	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/vested shares	Price of vested shares	Gross earnings from vested shares or financial instruments (thousands of euro)	Number of instruments	Number of instruments	Number of equivalent shares
MS ANA MUÑOZ BERAZA	Plan							0.00				
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Plan							0.00				
MS TERESA QUIRÓS ÁLVAREZ	Plan							0.00				
MS MARIA SICILIA SALVADORES	Plan							0.00				
MR FRANCISCO IRAZUSTA RODRIGUEZ	Plan							0.00				

Observations
No member of the Board of Directors has a share-based remuneration plan in place.

iii) Long-term savings plans.

Name	Remuneration through the vesting of rights to savings plans
MR JOSU CALVO MOREIRA	
MR EMILIO YBARRA AZNAR	
MR JORGE GABIOLA MENDIETA	
MR ENRIQUE MIGOYA PELÁEZ	
MR CRISTÓBAL VALDÉS GUINEA	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	
MR ALFONSO BARANDIARÁN OLLEROS	
MS ANA MUÑOZ BERAZA	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	
MS TERESA QUIRÓS ÁLVAREZ	
MS MARIA SICILIA SALVADORES	
MR FRANCISCO IRAZUSTA RODRIGUEZ	16

Name	Contribution for the year by the Company (thousands of euro)				Amount of accumulated funds (thousands of euro)			
	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year
MR JOSU CALVO MOREIRA								
MR EMILIO YBARRA AZNAR								
MR JORGE GABIOLA MENDIETA								

Name	Contribution for the year by the Company (thousands of euro)				Amount of accumulated funds (thousands of euro)			
	Savings plans with vested economic rights		Savings plans with non-vested economic rights		Savings plans with vested economic rights		Savings plans with non-vested economic rights	
	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year	2023 financial year	2022 financial year
MR ENRIQUE MIGOYA PELÁEZ								
MR CRISTÓBAL VALDÉS GUINEA								
MS LETICIA ZORRILLA DE LEQUERICA PUIG								
MR ALFONSO BARANDIARÁN OLLEROS								
MS ANA MUÑOZ BERAZA								
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA								
MS TERESA QUIRÓS ÁLVAREZ								
MS MARIA SICILIA SALVADORES								
MR FRANCISCO IRAZUSTA RODRIGUEZ	16	24			80	64		

Observations
No member of the Board of Directors has a long-term savings plan in place, although the Executive Chairman up to 31 August 2023, Mr Francisco Irazusta, had a benefits plan with terms similar to those of senior management members under which the Company contributed EUR 15,817 in 2022.

iv) Breakdown of other items

Name	Item	Remuneration amount
MR JOSU CALVO MOREIRA	Item	
MR EMILIO YBARRA AZNAR	Item	
MR JORGE GABIOLA MENDIETA	Item	
MR ENRIQUE MIGOYA PELÁEZ	Item	
MR CRISTÓBAL VALDÉS GUINEA	Item	
MS LETICIA ZORRILLA DE LEQUERICA PUIG	Item	
MR ALFONSO BARANDIARÁN OLLEROS	Item	
MS ANA MUÑOZ BERAZA	Item	
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	Item	
MS TERESA QUIRÓS ÁLVAREZ	Item	
MS MARIA SICILIA SALVADORES	Item	
MR FRANCISCO IRAZUSTA RODRIGUEZ	Item	

Observations
No Board member accrued any remuneration for other items in 2023.

c) Summary of remuneration (in thousands of euro):
The amounts corresponding to all the remuneration items included in this report that were accrued by the director in thousands of euro should be included in the summary.

	Remuneration accrued in the Company					Remuneration accrued in Group companies					
Name	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2023 Company	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2023 Group	Total 2023 Company + Group
MR JOSU CALVO MOREIRA	3				3						3
MR EMILIO YBARRA AZNAR	61				61						61
MR JORGE GABIOLA MENDIETA	101				101						101
MR ENRIQUE MIGOYA PELÁEZ	64				64						64
MR CRISTÓBAL VALDÉS GUINEA	58				58						58
MS LETICIA ZORRILLA DE LEQUERICA PUIG	54				54						54

	Remuneration accrued in the Company					Remuneration accrued in Group companies					
Name	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2023 Company	Total cash remuneration	Gross earnings from vested shares or financial instruments	Remuneration from savings plans	Remuneration from other items	Total 2023 Group	Total 2023 Company + Group
MR ALFONSO BARANDIARÁN OLLEROS	54				54						54
MS ANA MUÑOZ BERAZA	71				71						71
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	84				84						84
MS TERESA QUIRÓS ÁLVAREZ	74				74						74
MS MARIA SICILIA SALVADORES	73				73						73
MR FRANCISCO IRAZUSTA RODRIGUEZ	267		16		283						283
TOTAL	964		16		980						980

Observations

C.2. Indicate the change over the last five years to the amount and the percentage change in the accrued remuneration for each of the directors who were directors of the listed company during the financial year, in the consolidated earnings of the Company and in the average remuneration on a full-time equivalent basis of employees of the Company and its dependent companies who are not directors of the listed company.

	Total amount accrued and % annual variation								
	2023 financial year	% variation 2023/2022	2022 financial year	% variation 2022/2021	2021 financial year	% variation 2021/2020	2020 financial year	% variation 2020/2019	2019 financial year
Executive directors									
MR FRANCISCO IRAZUSTA RODRIGUEZ	283	-59.34	696	23.40	564	27.60	442	-	0
External directors									
MR JOSU CALVO MOREIRA	3	-	0	-	0	-	0	-	0
MR EMILIO YBARRA AZNAR	61	24.49	49	0.00	49	0.00	49	2.08	48
MR JORGE GABIOLA MENDIETA	101	4.12	97	-3.00	100	-5.66	106	-4.50	111
MR CRISTÓBAL VALDÉS GUINEA	58	13.73	51	-7.27	55	1.85	54	10.20	49
MR JESÚS PÉREZ RODRIGUEZ-URRUTIA	84	7.69	78	9.86	71	2.90	69	-	0
MS MARIA SICILIA SALVADORES	73	19.67	61	916.67	6	-	0	-	0
MR ENRIQUE MIGOYA PELÁEZ	64	16.36	55	-3.51	57	5.56	54	-5.26	57
MS ANA MUÑOZ BERAZA	71	22.41	58	-15.94	69	0.00	69	13.11	61
MS TERESA QUIRÓS ÁLVAREZ	74	10.45	67	Unknown	6	-	0	-	0
MR ALFONSO BARANDIARÁN OLLEROS	54	10.20	49	0.00	49	0.00	49	0.00	49
MS LETICIA ZORRILLA DE LEQUERICA PUIG	54	10.20	49	0.00	49	0.00	49	0.00	49

	Total amount accrued and % annual variation								
	2023 financial year	% variation 2023/2022	2022 financial year	% variation 2022/2021	2021 financial year	% variation 2021/2020	2020 financial year	% variation 2020/2019	2019 financial year
Consolidated earnings of the Company									
	56,312	29.46	43,498	-	-64,676	33.94	-97,905	-136.06	-41,475
Average employee remuneration									
	62	6.90	58	-9.38	64	20.75	53	10.42	48

Observations

The change in the remuneration of the Executive Chairman up to 31 August between the 2022 and 2023 financial years is due to the fact that in 2023 his remuneration was for only eight months of the year and, due to his voluntary resignation, no variable remuneration was accrued in the 2023 financial year.

The remuneration accrued by Deputy Chair Mr Emilio Ybarra increased in 2023 due to the fact that he temporarily exercised the functions of Chairman of the Board of Directors from 1 September to 21 December 2023.

D. OTHER RELEVANT INFORMATION

If there are any other factors relevant to the remuneration of directors which could not be included in the other sections of this report, but which need to be included in order to provide more complete and reasoned information regarding the Company's remuneration structure and practices for directors, detail those here.

The Company's remuneration structure and practices in relation to its directors are as described above in this report. There is no relevant aspect regarding the remuneration of directors that has not been covered in the preceding sections.

This annual remuneration report was approved by the Company's Board of Directors at its meeting held on the following date:

29/02/2024

Indicate whether there have been any directors who voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

TUBOS REUNIDOS GROUP

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Empowering change

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1. In conversation with Carlos López de las Heras

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In conversation with Carlos Lopez de las Heras

CEO of Tubos Reunidos Group

In 2023 we celebrated our 131st anniversary at Tubos Reunidos Group. This significant milestone took place in a context filled with major global challenges for us.

International conflicts, especially the war in Ukraine and the conflict between Israel and Palestine, have created geopolitical uncertainty which, given the highly interdependent nature of the globalised economy, have affected us all in some way, both as individuals and as businesses.

Here at Tubos Reunidos, we saw higher manufacturing costs in recent years, mainly due to high energy prices, a shortage of supplies and logistical difficulties which, alongside other issues, have emerged from this international scenario.

Nonetheless, over the course of our history spanning over a century, we have shown that agility with which we act, make decisions and adapt to ever-changing business environments is one of our greatest strengths. This year of tough challenges was further testament to our resilience, whereby we have thrived in the face of adversity and come out stronger.

The year ended on a positive result for us — we sold 183,000 tonnes of product and our EBITDA profitability rose by 65% in 2023.

And most importantly for us, growth came in a sustainable manner.

Sustainability is a key factor for us and is strongly integrated into all aspects of our corporate culture and organisation. Our future Sustainability Master Plan is testament to this. We are fully committed to laying the foundations for sustainable transformation and establishing a strong ESG culture.

We have therefore made, and will continue to make, sustainability and decarbonisation the cornerstones of our commercial strategy and

THE YEAR ENDED ON A POSITIVE RESULT FOR US: WE SOLD 183,000 TONNES OF PRODUCT AND OUR EBITDA PROFITABILITY ROSE BY 65% IN 2023.

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factors that make us stand out from our competitors. In this vein, we are working on manufacturing low-emission pipes — the crown jewel of our sustainability objectives and a product not currently available on the market.

Nevertheless, we are aware that in order to achieve these objectives, we must never lose sight of our main value: our people. Their knowledge and dedication are the heart and soul of our Company. That is why we continuously work on talent recruitment and retention, creating a stimulating, stable and safe work environment where our workers can develop and reach their maximum potential, and one that new talent wants to join and grow alongside us.

The digital transformation of our business was another important aspect we have focused on throughout the year. This objective fits both our sustainability aspirations and the value we place on our professionals. In this sense, digitalising our organisational and production processes leads to greater efficiency and cost savings, while freeing our workers from basic repetitive duties so they can perform tasks with greater added value.

Moreover, we supported this digitalisation process through major reinforcement of cybersecurity, with a view to ensuring our systems, processes and data are secure, and safeguarding the invaluable trust our customers have in us.

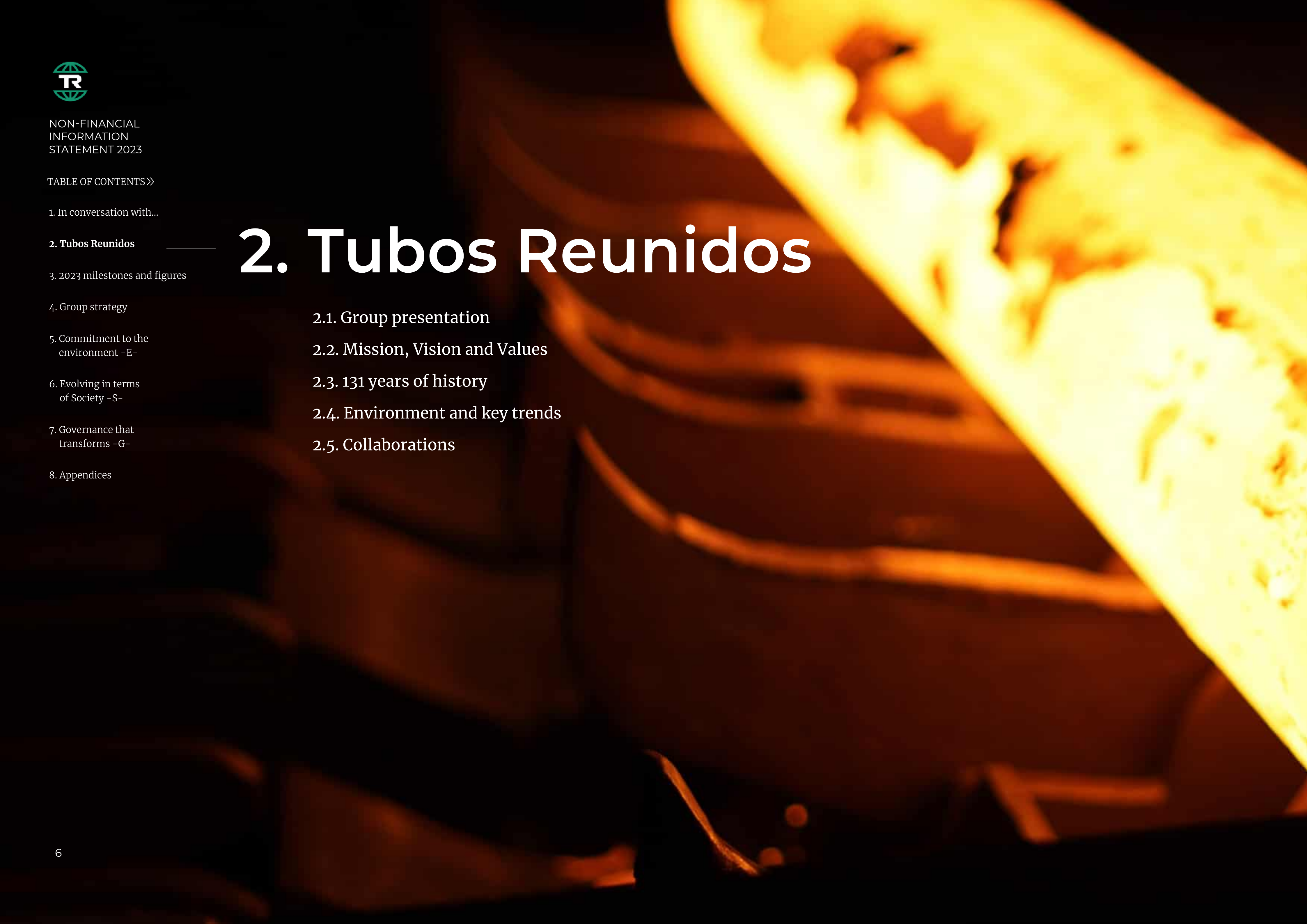
We are aware of the ESG challenges ahead and have set ourselves ambitious goals.

We fully aim to become an ally for customers on their journey towards decarbonisation.

I would like to end this brief letter by thanking all Tubos Reunidos Group employees for their support, effort and continued dedication. Their commitment was crucial to our success as a group over the course of this year. I would also like to thank the Board of Directors, shareholders, customers, suppliers, institutions and other partners for placing their trust in the Group.

Tubos Reunidos' continued growth and 131 years of history are all thanks to you. The future continues to shine bright for the Group.

WE ARE FULLY COMMITTED TO LAYING THE FOUNDATIONS FOR SUSTAINABLE TRANSFORMATION AND ESTABLISHING A STRONG ESG CULTURE.



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2. Tubos Reunidos

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2.1. Group presentation

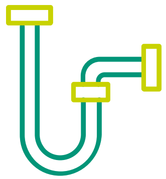
Tubos Reunidos, S.A. and subsidiaries (hereinafter, "Tubos Reunidos", "Grupo Tubos Reunidos" or "The Group") is a Group with a long history in the steel industry. We operate in markets with the highest consumption and growth, with a presence in over 45 countries across five continents.

A team of more than 1,350 professionals currently work to create value, both in the sector and for our customers, continually advising and supporting them, and making our know-how, capacity for innovation and talent available to them.

We manufacture seamless steel pipes for many different applications, incorporating the necessary requirements into our manufacturing processes to meet the most demanding market standards.

Our products are in high demand across the energy industry, whether in traditional oil and gas sectors, or in the most innovative areas (solar energy, wind, biofuels, green hydrogen, geothermal energy etc.).

Other sectors that require our pipes include the petrochemical and refining industry, mechanical engineering, lifting and handling machinery, mining, construction and mobility.



OUR MAIN ACTIVITIES COVER

Manufacture of seamless steel piping	Pipe processing	Pipe distribution
Our core operations focus on the comprehensive production of seamless steel pipes, from initial raw material input (mainly scrap) to the end product. This activity is mainly concentrated at Tubos Reunidos Group, S.L.U., a key company within our Group, at its facilities in Amurrio (Álava) and Valle de Trápaga (Vizcaya).	Semi-premium and premium connection threading for OCTG ("Oil Country Tubular Goods") pipelines, carried out by RDT, Inc. at the Beasley (Texas) plant and by Tubos Reunidos Premium Threads, S.L. at the Iruña de Oca (Álava) plant.	The activity of marketing OCTG pipes in the US is carried out by Tubos Reunidos America, Inc. In turn, Tubos Reunidos Group carries out marketing activities for all other products and markets in which we operate. The activity encompasses everything linked to pipe delivery to end customers, including sales.

WE HAVE CUSTOMERS IN 45 COUNTRIES,
WITH 21 AGENCIES AND OFFICES WORLDWIDE

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3
R&D CENTERS

6
COUNTRIES WITH SALES OFFICE

15
COUNTRIES WITH SALES AGENCY

WE HAVE A TECHNICAL AND COMMERCIAL SERVICE DISTRIBUTED INTERNATIONALLY

We currently have four production plants:

TUBOS MILL

At the Amurrio (Álava) plant we manufacture hot-rolled or cold-drawn carbon, alloy and martensitic stainless steel pipes with outside diameters of up to 8 inches.

PRODUCTOS MILL

At the Valle de Trápaga (Vizcaya) plant, we specialise in manufacturing large hot-rolled, seamless carbon, alloy and stainless steel piping, i.e. with outside diameters ranging from 8 to 28–30 inches.

RDT

At the Beasley (Texas) plant, we provide drilling equipment and specialised services to the OCTG sector, with our semi-premium BTX thread, as well as deliverables tailored to customer requirements.

TUBOS REUNIDOS PREMIUM THREADS (TRPT)

In Iruña de Oca (Álava). This joint venture with Marubeni Itochu Steel processes pipes from the Amurrio plant, applying premium connections for drilling.

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Our markets

Energy industry:

- **Upstream sector:** We manufacture piping for oil and gas drilling and extraction, as well as for carbon storage, geothermal energy and mining. The piping has API or proprietary certifications and meets the most stringent market requirements. We are able to adapt designs to meet any demand.

  The production process uses high-quality steel with various alloys, e.g. those with a high chromium content, thus guaranteeing resistance to high pressure, extreme temperatures and corrosion.

- **Midstream sector:** This encompasses activities linked to oil and gas transport and storage, including liquefied natural gas.

  We provide specialised piping for land and sea transport of oil, natural gas and other liquids, such as hydrogen, as well as piping for storage and transformation at processing plants. The piping is designed with specific features, ensuring long-lasting performance in harsh environments and against high temperatures.

- **Downstream sector:** Regasification of natural gas and refined oil products (petrol, diesel, kerosene etc.) for subsequent distribution and sale.

  We are one of the leading specialised pipe manufacturers serving the needs of the refining, petrochemical, biofuel and power generation sectors.

- **Offshore wind power:** Supplying precision pipes to construct offshore wind turbine structures. We have extensive experience in manufacturing pipes at the required sizes for the most ambitious projects, ensuring reliability and performance even in harsh environments.

- **Solar thermal energy sector**

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Mechanical engineering sector:
We manufacture special steel and pipes for the engineering industry, in a wide range of tailored sizes and thicknesses. Different types and grades of steel are used in production.

***Downstream-pressure parts*:**
We provide piping components and pressure equipment to the market for engineering work, biomass plants, thermal plants and refineries. Our experience enables us to offer a wide range of products capable of operating under high pressure and temperatures inherent to these activities.

Mobility:
We are certified under international standard IATF 16949:2016 for quality management systems in the automotive industry.

Construction:
Our structural pipes are excellent for uses where high material characteristics need to be combined with lighter weights. The products can be used in civil engineering and metal structures.

WE DEVELOP AND MANUFACTURE SEAMLESS CARBON AND STAINLESS STEEL PIPES IN HIGH ALLOYS AND GRADES, INCLUDING STEEL TAILORED TO SPECIFIC CUSTOMER REQUIREMENTS. THIS IS POSSIBLE THANKS TO OUR EXTENSIVE METAL KNOWLEDGE AND OWNING OUR OWN STEELWORKS.

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2.2. Mission, Vision and Values

Our Mission, Vision and Values are key approaches in meeting today's challenges, and attest to our contribution to sustainability and energy transition:

MISSION

We provide our customers with all our industrial experience and know-how through high-performance products, agile service and a clear commitment to environmental protection. All while upholding excellence in safety and integrity for all Tubos Reunidos employees.

VISION

Be a benchmark for sustainable and efficient production systems, providing added value in each market segment.

VALUES

Committed individuals

- We ensure a safe, innovative and future-proof workplace. We offer new projects and attractive challenges for our staff, and invest in creating and training talent.
- We strive for complete integrity, reliability and excellence in our performance. We build strong teams who have a clear passion for creating a more successful and sustainable future.

Respect for the environment

- We focus production with a deep respect for the environment, working proactively to minimise our environmental impact.

Excellence in safety

- Our staff's health and safety are a top priority. We therefore constantly strive to ensure a strong culture of safety and endeavour to achieve a goal of zero accidents.

Commitment to European standards

- We manufacture to the highest standards set by Europe with a sustainable approach.
- Our pipe production is 100% European in origin.

Adaptation to change

- We are multidisciplinary, agile and able to adapt to a volatile changing environment.

Staying ahead in technological solutions

- Our extensive experience and broad knowledge of the sector enable us to remain at the forefront in piping solutions required by our customers.

Honesty and transparency

- We run our business honestly and transparently, being upfront with stakeholders across every aspect of our business management.

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2.3. 131 years of history

Over the course of its history, Tubos Reunidos has demonstrated a clear capacity to adapt its business model, which continues...moving forwards with new challenges and an eye on the future.

Some of our most noteworthy milestones include:

1892

The foundation of Tubos Forjados, S.A., predecessor to today's Tubos Reunidos, S.A.

1946

New seamless piping manufacturing facilities using a heat push bench entered into operation.

1950-1970

New cold-drawing facilities

1968

Tubos Reunidos, S.A. is established by grouping all Tubos Forjados, S.A. facilities with some those owned by Babcock & Wilcox Española, S.A. to manufacture seamless and welded piping.

1977

First casting at the new Amurrio steelworks.

1984

For the first time ever, a new heating and drilling system (C.P.E.) for the head of the push bench is launched in Amurrio, representing a major technological leap.

1998

Acquisition of Productos Tubulares, S.A. The company manufactured a wide range of large pipes in different thicknesses, including special, alloy and stainless steel piping at the Trápaga (Vizcaya) plant.

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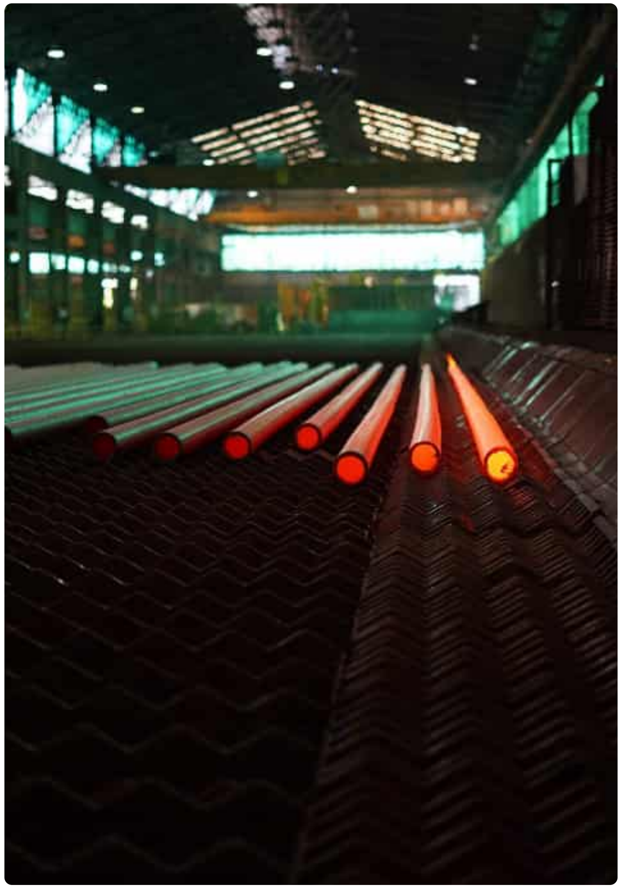

2005

Tubos Reunidos bolsters its stock market listing as its shares now trade on the continuous market in Spain.

2012-2019

EUR 179 million invested into the transformational plan to develop new high-value-added products and improve competitiveness.

2022

Work on consolidating our steelworks commences.

2023

Our two steelworks are consolidated into a single, more modern and efficient facility, capable of casting a larger range of products more sustainably.

As part of our commitment to innovation, we acquired a space at the Energy Intelligence Centre (EIC), on the new Abanto Campus of the Basque Technology Park, to work on promoting and developing components for technology linked to the energy transition.

We prepared and verified our first two Environmental Product Declarations (EPD), one for each production plant.

We began designing our future Sustainability Master Plan, referred to in point 4.3.2.

2002

New cold-drawing plant in Amurrio.

2014

An agreement is signed with Marubeni-Itochu Steel Inc. to build Tubos Reunidos Premium Threads (TRPT), a plant dedicated to the manufacture of premium connections for OCTG pipes.

2016

Acquisition of the business assets at Rotary Drilling Tools, Inc. (RDT) in Texas. The Tubos Reunidos Group geographically diversifies its production facilities by acquiring local processing capacity in the US, closer to end users.

2021

Tubos Reunidos joins the Basque Hydrogen Corridor (BH2C) and the first project in geothermal energy. The Excellence in Health and Safety project also launches, referred to in point 6.2.

The Sociedad Estatal de Participaciones Industriales (SEPI — Spanish state-owned industrial holding company) recognises the Group as a strategic company. We also gain access to funding from the solvency support fund for strategic undertakings affected by the COVID-19 pandemic.

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2.4. Environment and key trends

In terms of sustainability, the steel industry in the European Union stands out from the crowd due to having drawn strategic lines based on efficient use of resources, such as raw materials, energy and water, as well as reducing greenhouse gas emissions and recovering waste from manufacturing processes.

The main key trends are highlighted below:

ECOLOGICAL TRANSITION

- Growing interest in protecting natural capital, biodiversity and local communities.
- Increased use **of less polluting materials for manufacturing.**
- **An increased use of renewable energy** and studying new fuels such as biogas, green hydrogen etc., throughout the value chain.
- Implementing sustainable management throughout the manufacturing cycle and process optimisation, including **recycling and reuse of materials and components.**
- Engaging suppliers in their fundamental role in value chain sustainability by complying with **ESG standards.**

AUTOMATION AND DIGITALISATION

- Full immersion in digitalising production processes through monitoring fundamental manufacturing variables. Increased use of **systems and technologies to monitor and operate production.**
- Deployment of **"Industry 4.0" applications, such as predictive maintenance, automation and data analysis.**
- These technological advances offer opportunities for companies **to increase efficiency, cut costs and improve product quality.** Moreover, all these leveraged improvements in technological transformation foster the digitalisation of relationships with the various different stakeholders in the value chain, including customers.

INNOVATION

- Research and development of materials with a lower impact on the product life cycle.
- **Innovation in manufacturing processes,** with a view to increasing energy efficiency and cutting emissions.
- Steel producers are investing in R&D to **develop steel grades specifically tailored to emerging technologies and advanced energy solutions,** such as electric vehicles.

WATER SAFETY

- Water optimisation and management throughout the production cycle, resulting in **higher water use efficiency.**
- Early and preventive measures **to protect natural capital, biodiversity and local communities.**

For more information on the Sustainability Master Plan, see point 4.3.2 below

In order to coordinate a response to these sector trends and challenges, in 2023 we began to design what is set to become our Sustainability Master Plan. The plan will set out the main pillars of action and detailed action plans to reduce the impacts generated by our business, minimising risks and transforming sustainability into an opportunity for growth.

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2.5. Collaborations

We collaborate with renowned educational institutions including: Deusto University, Mondragon University, Somorrostro Training Centre, Laudoalde Training Centre and the School of Engineering at the Public University of the Basque Country.

In partnership with the Faculty of Engineering of the Basque Country, we promoted the *Room4Steel* programme, working closely with other sector companies and with support from several organisations, including the Basque Steel Cluster (SIDEREX).

The programme involves creating a classroom for the steel industry, focused on students in the last year of their degree or taking master's degrees, with a view to attracting and developing young talent within the steel sector.

The project seeks to enhance student skills in order for them to successfully join companies attached to programme and supplement their learning.

Room4Steel is split into subject blocks enabling participants to undertake their final degree projects or master's theses at associated companies, boosting the presence of young technical staff in the steel industry.

In turn, we recognise the strategic value of our partnerships with industry associations, such as API (American Petroleum Institute), UNESID (the Spanish Union of Steel Companies), FLUIDEX, SIDEREX, ESTA (European Steel Tube Association), EIC-EAE, the Basque Hydrogen Corridor and the Asociación Española de Grandes Consumidores de Energía Eléctrica (AEGE — Spanish Association of Major Energy Consumption Companies). These partnerships enable us to share knowledge, take part in sectorial dialogue and contribute to enhancing standards and best practice locally, nationally and internationally.

Close collaboration with these associations is critical to advancing our **vision of being a proactive player in the steel industry.**

These collaborations are also essential to take part in sector projects, remain at the forefront of innovation and keep pace with developments in sustainability, thus contributing to sector growth and development.

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3. 2023 milestones and figures

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3.1. Key milestones

The following 2023 milestones are notable due to their outstanding positive impact for on environmental, social and corporate governance matters:

Consolidating our steelworks

As part of our comprehensive strategy to optimise and strengthen operations, in 2023 we finished consolidating our two steelworks (Sestao and Amurrio) into a single facility located in Amurrio.

During the merger process, and in line with our contribution to the circular economy, we reused as many materials, consumables and fixtures as possible from Sestao.

This strategic move allows us to expand production capacity and utilise synergies for manufacturing ingots and billets at a more efficient facility.

We have minimised energy consumption and therefore the resulting greenhouse gas emissions, thus reducing our environmental footprint and therefore producing more sustainable piping.

From now on, we will be able to develop a wider range of steels, expanding our selection for customers and satisfying growing market demand more quickly and efficiently.

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Digitalisation for customers and suppliers

We are in full swing optimising our Customer Relationship Management (CRM) model for the direct benefit of our customers. We aim to implement digitalised processes to provide more quality information and establish new dynamics with customers.

We have incorporated new features enabling us to provide quick, simple and coherent answers. Adopting technology based on the Azure and Salesforce applications has given rise to a comprehensive solution that allows us to fully comprehend our customers' needs and provide the best response.

In turn, we are commencing a standardised digitalisation process for core processes and systems in global sales. The aim is to also involve suppliers in our sustainable approach. We must work together throughout the value chain in order to achieve the objectives in our future Sustainability Master Plan.

We are enhancing communication with the supply chain to improve and streamline the availability of information and thus generate faster decision-making at all organisational levels.

THE TOP PRIORITY WE PLACE ON CUSTOMERS IS REFLECTED IN HOW IMPORTANT IT IS FOR US TO ENSURE THEY HAVE ALL THE RELEVANT INFORMATION AT THEIR DISPOSAL, JUST A SIMPLE CLICK AWAY.

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More sustainable energy

In 2023, we launched several initiatives to increase the use of renewable and more energy-efficient systems.

The most notable include:

- **Solar panel facilities at the Amurrio and Trápaga plants,** with a view to promoting self-generating clean energy, as we are an electricity-intensive company.

  Covering a total installed surface area of around 62,700 m^2 on the roofs of both facilities, we are installing one of the largest solar panel projects at an industrial business in Spain. Once the facility is fully operational, we project a total capacity of around 18 MW generating 19.8 GWh per year, equivalent to 8% of our total consumption.

  This ambitious project will be completed between 2023 and 2024. In 2023 we completed 40% of the project and installed panels on 20% of the total target area, i.e. around 12,200 m^2 of solar panels generating 3.5 GWh per year.

- **Designing and installing a gas storage facility,** with a capacity of 460 tonnes to store gas used in heating some of our furnaces, excluding natural gas. In the future, the facility will enable us to store and use biogas for our manufacture processes and will have the potential to generate 170 GWh/year, contributing towards decarbonisation.

  As we are a gas-intensive business, this initiative will allow us to diversify thermal energy sources and use more sustainable options.

- **Oxygen enrichment system in the rotary hearth furnace** in Amurrio, the facility that currently has the highest natural gas consumption. Incorporating this system has allowed us to cut natural gas consumption by around 8,000 MWh/year, representing 2.5% of our total consumption.

- Our business decarbonisation process goes beyond the manufacturing process and using clean energies. For example, in 2023 we took part **in an innovative project introducing the first remanufactured high-tonnage forklift powered by bio-fuel** (BioAutoGas).

  Using this biofuel cuts emissions by 95% above mandatory parameters. The initiative is expected to save around 5% in total diesel consumption and ultimately aims to eliminate this energy source.

- **Adaptation engineering to include other energy sources such as hydrogen, as alternative fuels** to natural gas. The project is in its final phase, conducting tests on samples of our billets in a specially built furnace. The final results will be available in early 2024.

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Commitment to sustainability

At the end of 2022, the Board of Directors created the post of Director of Sustainability, whose duties include promoting sustainability across the Group and ensuring compliance with the objectives in our future Sustainability Master Plan.

We allocated financial resources to this corporate division in 2023, enabling major progress in this important business aspect. This document details some of our achievements thanks to the collaboration and resources provided by all corporate areas.

In order to shape, focus and promote sustainable strategy in coming years, we began to design our future Sustainability Master Plan in 2023. The plan will be fully rolled out in 2024 and serve as a fundamental pillar for the Strategic Plan.

We produced our first Environmental Product Declarations (EPD) in 2023.

For more information on the future Plan, see point 4.3.2. below.

These EPDs, which have been verified, certified and published, are a clear and transparent exercise to facilitate objective comparisons between the environmental footprint of our products and those from other manufacturers.

With the data obtained, and following analysis of impact generation sources, we are able to establish a basis for reviewing our entire production process. This will enable us to make changes and adjustments in order to reduce the environmental footprint of our piping. All the activities geared towards attaining this milestone are set out in the Sustainability Master Plan.

Social aspect

The signing of the 2023–2027 collective bargaining agreements for manufacturing plants in 2023 is testament to the positive and collaborative dialogue between management and worker representatives.

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Good governance

The most noteworthy good governance milestones in 2023 include:

- The Board of Directors approved splitting the positions of Non-Executive Chairman and CEO, in line with best practice and the CNMV (*Comisión Nacional del Mercado de Valores* — Spanish National Securities Market Commission) Good Governance Code. The move aims to bolster the Board of Directors' independence.

- As regards internal regulations, we continued to take major steps towards a sound corporate governance system aligned with best practice, such as:

  - **Approval of the Audit Committee Regulations by the Board of Directors,**. These specific regulations incorporate the highest standards applicable to listed companies and govern how the Committee operates, establishing core rules for the Group and implementing the provisions set forth in the Board Regulations in this regard.

  - After consultation with worker's legal representatives, the Board of Directors conducted an in-depth review and fully reworked the compliance system, to ensure it is fully adapted by the deadline to the provisions set forth in the requirements of the new Act 2/2023 of 20 February on the Protection of Persons who Report Regulatory Violations and the Fight against Corruption. It also **implemented and internally circulated a new internal information system**, the suitability of which and its full adaptation to the law have been certified by a renowned independent organisation.

  - **Approval of the Code of Ethical Conduct for Tubos Reunidos Group Suppliers by the Board of Directors,** in line with best practice in the field. The code extends the Company's commitment to business ethics and integrity, the defence of human, social and labour rights, health and safety, occupational hazard prevention, environmental protection and quality to all suppliers.

- Supervision of the Protocol for Prevention and Action against Harassment, adapted to new Act 2/2023.

- The Board undertook three major strategic initiatives:

  - **Approval of the basic structure and general areas of the future Sustainability Master Plan.**

  - **Approval of the Updated Corporate Risk Map.**

  - **Allocation of more resources to the Sustainability Division.**

NON-FINANCIAL INFORMATION STATEMENT 2023

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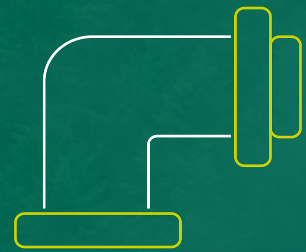
3.2. Figures

Millions of EUR, unless otherwise indicated

● 2023 ● 2022

	2023	2022
Turnover	532.9	513.7
EBITDA*	106.8	64.5
Operating income	84.3	54.0
Earnings (before tax) in the year	47.7	38.0
Tonnes of pipes sold (thousand tonnes)	183	222
Direct employment (average workforce)	1,399	1,405
Market Cap*	112.7	43.0



47.7

EARNINGS (BEFORE TAX) IN THE YEAR

38.0	71.3	108.8	-10.3
CAPEX*	Operating cash flow	Available liquidity*	Reduction in net financial debt*

CASH GENERATION IN 2022 AND 2023, WHICH WAS OBTAINED THANKS TO HIGHER REVENUE AND PROFITS, ENABLED US TO MAKE THE INVESTMENTS SET OUT IN THE STRATEGIC PLAN, MOST NOTABLY THE CONSOLIDATION OF THE STEELWORKS THIS YEAR, REDUCING NET FINANCIAL DEBT AND HAVING SUFFICIENT LIQUIDITY AT THE END OF THE 2021 FINANCIAL YEAR TO FURTHER ROLL OUT THE PLAN

MOREOVER, WE FULLY PAID OFF ALL ICO-GUARANTEED FINANCING RECEIVED IN 2020 DURING THE PANDEMIC ONE YEAR EARLY

*The definition of the indicators can be found in the "Alternative Performance Measures" section of the Management Report for the consolidated financial statements for FY 2023.

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4. Group strategy

4.1. Double materiality
4.2. Relationships with stakeholders
4.3. ESG strategy
4.4. UN 2030 Agenda: Challenging today to create tomorrow
4.5. Value chain
4.6. Integrated Management System and certifications
4.7. We innovate the now and design the future

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4.1. Double materiality

We always listen to our stakeholders and we adopt the needs and expectations they convey to us as our own. Adding in our commitment to sustainability, we decided to undertake a double materiality assessment in 2023. This step is our initial approach to fulfilling the requirements set out in the new Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG). The Group must comply with these regulations in 2025 when submitting its sustainability report for the 2024 financial year.

The assessment mainly aims to identify the most relevant issues for our business, which will serve as a basis in defining plans and activities. It provides us with an overview from two perspectives:

- **Impact materiality:** real or potential impacts, whether positive or negative, generated by our business on people or the environment in the short-, medium- and long-term. It covers aspects related to both internal operations and the entire value chain.
- **Financial materiality:** sustainability aspects that involve risks or corporate opportunities for the Group's value, by positively (opportunity) or negatively (risk) influencing our financial position.

Double materiality is critical since it identifies the impacts, risks and opportunities (IROs) we face and assesses their importance. It is essential to identify significant events that will need be included in the Sustainability Master Plan and will, therefore, outline milestones in the Strategic Plan.

The identification process used information gathering tools such as interviews and questionnaires with managers, workers, industry associations, customers, suppliers, competitors and analysts (S&P, MSCI and Sustainalytics). These consultations were carried out by an independent external consultant.

All identified IROs have been categorised into topics and subtopics, taking into consideration the three pillars of sustainability. This classification enables us to visualise key points where we need to focus our efforts.

When selecting topics, we considered those set out in the ESRS, as well as the specific context of our business and the sector in general.

The most relevant topic identified in the analysis is "*Customer relationships*", since customer trust, satisfaction and loyalty are what drive our growth and reputation. Other key topics include "*Adaptation to climate change and lower emissions*", "*Business ethics and governance*" and "*Digitalisation and innovation*".

The two non-material topics are "*Biodiversity and natural capital*" and "*Contribution to society and relationship with local communities*" due to the low impact and limited economic effects we generate. Nonetheless, the fact that these issues are not material does not remove them from our radar, as we always aim to contribute to generating positive impacts in these areas as much as possible.

The methodology used for the Double Materiality Assessment is detailed in Appendix III

Tubos Reunidos 2023 Double materiality

Topics considered in the materiality process[2]

E	Adaptation to climate change and lower emissions
	Energy
	Resource use, waste management and the circular economy
	Water management
	Soil contamination
	Air pollution
	Biodiversity and natural capital*
S	Customer relationships
	Talent management and working conditions
	Occupational health and safety
	Value chain
	Contribution to society and relationship with local communities*
G	Business ethics and governance
	Digitalisation and innovation
	Corruption, bribery and money laundering
	Cybersecurity and data processing
	Business risk management

2. The definition of the topics considered is included in Appendix III to this report.
* Non-material topics

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4.2. Relationships with stakeholders

We seek to provide maximum value for our stakeholders by listening, understanding, anticipating and adapting to their needs and demands.

We continue to prioritise transparent two-way communication, upholding a lasting relationship based on trust and collaboration. We continue to enhance specialised communication channels for each stakeholder group, adapting our interactions to their specific requirements.

STAKEHOLDERS	COMMUNICATION CHANNELS	
Workers	• Corporate website • Tubos Reunidos Group intranet • Physical post boxes • Regular meetings with direct supervisors	• Physical notice boards • Ethics channel • Tubos Reunidos Group newsletter • Strategy day
Shareholders and investors	• Corporate website • Information provided to the CNMV	• Investor office • General Shareholders' Meeting
Funders	• Corporate website • Periodic information	• Briefings on Group progress
Customers	• Corporate website • Trade fairs • Participation in associations	• Satisfaction surveys • Regular visits • Individual meetings
Suppliers	• Corporate website • Supplier portal	• Trade fairs • Participation in associations
Regulatory bodies and public administrations	• Corporate website • Online portal for reporting • Environmental (IKS) and health and safety information	• Platforms for the environmental and health and safety monitoring plan • Regulatory body questionnaires • Regular meetings
Local communities	• Corporate website • Social encounters	• Participation in associations

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4.3. ESG strategy

4.3.1. Understanding the environment

The steel industry is a key sector for the global economy, but it is also a major emitter of greenhouse gases. Direct carbon dioxide (CO_2) emissions from the steel sector amounted to 2.6 gigatons in 2019, equivalent to approximately 7% of total emissions from global energy generation, distribution and use-related activities[3].

In this context and in full awareness of our responsibility within the sector, we intensified our efforts in 2023 to develop a solid future Sustainability Master Plan. The plan will include all ESG challenges up to 2028, coinciding with the timeframe for the Strategic Plan, of which it will be a fundamental pillar.

THE FUTURE SUSTAINABILITY MASTER PLAN WILL ANTICIPATE CHALLENGES AND DEFINE FIVE-YEAR OBJECTIVES

4.3.2. 2024–2028 Sustainability Master Plan

The plan will cover the 2024–2028 period with a view to setting out a comprehensive and strategic roadmap that addresses key sustainability aspects. Its main purpose will be to guide and encourage decision-making and the implementation of activities in order to improve our performance with utmost respect for sustainable development, minimise negative impacts and strengthen our market position. We seek to generate consistent positive results over time through a culture rooted in caring for the environment, our team and our customers, and ultimately all stakeholders who create value for us.

3 Source: "Annual Emissions Report 2020" from the International Energy Agency

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4.4. UN 2030 Agenda: Challenging today to create tomorrow

We are proud to state that we are strongly aligned with the UN Sustainable Development Goals (SDGs). Since the 2030 Agenda was adopted in 2015, we have bolstered our commitment to contribute to attaining these goals at all levels.

We therefore strategically focus on several key SDGs:

We ensure access to sustainable energy by implementing SDG 7 and, through SDG 8, we promote inclusive and sustainable economic growth.

We contribute to SDG 13 by making continuous efforts to mitigate climate change and adapt to its impacts.

We include sustainable water management and technological innovation in our strategy, thus aligning ourselves with SDG 6 and 9, respectively.

We contribute by actively working to optimise processes to reduce their environmental impact.

We work closely with stakeholders and actively participate/collaborate in business partnerships to drive alliances that have a positive impact on society. We therefore contribute to SDG 17.

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4.5. Value chain

4.5.1. Sustainable supply chain

We strongly believe that coordinating efforts with all our suppliers will be essential to achieving the objectives in the Sustainability Master Plan. We are therefore implementing a comprehensive supply chain strategy with a view to promoting and strengthening sustainable behaviour throughout said supply chain.

The Code of Ethical Conduct for our suppliers is a fundamental part of this strategy, in line with best practice in the field. The code extends the Group's necessary commitment to business ethics and integrity, the defence of human, social and labour rights, health and safety, occupational hazard prevention, environmental protection and quality to all suppliers.

We constantly focus on prevention so as to reduce any possible physical harm to which our suppliers may be exposed. In this sense, all companies accessing our facilities to carry out their activities, as well as those supplying critical goods with an impact on safety, must be approved to ensure compliance with our Comprehensive Quality, Environmental and Energy, and Occupational Health and Safety Policy.

4.5.2. Value proposition in our operations

Our activity covers all stages of the production process, from managing raw material to final product delivery, thus ensuring maximum efficiency and coordination.

Today, the value proposition in our operations is based on the following core pillars:

- **Raw material management:** our pipes are manufactured using mainly steel scrap from other activities, making our manufacturing processes an example of the circular economy. Over 96% of the raw material we use today comes from reusing waste.
- **Efficient use of energy resources:** we must continue creating value for our customers through innovative processes and developments that also enable us to achieve better energy targets and spearhead decarbonisation ratios. Some important initiatives include:
  - Oxygen enrichment in the hearth furnace to reduce natural gas consumption.
  - Renovation of the hearth and hydraulic seals of the ingot and billet reheating furnaces to optimise thermal insulation.
  - A prototype forklift using biofuel instead of diesel.

  All these activities are detailed in section 5.3.3 Energy efficiency.
- **Advanced technology:** we use the latest technologies throughout the production process: electric arc furnaces, continuous casting facilities, rolling mills, heat treatment furnaces and finishing facilities. This provides us with great flexibility and adaptability to manufacture seamless steel pipes tailored to customers' specific requirements.

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4.5.3. Commitment to customers

We developed an innovative pricing system with a tailored approach in 2022, adjusting our business process to the reality of each customer. We created communication channels to bring us closer to their day-to-day reality and help us understand their needs.

Following this milestone, **in 2023** we implemented a robust new business strategy that includes a geographical repositioning plan, enhancing the focus on our business and planning premium and net zero emissions products. This new strategy established an organisational structure with new key performance indicators aligned with strategic objectives.

Continuing with the main thread of sustainability, and with a view to supporting a lower environmental footprint for the sector, we demonstrated our major contribution to change by launching of a new product with low CO_2 emissions. This launch reinforced our renewed branding and identity.

We have the most demanding certifications required by our customers, who are increasingly aware of and demand compliance with ESG criteria.

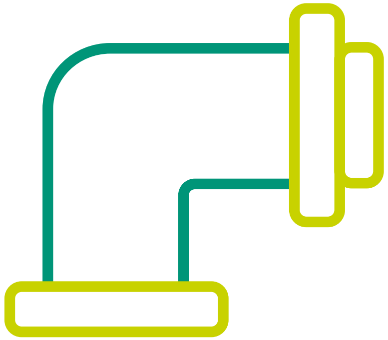
In order to ensure the safe use and handling of our products, all chemicals used in the manufacturing process, including lacquers and varnishes, comply with applicable requirements under European regulations, such as EU Regulation 453/2010[4] and 1907/2006[5] (REACH).

We have developed a new tool to study and analyse customer complaints, with a comprehensive approach enabling us to offer quick and effective solutions.

We value customer feedback as a key element, using it to implement continuous improvements in our complaints management process.

This year we received a total of 119 customer complaints. In this regard, we would like to emphasise that all these complaints were handled and closed with absolute normality; none of them were related to regulatory breaches.

WE ENSURE THE TRACEABILITY OF EACH PIPE WITH A MARKING THAT ENSURES IDENTIFICATION, PROVIDING DETAILED INFORMATION FROM THE INITIAL PHASES IN STEELWORKS.



4. Commission Regulation (EU) no. 453/2010 of 20 May 2010 amending Regulation (EC) no. 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

5. Regulation (EC) no. 1907/2006 of the European Parliament and of the Council, of 18 December 2006, on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) no. 793/93 and Commission Regulation (EC) no. 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC.

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4.6. Integrated Management System and certifications

Our commitment to sustainability, safety and quality is embodied by an Integrated Management System for the Environment, Energy, Quality, Health and Safety.

The system is aligned with the guidelines set out in the following standards: ISO 14001:2015 — Environmental management systems; ISO 50001:2018 — Energy management systems; ISO 9001:2015 — Quality management systems; IATF 16949:2016 for the automotive sector and ISO 45001:2018 — Occupational health and safety management systems.

Subject to an audit system within a framework of global procedures and tools, we guarantee its design and operation are suitable, and its deployment is duly focused on the entire scope of continuous improvement and, equally important, on compliance with all regulations, standards and requirements for our business.

The system enables us to identify operational risks and impacts, establish action plans to address them and foster continuous improvement across all facets of our operations.

We also have other certifications such as ASME or API. ASME (American Society of Mechanical Engineers) certification ensures steel for boilers and pressure containers meets the standards and codes set out by the certification, thus ensuring quality and safety for users and operators, and ensuring a long life cycle of components under pressure. The API (American Petroleum Institute) certificate attests to our OCTG pipelines complying with quality and safety standards.

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4.7. We innovate the now and design the future

We seek to foster a culture of continuous innovation, driving growth and excellence on the path towards sustainability.

Some of the main projects in this regard include:

Plant digitalisation

We understand that using technology is key to improving production. By introducing digital tools, we optimise operations through monitoring variables linked to the manufacture process. This allows us to improve the quality of our products and increase energy efficiency for operations.

In 2023, we implemented the following services:

- **Data driven company:**

-*Data lakes for plants:* A data lake comprises a single platform to store all information related to the production process. All data is centralised in order to organise, link and provide them with coherence for later use.

We have a single lake for all information regarding each production process operation, as well as manufacturing parameters.

This will enable us to apply the most advanced technologies to improve our processes and products, such as artificial intelligence or machine learning solutions.

-*Using Celonis software* for data mining processes comprising a flow analytics system for optimisation.

-*Creating a global scorecard for Group management:* this integrates all relevant information for all our plants in a single scorecard.

- **Real deployment of artificial intelligence for:**

-Document recognition.
-Enhanced cybersecurity.
-Lower inputs

-**Bichange**: We are using the tool Bichange to decide how to buy energy and reduce costs. It centralises monitoring of all electricity consumption at the steelworks in order to look for patterns and apply AI algorithms to optimise energy consumption.

-**Decidata:** we recently launched this project to make management of the hearth furnace and heating curves more efficient. By using Decidata, and based on historical process data available on the aforementioned data lake platform, we are able to optimise loading for rolling furnaces and determine optimal heating parameters.

We will therefore be able to reduce gas consumption and, consequently, the carbon footprint of our products.

-**At lower inputs level:** this project aims to use data stored in the data lake to find production parameters and patterns that may affect product quality.

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New advanced production control systems

-**New future MES (*Manufacturing Execution System*) in Trápaga:** this will enable us to ensure greater product traceability in the rolling process. We will therefore be able to link products to wider information on variables used in the manufacturing process. We will finalise defining and implementing the project throughout 2024.

Improvements in production management and control:

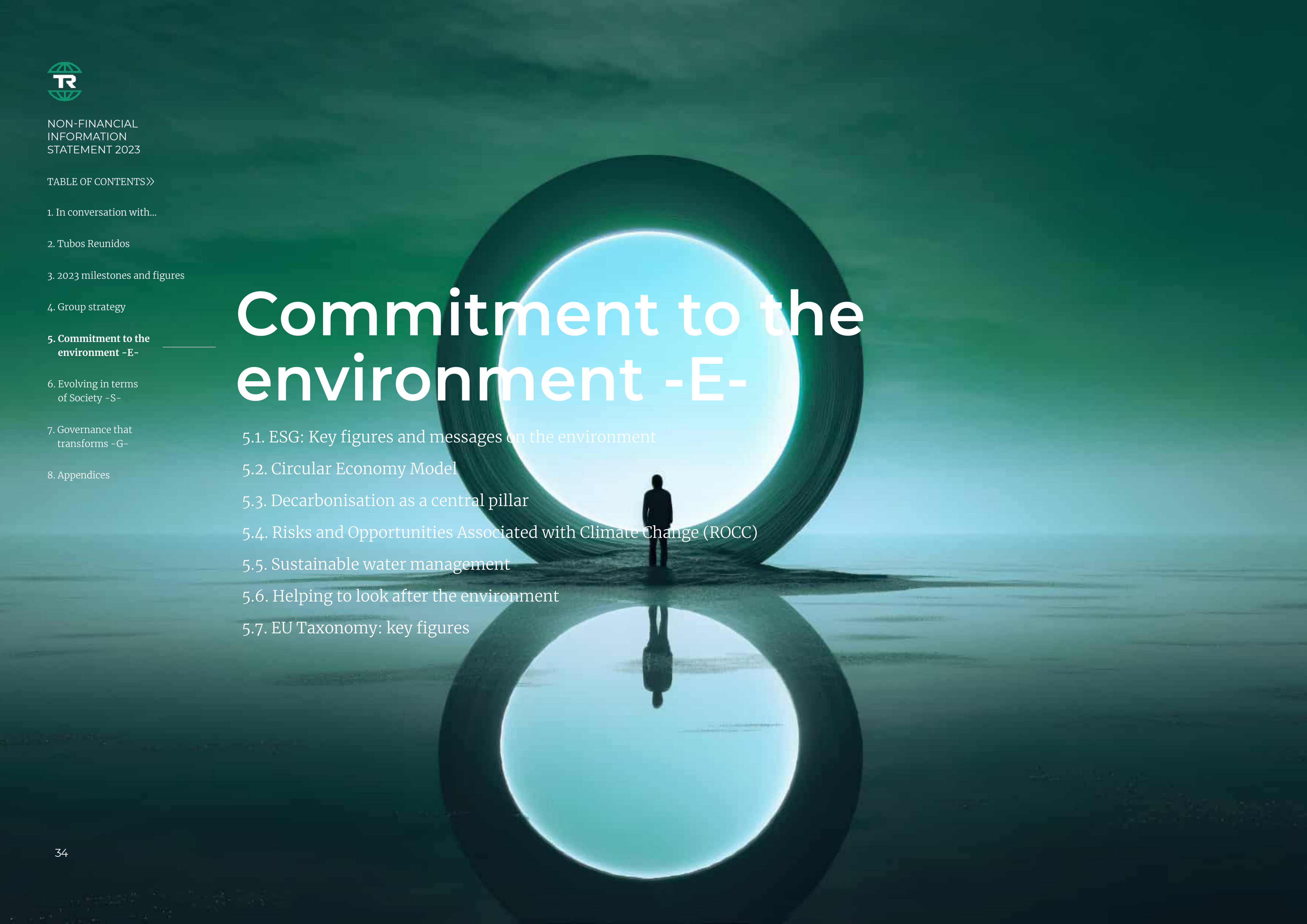
We implemented improvements in various aspects of operational management. Important advances include the control of machinery, the planning system for preventive maintenance work, consumables, equipment and spare parts inventory, the management and control of defects and samples etc.

We also implemented technology improvements, specifically in preparing manufacturing orders and expanding production operations. Moreover, we generated flexibility through improved cutting models in the preventive maintenance work planning system, the consumables, equipment and spare parts inventory, as well as in the management and control of defects, quality testing etc.

Another important task worth noting was the update to operating models combined with ingot manufacture (with double casting, quality control etc.) at the Amurrio plant, thanks to the merger of our steelworks. These synergies will pay off in 2024 and beyond, helping us to be more effective and helping to create a more sustainable model.

Other projects

We reformulated our corporate intranet in 2023 to provide agility to everyday staff management. Moreover, staff received training in digital tools to support the digital transition model.



Commitment to the environment -E-

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5.1. ESG: Key figures and messages on the environment

- **Recirculation circuits** of industrial wastewater
- **Oxygen enrichment systems** (enabling savings of up to 6% in natural gas use)
- **Heat recovery in furnaces,** improving efficiency of production processes
- **Leaders in refractory waste recovery**
- Recovery of 96% of non-hazardous waste
- Cutting over 2,500 tonnes per year of refractory waste sent to landfill

+96%

OF RAW MATERIAL USED COMES FROM RECYCLING

19,598.1 m^3 of reused water	**15%** reduction in natural gas consumption compared to 2022

INSTALLATION OF **SOLAR PANELS** COVERING 8% OF ELECTRICITY CONSUMPTION IN THE COMING YEARS

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5.2. Circular Economy Model

We are a model of circularity from the initial design of production processes. We start from a clear commitment to reducing the impact of consuming raw materials from natural resources.

As managers of scrap waste (a raw material we use to manufacture steel in an electric furnace), we make a comprehensive contribution to minimising the impact of our activity.

The steel life cycle offers guarantees to minimise impacts and protect to the environment, providing us with competitive opportunities. We are responsible in our consumption and our production. In this vein, and similar to 2022, we used 75% renewable materials (according to GRI standards) in the production process in 2023.

In this vein, and similar to 2022, we used 75% renewable materials (according to GRI standards) in the production process in 2023.

We worked on our own tool to calculate our organisational carbon footprint. Its development and implementation will be detailed in the future Sustainability Master Plan.

We have been part of the Circular Economy Pact, promoted by the Spanish Union of Steel Companies (UNESID), since 2017. The pact aims to involve all industries in the sector at a national level to jointly advance towards a circular economy model.

One of the main goals in the Sustainability Master Plan will be designing a strategy to analyse and measure scope 3 emissions over the coming years. This will establish the basis and momentum for models to reduce the impact of manufacturing.

The Transforma 360° project, which began in 2017, focused on identifying actions for improvement and assessing the impact of these actions on sustainability goals. In 2023, we worked on 22 main and auxiliary process optimisation initiatives.

We are developing projects to ensure that the best available techniques are used in the processes of converting waste into resources that can be subsequently reintroduced into our activity or others.

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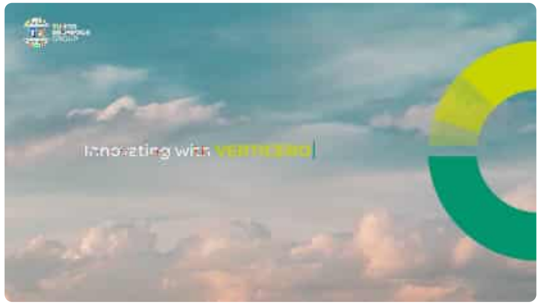
Below are several circularity projects implemented at our plants:

- **Verticero project,** focused on reducing our environmental footprint and helping to foster circular eco-innovation. This project seeks to highlight the value of refractory waste, preventing it from going to landfills and turning it into quality materials. We also took part in transforming this recycled raw material and converting it back into a resource, recovering 100% of the waste produced and avoiding the emission of 1000 tonnes of CO_2 in 2023.



- **Project ECOD2D4.0,** to research and develop products for constructing digitalised eco-roads based on using waste such as black slag.

  In this sense, the project seeks to use recoverable waste to produce constituent road surface layers (aggregate, tarmac and soil-cement and gravel-cement). It also provides the market with several tools to fully design these roads (road configurator), control infrastructure (monitoring ecosystem) and communicate environmental issues (life cycle analysis tool [LCA] for roads), thus ensuring functionality and sustainability.

  As part of this project, we are collaborating with sector companies, in addition to clusters and technology and research firms.

- **White slag recovery** where all white slag generated by the steel furnace is managed in cement plants. We work with local companies to minimise environmental impact, thanks to our slag replacing lime in their production process to manufacture clinker.

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5.3. Decarbonisation as a central pillar

5.3.1 GHG emissions

We recognise our role in greenhouse gas emissions and are constantly readjusting the roadmap to adapt to required changes. We must be responsible towards all stakeholders, helping each other in the great decarbonisation challenge.

We work with EAF electric arc furnaces in our steelworks. This is a more efficient and environmentally friendly technology compared to conventional blast furnaces, meaning that we are significantly reducing greenhouse gas emissions associated with steel production.

Using electric arc furnaces in the steel melting process has proven to be a key step towards significantly reducing emissions and towards sustainability, demonstrating the Group's contribution to mitigating negative environmental impacts.

The future Sustainability Master Plan will prioritise all energy efficiency investments leading to lower GHG emissions. We have implemented the best available technologies in designing the consolidated steelworks in Amurrio, renovating the hot-rolling furnaces, constantly monitoring consumption, digitalising process control and training our people to identify and implement actions for improvement. We recover heat from fumes for specific processes, improve furnace atmospheres to reduce dwell times and explore introducing more sustainable combustible material.

In 2023, we reduced our scope 1 and 2 emissions by around 10% in absolute terms compared to 2022, mainly due to the lower production at the Amurrio plant (Álava, Spain).

The Group continues to focus on decarbonisation, striving to continuously improve energy efficiency and cut emissions.

THE FUTURE SUSTAINABILITY MASTER PLAN WILL PRIORITISE ALL ENERGY EFFICIENCY INVESTMENTS LEADING TO LOWER GHG EMISSIONS.

5.3.2 Carbon footprint

One of the main goals in the Sustainability Master Plan will be designing a strategy to analyse scope 3 emissions in 2024. This will establish the basis and momentum for models to reduce the impact of manufacturing.

This strategy will have tools to monitor life cycle analysis for all our products which, together with our process control projects, are set to be powerful mechanisms to control emissions. Sustainability as a fundamental pillar of decarbonisation, jointly led by the digitalisation department.

ESG improvement groups will be organised to analyse all the possible ways to minimise emissions from all areas of the value chain

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5.3.3. Energy efficiency

In terms of clean energy, the contract signed with a leading renewable energy supplier continues to pay off.

While energy efficiency is the main thread of this report, alongside other sustainability aspects, we would like to highlight some of the most relevant milestones in this area during 2023:

- **The installation of oxygen enrichment in the hearth furnace** has enabled us to achieve savings in natural gas consumption of around 6%. We are considering adopting this measure for other furnaces.

- **Heat recovery in furnaces** from installing self-regenerative burners in electric ovens. This has led to a significant improvement in production process efficiency. Although they emit the same amount of heat as our previous systems, efficiency is higher in these new burners. This progress in combustion technology enables us to attain the same working temperatures with lower energy consumption.

- **New biogas forklift,** replacing diesel versions. The aim is to study the progressive transformation of our fleet to biogas and other clean sources by 2028.

- **Steelmaking:** a big data and artificial intelligence project that seeks to achieve greater efficiency, higher product quality and greater productivity. Since its initial introduction, mainly focused on efficiency, the project has branched out into all areas of our pipe manufacturing operations.

  Thanks to this system, we estimate an annual saving of 1.5% in gas and electricity consumption and expect the positive effects to be gradually extended to all other activities at the plants.

  In this respect, the timeline to obtain optimal results with this system is set for 2025. In turn, the system will also move our ambition to cut our emissions forward.

- **Preheating the ladles** at the steelworks, as a prior step to pouring the molten metal from the smelting furnace and starting the refining process in the furnace. We not only ensure process efficiency but also increase its safety by protecting refractory materials and avoiding breakage. We therefore seek to maximise efficiency in using materials and energy.

- **Modification of furnace hearths and hydraulic seals** to optimise heat insulation. Thanks to these modifications and the aforementioned oxygen enrichment procedure, we reduced energy use per manufactured tonne by 20% compared to the 2022 financial year.

- **Improved production planning and concentration,** where we limit furnace operating times to two to three weeks per month. This approach seeks to reduce the number of times ovens have to be started, thus optimising energy consumption and obtaining energy savings of up to 15% per year compared to the previous year.

5.3.4. Sustainable mobility

We have several measures and benefits for workers in terms of mobility, promoting sustainable alternatives.

- **We have started working with** a platform that promotes listings of routes, schedules and places available in private vehicles. We aim to encourage workers to car share, reducing the number of vehicles required for our workforce to commute to work and also strengthening ties between staff.

- **Installation of electric vehicle chargers,** in compliance with relevant legal requirements and collaborating with the energy transition for vehicles.

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5.4. Risks and Opportunities Associated with Climate Change (ROCC)

We conducted a detailed analysis in 2023 to identify exposure to the risks and opportunities arising from climate change for our business. This analysis aims to be a starting point enabling us to improve management for climate change events that may pose a potential risk to the Group's activities at all our facilities.

At the same time, we considered the internal control environment that could mitigate the risks or maximise the opportunities to which we are exposed. The evaluation scales used for the study align with those used in the corporate risk management methodology.

As a result of the assessment process, we obtained the climate risk matrix (for more information and a breakdown, see Appendix V).

For more information and a breakdown, see Appendix V.

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The analysis developed over four stages:

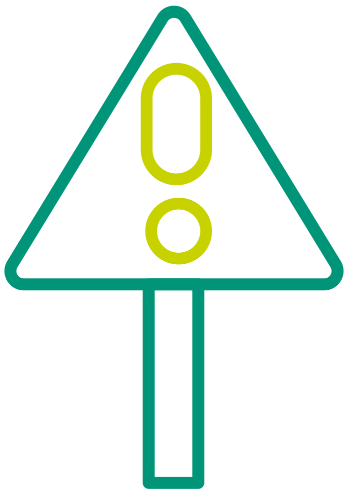
1. SELECTING THE ANALYSIS SCENARIO

In line with the main global initiatives linked to climate change management, any assessment of climate risks and opportunities must be based on a number of future scenarios built from various climate (RCP) and socioeconomic (SSP) pathways.

These climate scenarios describe a theoretical future for climate evolution and socioeconomic contexts, providing a basis to assess climate risks and opportunities. In this context, we carried out an analysis for two different climate scenarios.

2. CHARACTERISATION OF THE VALUE CHAIN

The aim here is to identify activities and processes in our value chain that may potentially be affected by these risks, or benefit from opportunities arising from climate change.



3. DEFINITION OF THE GROUP'S UNIVERSE OF CLIMATE RISKS AND OPPORTUNITIES

This process comes from characterising the value chain and considering applicable guidelines from intergovernmental sources, such as the IPCC, existing regulatory requirements, such as the EU Taxonomy, and benchmark climate frameworks, such as the TCFD. The aim is to identify all climate-related risks and opportunities that could realistically affect our operations.

Upstream: any activity associated with the supply of resources necessary for manufacturing end products, considering:

- Inbound logistics: Receipt of raw materials, inputs and necessary staff for production.
- Supplies: Managing purchases, acquisitions and relationships with suppliers to ensure a constant flow of quality inputs.
- Storage of purchased raw materials.

Operatiions: A component in the value chain comprising all necessary actions to obtain the end product: infrastructure, machinery, equipment, systems, staff and support.

Downstream: any activity associated with the sale and distribution of the end product, considering:

- Outbound logistics: This involves the physical distribution of the end product to customers, including storage and transportation (lorries, ships and trains).
- Marketing and sales: All activities aimed at promoting the product, advertising, sales and market strategies to reach end consumers.

4. CLIMATE RISKS AND OPPORTUNITIES ASSESSMENT

After identification, they need to be assessed from three perspectives: timeline for significant impact, associated sensitivity and exposure.

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5.5. Sustainable water management

We are fully aware of the impacts due to current water status and aim to show solidarity with problematic droughts and restrictions. We therefore seek to support and promote responsible water consumption. Indeed, water is an active feature in our Sustainability Policy.

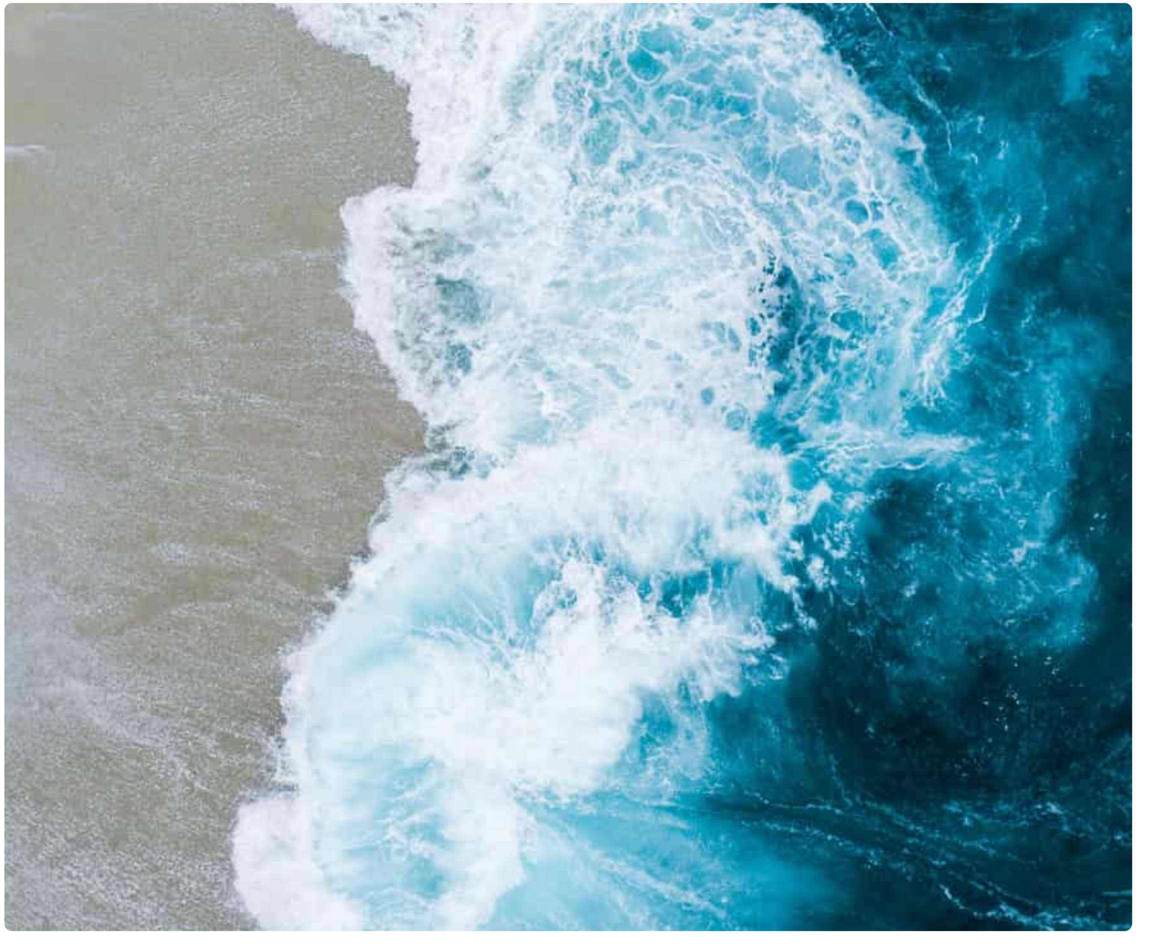
Promoting a culture of responsible and efficient water use involves exhaustive controls to achieve lower consumption.

We have installed closed recirculation circuits for industrial wastewater in our buildings. This effectively minimises the overall need for water supply.

In this context, in 2023 we recirculated a total of 19,598,177 m^3, representing a 25% reduction over the previous year. Again, the decrease in production at the Amurrio plant is the main reason for this decline.

Led by the Sustainability Division, we plan to develop a Sustainable Water Management Plan. Our goal is to progressively reduce the use of catchment water, improve the quality of wastewater, optimise pre-treatment, improve collection and raise water purification standards.

The Sustainable Water Management Plan will set out lines of action to optimise consumption, assess efficiency in usage for each production process, define management measures to optimise the use of water resources and develop a mitigation plan for areas with water stress.



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5.6.Helping to look after the environment

5.6.1. Air quality

We monitor and strictly control emission points for polluting gases from our manufacturing activity. Controls are continuous and done in accordance with the Integrated Environmental Authorisation at the plants. We have continuous measurement systems monitored by the government. Transparency and teamwork.

With regard to noise pollution, we perform periodic checks aimed at ensuring values remain in line with the provisions set forth in the regulatory framework applicable to the activity and geographical location.

We are not currently subject to regulations on light pollution, since our activity does not generate a significant impact.

5.6.2. Natural capital

None of our facilities are located in protected areas at regional, national or international level, and all our operations take place far from protected areas.

There is currently no need to implement specific actions aimed at protecting biodiversity, as the impact of our operations is negligible.

We monitor all environmental aspects of our business to minimise any impact on the environment.

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5.7. EU Taxonomy: key figures

5.7.1 An introduction to the European Taxonomy

The European Green Pact is a key EU strategy in tackling climate change and promoting sustainability. It seeks to attain climate neutrality by 2050, reduce greenhouse gas emissions, encourage the use of renewable energy and promote sustainable practices, all while ensuring a just transition.

In order to achieve this goal, the EU has introduced a number of levers, such as the Sustainable Finance Action Plan, the aims of which include boosting investments in sustainable activities.

Firstly, a common framework is required that defines which activities can be deemed sustainable and the relevant criteria. In response to this, the EU has introduced the Taxonomy Regulation[6].

This regulation establishes a system that classifies several economic activities as sustainable, based on their contribution to six objectives related to different environmental aspects: climate change mitigation, climate change adaptation, pollution, the circular economy, water and marine resources, and biodiversity.

The activities in the Regulation should be analysed in order to determine whether they are covered by a company's business model (Taxonomy-eligible activities). And where they are, whether they meet the technical criteria established by the Taxonomy to be considered sustainable (Taxonomy-aligned activities).

For non-financial institutions, the Taxonomy establishes three key performance indicators. These indicators are based on ratios compiled from information on turnover, CapEx and OpEx[7] linked to the activity carried out by the company over the year. They reflect the extent to which a company's activities are potentially sustainable (eligible) and, within these, how many of them meet the technical criteria set out in the Regulation and can therefore be considered truly sustainable (aligned).

After this brief outline, an analysis of our activities from a taxonomic standpoint is provided below.

6. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, together with its implementing regulations: Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and Commission Delegated Regulation (EU) 2021/2178 of 6 June 2021.

7. The Taxonomy Regulation defines concepts that should be considered when using the figures associated with turnover, CapEx and OpEx, which differ from traditional working concepts. In this vein, there may be differences between turnover, CapEx and OpEx figures used to calculate the Taxonomy compared to those reported in other sections of the Tubos Reunidos management report.

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5.7.2 Analysis of the Group's activities

This year we carried out an eligibility and alignment analysis for our activities in comparison to Taxonomy requirements. All companies of the consolidated Tubos Reunidos Group were included in scope. As set out in the regulation, we analysed the eligibility and alignment of the two climate objectives (mitigation and adaptation to climate change), as well as the eligibility of the four remaining objectives (pollution, the circular economy, water and marine resources, and biodiversity).

The main activities deemed eligible and/or aligned for each objective are indicated below.

OBJECTIVE[8]	ELIGIBLE ACTIVITIES	ALIGNED ACTIVITIES
Climate change mitigation	• 3.9 Manufacture of iron and steel • 6.6 Freight transport services by road • 6.10 Sea and coastal freight water transport • 7.2 Renovation of existing buildings	• 3.9 Manufacture of iron and steel[9]
Climate change adaptation	• 3.9 Manufacture of iron and steel • 7.2 Renovation of existing buildings	These activities were deemed as not aligned[10]
Transition to a Circular Economy	• 3.1 Renovation of existing buildings • 3.4 Construction of roads and motorways • 3.5 Use of concrete in civil engineering	Analysing alignment of this objective is not applicable this year

It should be noted that despite its obvious contribution to maximising circularity in the global economy, the production process associated with the manufacture of seamless steel piping cannot be deemed a taxonomic activity. The reason for this is that, due to its insignificant impact on the environment, the rolling activity specifically is not listed in the Taxonomy Regulation. Nevertheless, processes related to billet and ingot production were considered under taxonomic activity 3.9 Manufacture of iron and steel.

8. The table only lists the objectives where eligible activities were detected.

9. Activities 6.6 and 6.10 relating to road or sea and coastal freight water transport were not considered as aligned due to the difficulty we faced this year in obtaining sufficient information to analyse the Substantial Contribution and Do No Significant Harm technical criteria. In turn, investment in activity 7.2 Renovation of existing buildings was considered immaterial for alignment analysis.

10. Activity 3.9 Manufacture of iron and steel is considered as not aligned as no physical or non-physical adaptation solutions were implemented in this financial year. For more details on the results by activity, see Appendix IV.

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5.7.3 Results

As noted in the tables in this section and in more detail in Appendix IV to this document, the alignment figures for economic activities show continuity, mainly due to the substantial contribution of our core activity to the climate change mitigation objective, respecting the principle of Do No Significant Harm (DNSH) to other environmental objectives and adhering to minimum social guarantees.

Turnover

The decreased percentage of eligible and aligned turnover for our core business *3.9 Manufacture of iron and steel* (Climate change mitigation and Climate change adaptation objectives) is mainly due to the ordinary income result in 2023 compared to 2022.

In turn, we delved further into eligibility analysis in 2023, leading to the inclusion of activities *6.6 Freight transport services by road* and *6.10 Sea and coastal freight water transport* from the Climate change mitigation objective.

For more information and a breakdown, see Annex IV.

OpEx

The decreased percentage of eligible and aligned expenses for our core business *3.9 Manufacture of iron and steel* (Climate change mitigation and Climate change adaptation objectives) is mainly due to changes in operating expenses in 2023 compared to 2022.

CapEx

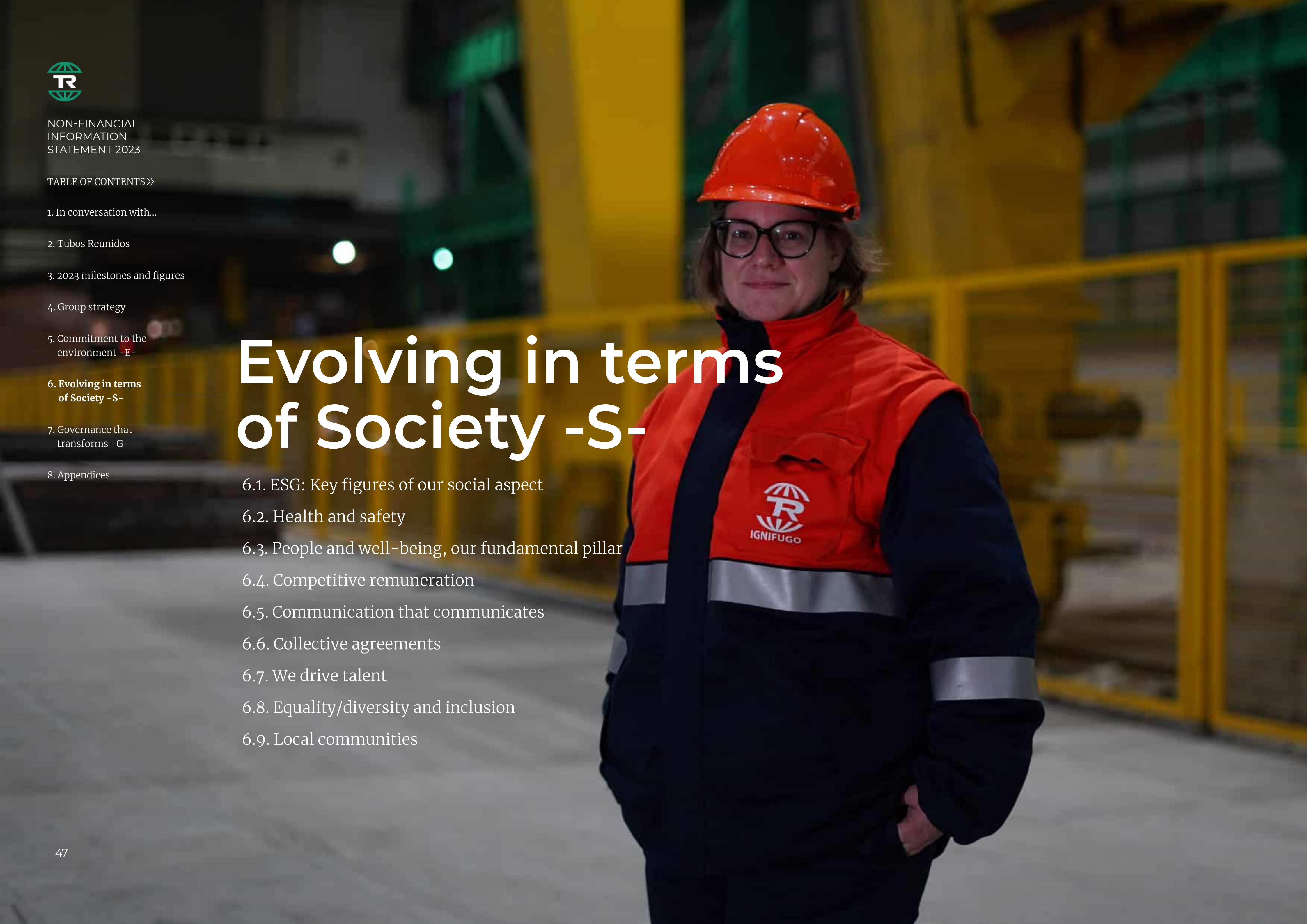
The percentage of eligible and aligned investments in our core activity *3.9 Manufacture of iron and steel* (Climate change mitigation and Climate change adaptation objectives) in 2023 increased slightly compared to the data reported in 2022. This is due to investments in fixed assets made in 2023 compared to 2022.

In turn, this year we deepened our eligibility analysis, leading to the inclusion of activities *3.4 Construction of roads and motorways* and *3.5 Use of concrete in civil engineering* for the circular economy objective, and activity *7.2 Renovation of existing buildings* corresponding to three objectives: Climate change mitigation, Climate change adaptation and, lastly, code 3.2 in the circular economy objective.

The EU Taxonomy calculation was performed this year by taking into account the regulation applicable at the time of analysis. As the Taxonomy Regulation is recent and the European Commission is currently publishing new supplementary regulations or amendments, the calculation for coming years will be made by considering possible methodological changes due to regulatory amendments (additional regulations, question and answer documents etc.)

2023 FIGURES	TURNOVER	OPEX	CAPEX
Eligibility in figures	€277,169 million	€8,462 million	€16,208 million
% Eligibility	52%	21.8%	52.1%
Alignment in figures	€258,509 million	€8,462 million	€13,084 million
% Alignment	48.5%	21.8%	42%

2022 FIGURES	TURNOVER	OPEX	CAPEX
Eligibility in figures	€308,191 million	€5,899 million	€5,782 million
% Eligibility	60%	28.4%	39.3%
Alignment in figures	€308,191 million	€5,899 million	€5,782 million
% Alignment	60%	28.4%	39.3%



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Evolving in terms of Society -S-

6.1. ESG: Key figures of our social aspect

SOCIAL AREA

Safety

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

34.3
Accident frequency rate

0.63
Accident severity rate

Talent pool

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

1.376
Professionals

1,243
Employees are members of EPSV

- CONSOLIDATION OF IN-HOUSE PREVENTION SERVICES
- LEADERSHIP TRAINING PLAN

2,848
THOUSAND EUROS CONTRIBUTED TO VOLUNTARY SOCIAL WELFARE ENTITIES

SIGNING OF AGREEMENTS AT THE TWO TRG SLU PLANTS

12,044
Hours of training

THE ESTIMATED INVESTMENT IN RESTAURANTS AROUND THE PRODUCTION PLANTS AND OFFICES DURING THE REPORTING YEAR WAS EUR 2,227,000.

WE COLLABORATE WITH NUMEROUS NON-PROFIT ORGANISATIONS EVERY YEAR. IN THIS SENSE, THE AMOUNT CONTRIBUTED DURING 2023 TO DIFFERENT ASSOCIATIONS STOOD AT EUR 131,000.

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6.2. Health and safety

Respect for staff's health and safety is one of our core values, one of our top priorities and one of our strongest commitments. It is a crucial material issue in the double materiality assessment detailed in point 4.1, and a fundamental aspect in our Strategic Plan. This dimension includes all the core elements of developing our business and activities.

OUR PRINCIPLES

- 1. Health and safety as values, with the goal of "zero accidents" and always working safely.
- 2. Committed Management overseeing health and safety as a business aspect.
- 3. Health and safety as a premise in all decisions taken.
- 4. All staff trained in occupational health and safety, as well as training for and inclusion of suppliers and contractors.
- 5. Compliance with current legislation, achieving objectives and obtaining health and safety certifications.
- 6. Commitment to the community and the environment.

We work closely with regulatory authorities and specialised agencies to ensure our policies and procedures not only align with regulatory requirements but also with industry best practice. In this sense, we recently collaborated with a renowned industry organisation that had developed and promoted different models and methodologies aimed at improving workplace safety. This collaboration provided safety training programmes, risk assessment tools and management practices that have contributed significantly to improving our occupational health and safety performance.

We have spent three years working on the Safety Excellence Project. During this time, our employees were trained to lead and circulate all activity vectors to achieve the project's goals derived from day-to-day plant activities.

NON-FINANCIAL INFORMATION STATEMENT 2023

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Main milestones and progress in 2023

- **10 rules that save lives:** We have developed a set of ten standards to ensure health and safety in the workplace. These guidelines comprise a code of ten preventive measures that all individuals inside our facilities must follow.

- **Visitor leaflet:** This document is a key element in our communication strategy. It acts as a guide that clearly, concisely and accessibly highlights the guidelines that all external visitors to our facilities must follow.

- **European Week for Safety and Health at Work:** With a view to providing greater visibility to and raising awareness of occupational health and safety, this year we celebrated European Week for Safety and Health at Work, which took place in October..

  Over the week, we aimed to strengthen our dedication to achieving ever safer workspaces. To do this, we ran activities such as drills, information campaigns on the use of PPE (Personal Protective Equipment), inspections and briefings.

- **Safety dialogues:** A tool based on communication and observation, the main goals of which are to:

  - Enable managers to exercise visible leadership.
  - Motivate and reinforce safe behaviour.
  - Highlight current and potential risks.
  - Visualise the degree of compliance with standards.
  - Promote dialogue on workplace safety.
  - Improve the integration of prevention at all levels.

- **Pre-shift talks:** Regular talks by line management members with their respective teams to promote a culture of health and safety and raise awareness of existing risks..

- **Awareness campaigns:** Our established plan periodically runs awareness campaigns to increase perception of the risks involved in relatively common, everyday situations that may lead to minor accidents.

- **Work permits in cases of particular hazards:** We have implemented a specific process to obtain permits for work defined as "particularly hazardous", in order to ensure optimum safety conditions for said work before it begins.

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Identification and assessment of health and safety risks

We have procedures in place to detect, assess and prevent risks in our facilities, which are continuously reviewed and updated. These procedures assign different risk-related parameters to routine or specific tasks, such as the probability of occurrence and potential severity levels of a hypothetical accident.

Consolidation of in-house prevention services

We consolidated the two existing prevention services at the Amurrio and Trápaga plants into a single Prevention Service in 2023. The consolidation of preventive processes at both plants favours synergies and the implementation of best practice, thus improving capacity for internal responses and making them more efficient.

Health and safety oversight in sub-contracted companies

We continue to make progress on establishing comprehensive accreditation for contractors, covering different areas of particular consideration: From coordinating business activities to designing performance assessments and establishing joint routines in high-risk activities.

We implemented other prevention measures in coordination with our sub-contracted collaborators, such as regular meetings with our main contractors. We exercised significant control over health and safety by implementing internal audit programmes, ensuring compliance with established standards and programmes. Moreover, our app-based incident and accident communication tool facilitates rapid responses to and prevention of occupational hazards, promoting a safe and healthy environment for all employees.

Health and Safety Committee

We have a Health and Safety Committee at each plant, comprising prevention officers and the heads of different departments. The purpose of this Committee is to improve occupational health and safety conditions in order to minimise accidents in the firm belief that all accidents can be avoided.

As a joint body, its main duty is to detect any occupational health and safety incidents, acting as a reinforcement and supervisory element for actions implemented.

The Health and Safety Committees meet periodically, and at least every quarter. During the reporting year, 13 meetings were held by the various different Health and Safety Committees.

In addition to the Health and Safety Committee, and as part of the Excellence in Safety approach, we hold regular meetings with Project Management and prevention officers in order to keep them informed about the project's progress and the new tools designed, always as part of consultation and participation activities.

Prevention training

As part of the Excellence in Safety project, health and safety training was significantly enhanced. All new hires undergo in-depth training. We incorporated specific sections on health and safety into our annual training plans and orientation sessions for our new hires.

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6.3. People and well-being, our fundamental pillar

We are fully aware how important it is to promote professional development and improve quality of life for our workers and their families. In this sense, we have a set of plans, including:

- **Study support for employees' children,** where we support the education and well-being of our employees' families by offering financial support for employees and their children.
- **Mobility:** We support mobility for employees at the Amurrio plant (Álava) by providing two buses from Bilbao and the surrounding area, thus ensuring an efficient, comfortable transport service to the most remote locations.
- **Pension plans:** We are committed to the future of all our employees, making financial contributions to voluntary social welfare entities (known as EPSV). We therefore help to create a savings system to increase retirement income. The contribution and provision for pensions was EUR 2,848,000 in 2023, and there are currently 1,243 employees who are voluntary members of the plan.
- **Prioritising internal promotion:** As part of our firm commitment to internal growth, we prioritise advancement of our own employees to hold positions with greater responsibility.
- **Group profit sharing:** When our annual results are positive and meet set targets, all employees receive an extraordinary annual bonus in line with the results.
- **Life insurance:** Life insurance is provided to all employees to offer support, certainty and peace of mind in the event of unforeseen events, such as death or total or permanent disability.

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6.4. Competitive remuneration

We offer competitive remuneration governed by the updated bargaining agreements from the first half of 2023. Pay is scaled according to the roles and responsibilities linked to each job position.

Average remuneration is EUR 54,685, compared to EUR 46,537 in the previous year, representing a rise of approximately 17%(*). In this sense, the salary at all Group companies considerably exceeds the sector average and, in all instances, far exceeds the corresponding minimum wage level.

When we break this data down by gender, average pay for men rose 17% and 23% for women. This contributed to reducing the pay gap by 5 points and it currently stands at -3.29%.

All established professional categories saw a notable rise: 26% for middle management and administrators, 14% for operations staff and 20% for managers.

This data reveals significant progress in salary equity and professional development within the Group, reflecting our recognition of our workforce's professional performance.

* Average remuneration amounts in the 2023 financial year include items from 2022 and previous years, applied in 2023 due to different agreements having been reached with employees' legal representation to update salaries at certain plants from 2017 and 2018. Therefore, these amounts are not standardised for comparison with previous years. If these items were standardised, the average wage increase would be between approximately 5% and 6%.

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6.5. Communication that communicates

6.5.1. Comunicación interna

Sector development and progress with our internal and external stakeholders involves not only establishing an information and messaging channel, but also a dialogue of cooperation, understanding and joint work.

As an example of dialogue between Management and staff outside the agreement, we conducted a SWOT analysis on internal communication to identify ways to improve channels and make them more effective for all stakeholders.

The outcomes included:

- Creating a single organised communication system.

- Reinforcing a culture of internal communication.

- Ensuring smooth communication focused on business achievements and investments

As a result, we launched a new corporate intranet for employees. We publish relevant Group news, forum participation etc. on the intranet. In this vein, it functions as a repository to consult documentation. The aim is to upload important news, cut down on sending emails and reduce hardcopy documentation etc.

Sustainability takes a prominent position on the intranet homepage. One example of our communication transparency and strength is how we linked our intranet to the official publication of our first EPDs (Environmental Product Declarations).

In celebration of World Environment Day in 2023, we published videos throughout the week explaining our activities and how we manage the waste they produce, as well as videos on best practice in energy efficiency — small gestures that make a big difference. The environment permeates all areas.

- **Internal newsletter:** our monthly newsletter keeps all staff up to date with the latest news from all departments, as well as announcements related to both internal and external company activities.

- **Strategy Day:** our monthly newsletter keeps all staff up to date with the latest news from all departments, as well as announcements related to both internal and external company activities.

- **Sharepoint:** introducing a group intranet has strengthened communication ties and streamlined the exchange of information and documentation in each area. The tool includes news, bulletins and access to specific applications in every department and the main panel, improving efficiency and workflow within the company.

We aim to develop and improve all our current tools and unify channels in order to obtain synergies: training repositories, unified management systems etc.

Various channels are available for consultation and dialogue, such as physical post boxes, regular meetings with immediate supervisors, meetings with the Works Committee and/or employees' legal representation, and meetings with the Health and Safety Committee.

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Communication Plan for all stakeholders
We enhanced our Communication Plan in 2022 and 2023 as a key instrument to keep all members of the Group up to date, promoting transparency, trust and effectiveness in achieving corporate objectives. The plan encourages and facilitates open dialogue by using different channels, strengthening a sense of belonging and internal collaboration.

6.5.2. External communication

We rolled out a special call to sustainability on our website. The communication channel contains reports, policies and relevant information both for ESG and the business itself.

We publish an executive summary on our progress in a didactic and dynamic approach. In 2023, we felt we had reached stakeholders more by seeing a 164% increase in hits on our sustainability section.

Since the end of 2023, we have been fully immersed in outlining new channels of communication, messages and networks. In 2024, we will be relaunching our brand, making it more sustainable, direct and committed to the aim of connecting with and strengthening existing relationships, as well as fostering new alliances.

Publication of the first two EPDs: we provide all stakeholders with information about our production cycle and its environmental impact. This represents a clear exercise in transparency.

COMMUNICATION CHANNELS	OBJECTIVE
Mailshots	• Communications about relevant day-to-day issues. These mailshots are performed on an ad hoc basis or in line with the existing internal communication schedule. Mailshots also reinforce campaigns and other communications if needed.
Newsletter	• Monthly bulletin featuring news relating to the company and the main actions it has carried out. This newsletter contains events, external media coverage of GTR, industry news and other company-related information.
Intranet	• Everyday tool not only to assist with work-related activities, but also to provide information about various company matters (news, events, training, internal promotions, awareness campaigns etc.).
In-plant screens/ information points	• Points for raising awareness and providing information about company-related matters in line with the business/ communication strategy. The idea is that these screens become more comprehensive information points that include information on matters pertaining to HR, quality, the environment, competitiveness etc.
Internal events	• Strategy Day: Event for non-union personnel that provides information on the company's annual results and its business strategy and serves as a platform for working together on business actions. • Review Day: (July) Event that provides information to non-union personnel about semi-annual results.

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6.6. Collective agreements

Our appeal as an employer is bolstered by collective agreements, which, to a large extent, improve on provisions set out in both labour law and sector-wide agreements. Currently, 88% of our staff are covered by collective agreements.

In February 2023, the agreement was signed for the Productos plant in Valle de Trápaga, and in May 2023 for the Tubos plant in Amurrio. Both agreements cover the 2023–2027 period. These milestones enabled us to reach equitable and beneficial terms for all parties involved.

The agreements promote fair and equitable labour relations, protect workers' rights, promote job stability and contribute to the economic and social well-being of employers and employees. The agreements contain measures to address and ensure a safe and healthy working environment for workers, such as holding meetings, specific health monitoring and safety incentives.

The bargaining agreements for each plant are outlined below:

- **Tubos Reunidos, S.A.:** We maintain individual agreements with our workforce.

- **Tubos Reunidos Group. Tubos Plant and Productos Plant:** We have our own collective agreements. In 2023, we signed agreements for the Trápaga and Amurrio plants.

  Since September 2023, we have implemented temporary redundancies (known as ERTE), impacting 50% of production at the Amurrio plant. The measure is driven by the need to reduce production due to fewer orders and has been adopted with the aim of reorganising activity and cutting costs. We are currently working on reorganising the workforce to reinstate employees affected by this measure.

- **Tubos Reunidos Group. Acecsa plant:** Improved agreement aligned with the collective agreement for the metal sector in Navarre. We ended activity at this plant in the second half of 2023, transferring it to the cold drawing unit in Amurrio.

- **Tubos Reunidos Premium Threads:** We signed a company agreement at the end of 2022, valid until the end of 2023.

- **Tubos Reunidos Services:** Our agreements are aligned with agreements in the metal sector for regions in which our work centres are located.

- **Tubos Reunidos America and RDT:** We apply US labour laws.

All agreements set out working hours according to production requirements and annual staff working hours. In this sense, a total of 1,664 hours worked were recorded for 2023.

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6.7. We drive talent

People development and management programme

We understand that talent comprises three fundamental pillars: Knowledge, will and power.

- **Knowledge:** this is understood as an individual's knowledge, skills, abilities, experience and work aptitudes.

- **Will:** This refers to the commitment to achieve the Group's strategic objectives, as well as attitudes and motivation towards work.

- **Power:** this is action, understood as the ability to solve problems correctly and take responsibility.

We promote our talent through the Personal Development and Management Programme, seeking to boost our team's skills and abilities.

We have activities linked to organisational structure and people, such as:

Structure activities:

- **Job mapping:** we produced a Job Map of the Functional and Skills Profile for the Role (known as the PFCC), which is our strategic talent management and planning tool. It will also be the basis for other projects and actions to support personal growth and progression.

- **Identifying key positions:** these positions have the greatest impact and are essential to properly develop our business activities. By defining these positions, we will be able to optimally develop a proper succession plan and determine recruitment needs in each area. **Job descriptions and success profiles for these jobs.**

- **Compensation policy:** we outlined the principles and guidelines regulating staff remuneration, with a view to attracting the best talent available on the market and strengthening the loyalty of the professionals we have.

- **Training and professional development pathways:** in 2023 we began to build pathways to offer development options for employees and bolster their professional skills.

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Activities linked to people

360° Assessment:
The 360° Assessment is an indispensable tool for self-knowledge and therefore necessary before implementing a Personal Development Plan.

Our main aim when carrying out this action is to seek professional development for the supervisory and technical staff at plants. The assessment enables us to find points or areas for skill enhancement and establish a plan fostering professional development and growth for employees. We therefore contribute to a general strengthening of personal and professional skills.

In turn, we are able to fulfil individual goals and identify profiles at the company with the capacity to grow, develop and assume greater responsibilities in the future.

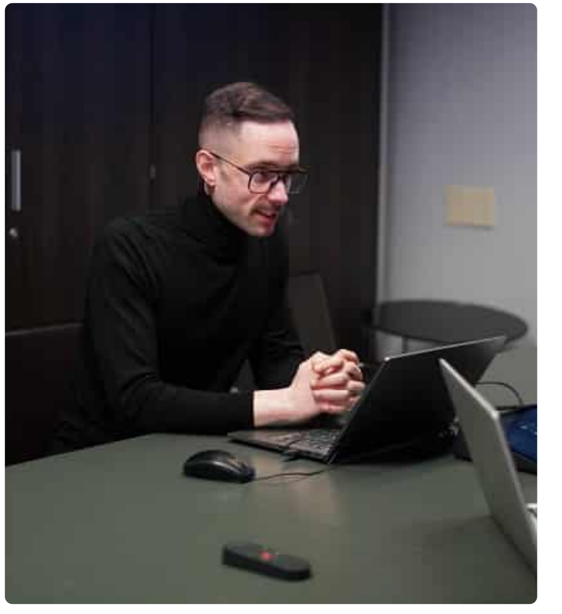
To complement this assessment, we initiated a specific leadership training plan and the workers involved had the opportunity to participate in an individual session with a professional coach.

Individuals with people management responsibilities were trained in leadership techniques. We aim to train facilitators for talent and development. Other highlights in this section include:

- **Defining personal development plans:** these plans ensure that the progress and goals initially set out in our Strategic Plan materialise as planned.
- **Training:** Expenditure on training programmes for the reporting year amounted to EUR 229,000, with a total of 12,044 hours taught. This is a faithful reflection of our commitment to personal development.
- **Management by objectives:** A strategic approach designed to improve performance, making each person aware of what really adds value. It includes associated professional monitoring and progress. This approach generates responsibility and guidance for progress and development at all levels.

Young talent management programme (Cantera Programme)
We laid the foundation for implementing a young talent management programme, focusing on providing effective support during early professional experiences. The programme is especially aimed at young people who join us through internship programmes, as well as those participating in internal training.

Over the next few years, we will focus on following up on the programme through:



- **Development workshops:** Boosting growth.
- **Specialised projects:** In-depth training in specific projects where young talent can participate, taking into account their specialties and skills.
- **Assigning mentors:** Mentors play a supportive, guiding role for young talent during early professional experience. They provide tailored support and share their experience and knowledge to facilitate integration and professional growth for participants.

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6.8. Equality/diversity and inclusion

Equality is critical to creating a diverse and inclusive work environment. The gender of our candidates is therefore not a determining factor in our selection and recruitment processes.

As it should be, remuneration is established according to employment category, regardless of an employee's gender. This removes any possibility of pay discrimination.

Equality Plan

We have an Equality Plan for each plant (Amurrio and Trápaga) for the 2023–2027 period. The Plan strengthens organisational culture, reinforces diversity at all work levels and ensures every staff member feels valued and supported.

We advocate respect for gender, cultural, ideological, national, religious and ethical diversity on our team, as well as for all stakeholders, including suppliers and contractors. The core basis is to foster respect and dialogue in our interactions.

THE EQUALITY PLAN IS SPLIT ACROSS THREE MAIN PILLARS: ORGANISATIONAL CULTURE, PEOPLE MANAGEMENT AND OUR RELATIONSHIP WITH THE ENVIRONMENT.

UNESID #Women of Steel

As part of our continued collaboration with UNESID, we held another year of the "Women of Steel" programme. This initiative highlights the achievements and challenges of female employment in the steel and metal sector, historically home to a strong male presence. This year saw the creation of a forum for women's discussions on equality in the sector. We participated together with other women in the sector in a conference on Women of Steel and their role in decarbonisation, in which the environmental officer took part by presenting the areas of action in our Sustainable Strategy.

Integration and accessibility of people with functional diversity

We recognise the challenges we face in relation to our contribution to the integration and accessibility of people with functional diversity. Our activity is not accessible to people with disabilities, but integration is the clear focus for some more administrative positions.

We reaffirmed our commitment to integration and actively collaborated with special employment centres, reaching an associated turnover of EUR 564,000,000 in the 2023 financial year. We currently have seven employees with officially recognised disabilities, compared to the eight we had in 2022.

We comply with applicable legal regulations, ensuring an accessible work environment for all.

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6.9. Local communities

We believe strengthening the communities in which we operate is a core responsibility. In this sense, we run activities to contribute to the economic and social well-being and improvement of all the local communities and geographies in which we operate.

We encourage hiring local staff and creating and maintaining direct, stable and quality employment, with equal pay for each position.

Our headquarters and main manufacturing activity remain in the Basque Country, with 94.2% of the workforce located in this Autonomous Region. This contributes to the social and economic well-being and improvement of the local community.

We have developed a wide network of local and national suppliers that provide different critical and essential consumables and raw material for our manufacturing and services activity. This not only enables us to support the local economy, but also reduces environmental impact associated with transport: 86.11% of our suppliers are based in Spain.

Our local contribution also involves the catering sector. We provide food vouchers to staff, thus encouraging visits to local restaurants. The estimated investment in restaurants around the production plants and offices during the reporting year was EUR 2,227,000.

We collaborate with numerous non-profit organisations every year. In this sense, we contributed EUR 131,000 to different associations in 2023.

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Governance that transforms -G-

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7.1. ESG: Key figures on our governance

GOVERNANCE

MILESTONES 2023

Updated risk map, including sustainability and climate change

Re-founding the regulatory framework for sustainability, diversity and transparency

APPROVAL OF THE AUDIT COMMITTEE REGULATION

- APPROVAL OF THE STRUCTURE AND GENERAL AREAS OF THE SUSTAINABILITY PLAN
- CODE OF ETHICAL CONDUCT FOR TUBOS REUNIDOS GROUP SUPPLIERS
- ENHANCING THE ETHICS CHANNEL
- INFORMATION SECURITY POLICY
- CORPORATE PROCUREMENT, SERVICE CONTRACTING AND INVESTMENTS POLICY

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7.2. Corporate governance and structure

We integrate responsible governance practices that enable us to not only safeguard our stakeholders' priorities, but also enable us to make decisions taking environmental conservation, social equity and ethical resource management into account.

In this regard, the Board of Directors, Senior Management and the various different strategic committees work hand-in-hand to establish policies and guidelines that, in addition to supporting our financial performance, also promote environmental and social responsibility in our activities.

General Shareholders' Meeting

The General Shareholders' Meeting (GSM) is the highest representative body for shareholders and the main channel of communication between shareholders and the Group's governing bodies.

The functions of the GSM are governed by applicable legal regulations, company bylaws and internal regulations specifically established for this body, thus ensuring that there is a clear and precise regulatory framework in place.

Board of Directors

The Board of Directors of Tubos Reunidos, S.A., as the second highest decision-making body after the General Shareholders' Meeting, approves the Group's strategy, spearheads the commitment to fulfil said strategy and creates the necessary structure for its implementation.

In accordance with the Corporate Governance Policy, the Board assumes the permanent responsibility of designing, assessing and reviewing the governance and long-term sustainability system, approving and updating its corporate policies. In line with the bylaws and internal regulations, these policies guide the Group's actions, as well as those of its directors, executives and employees.

All this ensures decision-making is carried out within a legal and ethical framework, promoting both sustainability and value creation.

The Board stands out from the crowd as it is balanced and diverse, with 55% of its members being independent directors and 36% being women, and two committees are chaired by women. This percentage rises to 45% when including the Secretary of the Board.

Audit Committee

This internal body comprises five members, two of whom are women, and operates as a specialised, informative and consultative internal body with no executive functions and with powers to inform, advise and propose within its remit.

Its main duties include:

- **With regard to information and internal control systems:** Monitoring and assessing the production process and integrity of financial and non-financial information. Monitoring the effectiveness of internal control systems. Reviewing the Risk Policy. Generally ensuring that the established internal control policies and systems are effectively implemented etc.
- **With regard to external auditors:** Submitting proposals to the Board of Directors, for subsequent submission to the General Shareholders' Meeting, on the selection, appointment, re-election and replacement of the external auditor, in addition to supervising and preserving its independence when performing duties. Ensuring that the Company and external auditor respect current rules on independent audit services etc.

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- **Other duties:** Ensuring the annual accounts submitted by the Board to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. Informing the General Shareholders' Meeting of issues raised by shareholders regarding matters within the scope of the committee's responsibilities. Issuing reports and proposals and implementing activities under its remit or as requested by the Board or its Chair etc.

Appointments and Remuneration Committee

The committee comprises three members, two of whom are women, and also operates as a specialised, informative and consultative internal body with no executive functions and with powers to inform, advise and propose within its remit.

The Appointments and Remuneration Committee's main mission is to contribute to attracting and retaining talent, which involves ensuring that the Group has the best professionals on its governing bodies and in Senior Management.

The Appointments and Remuneration Committee also ensures that the selection and remuneration policies applicable to the Board, Senior Management and other employees are consistent with the company's strategy, including as regards sustainability, diversity, long-term profitability and risk-taking, notifying the Board whenever any inconsistencies in this regard are detected.

Executive Committee

The Executive Committee is a body with all delegated powers inherent to the Board of Directors, except those that cannot be legally or statutorily delegated, and those specifically reserved for the Board, unless the latter determines otherwise.

Steering Committee

The separation of duties between the Non-Executive Chair and CEO applies. We also assigned a key role to the Director of Sustainability and Business Development on the Steering Committee. This designation was carried out in 2022 and reflects our belief that the business must be intrinsically sustainable by integrating sustainability and business development considerations.

New advances in corporate governance

In 2023, the Board of Directors continued to make major strides on the path towards continuous improvement in our governance, with the aim of always having a solid corporate governance system aligned with best practice, through which we intend to generate and preserve a business culture based on ethics and the commitment to sustainable development.

The Annual Corporate Governance Report that the Board of Directors prepares alongside the Annual Accounts is available to all stakeholders on the corporate website and on the CNMV website. The report contains a detailed description of the company's corporate governance model.

The main governance milestones in 2023 centred around three pillars, namely:

- **In relation to corporate bodies:**
  - Separation of the positions of Non-Executive Chair and CEO, in line with best practice for good corporate governance and with the aim of strengthening the Board of Directors' independence. On 27 July 2023, and as a result of former Executive Chairman, Mr Francisco Irazusta, resigning voluntarily on 13 July 2023, with effect from 31 August 2023, as announced to the market in a privileged information release on 14 July 2023, the Board decided to separate the positions of Non-Executive Chair and CEO and ratify the appointment of Mr Carlos López de las Heras as CEO of the Tubos Reunidos Group with effect from 31 August 2023.
  - As of 31 August 2023, the Vice Chair, Mr Emilio Ybarra Aznar, temporarily assumed the duties of the Chairman, and the Board expressly thanked him for his excellent contribution to the Group in temporarily performing these duties.

- Mr Josu Calvo Moreira was appointed on 21 December 2023 as an Independent Director of the Company by means of co-optation, as well as Non-Executive Chairman of the Board of Directors, which was communicated to the market through a release on "Other relevant information" on 21 December. This demonstrates the strength of the Board of Directors and our corporate governance model, with a Non-Executive Chairman, in being able to tackle the demanding challenges we face in the coming years. Mr Josu Calvo Moreira will not have any executive duties at Tubos Reunidos and maintain his current position as CEO of Gonvarri Industries.

- **Based on the internal regulatory framework**
  - As approved by the Board of Directors on 21 December 2023, we expanded and refined a new standard of governance for a corporate body: The Audit Committee Regulations. These Regulations comprise a specific set of rules that incorporate the highest standards applicable to listed companies and regulate the Committee's operation, establishing the basic rules of the Group and implementing the provisions set forth in this regard in the Board Regulations, complying with the recommendations of Technical Guide 3/2017 on Audit Committees published by the CNMV in June 2017. The text of the Audit Committee Regulations has been made available to shareholders and the general public via the company website.

  - With a view to achieving sustainable and ethical development for the Group's businesses, the Board approved new corporate policies extending our internal regulatory framework:

    - Approval of the Information Security Policy on 27 April. The policy is part of the Group's Internal Control and Risk Management System, implements the Corporate Risk Management and Control Policy and establishes the general principles of application for IT security, with the purpose of ensuring its effective management.

    - Approval of the Corporate Procurement, Service Contracting and Investments Policy on 27 July, which establishes general rules regarding the Group's procurement of goods and services from third parties, and those relating to suppliers and other stakeholders linked to the process of overseas procurement and contracting, and ensures corporate interests are pursued at all times while mitigating risks.

- **Strategic actions**

The Board of Directors undertook two major activities in 2023:

- Approval of the basic structure and general areas of the future Sustainability Master Plan on 21 December, with a five-year timeframe (2024–2028). The plan is one of the core pillars of the Strategic Plan.

- Allocation of more resources to the Sustainability Division.

- Approval of the updated Corporate Risk Map on 27 July, which reorganises risks and raises the level of cyber risks and sustainability, among others.

With all the aforementioned actions having been carried out for these three pillars (bodies, internal regulatory framework and strategies), together with the major reforms from previous years (e.g. our system was reformulated around environmental, social and governance (ESG) criteria in 2022), the Tubos Reunidos Group's Corporate Governance System is robust and effective, and creates a solid structure for our business to develop properly, in accordance with the highest standards and best national and international practices.

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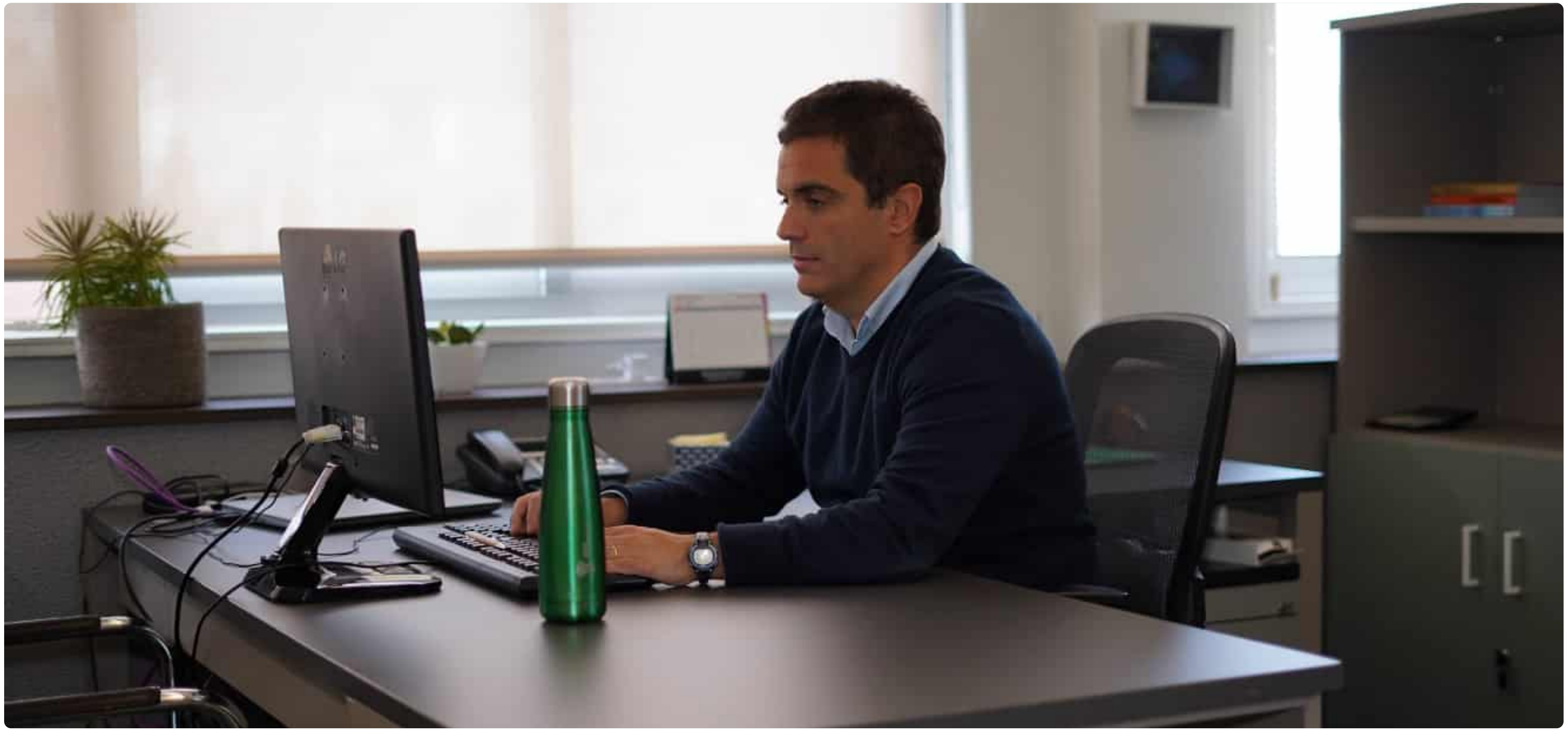

We remain firmly committed to continually improving the governance system and increasing the already very high degree of oversight on the recommendations in the Code of Good Governance for Listed Companies.

With a view to continuing make progress along the path of continuous improvement and refinement for our governance, the Board plans to adopt new measures in 2024 that will contribute to enhancing the Group's sustainability and good governance, such as:

1) Updating and formalising, as best practice defined by the CNMV, the existing procedures aimed at promoting better compliance by staff and executives with legal obligations and prohibitions on market abuse, through Internal Rules of Conduct for Operating in Securities Markets.

2) Formal adherence to the United Nations Global Compact.

3) Increasing the weight of ESG metrics in remuneration for directors, as proposed by the Appointments and Remuneration Committee, thus establishing responsibility for management teams on sustainability issues.

4) Practical implementation of the future 2024–2028 Sustainability Master Plan.

5) Implementation of the Protocol for Prevention and Action against Harassment, adapted to new Act 2/2023 at all TR Group companies.

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7.3 Board remuneration

On 30 June 2022, a new wording of our Board Remuneration Policy, available on our website, was approved for the financial years 2022, 2023 and 2024. This update eliminated the variable remuneration of non-executive directors, in line with the recommendations of the Code of Good Governance for Listed Companies and our statutory provisions. Said updated policy positively contributed to the Group's business strategy, creating value and promoting long-term interests and sustainability at the company.

In accordance with the provisions set forth in the company bylaws, the remuneration system for Directors in 2023 for their supervisory and collegial decision-making responsibilities, was structured as follows:

- **Annual fixed remuneration** for their capacity as member of the Board of Directors and proportional to the period of their mandate during the year.
- **Fixed remuneration for the Chairman of the Board of Directors** in his capacity as Board member and which includes all remuneration items as such.
- **Fixed annual remuneration in addition** to the foregoing for some external directors due to their greater dedication.

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- **Attendance allowances for attending Board and committee meetings,** except for the Chairman of the Board of Directors, as set out above. In the case of the Chairs of the Supervisory Committees (Audit and Appointments and Remuneration), the allowances for their positions are double.

- **No compensation provided for** due to the termination of Board member functions as such, nor contributions to welfare systems.

With respect to the above, we have set maximum remuneration to be paid to all our Board members in their capacity as such of EUR 800,000, adding together all the aforementioned items. This figure was set for ten members and may be increased proportionally. In this vein, the limit in 2023 was EUR 880,000. It is important to note that the maximum limit does not need to be used in its entirety. It is established in order to cover possible changes that may arise during the validity of our Remuneration Policy vis-à-vis remuneration considerations related to the responsibilities and services provided by each Board member.

Process for determining remuneration

The Appointments and Remuneration Committee annually reviews the amounts of remuneration for directors and members of the Steering Committee, making the corresponding proposals to the Board of Directors. We also annually verify whether the targets established for members of the Steering Committee have been met and, consequently, the variable remuneration to be paid, which is then submitted to the Board of Directors for approval.

Stakeholder involvement in remuneration

The agenda of our ordinary General Shareholders' Meeting submits the Annual Report on Board Remuneration for shareholder consideration, in an advisory manner. The content of the report is provided in advance and includes the remuneration policy for the Board, as well as the amounts received individually by each of its members for each item. It is important to note that the report for the 2022 financial year was approved by a large majority of 99.95% of shareholder votes at the GSM held on 29 June 2023.

Average annual remuneration

In 2023, the average remuneration for male board members[11] was EUR 100,714 and for female members[12] EUR 68,125 (in 2022, it was EUR 153,561 for male directors and EUR 58,570 for female directors). The disparity in remuneration is mainly due to compensation for the executive director being considerably higher than for other members.

In the 2023 financial year, average remuneration for the Steering Committee was EUR 528,498 (EUR 246,119 in 2022). We have not provided information broken down by gender for financial years 2022 and 2023 due to confidentiality and personal data protection criteria, since there is one woman on the Steering Committee. Remuneration was established by considering the responsibility of each position within the organisation and comparable positions on the market.

It should be noted that the difference in average annual remuneration compared to 2022 is, in addition to the fixed remuneration accrued in the financial year, mainly due to the total average remuneration figure including the annual variable remuneration accrued in their favour in the 2023 financial year, contributions to the social welfare system made in favour of senior managers, items that were present in 2022 and two additional items: fixed remuneration accrued in 2019, 2020, 2021 and 2022, payment of which was overdue and consolidated in 2023, and the multiannual variable remuneration accrued in their favour (2020–2023 period) and consolidated in the 2023 financial year.

11. Remuneration includes fixed remuneration and allowances for attending meetings and, for the executive director (who is paid expenses) annual variable remuneration earned over the financial year and contributions to a pension plan.

12. This includes fixed remuneration, annual variable remuneration accrued over the year and contributions to pension plans for all members of the Steering Committee as of 31 December 2023. These are annualised remunerations.

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7.4. Ethics and best practice

Issues related to ethics, integrity and good governance are centralised through our Regulatory Compliance System, which has a set of procedures designed to prevent, identify and correct unwanted behaviour.

We therefore ensure that all people behave not only in accordance with current legislation, but also with the Code of Ethical Conduct and other established internal regulations.

The framework of our Regulatory Compliance System comprises a set of documents containing mandatory rules and requirements for all Tubos Reunidos Group employees, namely:

- **Criminal Risk Prevention and Compliance Policy.**
- **Corporate Internal Information System and Whistleblower Protection Policy.**
- **Code of Ethical Conduct.**
- **Gifts and Invitations Policy.**
- **Regulations of the Ethics Channel.**
- **Internal Regulations of the Criminal Risk Prevention Model.**
- **Risk and Control Matrix.**

After consultation with employees' legal representatives, in 2023 the Board of Directors comprehensively reviewed and reformed the compliance system, so that it can be adapted by the deadline to the requirements of the new Act 2/2023 of 20 February on the Protection of Persons who Report Regulatory Violations and the Fight against Corruption. In 2023 we implemented and circulated an internal information system designed, established and managed in a secure way, which:

- a)Ensures the confidentiality of whistleblowers' and third parties' identity mentioned in the communication, as well as the actions undertaken, ensures data protection, preventing access by unauthorised employees.
- b) Allows communication to be submitted in writing or verbally, or both.
- c) Integrates the various internal information channels.
- d) Establishes guarantees to protect whistleblowers.
- e) Has an established procedure for handling information received.

Therefore, on 25 July the Board of Directors obtained a certificate of adequacy for the compliance system and its correct adaptation to the new legislation.

The in-depth reform of the compliance system was clearly communicated to the shareholders at the General Shareholder's Meeting held on 29 June, under point 9 on "Information Matters". In particular, they were informed of the information channels available to shareholders themselves, in accordance with new Act 2/2023, to report any actions or omissions at Tubos Reunidos Group of which they are aware and may constitute serious or very serious criminal or administrative offences, including those involving economic bankruptcy for the Public Treasury and/or Social Security.

This in-depth reform of the compliance system required the following specific actions by the Board in 2023:

- 1) Appointment of the Secretary of the Board on 30 March to supervise the internal information system (which is part of the compliance system).

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- 2) Approval of the new Code of Ethical Conduct for the Tubos Reunidos Group on 25 May, with a new revised text adapted to new Act 2/2023, replacing and overriding the previous one approved in April 2021.

- 3) Approval of the Corporate Internal Information System and Whistleblower Protection Policy on 25 May, which sets out the general principles regarding the internal information system and has been duly circulated within the Group. The policy was published on the homepage of the corporate website, in a separate and easily identifiable section, as required by Article 25 of Act 2/2023.

- 4) Approval of the Regulations of the Ethics Channel on 25 May, which include the Privacy Policy as Appendix I and the Non-Retaliation Protocol as Appendix II. The Protocol and its appendices comprise the new information management procedure and replaces the Whistleblower Channel Regulations approved in April 2021. It was published on the corporate website homepage, in a separate and easily identifiable section, as required by Article 25 of Act 2/2023.

- 5) Approval of the new OCI (*Órgano de Control Institucional* — Internal Control Body) Regulation on 25 May, which replaces the one approved on 29 April 2021.

- 6) Approval of the new Gifts and Invitations Policy on 25 May, which replaces the one approved on 29 April 2021.

- 7) Approval of a New Corporate Criminal Risk Prevention and Compliance Policy adapted to Act 2/2023 on 29 June, which replaces the one approved on 29 April 2021.

- 8) Approval of a new Criminal Risks Prevention Manual (general section) adapted to Act 2/2023 on 29 June, which replaces the one approved on 29 April 2021.

- 9) Three additional documents remained at the level of the Audit Committee and were reviewed with a favourable opinion in July: :

  - Criminal Risks Prevention Manual (Specific Section).

  - Ethical Commitment of Directors, Executives and Employees.

  - The review of the adaptation of new ethical commitment models.

Finally, as the last activity of the year aimed at improving the compliance system, the Code of Ethical Conduct for Tubos Reunidos Group Suppliers was approved on 21 December, in line with best practice in the field. The code extends the Group's commitment to business ethics and integrity, the defence of human, social and labour rights, health and safety, occupational hazard prevention, environmental protection and quality to all suppliers. This mandatory code will apply to all suppliers, contractors, consultants and other collaborating companies at any TR Group company.

Likewise, the Board of Directors supervised the Protocol for Prevention and Action against Harassment adapted to new Act 2/2023 on 21 December, with regard to duties in the field of compliance and approval of its implementation in 2024 at all TR Group companies. It is testament to the Group's commitment to zero tolerance of harassment.

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Code of Ethical Conduct

The Code of Ethical Conduct provides a complete guide for all Group employees, ensuring the correct performance of our responsibilities, effective implementation of our commitments and proper development of our business activities. This code helps to consolidate a shared culture and establishes common, accepted and respected guidelines for action.

The code constitutes a core element of the rules of responsible conduct for all persons directly or indirectly involved in the business.

Application of the Code of Ethical Conduct therefore extends to all personnel, regardless of their seniority, geographical location or duties. Likewise, it also applies to our suppliers, who adhere to it, as an extension of our best practice.

The conduct guidelines are part of our culture and set out in our Code of Ethical Conduct as follows:

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

Our entire team, including all new hires, adhere to this Code of Conduct. Moreover, employees who hold roles that are particularly exposed to compliance risks strengthen the obligations established by our internal regulations.

Prevention of corruption, bribery and money laundering

We strongly reject any unethical actions aimed at obtaining illicit profits, especially conduct related to accepting bribes, corruption and money laundering, or similar practices, whether involving individuals, companies or authorities.

We embody this conviction by implementing key measures, such as:

- Segregation of duties at all seniority levels.
- Ensuring proper accounting for payments and transactions.
- Control over significant financial transactions and unusual payments.
- Prohibition of gifts or favours for executives and employees.
- Prohibition of anti-competitive practices (antitrust) and donations to political parties.

In turn, it should be noted that we carried out specific training on anti-corruption policies and procedures in 2023 aimed at human resources managers and supervisors.

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The training emphasised certain aspects, such as prohibiting retaliation against whistleblowers and safeguarding personal data, ensuring that our team is fully ready to uphold the highest ethical standards in all areas. This initiative reflects our firm commitment to integrity and regulatory compliance, proactively addressing Act 2/2023 on the Protection of Persons who Report Regulatory Violations[13].

Defence of human rights

We defend the rights inherent to all people as universally recognised and enshrined in the Universal Declaration of Human Rights.

Moreover, we align ourselves with the application of the content of the United Nations Global Compact as well as other conventions and treaties from international organisations, such as the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO).

We condemn child and forced labour and discrimination in employment; we foster respect for the freedom of association and the right to collective bargaining; and we comply with the legislation of the countries in which we operate.

Production centres are located in Spain and the United States, where respect for human rights is ensured by both labour regulations and collective bargaining agreements.

Similarly, the fact that a large part of the supply chain is domestic or European means that compliance with human rights is a reality in all of the Group's activities.

As our suppliers must adhere to the Group's Code of Ethical Conduct, we ensure that there are no operations or suppliers with a significant risk of forced or compulsory labour or child labour.

Finally, and as detailed in the future Sustainability Master Plan, it should be noted that we are working on strategic areas to align and adjust processes in accordance with new regulatory developments in the European Union regarding due diligence on human rights.

Ethics channel

In order for an organisation and management model to be effective, it is essential to include the obligation and possibility of reporting possible risks and breaches to the governing body. This entails the need to establish a Whistleblower Channel that allows these situations to be reported, all while ensuring the confidentiality of the whistleblower at all times.

WE DEFEND THE RIGHTS INHERENT TO ALL PEOPLE AS UNIVERSALLY RECOGNISED AND ENSHRINED IN THE UNIVERSAL DECLARATION OF HUMAN RIGHTS.

13. Act 2/2023 of 20 February on the Protection of Persons who Report Regulatory Violations and the Fight against Corruption.

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As such, we established a new Ethics Channel (formerly called the Whistleblower Channel) this year, which is accessible on our website and highlighted in our training sessions. This channel is managed by the head of the internal information system (Secretary of the Board) and permanently available to staff and third parties to report violations of the Code of Ethical Conduct or the law, in three ways:

- By writing to the following email address: [canaletico@tubosreunidosgroup.com.](mailto:canaletico@tubosreunidosgroup.com)

- The Ethics Channel Hotline: A hotline is available to all individuals to report any complaint or enquiry with a call, a recording or a message. The hotline is available on the Group's website. As of the date of publication of this regulation, the number is: **+34 667 412 930.**

- Face-to-face meetings: Individuals may also report any violation verbally, by requesting a face-to-face meeting with the head of the internal information system.

The Regulations of the Ethics Channel establish the procedure for managing the channel and ensure the whistleblower's details remain confidential and no retaliation will ensue.

The internal information system has been provided to communicate or report any ethical and/or legal violations. Protecting the individual who reports any serious or very serious administrative or criminal offence in good faith is one of the guiding principles of its operation.

The Ethics Channel is accessible via the website and available to all stakeholders.

Similar to 2022, the channel received no reports on corruption, bribery, money laundering and/or human rights violations in 2023.

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7.5. Risk management

We have a comprehensive Risk Management System applicable to all Group companies, as set out in the Corporate Risk Management Policy approved by the Board of Directors on 29 April 2021.

In this regard, we understand "risks" as events that could negatively impact achievement of our strategic objectives, hindering or even preventing their achievement, as set out in our Strategic Plan.

The implemented system fully addresses all significant risks we may face.

The identification process encompasses all possible risks in five categories, set out in the Corporate Risk Management and Control Policy:

- **Strategic risks.**
- **Financial risks.**
- **Compliance risks.**
- **Operational risks.**
- **Governance risks.**

The Risk Management System consists of a series of elements ensuring effective and standard management of risks that have been identified in conducting our business activities. These elements are::

- **Corporate Risk Management and Control Policy:** This includes the basic principles governing the control and management of all types of risks. Among other matters, it establishes the responsibilities associated with such management. This Policy covers both current and possible future risks.

- **Corporate risk map:** Every year we carry out a thorough assessment of events that pose a potential risk to achieving the objectives in the Strategic Plan. The assessment results in a detailed account of the main risks we face, together with how likely they are to occur. The list of risks is submitted to the Audit Committee, for subsequent approval by the Board of Directors.

- **Risk Officer:** The main risks we manage (called level 1 risks, as set out in the Corporate Risk Map) have a single manager, who is a member of the Steering Committee. At least twice a year, the Risk Officer shares the risk audit with the rest of the Steering Committee and, at least once a year, the Risk Officer attends a meeting of the Audit Committee to explain how the assigned risks are being managed.

- **Dashboard:** In order to assess the need to update the Risk Map and support the Audit Committee's monitoring of the model's effectiveness, a dashboard is maintained which, based on compared indicators such as historical data, objectives of the Strategic Plan, external sources or other relevant values, collates the audit and action plans of the risk officers.

- **Risk Management System Manager:** This individual acts as coordinator of the Risk Management System and ensures that standardised objective criteria are adopted. As we are currently undergoing a restructuring process and boosting our risk management capabilities, the role of System Manager is currently performed by the Internal Audit department.

For more details on corporate risk management, and to consult the list of the Group's main risks in this regard, as well as those that have surfaced during the year, please see Section E of the Annual Corporate Governance Report, which is available on the Group's website and at the CNMV.

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7.6. Tax liability

Our Corporate Tax Policy implements the values and general principles of action in tax matters. This policy applies to all companies and all individuals in the Group.

The ultimate purpose is to establish a fiscal strategy and define the commitment to good tax practices, by establishing the following general principles of action:

- **Compliance with current tax legislation** in the different countries and territories in which we operate.
- **Decision-making in tax matters,** based on a reasoned and reasonable interpretation of applicable regulations and in close connection with the Group's activity.
- **Promoting a responsible fiscal stance** that aims to prevent tax risk.
- **Strengthening our relationship with authorities when it comes to taxes,** based on trust and the principles of good faith, professionalism, collaboration, loyalty, transparency and reciprocity.
- **Ensuring the Company's Board of Directors is aware of the main tax implications** of all its decisions and effectively and fully complies with its non-delegable powers in tax matters.

Profits, tax contributions and any subsidies received during the 2023 financial year are included in the Group's consolidated annual accounts, which are shown below:

PROFIT BEFORE TAX BY COUNTRY (€ THOUSAND)

	SPAIN	UNITED STATES	TOTAL
2021	-61,177	-1,670	**-62,847**
2022	20,676	17,277	**37,953**
2023	39,722	8,025	**47,747**

TAX ON PROFITS PAID (€ THOUSAND)

	SPAIN	UNITED STATES	TOTAL
2021	9	-	**9**
2022	-	-	**-**
2023	1,169	993	**2,162**

PUBLIC SUBSIDIES RECEIVED (€ THOUSAND)

	SPAIN	UNITED STATES	TOTAL
2021	2,066	-	**2,066**
2022	1,847	-	**1,847**
2023	822	-	**822**

Appendices

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Appendix I. Supplementary information

A) Supplementary information on individuals

Number of workers by country

	Spain	United States	Total
2021	1,295	52	**1,347**
2022	1,348	67	**1,415**
2023	1,303	73	**1,376**

Number of workers by gender

	Spain	United States	Total
2021	129	1,218	**1,347**
2022	137	1,278	**1,415**
2023	132	1,244	**1,376**

Number of workers by professional category

	Administrators and middle management			Operations staff			Managers, supervisors and technicians		
	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL
2021	68	207	275	16	908	924	45	103	148
2022	66	210	276	20	957	977	51	111	162
2023	59	209	**268**	22	934	**956**	51	101	152

Number of workers by age

	Under 30 years old			Between 30 and 50 years old			Over 50 years old		
	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL
2021	19	28	37	96	944	1,040	246	24	270
2022	7	55	62	99	920	1,019	31	303	334
2023	8	49	**57**	96	883	**979**	28	312	**340**

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Number of contract formats

2023			2022			2021		
Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL
1,251	125	**1,376**	1,262	153	**1,415**	1,262	85	**1,347**

Number of contract formats by working hours

2023			2022			2021		
Full-time	Part-time	TOTAL	Full-time	Part-time	TOTAL	Full-time	Part-time	TOTAL
1,352	24	**1,376**	1,398	17	**1,415**	1,336	11	**1,347**

Average annual contract formats by gender

	2023			2022			2021		
	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL
MEN	1,143	126	**1,269**	1,154	119	**1,273**	1,151	46	**1,197**
WOMEN	120	13	**133**	123	10	**133**	117	12	**129**
TOTAL	**1,263**	**139**	**1,402**	**1,277**	**129**	**1,406**	**1,268**	**58**	**1,326**

Average annual contract formats by age

	2023			2022			2021		
	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL
UNDER 30 YEARS OLD	24	33	**57**	20	30	**50**	22	15	**37**
BETWEEN 30 AND 50 YEARS OLD	906	88	**994**	924	95	**1,019**	957	42	**999**
OVER 50 YEARS OLD	334	19	**353**	333	3	**336**	289	1	**290**
TOTAL	**1,263**	**139**	**1,402**	**1,277**	**129**	**1,405**	**1,268**	**58**	**1,326**

Average annual contract formats by professional category

	2023			2022			2021		
	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL	Permanent	Temporary	TOTAL
ADMINISTRATORS AND MIDDLE MANAGEMENT	248	17	**268**	263	10	**273**	261	21	**282**
OPERATIONS STAFF	868	113	**981**	865	108	**873**	854	37	**891**
MANAGERS, SUPERVISORS AND TECHNICIANS	147	9	**156**	149	11	**160**	153	-	**153**
TOTAL	**1,263**	**139**	**1,402**	**1,277**	**129**	**1,406**	**1,268**	**58**	**1,326**

Average annual number of contracts by type of working hours and gender

	2023			2022	2021
	Full-time	Part-time	TOTAL	Full-time	Part-time
MEN	1,262	7	**1,269**	8	7
WOMEN	127	8	**135**	7	10
TOTAL	**1,389**	**15**	**1,404**	**15**	**17**

Annual average of contracts by type of working hours and age

	2023			2022	2021
	Full-time	Part-time	TOTAL	Full-time	Parcial
UNDER 30 YEARS OLD	60	0	**60**	1	-
BETWEEN 30 AND 50 YEARS OLD	986	6	**992**	5	6
OVER 50 YEARS OLD	343	9	**352**	9	11
TOTAL	**1,389**	**15**	**1,404**	**15**	**17**

Average remuneration by gender(€)*

	2023	2022	2021
Men	54,513	46,615	47,017
Women	56,307	45,799	45,422

Average remuneration by age (€)*

	2023	2022	2021
Under 30 years old	36,115	28,971	27,477
Between 30 and 50 years old	52,395	44,219	44,052
Over 50 years old	64,053	56,392	59,029

Average remuneration by professional category (€)*

	2023	2022	2021
Administrators and middle management	61,107	48,489	52,106
Operations staff	47,586	41,580	40,142
Managers, supervisors and technicians	88,176	73,349	76,520

Pay gap[14]

2023	2022	2021
-3.29%	1.75%	3.39%

Absolute turnover rate by gender

	2023	2022	2021
Men	6%	7%	5%
Women	9%	5%	5%

Absolute turnover rate by age

	2023	2022	2021
Under 30 years old	7%	20%	8%
Between 30 and 50 years old	6%	5%	2%
Over 50 years old	6%	13%	15%

Absolute turnover rate by professional category

	2023	2022	2021
Administrators and middle management	6%	-	-
Operations staff	6%	-	-
Managers, supervisors and technicians	10%	-	-

14. The pay gap has been calculated according to the INE (Instituto Nacional de Estadística — National Institute of Statistics) formula. Pay gap = (Average pay for men – Average pay for women)/Average pay for men x 100. This takes into account total payroll, including base salary, bonuses and variables.

* Average remuneration amounts in the 2023 financial year include items from 2022 and previous years, applied in 2023 after reaching different agreements with employees legal representation to update salaries at certain plants from 2017 and 2018. Therefore, these amounts are not standardised for comparison with previous years. If these items were standardised, the average wage increase would be between approximately 5% and 6%..

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Number of dismissals by gender

	2023	2022	2021
Men	28	49	33
Women	1	3	1
TOTAL	**29**	**52**	**34**

Number of dismissals by age

	2023	2022	2021
Under 30 years old	2	3	-
Between 30 and 50 years old	20	23	2
Over 50 years old	7	26	32
TOTAL	**29**	**52**	**34**

Number of dismissals by professional category

	2023	2022	2021
Administrators and middle management	3	5	5
Operations staff	18	40	21
Managers, supervisors and technicians	8	7	8
TOTAL	**29**	**52**	**34**

Training hours by professional category

	2023		2022		2021	
	Total hours	Average per worker	Total hours	Average per worker	Total hours	Average per worker
ADMINISTRATORS AND MIDDLE MANAGEMENT	7,075	7.4	3,504	12.8	3,230	8.7
OPERATIONS STAFF	1,869	7.0	6,889	7.1	6,197	14.4
MANAGERS, SUPERVISORS AND TECHNICIANS	3,100	20.4	3,004	18.7	3,973	3.8
TOTAL	**12,044**	**8.7**	**13,397**	**9.53**	**13,400**	**9.85**

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Number of courses by area

	2023	2022	2021
Master's degree	1	-	-
Technical courses	55	17	45
Development courses	34	8	5
Quality courses	46	279	9
Courses on non-destructive testing	19	-	31
OHS courses	99	176	68
Others	-	-	2

Impacts on health and safety

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
TOTAL NO. ACCIDENTS	195	4	199	176	4	180	196	2	198
NO. ACCIDENTS WITH SICK LEAVE	86	4	90	82	2	84	92	-	92
NO. OCCUPATIONAL DISEASES WITH SICK LEAVE	2	1	3	-	-	-	4	-	4
FREQUENCY RATE (FR)	36.65	18.30	35.08	42.78	10.66	39.91	53.96	-	48.76
SEVERITY RATE (SR) OR LOST DAYS RATE (LDR)[15]	0.67	0.16	0.63	0.95	0.26	0.89	1.27	-	1.15
INCIDENT RATE OF OCCUPATIONAL DISEASE (IROD)[15]	1.61	7.58	2.18	.	-	-	3.28	-	2.97

Number of hours of absenteeism

2023	2022	2021
278,858	300,819	254,799
13.14%	12.92%	11.96%

14. Does not include accidents that occur while commuting.

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B) Supplementary environmental information

Breakdown of the consumption of renewable and non-renewable materials (in tonnes)

	2023	2022	2021
Renewable materials	251,777	338,232	257,078
Non-renewable materials	85,600	107,685	46,726
TOTAL	**337,377**	**445,917**	**34**

Water extraction by source (m³)

	2023	2022	2021
Surface water	85,897	99,300	71,100
Ground water	0	0	0
Municipal water supply	190,370	182,300	137,000
TOTAL	**276,267**	**281,600**	**208,100**

Water consumption by company (m³)

	2023	2022	2021
TRG	271,262	270,753	271,376
TRPT	565	445	1,001
RDT	-	-	-
TOTAL	**271,827**	**271,198**	**208,100**

Total recycled water (m³)

	2023	2022	2021
TRG	19,598,177	26,031,906	13,532,278
TRPT	-	-	-
RDT	-	-	-
TOTAL	**19,598,177**	**26,031,906**	**13,532,278**

Water discharge (m³)

	2023	2022	2021
Discharged to surface water	20,531	104,558	102,956
Discharged to sewage network	17,923	21,730	26,800
Total discharged	**38,454**	**126,288**	**129,800**
Total discharged into waterway	**20,531**	**104,558**	**102,956**
Discharged into fresh water[16]	14,700	31,000	31,505
Discharged into other water[17]	23,750	21,730	23,120
Total discharged to fresh water or other water	**38,450**	**52,730**	**54,625**

16. Fresh: total dissolved solids less than or equal to 1,000mg/l
17. Other water: total dissolved solids greater than 1,000mg/l

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Energy consumption - Non-renewable sources (natural gas) by company (MWh)

	2023	2022	2021
TRG	327,665	377,396	319,951
TRPT	363	568	366
RDT	10,029	11,268	**1,086**
TOTAL	**338,057**	**389,232**	**321,403**

Electricity consumption by company (MWh)

	2023	2022	2021
TRG	218,983	267,161	208,503
TRPT	1,615	1,431	1,499
RDT	13,213	14,566	**1,870**
TOTAL	**233,811**	**283,158**	**211,872**

Energy intensity by company (kWh/t product)

	2023	2022	2021
TRG	2429,43	2110,21	2360,95
TRPT	193	232	461
RDT	780	730	**1,063**
TOTAL	**2157,57**	**1924,09**	**2311,99**

Total energy consumption (MWh)

	2023	2022	2021
TRG	546,648	644,557	528,454
TRPT	1,978	1,999	1,865
RDT	23,242	25,834	**2,956**
TOTAL	**571,868**	**672,390**	**533,274**

Direct emissions by company (scope 1) - T CO_2 Units

	2023	2022	2021
TRG	66,771	79,137	66,754
TRPT	67	105	67
RDT	1,846	2,074	**200**
TOTAL	**68,683**	**81,315**	**67,021**

Indirect emissions by company (scope 2) - T CO_2e units

	2023	2022	2021
TRG	59,125	61,934	31,275
TRPT	436	332	300
RDT	5,676	6,258	**803**
TOTAL	**65,238**	**68,523**	**32,379**

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Intensity of emissions (scope 1+2) by company - T CO_2e units/T product

	2023	2022	2021
TRG (Productos plant)	0.61	0.59	0.54
TRG (Tubos plant)	0.54	0.44	0.41
TRG (Acecsa plant)	0.00	0.27	0.25
TRPT	0.05	0.05	0.09
RDT	0.25	0.24	**0.36**
TOTAL	**0.51**	**0.43**	**0.43**

Other emissions by company 2023 (kg)

	NOX	SOX	COV	HAP	PM10	OTRAS
TRG	104,655	14,441	16,001	10.58	57,066	1.19 x10^{-5}
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	104,655	14,441	16,001	10.58	57,066	1.19 x10^{-5}

Other emissions by company 2022 (kg)

	NOX	SOX	COV	HAP	PM10	OTRAS
TRG	109,305	21,338	7,592	9.95	50,276	8.730 x 10^{-5}
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	109,305	21,338	7,592	9.95	50,276	8.730 x 10^{-5}

Other emissions by company 2021 (kg)

	NOX(KG)	SOX(KG)	COV (KG)	HAP (KG)	PM10 (KG)	OTRAS (KG)
TRG	87,572	15,617	5,021	5.38	34,137	6.812 x 10^{-7}
TRPT	-	-	-	-	-	-
RDT	-	-	-	-	-	-
TOTAL	87,572	15,617	5,021	5.38	34,137	6.812 x 10^{-7}

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2023 Hazardous waste by company (T)

	HAZARDOUS WASTE NOT INTENDED FOR DISPOSAL				HAZARDOUS WASTE INTENDED FOR DISPOSAL			
	Reuse	Recycling	Other recovery operations	TOTAL	Incineration	Landfill	Other disposal operations	TOTAL
TRG	-	34	3,303	**3,335**	21	1,818	587	**2,427**
TRPT	-	-	-	**-**	-	26	-	**26**
RDT	-	-	-	**-**	-	-	-	**-**
TOTAL	**-**	**34**	**3,303**	**3,335**	**21**	**1,845**	**587**	**2,453**

2023 Non-hazardous waste by company (T)

	NON-HAZARDOUS WASTE NOT INTENDED FOR DISPOSAL				NON-HAZARDOUS WASTE INTENDED FOR DISPOSAL			
	Reuse	Recycling	Other recovery operations	TOTAL	Incineration	Landfill	Other disposal operations	TOTAL
TRG	6,894	55,221	281,984	**344,099**	19	5,257	-	**5,276**
TRPT	-	-	11	**11**	-	-	-	**-**
RDT	-	-	-	**-**	-	-	-	**-**
TOTAL	**6,894**	**55,221**	**281,995**	**344,110**	**19**	**5,257**	**-**	**5,276**

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2022 Hazardous waste by company (T)

	HAZARDOUS WASTE NOT INTENDED FOR DISPOSAL				HAZARDOUS WASTE INTENDED FOR DISPOSAL			
	Reuse	Recycling	Other recovery operations	TOTAL	Incineration	Landfill	Other disposal operations	TOTAL
TRG	-	15	4,178	**4,194**	26	1,874	601	**2,486**
TRPT	-	-	-	**-**	-	11	-	**11**
RDT	-	-	-	**-**	-	-	-	**-**
TOTAL	**-**	**15**	**4,178**	**4,194**	**26**	**1,884**	**601**	**2,496**

2022 Hazardous waste by company (T)

	NON-HAZARDOUS WASTE NOT INTENDED FOR DISPOSAL				NON-HAZARDOUS WASTE INTENDED FOR DISPOSAL			
	Reuse	Recycling	Other recovery operations	TOTAL	Incineration	Landfill	Other disposal operations	TOTAL
TRG	6,874	56,592	287,249	**350,715**	26	7,409	-	**7,436**
TRPT	-	-	-	**-**	-	-	-	**-**
RDT	-	-	-	**-**	-	-	-	**-**
TOTAL	**6,874**	**56,592**	**287,249**	**350,715**	**26**	**7,409**	**-**	**7,436**

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2021 Hazardous waste by company (T)

	HAZARDOUS WASTE NOT INTENDED FOR DISPOSAL				HAZARDOUS WASTE INTENDED FOR DISPOSAL			
	Reuse	Recycling	Other recovery operations	TOTAL	Incineration	Landfill	Other disposal operations	TOTAL
TRG	-	7	3,118	**3,124**	39	1,388	641	**2,068**
TRPT	-	-	-	**-**	-	23	-	**23**
RDT	-	-	-	**-**	-	-	-	**-**
TOTAL	**-**	**7**	**3,118**	**3,124**	**39**	**1,412**	**641**	**2,091**

2021 Hazardous waste by company (T)

	NON-HAZARDOUS WASTE NOT INTENDED FOR DISPOSAL				NON-HAZARDOUS WASTE INTENDED FOR DISPOSAL			
	Reuse	Recycling	Other recovery operations	TOTAL	Incineration	Landfill	Other disposal operations	TOTAL
TRG	4,794	27,502	246,462	**278,758**	5	9,500	-	**9,505**
TRPT	-	-	-	**-**	-	-	-	**-**
RDT	-	-	-	**-**	-	-	-	**-**
TOTAL	**4,794**	**27,502**	**246,462**	**278,758**	**5**	**9,500**	**-**	**9,505**

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Number of environmental emergency situations

2023	2022	2021
0	0	0

Number of fines and/or penalties arising from non-compliance with environmental laws

2023	2022	2021
0	0	0

Cost of environmental risk prevention (€)

	2023	2022	2021
Government levies	24,522	26,251	35,934
Emissions	15,095	17,224	25,432
Spills	22,806	20,565	18,770
Waste	1,162,382	1,275,057	705,224
Noise	4,400	5,305	4,195
Advice	77,238	66,331	52,506
Maintenance	379,089	425,207	255,578
Employees	486,498	476,100	358,882
Other goods	45,167	52,969	25,422
Equipment and facilities integrated into the production process	139,245	156,437	135,196
TOTAL	3,283,501	2,517,557	1,617,138

Number of suppliers assessed using environmental criteria

	2023	2022	2021
TRG	257	293	311
TRPT	-	-	-
RDT	-	-	-
TOTAL	**257**	**293**	**311**

Number of suppliers with potential negative impacts

	2023	2022	2021
TRG	47	63	47
TRPT	-	-	-
RDT	-	-	-
TOTAL	**47**	**63**	**47**

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Appendix II. About this report

The Non-Financial Information Statement (NFIS) is part of the Tubos Reunidos Group's Management Report and responds to the requirements established in Act 11/2018 of 28 December 2018, on Non-Financial Information and Diversity. It was prepared in accordance with the criteria set out in the Global Reporting Initiative (GRI) in its 2021 updated version that has been applicable since January 2023.

It also responds to the relevant issues identified by Tubos Reunidos Group in its double materiality study carried out in 2023.

The information and quantitative data in the report cover the period from 1 January to 31 December 2023, and refer to the same companies included by Tubos Reunidos Group within the scope of consolidation of its financial information.

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

The following are Tubos Reunidos, S.A. subsidiaries as of 31 December 2023:

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

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Appendix III. Double materiality

In order to implement a methodology aligned with the requirements set forth in the Corporate Sustainability Reporting Directive (CSRD)[18] and obtain objective results, the double materiality assessment was prepared by an independent external consultant.

Involving the Group's main stakeholders in the assessment is a key part of the process in establishing the double materiality matrix, which was structured in three phases:

- **1. Analysis of the sector context and the business model**

The first phase comprised a context analysis of the sector in which we operate (external), as well as the Group's business model (internal). The results offer accurate identification of potential material issues and the impacts, risks and opportunities that may affect us.

The context analysis considered the following sources:

- Global, sectoral and business model-specific trends, challenges and risks in terms of sustainability, through assessing sectoral reports and other sources.
- Regulatory framework.
- Benchmarking of materiality matrices at our main competitors in the sector.
- Provider analysis (MSCI, SASB and Sustainalytics).
- List of topics and subtopics provided by the European Sustainability Reporting Standards (ESRS).
- Internal meetings with those responsible for the Group's most important business lines.

- **2. Identifying topics and subtopics, as well as impacts, risks and opportunities.**

The second ran a series of internal meetings with the managers of each business line in order to correctly identify potential material impacts, risks and opportunities.

The result was a list of 63 impacts, 42 risks and 38 opportunities. The analysed impacts include both positive and negative impacts; potential or current impacts are also specified.

In turn, to complete the assessment and aid understanding, we classify the impacts within the three aspects of sustainability: "Environmental", "Social" and "Governance" (ESG).

These topics have been identified based on ESRS, materiality analyses reported in previous years by the Group and the Group's context analysis, namely:

Environmental aspects:

- **Energy:** Management and use of energy in the Group's operations and commercial activities.
- **Adaptation to climate change and lower emissions:** Plans, measures and strategies to reduce our climate impact, as well as to adapt to its consequences.
- **Air pollution:** Deterioration of air quality as a result of releasing harmful substances, or altering natural conditions.
- **Soil contamination:** Deterioration of soil quality as a result of releasing harmful substances, or altering natural conditions.
- **Water management:** Processes, strategies and measures we implement in order to use water efficiently, without altering its quality and avoiding degradation, so as not to compromise or jeopardise future availability.

18 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) no. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

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- **Resource use,** waste management and the circular economy: Managing natural resources, minimising waste and seeking to promote a more sustainable and circular approach in our operations and business activities.

- **Biodiversity and natural capital:** Managing and conserving biological diversity and natural resources on which companies depend, and on which we have an impact. This topic is essential for ecosystem sustainability and long-term business operation.

Social aspects:

- **Talent management and working conditions:** The Group's strategy for hiring, training and retaining employees who contribute to the Group's growth, through their own growth.

- **Health and safety:** This includes issues relating to promoting and upholding the highest possible degree of physical, mental and social well-being of our employees, and reducing accidents.

- **Value chain:** A concept used to break down and analyse the Group's internal activities and processes into specific stages or functions that help to create value for customers and, ultimately, contribute to the Group's success.

- **Contribution to society and relationship with local communities:** The degree of involvement or impact the Group has in society, and assessing the degree to which its presence and actions, either directly or indirectly and positively or negatively, generate social change.

- **Relationship with customers:** The process by which the Group ensures that proper functioning channels and means of communication are in place that facilitate the correct identification of customer needs and demands.

Governance aspects

- **Business ethics and governance:** This is the process of operational supervision and control to ensure transparent, honest and appropriate management in the chain of internal responsibility, as well as the relationships established outside the Group.

- **Business risk management:** This comprises identifying, assessing and controlling risks that could interfere with the Group's objectives, ensuring its financial, reputational and operational stability.

- **Corruption, bribery and money laundering:** This covers unethical conduct that may occur in conducting our business.

- **Digitalisation and innovation:** This encompasses the strategic use of digital technologies with the aim of improving various business aspects and processes, boosting growth and increasing efficiency. It also involves continuous exploration, research and experimentation, in search of new ideas and innovative solutions that may generate competitive advantages for the Group.

- **Cybersecurity and data processing:** This includes practices and measures that the Group implements to protect its information systems and ensure the security and privacy of the data it handles.

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3. Data processing and results

The assessment of each of the identified impacts, risks and opportunities determines the relevance of each of subtopic to which they belong. Likewise, topic materiality is determined by the relevance of each of comprising subtopic.

Prior to this assessment, a series of quantitative thresholds were defined in order to deem an issue as material. In turn, a topic will be considered material as a whole if it is determined to be material from either an impact or financial perspective.

This analysis resulted in 17 material issues being identified for the Group, analysed both from an impact materiality perspective (impacts) and a financial materiality perspective (risks and opportunities).

ESG	Tema	Puntuación Materialidad de Impacto	Semáforo materialidad impacto	Puntuación Materialidad Financiera	Semáforo Materialidad Financiera	Material
E	Energía	3,69	• •	4,06	• •	• •
	Adaptación al cambio climático y reducción de emisiones	4,49	• •	4,47	• •	• •
	Contaminación de aire	3,72	• •	3,53	• •	• •
	Contaminación de suelo	2,47	• •	3,35	• •	• •
	Gestión del agua	3,43	• •	3,64	• •	• •
	Uso de recursos, gestión de residuos y economía circular	3,75	• •	3,82	• •	• •
	Biodiversidad y capital natural	2,58	• •	2,85	• •	• •
S	Gestión del talento y condiciones laborales	3,72	• •	4,29	• •	• •
	Salud y seguridad laboral	3,86	• •	4,02	• •	• •
	Cadena de valor	3,79	• •	3,34	• •	• •
	Contribución a la sociedad y relación con comunidades locales	2,69	• •	2,34	• •	• •
	Relación con los clientes	4,84	• •	4,67	• •	• •
G	Ética empresarial y gobernanza	4,57	• •	4,21	• •	• •
	Gestión de riesgos del negocio	2,38	• •	4,18	• •	• •
	Corrupción, soborno y blanqueo de capitales	3,61	• •	3,59	• •	• •
	Ciberseguridad y tratamiento de datos	3,06	• •	4,13	• •	• •
	Digitalización e innovación	4,63	• •	4,13	• •	• •

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Annex IV. EU Taxonomy

1. Scope of analysis for the Group's main activities

conducting the analysis aimed at identifying and establishing the eligible and aligned activities which, according to the Taxonomy criteria, our Company carries out and will serve as a basis for calculating the taxonomic indicators.

For more information on the companies and activities belonging to the Tubos Reunidos Group, please see section 2.1 "Group presentation" below.

2. Eligibility analysis

Delegated Regulation (EU) 2021/2139 establishes a series of specific activities that may be deemed "eligible" for a set of environmental objectives. Each of these activities is associated with a description and series of NACE codes (Statistical Classification of Economic Activities in the European Community), which are intended to guide the eligibility analysis.

Our activities will therefore be eligible if they fit the descriptions of eligible activities provided by the EU Taxonomy.

The detailed analysis of our eligible activities is shown below, in accordance with the descriptions established by the EU Taxonomy:

Activity 3.9 Manufacture of iron and steel

Under the framework of the eligibility analysis carried out for 2023, we identified that our core business, "Manufacture of seamless steel pipes", can be broken down into two essential elements: steel manufacturing and steel pipe manufacturing. This comprehensive process ranges from the initial supply of scrap metal through to the end product.

After a thorough assessment, we determined that the steel manufacturing activity conforms to taxonomic activity 3.9. "Manufacture of iron and steel", described in Appendix I to Delegated Regulation (EU) 2021/2139, and corresponds to an eligible activity in accordance with the objectives "Climate change mitigation" and "Climate change adaptation".

By contrast, the specific activity of steel piping manufacturing was not identified as part of the aforementioned activity 3.9. Although both activities are part of the same integral production process, the EU Taxonomy focuses specifically on the manufacture of iron and steel as a significant potential contributor to the aforementioned objectives, while it makes no specific mention of piping manufacturing.

Since our manufacture of steel piping is not included in the provisions set forth in the EU Taxonomy, it cannot be deemed "eligible".

This analysis highlights the importance of differentiating the different stages of the production process and underlines the need for continuous assessment, with a view to adapting the regulatory developments and guidelines established by the European Commission within the framework of the EU Taxonomy.

Other eligible activities

We also carried out a series of activities in the 2023 financial year which, although not directly related to our core activity, are focused on internal maintenance and may be related to certain eligible activities for different objectives under the EU Taxonomy.

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Objective 1: Climate change mitigation and Objective 2: Climate change adaptation

- **Activity 6.6. Freight transport services by road:** We identified our pipe distribution activity as eligible based on activity 6.6. "Freight transport services by road", since our activity includes everything relating to transporting pipes to end customers and the sale of said pipes.

- **Activity 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities:** Our pipe distribution activity was also identified as eligible under activity 6.10. "Sea and coastal freight water transport, vessels for port operations and auxiliary activities", since our activity includes everything relating to transporting pipes to end customers and the sale of said pipes.

- **Activity 7.2 Renovation of existing buildings:** During this fiscal year, we also carried out some renovation and refurbishment work in our offices, which have been designated as eligible under activity 7.2 "Renovation of existing buildings". This activity can also be classified according to category 3.2 for the objective "Transition to a circular economy".

Objective 4: Transition to a circular economy:

- **Activity 3.4. Construction of roads and motorways:** In order to improve traffic management and efficiency at our facilities, we made investments in 2023 to reform internal roads for forklifts and reform plant entrances. We also renovated the outdoor car parks and internal signage. After the eligibility study, it was determined that these activities are eligible according to activity 3.4. "Construction of roads and motorways" for this objective.

- **Activity 3.5. Use of concrete in civil engineering:** We also made a number of investments to renovate our facilities, which involved the use of concrete. Investment in this material was therefore deemed eligible under activity 3.5. "Use of concrete in civil engineering of the European Taxonomy" according to this objective.

3. Alignment analysis

In order for an "eligible" activity to be deemed "aligned", i.e. environmentally friendly, compliance with two basic criteria must be demonstrated:

First, the company must comply with a series of minimum social safeguards.

Second, the eligible activity must meet a series of technical requirements established by the EU Taxonomy Regulation. These technical criteria define when an activity generates a substantial contribution to an objective and when it is deemed to cause no significant harm to other objectives.

We therefore carried out a thorough study of our operations in the 2023 fiscal year to verify their degree of compliance with the technical selection criteria required by the EU Taxonomy. The study was performed for each activity deemed "eligible" for the "Climate change mitigation" objective.

Compliance with minimum social safeguards.

Compliance with minimum social safeguards implies that a company implements practices and policies that protect and promote human rights and social welfare, in the context of the EU Taxonomy and other sustainability-related regulations. These safeguards are designed to ensure that economic activities are not only environmentally sustainable, but also socially sustainable.

At Tubos Reunidos, our respect for minimum social safeguards is manifested through:

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- **1.Compliance policies:** We emphasise the importance of compliance policies and preventing criminal risks, ensuring that all Group employees are obliged to comply with them. These policies identify risks and implement control measures to reduce the likelihood and impact of potential crimes.

- **2. Risk Management System:** We conduct an annual assessment to improve and adapt to recognised standards, addressing risks that could affect our Group's strategic objectives.

- **3. Transparency and ethics:** We promote business transparency through a whistleblowing channel available on the website, allowing any individual to report conduct that breaches the Group's principles and the law. In this regard, we would like to highlight the improvement in channel accessibility in order to bolster early identification of wrongdoing.

- **4. Independent Control Body:** We established a body comprising key members to ensure independent and equitable oversight, thereby reinforcing the Group's culture of ethics and compliance.

- **5. Proven ethics commitment:** We stress the lack of current complaints or convictions regarding matters such as human rights or corruption, among other such matters, during the 2023 financial year. This reflects Tubos Reunidos' proactive approach to ethical and socially responsible practices, ensuring operational integrity and respect for human rights.

Alignment study of activity 3.9. "Manufacture of iron and steel"

- a. A substantial contribution to Climate change mitigation

In order to demonstrate a substantial contribution is being made to the "Climate change mitigation" objective of activity 3.9. "Manufacture of iron and steel", two criteria must be fulfilled:

-1. The first imposes strict limits on greenhouse gas (GHG) emissions at various stages of the iron and steel production process, from hot metal smelting to electric arc furnace fine steel manufacturing. Furthermore, emphasis is placed on the importance of incorporating steel scrap in specific quantities.

The specific ratio of CO_2 emissions according to the Appendix to Regulation (EU) 2019/331, for the production of fine steel from an electric arc furnace, is 0.266 tCO2e per tonne of product. We managed to keep this ratio below the established threshold, thus making a substantial contribution to "Climate change mitigation".

-2. The second applies to the capture and underground storage of CO_2, which considers additional practices to mitigate emissions.

We do not currently have CO_2 capture processes in place, so this criteria does not apply to our activities.

- b. Do no significant harm to the other objectives

In addition to making a substantial contribution to the "Climate change mitigation" objective, the EU Taxonomy requires us to demonstrate that activity 3.9. "Manufacture of iron and steel" causes no significant harm to the other objectives. To do this, the following requirements are established:

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OBJECTIVE	REASON
Climate change adaptation	As a standout new initiative in 2023, we performed an analysis of significant physical risks, considering the necessary requirements to ensure compliance with the "do no significant harm" criteria for the "Climate change adaptation" objective. For more information, this analysis is detailed in Appendix V to this report.
Sustainable use and protection of water and marine resources	The Amurrio and Trápaga plants implement environmental management in line with ISO 14001, and follow a solid Quality, Environmental and Occupational Risk Prevention Policy. Although there is no specific legal obligation to roll out a water management plan in potentially affected areas, we have an Integrated Environmental Authorisation certification, which details the limiting values established by the government. These limits are set in order to maintain a balance in water and marine resources. By observing and complying with these limits, we are effectively participating in the preservation of these essential resources. We therefore implement specific measures, such as installing meters for an exhaustive analysis of consumption, and using closed industrial wastewater recirculation circuits to minimise the consumption of drinking water from the municipal supply.
Transition to a circular economy	The EU Taxonomy Regulation does not require any additional criteria be met for the "Transition to a circular economy" objective.
Pollution prevention and control	Our Amurrio plant operates in such a way that the limit values for atmospheric emissions established in its Integrated Environmental Authorisation certification are not exceeded, and in such a way that compliance is ensured with the technical requirements set out by the Basque government's Vice-Ministry of Environmental Sustainability in its corresponding technical instructions. Compliance with emission values is assessed in accordance with the provisions of Article 9 in Decree 278/2011 of 28 December. The Amurrio and Trápaga plants have and keep their respective environmental management systems up to date, in accordance with the requirements of ISO 14001.
Protection and recovery of biodiversity and ecosystems	Our activity falls under the Industrial Emissions Directive. This means it is governed by an Integrated Environmental Authorisation (IEA) granted by the relevant body of the Autonomous Region in which the facility is located. In addition to including guidelines on maximum emissions, discharge and waste that can be generated by the activity, the IEA also sets forth exemptions for measures to be undertaken in terms of biodiversity, due to the low impact the activity under analysis generates for the surrounding environment and ecosystem services. Moreover, both the Amurrio plant and the Trápaga plant have and keep their respective environmental management systems up to date, in accordance with the requirements of ISO 14001.

- c.Conclusions on the alignment of activity 3.9. for the "Climate change mitigation" objective

In conclusion, our steel manufacturing activity demonstrates a contribution to "Climate change mitigation" objective by complying with the criteria established by the EU Taxonomy.

- d. Conclusions on activity 3.9. for the "Climate change adaptation" objective

The last communication issued by the European Commission in mid-December 2023 (C/2023/305) indicated that for non-facilitating taxonomic activities, only expenses and investments allocated to adapting the activity may be counted as aligned for the adaptation objective.

Here at Tubos Reunidos, we believe our core activity ("3.9 Manufacture of iron and steel") is aligned with this objective, as we have implemented physical and non-physical adaptation solutions in the Sestao and Amurrio steelworks. However, sine these adaptation solutions were implemented in previous years, no impact was detected on OpEx and CapEx accounts in 2023. Given the lack of clarity in the regulation, we opted for a prudent reporting approach. Thus, despite considering this activity as adapted and therefore aligned, the mandatory tables in Appendix II to Delegated

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Regulation 2021/2178 (see section 5. Results), indicate that activity "3.9 Manufacture of iron and steel" is only deemed eligible for the Climate change adaptation objective.

Alignment study of other activities deemed eligible

With regard to activities 6.6. "Freight transport services by road", and 6.10. "Sea and coastal freight water transport, port vessels and auxiliary activities", we will not report alignment figures for any of the applicable objectives this year. This is due to the technical difficulties we faced in obtaining the necessary information to analyse our compliance with the substantial contribution and do no significant harm technical criteria. We will perform this analysis next year, since we will then be able to obtain the necessary information to analyse these criteria well in advance.

In turn, it was identified that 1% of total taxonomic investments were dedicated to activity 7.2 "Renovation of existing buildings", corresponding to the "Climate change mitigation" and "Climate change adaptation" objectives, and to activity 3.2 "Renovation of existing buildings" for the "Transition to a circular economy" objective. No alignment figures are reported for this activity this year, due to the low representative nature of the figure with respect to total taxonomic CapEx, and it not being a key activity of the Tubos Reunidos Group's business model.

4. Indicator calculation methodology

a. Turnover

In accordance with Article 8(2)(a) of Regulation (EU) 2020/852, turnover is assessed by calculating the numerator, representing the portion of net turnover linked to activities aligned with the EU Taxonomy, and the denominator, covering the total net turnover as defined in Directive 2013/34/EU.

In particular, the numerator for revenue associated with activity 3.9 "Manufacture of iron and steel" was calculated based on an estimate, since it is an integrated process that does not involve direct sales of steel billets and ingots to customers; they are used as raw material to manufacture piping.

The estimate was made by taking into account the cost percentage associated with manufacturing billets and ingots, and applying this percentage to the total revenue figure.

The taxonomic indicator for turnover was calculated by avoiding any double calculation in the final data and percentages, even though eligible activities are available under different objectives. Furthermore, the reporting instructions referred to in Appendix II to Regulation 2021/2178 were taken into account (see Section 5. Results in this Appendix).

b. CAPEX

The provisions of Delegated Regulation 2021/2178 were taken into account when calculating the CapEx ratio. In this sense, items corresponding to the proportion of investments in fixed assets, i.e. tangible and intangible assets during the period in question, were included, before considering depreciation, amortisation and possible new valuations. When applying the International Financial Reporting Standards (IFRS) adopted by Regulation (EC) 1126/2008, the indicator will be comprised of the costs accounted for in accordance with:

- a. IAS 16 Property, plant and equipment, paragraph 73(e), subsections (i) and (iii).
- b. IAS 38 Intangible assets, paragraph 118(e), subsection (i).
- c. IAS 40 Property investment, paragraph 76(a) and (b), (for the fair value model).
- d. IFRS 16 Leases, paragraph 53(h).

Leases that do not lead to the recognition of a right of use on the asset were not counted as taxonomic CapEx.

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The taxonomic indicator for CapEx was calculated by avoiding any double calculation in the final data and percentages, even though eligible activities are available under different objectives. Furthermore, the reporting instructions referred to in Appendix II to Regulation 2021/2178 were taken into account (see Section 5. Results in this Appendix).

c.OPEX

In accordance with Article 8(2)(b) of Regulation (EU) 2020/852, the OpEx ratio is determined by dividing the amount of expenditure dedicated to aligned activities in accordance with the EU Taxonomy (these expenses include non-capitalised direct costs related to research, development, building renovation, short-term leases, maintenance and repairs) by the denominator (consolidated operating expense accounts associated with short-term leases, maintenance, repairs and other expenses related to the daily maintenance of tangible assets).

These metrics were calculated by considering the specifics of the integrated process and its involvement in the sales and financial operations for the current year, thus guaranteeing the accuracy and relevance of the indicators within the context of the EU Taxonomy and sustainability goals.

The version reported this year does not include expenses related to manufacturing contracts, environmental- and quality-related expenses (laboratories, waste management) and technical assistance.

The taxonomic indicator for OpEx was calculated by avoiding any double calculation in the final data and percentages, even though eligible activities are available under different objectives. Furthermore, the reporting instructions referred to in Appendix II to Regulation 2021/2178 were taken into account (see Section 5. Results in this Appendix).

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5. Results

CAPEX

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year N

Financial year N	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (*)									
Economic Activities (1)	Code (*) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy(9)	Biodiversity(10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*Currency*	%	Y; N; N/EL (*) (*)	Y; N; N/EL (*) (*)	Y; N; N/EL (*) (*)	Y; N; N/EL (*) (*)	Y; N; N/EL (*) (*)	Y; N; N/EL (*) (*)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1			%							Y	Y	Y	Y	Y	Y	Y	%		
Activity 1 (*)			%							Y	Y	Y	Y	Y	Y	Y	%	E	
Activity 2			%							Y	Y	Y	Y	Y	Y	Y	%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**%**		
Of which enabling			%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which transitional			%	%						Y	Y	Y	Y	Y	Y	Y	%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (*)																			
				EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)	EL; N/EL (*)										
Activity 1 (*)			%														%		

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ELI: http://data.europa.eu/eli/reg_del/2023/2486/oj

CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		%	%	%	%	%	%	%		%	
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		%	%	%	%	%	%	%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
CapEx of Taxonomy-non-eligible activities		%									
TOTAL		100 %									

OJ L, 21.11.2023

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	%	%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

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Anexo V. Climate Risks

Strategy

We conducted an analysis in 2023 to identify our exposure to climate risks and the opportunities arising from climate change. This analysis was performed for all Group facilities, taking into account their strategic importance in terms of EBITDA and estimated property, plant and equipment in the medium term. The analysis therefore covers the production centres in the Basque Country (Trápaga, Amurrio, Sestao and TRPT) and our US facility (Beasley).

In order to determine the impact of climate risks and opportunities on the Group, we defined a risk universe based on intergovernmental sources such as the IPCC, existing regulatory requirements such as the EU Taxonomy, and benchmark climate frameworks, such as the Task Force on Climate-Related Financial Disclosures (TCFD). We were therefore able to list all possible risks and opportunities which, in a grounded and realistic way, could have an impact on our operations.

As a result, we classified the analysed risks according to their nature and, in line with the TCFD inventory, placed them into two categories:

- **Physical Risks,** analysing the impacts of acute and chronic risks on our activities throughout the value chain**.**
- **Transition risks,** assessing the political, legal, market, technological and reputational impacts that may affect our activities and/or value chain.

Thanks to establishing the universe of climate risks and opportunities, we then associated the possible impacts along our value chain, which was distributed into:

- **Upstream**: any activity associated with the supply of resources necessary for manufacturing end products, considering:

  -*Inbound logistics: Receipt of raw materials, inputs and necessary staff for production.*

  -*Supplies: Managing purchases, acquisitions and relationships with suppliers to ensure a constant flow of quality inputs.*

  -*Storage of purchased raw materials.*

- **Operations:** A component in the value chain comprising all necessary actions to obtain the end product: infrastructure, machinery, equipment, systems, staff and support.
- **Downstream:** Any activity associated with the sale and distribution of the end product, considering:

  -*Outbound logistics: This involves the physical distribution of the end product to customers, including storage and transportation (lorries, ships and trains).*

  -*Marketing and sales: All activities aimed at promoting the product, advertising, sales and market strategies to reach end consumers.*

These impacts help to establish a realistic and accurate climate impact framework for the Group.

We carried out an analysis of the various climate (RCP) and socioeconomic (SSP) pathways for the risks and opportunities assessment, in order to determine the climate scenarios where we will undertake an assessment of risks and opportunities.

These climate scenarios are based on the IPCC's Sixth Climate Change Report[19], which explains the importance of a climate scenario not only having climate pathways, but also aligning with future socioeconomic outlooks.

19. Climate Change 2023 Synthesis Report, https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf

We carefully selected two scenarios to address both a 2°C temperature rise by 2050 and another below this threshold. We therefore considered both an optimistic and a pessimistic outlook for possible climate futures.

We also established several analysis timelines to carefully examine the associated risks and opportunities. These timelines enable us to carry out strategic planning based on the company's vulnerability to climate change.

By defining a specific set of risks and opportunities, selecting different scenarios and characterising impacts on the value chain, we are able to carry out a realistic assessment of the effects of climate change. We also provide a strong capacity for strategic and financial planning in the face of potential adverse impacts from climate change.

Risk and opportunity management:

The processes listed in the strategy heading above allow us to lay the foundations for the process of assessing climate risks and opportunities.

We conducted this analysis based on setting various scales that we adapted according to our corporate risk management methodology. This adjustment allows us to effectively align corporate risks with climate risks. This approach to assessing the impact of climate change also facilitates quick and simple implementation of strategies at group level.

The analysis of risks and opportunities is based on the latest updates to the IPCC Sixth Assessment Report (AR6), geoEuskadi and MITECO climate projections. Most of the maps on climate variable evolution (physical risk drivers) analysed in the assessment of physical risks are based on CMIP6 (Coupled Model Intercomparison Project) forecasts.

Based on the aforementioned scales, climate maps and documentation on socioeconomic trends, we assessed all climate risks and opportunities for all timelines in the two analysed scenarios.

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Universe of physical climatic risks

GENERAL RISK TYPES	SPECIFIC RISK TYPES	PHYSICAL RELATIONSHIP	EU TAXONOMY RISK	CORPORATE RISK	CLIMATE RISK
Physical	Chronic	Temperature-related	Temperature variations (air, fresh water, sea water), heat stress, temperature variability	R7 R12 R13 R25	Increase in ambient temperature
Physical	Chronic	Water-related	Rising sea levels	R7 R12 R13 R25	Rising sea levels
Physical	Acute	Water-related	Heavy precipitation (rain, hail, snow or ice)	R7 R12 R13 R25	Increased precipitation and snowfall and their progressive intensification, generating more frequent severe precipitation in the form of snow or hail
Physical	Acute	Water-related	Flooding (coastal, river, pluvial, underground)	R7 R12 R13 R25	Pluvial and river flooding
Physical	Acute	Water-related	Drought	R7 R12 R13 R25	drought
Physical	Acute	Temperature-related	Forest fire	R12 R13 R25 R24	Forest fires
Physical	Acute	Temperature-related	Heatwave, cold/frost wave	R7 R12 R13 R24 R25	Extreme thermal anomalies
Physical	Acute	Wind-related	Cyclone, hurricane, typhoon	R7 R12 R13 R25 R24	Appearance of hurricanes, typhoons, cyclones and tornadoes
Transition	Political and legal	-	-	R9 R12 R13	New legal requirements on GHGs

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GENERAL RISK TYPES	SPECIFIC RISK TYPES	PHYSICAL RELATIONSHIP	EU TAXONOMY RISK	CORPORATE RISK	CLIMATE RISK
Transition	Political and legal	-	-	R9 R12 R13	New legal requirements relating to energy efficiency and the transition to low-emission technologies
Transition	Political and legal	-	-	R13	New legal requirements related to infrastructure security
Transition	Political and legal	-	-	R13	Increased exposure to environmental litigation/violations
Transition	Market	-	-	R12 R13	Changes in customer behaviour/ preferences
Transition	Market	-	-	R12 R13 R24	Variation in resource availability
Transition	Market	-	-	R13 R17	Inadequate coverage and change of insurance terms and conditions
Transition	Market	-	-	R8 R13 R15 R17 R19	Difficulties in obtaining financing
Transition	Reputational	-	-	R13 R15 R24 R21	Non-compliance with climate targets

Timelines

Climate timeline		
LEVEL	LEVEL	DESCRIPTION
0	Sin impacto	Risk and opportunity have no impact on location
1	Largo plazo (>2050)	Risk and opportunity are estimated to materialise in a representative way over the long term
1,5	Medio plazo (2031-2050)	Risk and opportunity are estimated to materialise in a representative way over the medium term
2	Corto plazo (2026-2030)	Risk and opportunity are estimated to materialise in a representative way over the short term
2,5	Actual (2024-2025)	Risk and opportunity are currently materialising

Appendix VI. Table of Contents, Act 11/2018

INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
GENERAL INFORMATION		
A brief description of the business model that includes its business environment, organisation and structure	01 In conversation with Carlos Lopez de las Heras, CEO of Tubos Reunidos Group 02 Tubos reunidos 2.1 Group presentation	GRI 2-6 (2021)
Markets in which the Group operates	02 Tubos reunidos 2.1 Group presentation	GRI 2-1 (2021) GRI 2-6 (2021)
Business objectives and strategies	01 In conversation with Carlos Lopez de las Heras, CEO of Tubos Reunidos Group 02 Tubos reunidos 2.2 Mission, vision and values 07 Governance that transforms (G)	GRI 2-1 (2021)
Main factors and trends that may affect future performance	02 Tubos reunidos 2.4 Environment and key trends 07 Governance that transforms (G)	GRI 3-3 (2021)
Reporting framework	Appendix II. About this report	GRI 1 (2021)
Principle of materiality	04 Group strategy 4.1 Double materiality Appendix III. Double materiality	GRI 3-1 (2021) GRI 3-2 (2021)
ENVIRONMENTAL ISSUES		
Management approach: A description and the outcomes of policies on these issues, as well as the main risks relating to these issues linked to the group's activities	05 Commitment to the environment Appendix I. Supplementary information Appendix V. Climate Risks	GRI 3-3 (2021)
Detailed overview		
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	05 Commitment to the environment	GRI 3-3 (2021)
Environmental certification or assessment procedures	05 Commitment to the environment Appendix I. Supplementary information	GRI 3-3 (2021)
Resources dedicated to the prevention of environmental risks		GRI 3-3 (2021)
Application of the precautionary principle		GRI 2-23 (2021)
Amount of provisions and guarantees for environmental risks		GRI 3-3 (2021)

INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
Pollution		
Measures to prevent, reduce or remedy emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	05 Commitment to the environment 5.2 Circular Economy Model Appendix I. Supplementary information	GRI 3-3 (2021)
Circular economy and waste prevention and management		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	04 Group strategy 05 Commitment to the environment (E) 5.2 Circular Economy Model Appendix I. Supplementary information	GRI 306-1 GRI 306-2
Actions to combat food waste	As follows from paragraph 4.3 ESG Strategy, food waste was not considered material	GRI 3-3 (2021)
Sustainable use of resources		
Water consumption and supply compliant with local constraints	05 Commitment to the environment (E) 5.5 Sustainable water management Appendix I. Supplementary information	GRI 303-5
Consumption of raw materials and measures adopted to improve use efficiency	04 Group strategy 05 Commitment to the environment (E) 5.2 Circular Economy Model Appendix I. Supplementary information	GRI 301-1
Direct and indirect energy consumption	04 Group strategy 05 Commitment to the environment (E) 5.2 Circular Economy Model Appendix I. Supplementary information	GRI 302-1
Measures taken to improve energy efficiency		GRI 3-3 (2021)
Consumption of renewable energies		GRI 302-1
Climate change		
Greenhouse gas emissions generated as a result of the company's activities, including the use of goods and services it produces	05 Commitment to the environment (E) 5.2 Circular Economy Model Appendix I. Supplementary information	GRI 305-1 GRI 305-2
Measures taken to adapt to the consequences of climate change	05 Commitment to the environment (E) 5.2 Circular Economy Model 5.4 Risks and Opportunities associated with Climate Change Appendix V. Climate Risks	GRI 3-3 (2021)
Voluntarily established reduction targets in the medium and long term to reduce greenhouse gas emissions, and the methods implemented to this end		GRI 3-3 (2021)

INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
Protection of biodiversity		
Measures taken to preserve or restore biodiversity	05 Commitment to the environment (E) 5.6 Helping to look after the environment	GRI 3-3 (2021)
Impacts caused by activities or operations in protected areas	05 Commitment to the environment (E) 5.6 Helping to look after the environment	GRI 3-3 (2021)
SOCIAL AND STAFF-RELATED ISSUES		
Management approach: A description and the outcomes of policies on these issues, as well as the main risks relating to these issues linked to the group's activities	06 Evolving in terms of Society (S)	GRI 3-3 (2021)
Employment		
Total number and breakdown of employees by country, gender, age and professional category	06 Evolving in terms of Society (S) Appendix I. Supplementary information	GRI 405-1
Total number and distribution of employment contract formats and annual average number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification		GRI 2-7 (2021)
Number of dismissals by gender, age and professional category		GRI 3-3 (2021)
Average remuneration and its trends broken down by gender, age and professional category or equal value	06 Evolving in terms of Society (S) 6.4 Competitive remuneration Appendix I. Supplementary information	GRI 3-3 (2021)
Pay gap, remuneration of equal or average jobs at the company		GRI 3-3 (2021)
Average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term pension systems and any other item broken down by gender	07 Governance that transforms (G) 7.3 Board remuneration	GRI 3-3 (2021)
Implementation of work disconnection policies	06 Evolving in terms of Society (S)	GRI 3-3 (2021)
Number of employees with disabilities	06 Evolving in terms of Society (S) 6.8 Equality/diversity and inclusion	GRI 3-3 (2021)
Organisation of work		
Organisation of working time	06 Evolving in terms of Society (S) 6.6 Collective agreements	GRI 3-3 (2021)
Number of hours of absenteeism	06 Evolving in terms of Society (S) Appendix I. Supplementary information	GRI 3-3 (2021)
Measures designed to facilitate work-life balance and encouraging both parents jointly use this responsibly	06 Evolving in terms of Society (S) 6.3 People and well-being	GRI 3-3 (2021)

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INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
Health and safety		
Occupational health and safety conditions	06 Evolving in terms of Society (S) 6.2 Health and safety	GRI 3-3 (2021)
Occupational accidents, in particular their frequency and severity, as well as occupational diseases; broken down by gender	06 Evolving in terms of Society (S) Appendix I. Supplementary information	GRI 403-9 GRI 403-10
Social relations		
Organisation of social dialogue including procedures for informing and consulting staff and negotiating with them	04 Group strategy 06 Evolving in terms of Society (S) 6.5 Communication that communicates	GRI 3-3 (2021)
Mechanisms and procedures available to the company to promote employee involvement in the management of the company, in terms of information, consultation and participation	06 Evolving in terms of Society (S) 6.5 Communication that communicates	GRI 3-3 (2021)
Percentage of employees covered by collective bargaining agreement by country	06 Evolving in terms of Society (S) 6.6 Collective agreements Appendix I. Supplementary information	GRI 2-30 (2021)
Review of collective agreements, particularly in the field of occupational health and safety		GRI 3-3 (2021)
Training		
Policies implemented in the field of training	06 Evolving in terms of Society (S) 6.7 We drive talent	GRI 404-2
Total number of hours of training by professional category	06 Evolving in terms of Society (S) 6.7 We drive talent Appendix I. Supplementary information	GRI 3-3 (2021)
Universal accessibility		
Universal accessibility for persons with disabilities	06 Evolving in terms of Society (S) 6.8 Equality/diversity and inclusion	GRI 3-3 (2021)
Equality		
Measures adopted to promote equal treatment and opportunities between women and men	06 Evolving in terms of Society (S) 6.8 Equality/diversity and inclusion	GRI 3-3 (2021)
Equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment		GRI 3-3 (2021)
Anti-discrimination and, where appropriate, diversity management policy		GRI 3-3 (2021)

INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
RESPECT FOR HUMAN RIGHTS		
Management approach: A description and the outcomes of policies on these issues, as well as the main risks relating to these issues linked to the group's activities	07 Governance that transforms (G 7.4 Ethics and best practice	GRI 3-3 (2021)
Application of due diligence procedures		
Application of due diligence procedures vis-à-vis human rights and prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	07 Governance that transforms (G 7.4 Ethics and best practice	GRI 2-23 (2021) GRI 2-26 (2021)
Claims for cases of human rights violations		GRI 3-3 (2021) GRI 406-1 (2016)
Measures introduced for the promotion and enforcement of the provisions set forth in the ILO core conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour		GRI 3-3 (2021)
ANTI-CORRUPTION AND BRIBERY		
Management approach: A description and the outcomes of policies on these issues, as well as the main risks relating to these issues linked to the group's activities	03 2023 milestones and figures 3.1 Key milestones 07 Governance that transforms (G 7.4 Ethics and best practice	GRI 3-3 (2021)
Measures taken to prevent corruption and bribery	03 2023 milestones and figures 3.1 Key milestones 07 Governance that transforms (G 7.4 Ethics and best practice	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021)
Anti-money laundering measures	07 Governance that transforms (G 7.4 Ethics and best practice	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021)
Contributions to foundations and non-profit entities	06. Evolving in terms of society (S) 6.9 Local communities	GRI 2-28 (2021)

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INFORMATION REQUESTED BY ACT 11/2018	SECTION OF THE REPORT WHERE THE RESPONSE IS GIVEN	REPORTING CRITERIA: SELECTED GRI(S)
INFORMATION ON SOCIETY		
Management approach: A description and the outcomes of policies on these issues, as well as the main risks relating to these issues linked to the group's activities	06. Evolving in terms of society (S)	GRI 3-3 (2021)
The Company's commitments to sustainable development		
Impact of the company's activity on local development and employment	06. Evolving in terms of society (S) 6.9 Local communities	GRI 3-3 (2021)
Impact of the company's activity on local communities and land	06. Evolving in terms of society (S) 6.9 Local communities	GRI 3-3 (2021)
Relationships with local community stakeholders and ways to hold dialogue with them	06. Evolving in terms of society (S) 6.9 Local communities	GRI 2-29 (2021)
Association and sponsorship actions	06 Evolving in terms of society (S)	GRI 3-3 (2021)
Subcontracting and suppliers		
Inclusion of social, gender equality and environmental issues in the procurement policy	04 Group strategy 4.5 Value chain	GRI 3-3 (2021)
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	04 Group strategy 4.5 Value chain	GRI 2-6 (2021)
Monitoring and audit systems and their results	04 Group strategy 4.5 Value chain	GRI 2-6 (2021)
Consumers		
Consumer health and safety measures	06 Evolving in terms of Society (S) 6.2 Health and safety	GRI 3-3 (2021)
Complaint systems, complaints received and their resolution	07 Governance that transforms (G) 7.4 Ethics and best practice	GRI 3-3 (2021)
Tax information		
Profits obtained country by country	07 Governance that transforms (G) 7.6 Tax liability	GRI 3-3 (2021)
Tax on profits paid	07 Governance that transforms (G) 7.6 Tax liability	GRI 3-3 (2021)
Public subsidies received	07 Governance that transforms (G) 7.6 Tax liability	GRI 201-4

Appendix VII. GRI content index and UN 2030 Agenda

GRI UNIVERSAL STANDARDS 2021	SDG	SECTION	CHAPTER OF THE REPORT WHERE THE RESPONSE IS GIVEN
GRI 2-1 Organisational details GRI 2-6 Activities, value chain and other business relationship	-	-	01. In conversation with Carlos Lopez de las Heras, CEO of Tubos Reunidos Group
GRI 2-1 Organisational details GRI 2-6 Activities, value chain and other business relationships	-	2.1. Group presentation	02. Tubos Reunidos
GRI 2-1 Detalles organizacionales	-	2.2. Mission, Vision and Values	02. Tubos Reunidos
GRI 2-1 Organisational details	-	2.3. 131 years of history	02. Tubos Reunidos
GRI 2-1 Organisational details	-	2.4. Environment and key trends	02. Tubos Reunidos
GRI 3-3 Management of material topic 413-1 Operations with local community engagement, impact assessments and development programmes	-	2.5. Collaborations	02. Tubos Reunidos
GRI 2-1 Organisational details GRI 2-6 Activities, value chain and other business relationships GRI 2-23 Commitments and policies	-	3.1. Key milestones	03. 2023 milestones and figures
GRI 3-3 Management of material topics	-	3.2. Figures	03. 2023 milestones and figures
GRI 3-1 Process to determine material topics GRI 3-2 List of material topics GRI 3-3 Management of material topics		4.1. Double materiality	04. Group strategy

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GRI UNIVERSAL STANDARDS 2021	SDG	SECTION	CHAPTER OF THE REPORT WHERE THE RESPONSE IS GIVEN
GRI 2-29 Approach to stakeholder engagement GRI 3-3 Management of material topics		4.2. Relationships with stakeholders	04. Group strategy
GRI 2-22 Statement on sustainable development strategy GRI 2-23 Commitments and policies GRI 3-3 Management of material topics		4.3. ESG strategy	04. Group strategy
GRI 2-22 Statement on sustainable development strategy GRI 3-1 Process to determine material topics GRI 3-2 List of material topics GRI 3-3 Management of material topics		4.1. Double materiality	04. Group strategy Appendix I Supplementary information
GRI 2-6 Activities, value chain and other business relationships GRI 3-3 Management of material topics GRI 306-2 Waste by type and disposal method		4.5 Value chain	04. Group strategy
GRI 2-23 Commitments and policies GRI 3-3 Management of material topics	-	4.6. Integrated Management System and Certifications	04. Group strategy
GRI 2-23 Commitments and policies GRI 3-3 Management of material topics		4.7. We innovate the now and design the future	04. Group strategy
GRI 2-23 Commitments and policies GRI 3-3 Management of material topics		5.1. ESG: Key figures and messages on the environment and contribution to the 2030 agenda	05. Commitment to the environment (E)

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GRI UNIVERSAL STANDARDS 2021	SDG	SECTION	CHAPTER OF THE REPORT WHERE THE RESPONSE IS GIVEN
GRI 2-23 Commitments and policies GRI 3-3 Management of material topics		5.2. Circular economy model	05. Commitment to the environment (E)
GRI 3-3 Management of material topics		5.2. Circular economy model	05. Commitment to the environment (E)
GRI 3-3 Management of material topics		5.4. Risks and Opportunities Associated with Climate Change (ROCC)	05. Commitment to the environment (E)
5.5. Sustainable water management		5.5. Sustainable water management	05. Commitment to the environment (E)
GRI 3-3 Management of material topics		5.6 Helping to look after the environment	05. Commitment to the environment (E)
GRI 3-3 Management of material topics	-	5.7. EU Taxonomy: key figures	05. Commitment to the environment (E)
GRI 3-3 Management of material topics		6. 1. ESG: Key figures for our commitment to the 2030 Agenda	0.6. Evolving in terms of Society (S)
GRI 3-3 Management of material topics GRI 403-9 Work-related injuries GRI 403-10 Work-related ill health		6. 2 Health and safety	0.6. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6.3. People and well-being, our fundamental pillar	0.6. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6. 4 Competitive remuneration	0.6. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6. 5 Communication that communicates	0.6. Evolving in terms of Society (S)
GRI 3-3 Management of material topics GRI 2-30 Collective bargaining agreements		6.6. Collective agreements	0.6. Evolving in terms of Society (S)
GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes GRI 3-3 Management of material topics		6.7. We drive talent	0.6. Evolving in terms of Society (S)
GRI 3-3 Management of material topics		6.8. Equality/diversity and inclusion	0.6. Evolving in terms of Society (S)
GRI 2-29 Approach to stakeholder engagement GRI 413-1 Operations with local community engagement, impact assessments and development programmes		6.9. Local communities	0.6. Evolving in terms of Society (S)

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GRI UNIVERSAL STANDARDS 2021	SDG	SECTION	CHAPTER OF THE REPORT WHERE THE RESPONSE IS GIVEN
GRI 3-3 Management of material topics		7.1. ESG: Key figures and messages on our governance	0.7. Governance that transforms (G)
GRI 3-3 Management of material topics GRI 2-1 Organisational details	-	7.2. Corporate governance and structure	0.7. Governance that transforms (G)
GRI 3-3 Management of material topics GRI 2-23 Commitments and policies GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 406-1 Incidents of discrimination and corrective actions taken	-	7.3 Board remuneration 7.4. Ethics and best practice 7.5 Risk management	0.7. Governance that transforms (G)
GRI 3-3 Management of material topics	-	7.3. Board remuneration 7.5. Risk management	0.7. Governance that transforms (G)
GRI 3-3 Management of material topics GRI 201-1 Direct economic value generated and distributed GRI 207-1 Approach to tax	-	7.6. Tax liability	0.7. Governance that transforms (G)
GRI 3-3 Management of material topics GRI 301-1 Materials used by weight or volume GRI 302-1 Energy consumption within the organisation GRI 303-5 Water consumption GRI 305-1 Direct (scope 1) GHG emissions GRI 305-2 Energy indirect (scope 2) GHG emissions GRI 306-1 Water discharge by quality and destination GRI 306-2 Waste by type and disposal method		Appendix I. Supplementary information	08. Appendices
GRI 3-3 Management of material topics	-	Appendix II. About this report	08. Appendices
GRI 3-1 Process to determine material topics GRI 3-2 List of material topics	-	Appendix III. Double materiality	08. Appendices
GRI 3-3 Management of material topics GRI 2-23 (2021)	-	Appendix IV. EU Taxonomy	08. Appendices
GRI 305-1 Direct (scope 1) GHG emissions GRI 305-2 Energy indirect (scope 2) GHG emissions GRI 3-3 Management of material topics	-	Appendix V. Climate Risks	08. Appendices

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INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

To the Shareholders of TUBOS REUNIDOS, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of TUBOS REUNIDOS, S.A. and subsidiaries (hereinafter, the Group), which is part of the accompanying Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in appendix VI "Table of Contents, Act 11/2018" of the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of TUBOS REUNIDOS, S.A. and its content is the responsibility of the Board of Directors of the Group. The NFS was prepared in accordance with the content required by current commercial regulation and in conformity with the criteria outlined in the Global Reporting Initiative Sustainability Reporting Standards (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in appendix VI "Table of Contents, Act 11/2018" from the accompanying NFS.

The Board of Directors are also responsible for the design, implementation, and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting, and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with the independence and other ethics requirements of the International Code of Ethics for Accounting Professionals (including international standards on independence) issued by the International Standards Board on Ethics for Accounting Professionals (IESBA), which is based on the fundamental principles of integrity, professional objectivity, competence and diligence, confidentiality, and professional behaviour.

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

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 review has been performed in accordance with the requirements established in the current 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 the guidelines for verifying Non-Financial Statements, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller 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 2023 NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meetings with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters, and obtain the necessary information for our external review.
- Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section 4.4 "Double materiality", considering the content required by prevailing mercantile regulations.
- Analysis of the processes for gathering and validating the data included in the 2023 Non-Financial Statement.
- Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.
- Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.
- Obtaining a representation letter from the Board of Directors and Management.

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Emphasis paragraph

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts enacted in accordance with the provisions of that Regulation, set the obligation to disclose information on how and to what extent the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems (other environmental objectives), and for certain new activities included in the climate change mitigation and adaptation objectives, for the first time for the financial year 2023, in addition to the information on eligible and aligned activities already required in the 2022 financial year in relation to the climate change mitigation and climate change adaptation objectives. As a result, no comparative information on eligibility has been included in the attached NFIS in relation to the other environmental objectives (listed above) or to the new activities included in the climate change mitigation and adaptation objectives. On the other hand, to the extent that the information relating to the financial year 2022 was not required with the same level of detail as in the financial year 2023, the disaggregated information in the attached NFIS is also not strictly comparable. In addition, it should be noted that the directors of TUBOS REUNIDOS, S.A. have incorporated information on criteria that, in their opinion, allow better compliance with the aforementioned obligations and that are defined in the section 5.7 "EU Taxonomy: key figures" of the attached NFIS. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFIS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in appendix VI "Table of Contents, Act 11/2018" of the NFIS.

Use and distribution

This report has been prepared as required by current commercial regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 28th, 2024

TUBOS REUNIDOS GROUP

Edited in Spain, February 2024 I **Design and layout** Laura Fernández

Independent Limited Assurance Report of the Consolidated Non-Financial Statement for the year ended December 31, 2023

TUBOS REUNIDOS S.A. and SUBSIDIARIES

Building a better working world

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INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

To the Shareholders of TUBOS REUNIDOS, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of TUBOS REUNIDOS, S.A. and subsidiaries (hereinafter, the Group), which is part of the accompanying Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in appendix VI "Table of Contents, Act 11/2018" of the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of TUBOS REUNIDOS, S.A. and its content is the responsibility of the Board of Directors of the Group. The NFS was prepared in accordance with the content required by current commercial regulation and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in appendix VI "Table of Contents, Act 11/2018" from the accompanying NFS.

The Board of Directors are also responsible for the design, implementation, and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting, and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with the independence and other ethics requirements of the International Code of Ethics for Accounting Professionals (including international standards on independence) issued by the International Standards Board on Ethics for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, professional objectivity, competence and diligence, confidentiality, and professional behaviour.

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

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 review has been performed in accordance with the requirements established in the current 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 the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller 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 2023 NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meetings with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.

- Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section 4.1 "Double materiality", considering the content required by prevailing mercantile regulations.

- Analysis of the processes for gathering and validating the data included in the 2023 Non-Financial Statement.

- Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.

- Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.

- Obtaining a representation letter from the Board of Directors and Management.

Emphasis paragraph

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts enacted in accordance with the provisions of that Regulation, settle the obligation to disclose information on how and to what extent the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems (other environmental objectives), and for certain new activities included in the climate change mitigation and adaptation objectives, for the first time for the financial year 2023, in addition to the information on eligible and aligned activities already required in the 2022 financial year in relation to the climate change mitigation and climate change adaptation objectives. As a result, no comparative information on eligibility has been included in the attached NFIS in relation to the other environmental objectives listed above or to the new activities included in the climate change mitigation and adaptation objectives. On the other hand, to the extent that the information relating to the financial year 2022 was not required with the same level of detail as in the financial year 2023, the disaggregated information in the attached NFIS is also not strictly comparable. In addition, it should be noted that the directors of TUBOS REUNIDOS, S.A. have incorporated information on criteria that, in their opinion, allow better compliance with the aforementioned obligations and that are defined in the section 5.7 "EU Taxonomy: key figures" of the attached NFIS. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in appendix VI "Table of Contents, Act 11/2018" of the NFIS.

Use and distribution

This report has been prepared as required by current commercial regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 29th, 2024

In signing this document, the Directors of the Company **"TUBOS REUNIDOS, S.A.",** with Tax ID No. A/48/011555 and registered office in Amurrio (Álava), in accordance with Article 253 of the Consolidated Text of the Spanish Capital Companies Law, drew up the consolidated annual accounts and the consolidated management report of **TUBOS REUNIDOS, S.A. AND SUBSIDIARIES** for financial year 2023, all of which is detailed and identified as indicated below:

Consolidated Annual Accounts (Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Net Equity, Consolidated Cash Flow Statement and Consolidated Report), **Consolidated Management Report, Annual Corporate Governance Report (ACGR), Annual Directors' Remuneration Report (ADRR) and Non-Financial Information Statement (NFIS).**

Furthermore, the directors of the Company state that, to the best of their knowledge, the consolidated annual accounts prepared in accordance with the applicable accounting principles give a true and fair view of the assets and liabilities, financial position and results of the issuer and the undertakings included in the consolidation taken as a whole, and that the consolidated management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Mr Josu Calvo Moreira
(Non-Executive Chairman – Independent)

Mr Emilio Ybarra Aznar
(Deputy Chair – Proprietary Director)

Mr Jorge Gabiola Mendieta
(Coordinating Director – Independent)

Mr Alfonso Barandiarán Olleros
(Proprietary Director)

Mr Enrique Migoya Peláez
(Proprietary Director)

Ms Ana Muñoz Beraza
(Independent Director)

Mr Jesus Pérez Rodriguez-Urrutia
(Independent Director)

Ms Teresa Quirós Álvarez
(Independent Director)

Ms María Sicilia Salvadores
(Independent Director)

Mr Cristóbal Valdés Guinea
(Proprietary Director)

Ms Leticia Zorrilla de Lequerica Puig
(Proprietary Director)

Amurrio (Álava), **29 February 2024**